



# FRAMEWORK FOR THE PREPARATION OF ACCOUNTS

BEST PRACTICE GUIDANCE

REVISED EDITION  
JUNE 2020

PUBLISHED 2020

ICAS

© 2020

ISBN 978-1-909883-63-5

EAN 9781909883635

This document is published by the Policy Leadership Board of ICAS.

This document gives general guidance only and should not be relied upon as appropriate or comprehensive in respect of any particular set of circumstances. No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by the authors or the publisher.

All rights reserved. This publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, with appropriate acknowledgement of the publisher.

ICAS wishes to thank the following individuals who participated in the revision of the guidance:

Anne Adrain, Head of Sustainability & Reporting, ICAS

James Barbour, Director, Policy Leadership, ICAS

email: [connect@icas.com](mailto:connect@icas.com)

# CONTENTS

1.	Introduction .....	1
2.	Applicable date .....	1
3.	Confidence gained by users .....	1
4.	Objective of an accounts preparation engagement .....	2
5.	General principles of an accounts preparation engagement .....	2
6.	Defining the terms of engagement .....	3
7.	Planning .....	3
8.	Documentation .....	4
9.	Procedures .....	4
10.	Going concern .....	6
11.	Content of accounts .....	6
12.	Responsibility of management .....	8
13.	Management approval of accounts .....	8
14.	Reporting on an accounts preparation engagement .....	9
	Appendix 1 - Illustrative example of chartered accountants' report in relation to preparation of accounts for a non-charitable audit exempt company	11
	Appendix 2 - Illustrative example of chartered accountants' report in relation to preparation of accounts for a non-charitable audit exempt company containing an explanatory paragraph	12
	Appendix 3 - Illustrative example of chartered accountants' report in relation to preparation of accounts for a sole trader or partnership	13
	Appendix 4 - Example balance sheet audit exemption statement	14

# FRAMEWORK FOR THE PREPARATION OF ACCOUNTS

For the purposes of this guidance the term “chartered accountants” has been used throughout to refer to chartered accountants in public practice.

## Introduction

1. The purpose of this statement is to provide guidance on chartered accountants’ professional responsibilities when an accounts preparation engagement is undertaken and the form and content of any report the chartered accountants issue in connection with this engagement.
2. This statement applies to the preparation of accounts for all entities, including sole traders, partnerships, limited liability partnerships, as well as companies. Accordingly, the term “entity” is used to denote either a company, a sole trader, partnership, limited liability partnership or other organisation for which the chartered accountants are preparing accounts. The term “management” refers to the governing board relevant to the type of entity concerned.
3. It should be noted that there is no standard on accounts preparation in the UK. This guidance, as an indication of best practice, is therefore intended to be persuasive rather than prescriptive.

## Applicable date

4. This guidance replaces The Framework for the Preparation of Accounts 2017 and applies to the preparation of accounts for accounting periods commencing on or after 1 April 2019.

## Confidence gained by users

5. The chartered accountants engaged to prepare the accounts would be practising under the ethical rules of a professional body. These require that chartered accountants should not be associated with accounts which they consider to be misleading.
6. When preparing the accounts, chartered accountants may perform certain quality control procedures to ensure that the accounts are consistent with their understanding of the business, and to attempt to detect any errors which may have been made in the accounts preparation. Whilst this is not an absolute requirement, users would be likely to obtain additional confidence from accounts which have been prepared by a firm of chartered accountants by virtue of their experience, integrity and general reputation. Accordingly, as a matter of best practice, chartered accountants are encouraged to adopt the procedures suggested below.
7. In addition, where the chartered accountants are independent of the entity’s management, some further credibility may be given to the accounts because of their objective assessment of the estimates and judgements which are made by management and incorporated into the accounts.

## Objective of an accounts preparation engagement

8. The objective of an accounts preparation engagement is for the chartered accountants to use accounting expertise (as opposed to auditing expertise) to collect, classify and summarise financial information.
9. This ordinarily entails reducing detailed data to a manageable and understandable form without a requirement to test the assertions underlying that information. The procedures employed are not designed, and do not enable the chartered accountants, to express any assurance on the financial information. However, users of the compiled financial information derive some benefit as a result of the chartered accountants' involvement because the service has been performed with professional competence and due care.

