



## 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?

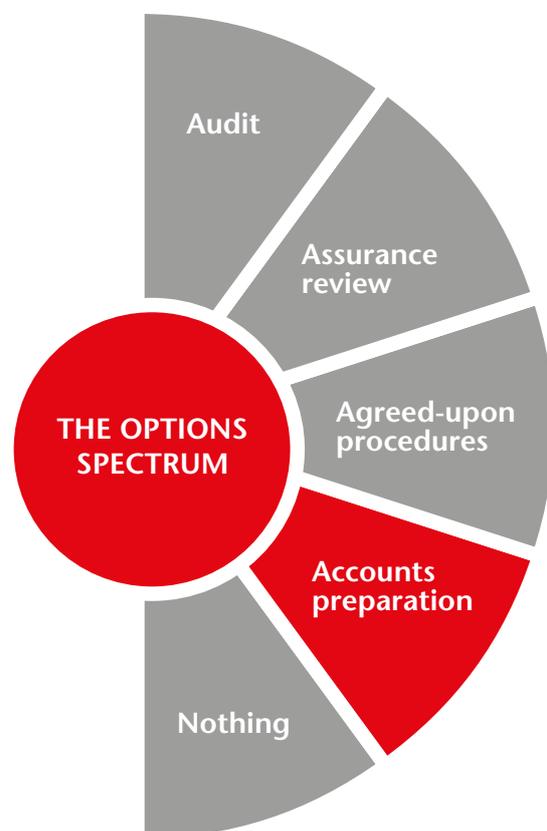
During an accounts preparation (compilation) engagement a qualified accountant will ensure that your company's financial statements are correctly put together. This includes checking that the numbers have been brought across accurately from the underlying accounting records and that the accounts comply with all the relevant disclosure requirements.

It is important to note that an accounts preparation engagement does not involve any validation of the underlying accounting records. No conclusion or opinion is provided.

A report is appended to your financial statements to confirm that they have been compiled by a qualified professional.

### Take care!

Unlike an audit, accounts preparation is not 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: ACCOUNTS PREPARATION

## You may need an accounts preparation engagement if...

- Your business does not have an experienced finance team and you would like a second pair of eyes cast over your accounts to make sure that they comply with all the relevant disclosure requirements.
- You have no need to provide assurance about the quality and the integrity of the information but just want to demonstrate that the financial statements are an accurate reflection of the data in your systems.
- You are confident of the quality and integrity of the underlying accounting records but would like to demonstrate the involvement of a properly qualified professional such as a chartered accountant in preparing your accounts and checking that they properly reflect the underlying accounting records.

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

- 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.
- As a business owner you would like to have a second opinion on the activity of your finance function or you have responsibility for the in-house finance function and would like to reassure your fellow owners of the quality and integrity of your work.
- Your business does not have an experienced finance team and you would like a second pair of eyes cast over your accounts to provide assurance over the quality of the information in your financial statements. Research carried out by Cardiff Business School in 2012 found that small companies without an audit were twice as likely to file amended accounts due to errors discovered after filing.
- You are confident that you can fulfil your statutory requirements and produce accounts without the involvement of a qualified accountant.
- You have no concern about the confidence that anybody outside your business has in your financial statements, be they lenders, investors, potential purchasers, key customers, or other influential members of your local community.
- You are filing abbreviated accounts.