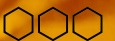


WHY DO YOU NEED AN AUDIT?

A FORTUS GUIDE

WHERE KNOWLEDGE, STRENGTH AND COURAGE DELIVER ON AMBITION



CONTENTS

INTRODUCTION	03
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DOES YOUR COMPANY LEGALLY REQUIRE AN AUDIT?	04
---	----

WHAT IS THE AUDIT PROCESS AND HOW CAN IT BE IMPROVED?	05
--	----

NOT FOR PROFIT & CHARITIES	06
----------------------------	----

AUDIT OR OTHER ASSURANCE OPTIONS	07
----------------------------------	----

FORTUS IN NUMBERS	08
-------------------	----

OUR SERVICE LINES	09
-------------------	----

CONTACT US	10
------------	----

AUDIT & ASSURANCE

Chances are you didn't get into business because of your knowledge of finance, accounting and tax law. As an established business owner, you may have good knowledge of these areas, or have an internal team in place to take care of them for you. But, because you're focused on your business growth, your people and your customers, it can often lead to oversights around internal controls, risk and financials.

Not all UK businesses need an audit. But if your company legally requires one, then you might see an audit as a necessary evil and something you're forced to do. This may be because you're just not getting the added value from your audit or don't understand the benefits and difference that an audit can make to your business.

There's often some confusion about the services offered to business owners with companies below the audit threshold. You have a range of options, from simple accounts preparation to assurance over certain aspects of the financial statements or a full audit.

Even if you currently have audits, in this guide we'll look at what more you should expect from one over and above standard checks. For those businesses that don't legally require an audit, we explore why your business should consider having one, if you want to protect yourself from risk and ensure your finances are being handled in the right way.

PAUL
DIXON
DIRECTOR

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DOES YOUR COMPANY LEGALLY REQUIRE AN AUDIT?

Your company may qualify for an audit exemption if it has had at least 2 of the following for 2 consecutive years:

- An annual turnover of no more than £10.2m.
- Gross assets less than £5.1m.
- 50 or fewer employees on average.

There are other more complex criteria, including consideration of any group size, and requirements from the company's articles, where relevant.

WHAT IS AN AUDIT?

Let's start with the basic definition of an audit.

An audit put in its simplest terms is an in-depth examination of your financial records. It has to be conducted by an independent person/company and must follow very strict standards.

The main purpose is to report whether the financial statements give a true and fair view and have been properly prepared in accordance with accounting standards.

But what most business owners don't understand, is that it can be so much more than that.

WHAT'S THE AUDIT PROCESS AND HOW CAN IT BE IMPROVED?

The audit process is detailed and should include testing internal controls, examining samples of financial transactions and looking at supporting evidence.

However, the most important part of the audit process to add to all the checks should be talking to the management of your company.

Audit reporting should include a comprehensive Audit Findings Report. However, an accountant simply handing this report over to you isn't what you should expect. Your auditor should be making key recommendations as a result of the audit work that covers areas such as significant risks, other areas of focus, internal controls and future developments.

WHY SHOULD I CONSIDER ONE FOR MY COMPANY?

Clearly, if you legally require an audit then you should have one. However, you should insist on more value being added to the audit than just that required by law.

Audits can benefit all types of businesses, but here are some reasons why you should definitely consider an audit, even if it's not required by law:

- If you have a management team helping you run the business.
- If you're looking to grow your business and need additional investment.
- If your bank requires an audit.
- If you want to improve internal controls.
- If you're worried about risk in certain areas of your business.
- If you trade internationally. Companies in other countries may want additional assurance.
- If you're considering your exit strategy, which may involve sale of the business.

NOT FOR PROFIT & CHARITIES

We have considerable experience in the charity and not for profit sectors, with a dedicated team of experienced professionals.