## General principles of an accounts preparation engagement

10. The chartered accountants should comply with the ICAS Code of Ethics.
11. Ethical principles governing the chartered accountants' professional responsibilities for this type of engagement are:
  - (a) *Integrity*

To be straightforward and honest in all professional and business relationships.
  - (b) *Objectivity*

Not to compromise professional or business judgements because of bias, conflict of interest or undue influence of others.
  - (c) *Professional competence and due care to:*
    - (i) Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organisation receives competent professional service, based on current technical and professional standards and relevant legislation, and
    - (ii) Act diligently and in accordance with applicable technical and professional standards.
  - (d) *Confidentiality*

To respect the confidentiality of information acquired as a result of professional and business relationships.
  - (e) *Professional behaviour*

To comply with relevant laws and regulations and avoid any conduct that the professional accountant knows or should know might discredit the profession.

12. Independence in the strict sense applicable to audit engagements is not essential to an accounts preparation engagement. However, if the chartered accountants are also required to issue an independent examiner's report for a charity under the requirements of the Charities Accounts (Scotland) Regulations 2006 (as amended), they must be independent of the charity. In such circumstances, the chartered accountants must satisfy the independence requirements of the Regulator i.e. the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator (OSCR) or the Charity Commission for Northern Ireland.
13. There are certain factors which threaten objectivity in any professional role. These are:
  - (a) Family, other personal or business relationship with the client entity or its directors, owners or employees;
  - (b) Loans or guarantees to or from the client entity or its directors, owners or employees (including outstanding fees);
  - (c) Beneficial interests in shares and other investments of the client entity;
  - (d) Acceptance of goods, services or hospitality given by and received from the client entity; and
  - (e) Any other conflict of interests.

These are discussed in section 370 of the ICAS Code of Ethics.

It should be noted that if, in addition, the chartered accountants are requested to provide any kind of opinion, reference should be made to Part 4A or 4B of the ICAS Code of Ethics which deal with assurance engagements. If an audit opinion is to be provided the chartered accountant should comply with the FRC's International Standards on Auditing (UK) and the FRC's Ethical Standard. Certain other assurance engagements also require adherence to the FRC's Ethical Standard eg. providing Assurance on client assets to the Financial Conduct Authority.

## **Defining the terms of engagement**

14. The chartered accountants should ensure that there is a clear understanding between the client and themselves regarding the terms of the engagement.
15. It is recommended that the assignment is covered by an engagement letter which documents the key terms of the appointment. An engagement letter confirms both the client's agreement and the chartered accountants' acceptance of the appointment and helps avoid misunderstandings regarding such matters as the objectives and scope of the engagement, the extent of the chartered accountants' responsibilities and the form of report to be issued.

## **Planning**

16. The chartered accountants should plan the work so that an effective engagement will be performed.
17. The extent of planning varies according to the complexity of the entity's accounting records and accounting procedures, and according to the chartered accountants' experience with the business. A further factor is the extent to which work will be delegated to assistants.

## Documentation

18. The chartered accountants should document matters which are important in providing evidence that the engagement was carried out in accordance with professional expectations and the terms of the engagement.

