



Reeves & Co provides independent assurance on the unaudited financial statements of BSL Gas Technologies Ltd

When a company no longer needs an audit of its financial statements for statutory purposes it can face some difficult choices (see summary, overleaf). 'I often have to talk the client through the difference between audit and assurance, and explain what their options are. They're not auditors so many of them don't really understand what we do during an audit,' says Andrew Griggs, corporate partner with Reeves & Co LLP, a firm with offices in Kent, Gatwick and London.

Since the audit threshold rise in 2008 Griggs has helped the firm's long-standing client, BSL Gas Technologies Ltd, through its transition from statutory audit to voluntary audit and then from voluntary audit to an independent assurance report on the company's unaudited financial statements. 'We have always been guided by Reeves,' says Margaret Hodson, the company accountant: 'They tell us what our options are and then we make a choice.'

'It can be hard for the client to see value in a lot of the work done during a voluntary audit,' says Griggs, particularly some of the more detailed testing, 'and providing an assurance report allows us to tailor the work we do more towards what the client needs.' The Reeves & Co assurance report for BSL forms part of the latter's full financial statements, and as well as being used inside the company, it is provided to its bank, its business insurance providers, and its shareholders. 'We have to prove to them that we do what we say that we are doing,' says Hodson.

Reeves independent external assurance review is based on enquiry, analytical procedures, and assessment of accounting policies adopted by BSL directors, and examination of evidence relevant to some balances and disclosures, and it is conducted using a recognised framework (*the ICAEW Assurance Service on unaudited financial statements, Interim Technical Release AAF 03/06*). So it gives comfort to the shareholders (and other users) of BSL's financial statements (commonly referred to as 'accounts').

Reeves has tailored its assurance review to best meet the needs of BSL and other users of its accounts. 'We don't do the detailed testing associated with audit, but we still ask questions and check the numbers to make sure that they make sense,' says Griggs, and all of this work is done in a way that relates specifically to BSL. 'The review is more client-facing than an audit,' he adds, and it focuses primarily on the areas where material misstatements in the financial statements might be most likely to occur at BSL.

'For example, if you look at the balance sheet, there are some subjective numbers in the age analysis of debtors and of stock, so we look at these, check all of the reconciliations, and assure that things are aging correctly,' says Griggs, and BSL are questioned on the numbers. 'I still get challenged,' says Hodson, who describes the assurance engagement as less disruptive than audit but just as useful for the business and its stakeholders: 'I feel we still get the same value as with an audit, and the shareholders are happy with what's in the assurance report.'

SUMMARY

ASSURANCE ENGAGEMENT: REEVES & CO FOR BSL GAS TECHNOLOGIES LTD



As audit exemption thresholds have risen, more and more companies have gained the freedom to decide if and what type of assurance they need for their accounts/financial statements. If a statutory audit is not required, chartered accountants can offer a number of services designed to give comfort to the users of their accounts.

The main options are: a voluntary audit engagement, assurance review and accounts compilation. You can learn more about these services from your accountant and at

icaew.com/assuranceservice

and at

icaew.com/en/technical/audit-and-assurance/assurance-practical-guidance

Each of these different types of assurance can be performed using a number of frameworks. Reeves & Co LLP conducts its independent assurance reports on the unaudited financial statements of BSL Gas Technologies Ltd in accordance with ICAEW Interim Technical Release AAF 03/06.

Its work is based primarily on enquiry, analytical procedures and assessing accounting policies in accordance with the Financial Reporting Standard for Smaller Entities. If considered necessary, Reeves also performed limited examination of evidence relevant to certain balances and disclosures in the financial statements, where it became aware of matters that might indicate a risk of material misstatement in the financial statements.

The terms of the engagement exclude any requirement to carry out a comprehensive assessment of the risks of material misstatement, a consideration of fraud, laws, regulations and internal controls.