



AUDIT &
ASSURANCE
FACULTY

CHARTERED ACCOUNTANT SERVICES

RE:ASSURANCE INITIATIVE



BUSINESS WITH CONFIDENCE

[icaew.com/assuranceservice](https://www.icaew.com/assuranceservice)

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.

For more information about the ICAEW Assurance Service please visit icaew.com/assuranceservice or contact Jo Iwasaki, Audit and Assurance Faculty on +44 (0)20 7920 8786 or Jo.Iwasaki@icaew.com

Your business

Confirm audit exempt

If you are in doubt whether your company is eligible for audit exemption, Companies House (www.companieshouse.org.uk) provides a guide on accounts and accounts reference dates. Alternatively, consult your chartered accountant.



Consider chartered accountants' services

Factors to consider include:

- size of the company
- complexity of the business
- financing requirements
- growth ambitions



Your decision



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 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 ICAEW.

ICAEW ASSURANCE SERVICE

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 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 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 auditor's 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 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	✓✓✓	✓✓✓



The ICAEW is a founder member of the Global Accounting Alliance, which represents over 775,000 professional accountants in over 165 countries worldwide, to promote quality services, share information and collaborate on important international issues.

ICAEW is a professional membership organisation, supporting over 136,000 chartered accountants around the world. Through our technical knowledge, skills and expertise, we provide insight and leadership to the global accountancy and finance profession.

Our members provide financial knowledge and guidance based on the highest professional, technical and ethical standards. We develop and support individuals, organisations and communities to help them achieve long-term, sustainable economic value.

Because of us, people can do business with confidence.

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