## Procedures

19. The chartered accountants should obtain a general knowledge of the business and operations of the entity and should be familiar with the accounting principles and practices of the industry in which the entity operates and with the form and content of the accounts that is appropriate in the circumstances.
20. To prepare accounts, the chartered accountants require a general understanding of the nature of the entity's business transactions, the form of its accounting records and the accounting basis on which the accounts are to be presented. The chartered accountants ordinarily obtain knowledge of these matters through experience with the entity or inquiry of the entity's personnel.
21. The chartered accountants should assess any estimates and judgements made by management as they are incorporated into the accounts being prepared. Any unreasonable estimates or unusual judgements would normally be questioned.
22. If the chartered accountants become aware that information supplied by management may be incorrect or incomplete, they should request management to provide additional information and verify any explanations. If management refuses to provide additional information, the chartered accountants should withdraw from the engagement, informing the client of the reasons for the withdrawal.
23. The chartered accountants would normally undertake, as a minimum, the following procedures in order to satisfy themselves as to the proper recording and classification of the major entries in the accounts:
  - (a) vouch significant fixed asset additions and disposals to supporting documentation;
  - (b) investigate any unusual items;
  - (c) calculate/re-perform gain/loss on sale of fixed asset calculations;
  - (d) reconcile key control accounts to the general ledger, for example, debtors control creditors control and PAYE control accounts;
  - (e) obtain and check the bank reconciliation(s);
  - (f) testing of stock and WIP;
  - (g) perform a VAT reconciliation (if the client is VAT registered); and
  - (h) perform cut-off procedures as per paragraph 25 below.

NB: The above list is not exhaustive and the nature of the procedures performed will vary according to the engagement and the chartered accountant's assessment of the risk of material misstatement. More detailed procedures are included in the ICAS products: 'The Accountants Procedures for the Audit Exempt Company' (APAEC) and the 'Accounts Preparation for the Unincorporated Business' (APUB). If you would like more information on how to obtain these products please email: [practicesupport@icas.com](mailto:practicesupport@icas.com)

24. The chartered accountants would normally perform some basic cut-off procedures to ensure that items included as debtors and creditors have been recorded in the correct period.
25. The chartered accountants should review the completed accounts and consider whether they appear to be appropriate in form and free from obvious material misstatements. In this sense, misstatements may include:
  - (a) misclassifications of items in the accounts;
  - (b) mistakes in the application of the relevant statutory or regulatory reporting requirements;
  - (c) non-disclosure of any known departures from the statutory or regulatory requirements; and
  - (d) non-disclosure of any other significant matters of which the chartered accountants have become aware.
26. This would normally comprise an overall analytical review of the accounts together with a follow up of any unexpected variances arising, by discussion with management. This would be designed to ensure that the accounts are consistent with the chartered accountants' understanding of the business, and thus ensure that no errors had been made in the accounts preparation.
27. The chartered accountants would normally ensure that all statutory and financial reporting standard disclosure requirements have been met. This might be achieved through reliance on an up to date accounts preparation computer package, subject to appropriate review and/or the completion of an accounts disclosure checklist, tailored as appropriate for the particular type of entity concerned.
28. The verification work suggested in paragraphs 19 to 27 falls well short of an audit and does not include any detailed procedures to verify the validity or completeness of the books and records generally. Indirectly, however, these procedures would give the chartered accountant some comfort that the accounts properly reflect the business of the entity and are free from material error.
29. If the chartered accountants become aware of material misstatements, they should try to agree with management appropriate amendments to the accounts. Such amendments to the accounts may include adjustments to the figures, reclassification of items in the accounts and/or additional disclosure. If such amendments are not made and the financial information is considered to be misleading, the chartered accountants should withdraw from the engagement.
30. Where there are departures from financial reporting standards which are not deemed to render the accounts misleading, provided that appropriate disclosures are made in the accounts, the chartered accountants should include an explanatory paragraph in their report in order to highlight the departures concerned. An example of such a report for a non-charitable audit exempt company is contained in Appendix 2. However, if the departures are such that they render the accounts misleading then the chartered accountants should withdraw from the engagement.
31. In relation to accounts micro-entities prepared in accordance with the applicable legal requirements, including the Companies Act 2006, accounts which satisfy the 'true and fair' view requirement cannot be held to be misleading.



## Going concern

32. The Companies Act 2006 requires a company's accounts to be prepared on the basis that it is presumed to be carrying on business as a going concern except where:
- (a) an entity is being liquidated or has ceased trading; or
  - (b) the directors either intend to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

In either of the above scenarios, the accounts should be prepared on a basis other than the going concern basis.

