



AUDIT &
ASSURANCE
FACULTY

re:Assurance

CHARTERED ACCOUNTANT SERVICES

PRACTICAL GUIDE



The corporate environment is changing and becoming increasingly complex for growing businesses. While your company may no longer be required by law to have an audit of its annual accounts, the preparation and filing of these accounts are still the directors' responsibility.

This information sheet outlines three different services that chartered accountants provide to assist you with your company accounts. It also highlights when these services are appropriate and the key benefits arising from them.

All limited companies must file a set of annual accounts at Companies House. These accounts must be prepared in accordance with company law and accounting standards. Company directors are responsible for the preparation of these accounts.

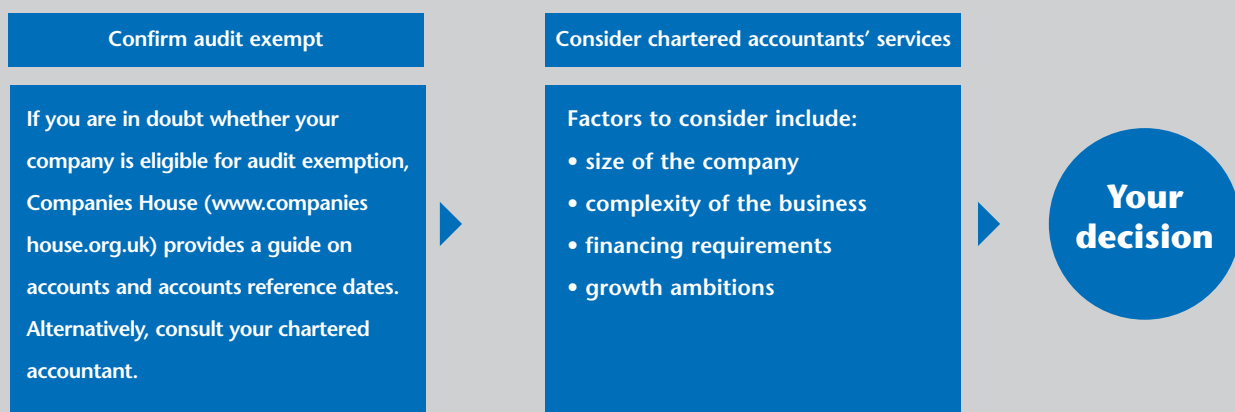
If your company is exempt from audit, there are **three** main services that chartered accountants can provide on the accounts. The options are:

- **Accounts Compilation**
- **ICAEW Assurance Service**
- **Voluntary Statutory Audit**

For each type of service, a chartered accountant will provide a report that indicates the type of work performed by them; each adds a different level of credibility to your annual accounts.

What to do is your decision and depends on what you want your chartered accountant to do for you and what users of your accounts are looking for. The cost of performing these services will vary depending on the type and level of work performed.

Your business



Accounts Compilation

You may decide to take advantage of audit exemption and do not feel that any statement of assurance from a chartered accountant is required on your accounts. However, directors are still required to file a set of accounts at Companies House that complies with the Companies Act, and compiling these accounts can be a daunting task given the increasing level and complexity of regulation in this area.

Nature of involvement

Chartered accountants can help you by compiling the accounts from the books and records of your company, based on the information and explanations you provide if you do not have the relevant expertise. The report then explains that chartered accountants have helped the directors prepare the accounts which will lend them credibility. The work is planned and performed in accordance with guidance published by the ICAEW. There is no requirement for the chartered accountants to test the assertions underlying the accounts and chartered accountants will not provide any opinion or conclusion on the accounts compiled.

Ethical requirements

Chartered accountants, unlike unqualified accountants, are subject to the Code of Ethics issued and enforced by the ICAEW.

ICAEW Assurance Service

The ICAEW Assurance Service is appropriate for directors and shareholders who want to make use of audit exemption but would like some independent work to be done on the accounts for added credibility. The assurance report helps to give you an additional degree of comfort over the accounts and could enable you to present your accounts with greater credibility to third parties to whom the chartered accountants agree to provide their report.

Nature of involvement

During this type of engagement, chartered accountants discuss your results with you in greater depth and compare the information in the accounts with other relevant information to see if it is consistent and makes sense. Any necessary further work tailored to your company is then carried out, but it is less extensive than the work involved in an audit. The work is planned and performed in accordance with guidance published by the ICAEW. The chartered accountants' assurance report is worded to express a conclusion on the accounts, based on their work procedures.

Ethical requirements

Chartered accountants, unlike unqualified accountants, are subject to the Code of Ethics and additional independence requirements for assurance services issued and enforced by the ICAEW.

Voluntary Statutory Audit

A voluntary statutory audit gives you and others the same confidence in your accounts as a mandatory statutory audit. Audited accounts may reassure you, your shareholders, suppliers, customers and creditors, including your bank, that the accounts have been subject to rigorous checks and give a true and fair view. An audit gives you confidence in the important figures upon which you will be making significant decisions, such as future investment, profit sharing or dividends.

Nature of involvement

Chartered accountants obtain an understanding of your company and assess the risk of the accounts being materially misstated, including the risk due to fraud and non-compliance with laws and regulations. They assess systems and controls used in preparing the accounts. They also look closely into the accounts and perform checks on each significant balance which may include obtaining third-party evidence. An auditors' report provides you with a professional opinion on the 'truth and fairness' of your accounts. While an audit does not provide a guarantee that the accounts are 100% accurate, the audit process gives as high a level of comfort over the reliability and quality of the accounts as is reasonable.

Ethical requirements

Chartered accountants who perform audits must be registered for that purpose with the ICAEW and are required to comply with auditing and independence standards issued by the Auditing Practices Board.

Services that your chartered accountant can provide

Service	Report	Assurance opinion	Report addressed to	Usefulness to banks/lenders	Time/testing
Accounts Compilation	✓	✗	Directors	✓	✓
ICAEW Assurance Service	✓	✓	Directors, but third parties can become part of the engagement	✓✓	✓✓
Voluntary Statutory Audit	✓	✓	Shareholders	✓✓✓	✓✓✓

For further information about the ICAEW Assurance Service,
please visit www.icaew.com/assuranceservice
or contact Jo Iwasaki, Audit and Assurance Faculty
T: +44 (0)20 7920 8786
F: +44 (0)20 7920 8754

To learn more about the Audit and Assurance Faculty,
please visit www.icaew.com/aaf

To find a firm of chartered accountants,
please visit www.icaewfirms.co.uk

To learn about the ICAEW's enterprise initiative,
please visit www.icaew.com/enterprise

As a world leading professional accountancy body, The Institute of Chartered Accountants in England and Wales (ICAEW) provides leadership and practical support to over 132,000 members in more than 165 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained.

Our members provide financial knowledge and guidance based on the highest technical and ethical standards. They are trained to challenge people and organisations to think and act differently, to provide clarity and rigour, and so help create and sustain prosperity. The ICAEW ensures these skills are constantly developed, recognised and valued.

Because of us, people can do business with confidence.

The ICAEW is a founding member of the Global Accounting Alliance with over 775,000 members worldwide.

Audit and Assurance Faculty

PO Box 433 Moorgate Place

London EC2P 2BJ

T +44 (0)20 7920 8493 F +44 (0)20 7920 8754

E tdaf@icaew.com DX 877 London/City

www.icaew.com/assuranceservice

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