



## A CREDIBLE CHOICE FOR YOUR FINANCIAL STATEMENTS

These options are open to any small company (as defined by the Companies Act). Medium and large companies are required by law to have an audit. Large charities are required to have an audit, but all medium-sized and some small charities can choose between an audit and an independent examination. If you are in any doubt about your options, check your status with a qualified accountant.

### What is it?

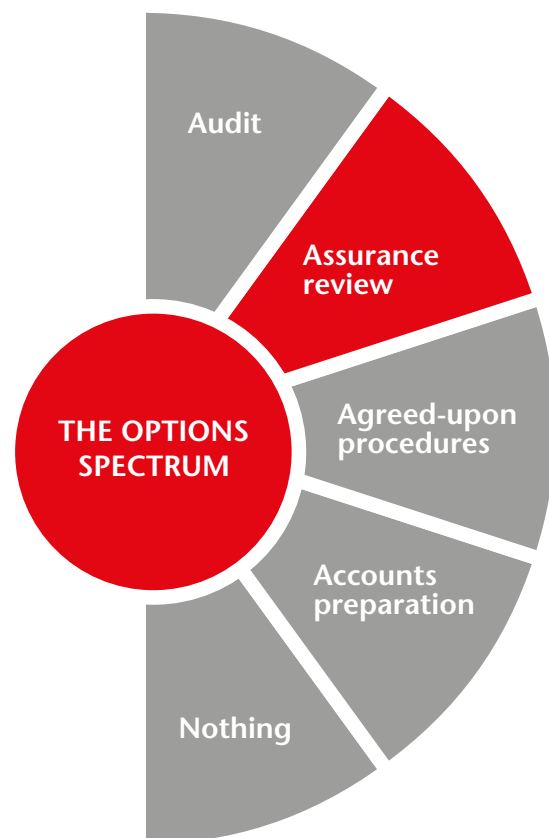
During an assurance review a qualified accountant will review your accounts and investigate any areas of concern. This includes analysing changes from one year to the next and may include further testing of the underlying information if something comes up in the review that catches their attention.

The accountant considers: does anything they have seen during the review suggest a problem in the financial statements that needs further checking to sort out?

A conclusion is presented in a report which is appended to your financial statements so that everybody who reads them can see that an independent review has taken place.

### Take care!

Unlike an audit, an assurance review is not necessarily a regulated service. The quality of the engagement depends on the skill, integrity, and experience of your accountant. There is no law to enforce quality control, so it is important that you make sure you are talking to a qualified professional accountant.



Overview

Audit

Assurance review

Agreed-upon procedures

Accounts preparation

# ASSURANCE OPTIONS: ASSURANCE REVIEW

## You may need an assurance review if...

- As a business owner you would like to have a professional accountant review your accounts, check they agree to the underlying records and investigate anything thrown up by the review.
- Your business does not have an experienced finance team and you would like a second pair of eyes cast over your accounts to assure the quality of the information in your financial statements.
- You would like to reassure lenders and investors about the quality and integrity of your financial statements. Your bank has access to other information, particularly on your cash situation, but a business angel or venture capitalist might appreciate the independent review on your accounts.
- Your organisation is high profile in your local community and you are aware that your accounts may be widely read. Extra credibility for your financial statements would be helpful.
- You want assurance that is less intensive and more flexible than an audit.
- You want assurance but would rather not bear the cost and time burden of a full audit.

## A different option may prove better if...

- You have chosen to outsource your finance function and do not want to gain any further confidence over its operation.
- Your accounts have been prepared by a qualified professional accountant and you have full confidence in their quality and integrity.
- You have some other way of providing assurance to interested people outside your business. For example, open book contracts might mean that your key customers have no need for further assurance over your accounts as they can visit and obtain what they need directly.
- If you are more comfortable with a regulated service, you may prefer an audit. An audit can only legally be performed by a qualified professional accountant, who must also be registered as an auditor.
- Due to your circumstances, an audit would not cost significantly more than an assurance review. An audit gives the highest level of assurance.
- Audited accounts are a contractual requirement in order to win work from a key customer. Local government contracts, or contracts with some larger entities, may include a requirement of this kind.
- You would rather pay more for a consistent, regulated service (an audit) than less for a flexible and less regulated one. In either case the quality of the work depends on the skill and experience of a professional expert, but audit is subject to stricter quality control requirements.
- You are looking for a very high number of other services from your accountant at the same time. Much of the value of an audit or review comes from the fact that the professional accountant providing it is seen to be independent.