33. It is the responsibility of the directors to make an assessment of the entity's ability to continue as a going concern. If any material uncertainties are identified by the directors during this assessment that might cast significant doubt upon the entity's ability to continue as a going concern, then these should be disclosed in the accounts.
34. If the chartered accountant does not agree with the directors' going concern assessment and accounts disclosures, he/she should attempt to persuade management to amend the accounts accordingly. If such amendments are not made, and the chartered accountant considers the accounts to be misleading, he/she should withdraw from the engagement.

### *Notification of withdrawal from engagement*

35. The chartered accountants would normally explain to management their reasons for withdrawing from the engagement unless this would constitute a breach of legal or other regulatory requirement (such as the 'tipping off' provisions of the anti-money laundering legislation).

## Content of accounts

### *Companies Incorporated Under The Companies Act 2006*

36. The Companies Act 2006 requires that the accounts of a company shall give a true and fair view. A company's accounts are subject to the accounting and disclosure requirements of the 2006 Act and applicable financial reporting standard(s) and supporting pronouncements including, where relevant, a Statement of Recommended Practice (SORP).

### *Mirco-entities*

37. A company which satisfies the definition of a 'micro-entity' as per section 384A of the Companies Act 2006 may prepare its accounts in accordance with the micro-entity provisions. This regime is voluntary and such entities could alternatively choose to prepare their accounts in accordance with FRS 102 (incorporating Section 1A), FRS 102 or indeed EU Adopted IAS.
38. Entities preparing their accounts in accordance with the micro-entity provisions must apply FRS 105. Such accounts are presumed in law to give a true and fair view of the financial position and profit or loss of the micro-entity in accordance with the micro-entities regime. In accordance with section 472(1A) of the Act, the notes to

the accounts of a micro-entity shall be presented at the foot of the statement of financial position and shall include the following information: (a) advances, credit and guarantees granted to directors as required by section 413 of the Act; and (b) financial commitments, guarantees and contingencies.

### *Small companies*

39. A company which satisfies the small company criteria in section 382 of the Companies Act 2006 but does not satisfy the micro-entity criteria above is therefore likely to apply one of the following options:
- (a) To prepare its accounts under FRS 102 without taking advantage of Section 1A;
  - (b) To prepare its accounts taking advantage, under FRS 102, of Section 1A; or
  - (c) To prepare its accounts using EU Adopted IAS. (For financial years beginning after 31 December 2020, UK incorporated companies and groups that currently use EU-adopted IAS will instead be required to prepare accounts using UK-adopted international accounting standards).
40. For an entity applying FRS 102, it will also need to apply FRS 103 to (a) insurance contracts (including reinsurance contracts) that it issues and reinsurance contracts that it holds; and (b) financial instruments (other than insurance contracts) that it issues with a discretionary participation feature.
41. Small companies also have the option to prepare abridged accounts. Many small companies may elect to prepare and file such accounts with Companies House. However, for a company to be able to take advantage of this option, the company needs to get permission from its members before doing so as these will be the accounts which are sent to the members as well as filed. Companies cannot prepare a fuller set of accounts and then file a set of abridged accounts with Companies House.

### *Filing options*

42. For periods beginning on or after 1 January 2016, small companies may:
- (a) prepare and file full accounts; or
  - (b) prepare and file 'abridged accounts' (all members must agree to the abridgement); or
  - (c) use the option (under section 444(1)) – not to file the profit and loss account or directors report i.e. file only the balance sheet and notes. This option is available in relation to both the filing of full and abridged accounts.

### *Entities incorporated under other legislation*

43. Accounts prepared for entities incorporated under other legislation should comply with relevant legislative requirements, the applicable financial reporting standard(s) and supporting pronouncements including, where relevant, a SORP. Please note that limited liability partnerships (LLPs) and Qualifying Partnerships are able to avail themselves of the 'Micro-Entity' provisions and hence can apply FRS 105 when preparing their accounts. LLPs should prepare their accounts in accordance with applicable accounting standards and the LLP SORP.