We currently act for over 100 not for profit (NFP) clients and this sector includes an amazing diversity of client types covering a huge variety of organisations, which include some of the following:

- Registered charities
- Pension schemes
- Membership organisations
- Sports governing bodies
- Housing associations
- Councils (County, District, Parish)
- CICs, CASCs, Clubs
- 'Social enterprises' and Cooperatives

DOES MY CHARITY NEED AN AUDIT?

- Audit required if income > £1m
- Or income > £250k and gross assets > £3.26m



AUDIT OR OTHER ASSURANCE OPTIONS

Don't just look at an audit as a painful experience with people descending on your business to check up on you. An audit should and could add a huge amount of value to your business and provide reassurance for you and other stakeholders.

AUDIT OR ASSURANCE – WHAT'S THE DIFFERENCE?

If you're below the audit threshold, your business doesn't require a statutory audit. But many business owners want reassurance and peace of mind that all is good in their business. Our assurance service can meet this need by focusing on all or just some areas of your business, whether it's just your stock system or certain business processes.

FULFILLING YOUR STATUTORY OBLIGATION

For many businesses an audit's a must - there simply isn't a choice. But it shouldn't be painful. It's about seeking a responsible second opinion and a separate view on how your business is operating. It's not about finding fault - it's about highlighting risk and exposure that can help you to move forward.

ADDING CREDIBILITY AND SUPPORTING GROWTH

Don't need an audit? Maybe you're looking to enhance financial credibility or looking to raise funds for growth. Building a history of audited financial statements can increase credibility when you're sat around the table negotiating a sale or looking for funding.

NEED A SENSE CHECK?

If you're gearing up for a new contract or have grown rapidly, now might be the time for a quick 'sense check'. Our systems review and financial health check will do just that, providing an honest assessment of your current standing and recommendations for change.

FINANCIAL DUE DILIGENCE WHEN BUYING A BUSINESS

Making sure everything stacks up with any potential business acquisition is important. You don't want any late nasty surprises. Nowadays, just looking at the accounts won't cut it. We'll understand why and importantly, what you're buying and what you want to achieve from the purchase. We'll look at the target business to make sure it's the right purchase for you and ensure it will lead you towards achieving your ambitions.

WE ALSO OFFER...

- ISA 800 audits for financial statements prepared in accordance with special purpose frameworks
- Grant claim audits for providers such as Innovate UK and other government bodies
- Solicitors Accounts Rules audits for the Solicitors Regulation Authority
- Agreed upon procedures or other assurance services upon request

FORTUS IN NUMBERS





OUR SERVICE LINES & SECTORS

Business ownership's complex and so are the questions our clients face every day. With challenges ranging from financial management, recruiting and retaining people, to managing property, funding growth or strategic planning. A single speciality is no longer what's expected from business advisors and accountants.

That's why we offer a full range of advisory services. We're one team, with many talents helping our clients deliver on their ambitions.

CONTACT US

**PAUL
DIXON**

DIRECTOR

01723 628 109

paul.dixon@fortus.co.uk

YORK

Equinox House
Clifton Park
Shipton Road
York
YO30 5PA

01904 558 300

LEEDS

One Park Row
Leeds
West Yorkshire
LS1 5HN

0113 323 9178

SCARBOROUGH

5&6 Manor Court
Manor Garth
Scarborough
North Yorkshire
YO11 3TU

01723 628 130

GLASGOW

Tay House
300 Bath Street
Glasgow
G2 4JR

01418 462 314

LONDON

14 Bedford Square
London
WC1B 3JA

020 8138 5560

MANCHESTER

3rd Floor
Tootal Building
56 Oxford Road
Manchester
M1 6EU

0161 938 0240

LEICESTER

St George's House
6 St George's Way
Leicester
Leicestershire
LE1 1QZ

0116 276 2761

MILTON KEYNES

Ground Floor
Baird House
Seebeck Place
Knowlhill
Milton Keynes
Buckinghamshire
MK5 8FR

01908 754 600





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