### *Unincorporated entities*

44. Unless there are specific reasons for not doing so (e.g. the chartered accountants have been asked to prepare a set of accounts on a receipts and payments basis for an applicable charity), accounts prepared by chartered accountants for unincorporated entities should comply with any applicable legislation, financial reporting standard(s) and supporting pronouncements, including, where relevant, a SORP.
45. Business profits are required to be computed in accordance with generally accepted accounting practice as defined in Section 997 of the Income Taxes Act 2007. However, it is recognised that it is not always necessary to prepare a full set of accounts in order to comply with this requirement.
46. HMRC have stated that an unincorporated entity may apply an accounting framework provided it meets the applicable size criteria. Therefore, many unincorporated entities will meet the financial criteria for qualifying as a micro-entity and as a result will have the option to apply FRS 105 as the financial reporting standard by which to prepare their accounts. Most other unincorporated entities will apply FRS 102 with or without taking advantage of section 1A.

### **Responsibility of management**

47. The chartered accountants may wish to obtain an acknowledgement from management in a letter of representation confirming their responsibility for the accuracy and reliability of the financial information supplied.
48. In the case of a company, the directors are responsible for ensuring that the company maintains adequate accounting records and for preparing accounts which give a true and fair view and have been prepared in accordance with the Companies Act 2006. In particular, the directors are required to:
  - (a) select suitable accounting policies and then apply them consistently;
  - (b) make judgements and estimates that are reasonable and prudent; and
  - (c) prepare accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and for taking steps for the prevention and detection of fraud and other irregularities.

49. The engagement to prepare the accounts cannot be regarded as providing assurance on the adequacy of the company's systems or on the incidence of fraud, non-compliance with laws and regulations or weaknesses in internal controls. Engaging chartered accountants to prepare the accounts does not relieve the directors of their responsibilities in this respect.

### **Management approval of accounts**

50. The chartered accountants should obtain management's written approval of the accounts, normally evidenced by a signature on the balance sheet, prior to signing their report on the accounts.

51. For companies taking advantage of the audit exemption provisions of the Companies Act 2006, a statement to this effect is required on the balance sheet (see Appendix 4).

## Reporting on an accounts preparation engagement

52. The chartered accountants should normally attach a report to the accounts which they have prepared, to make clear to users the extent of their involvement with those accounts.
53. The report would normally include the following:
- (a) A title – identifying the persons to whom the report is addressed (in the case of a company this would be the Directors).
  - (b) A statement that, the chartered accountants have prepared the accounts as set out on pages xx to xx from the entity’s accounting records and from information and explanations supplied by the client. The report may refer to the specific primary statements and notes to the accounts rather than the page numbers.
  - (c) A statement that the chartered accountants are subject to the ICAS Code of Ethics <https://www.icas.com/professional-resources/ethics/icas-code-of-ethics> and other professional requirements of ICAS.
  - (d) A statement that the report is made to management in accordance with the terms of the engagement.
  - (e) A statement that, to the fullest extent permitted by law, no responsibility will be accepted for the work or the report to anyone other than management as a body. For companies, the responsibility will be to the company and its Board of Directors as a body.
  - (f) For companies, a statement to the Directors have acknowledged their responsibility for maintaining adequate accounting records and for the preparation of accounts which show a true and fair view of the company’s assets, liabilities, financial position and profit [/loss]. Statements of a similar nature may be applicable for other types of entity.
  - (g) A statement that the chartered accountants have not carried out an audit of the accounts, verified the accuracy or completeness of the accounting records or information and explanations supplied, and that the chartered accountants do not express any opinion on the accounts.
  - (h) The name, signature and address of the chartered accountants and any appropriate designation (but not ‘Registered Auditor’).
  - (i) The date of the report.

Whilst it is recommended that statements (d), (e), (f) and (g) above are included in the report issued to management, this is ultimately a risk management decision for each member firm.

54. The Appendices to this guidance contain the following:
- (a) Appendix 1 - example of an accounts preparation report for a non-charitable audit exempt company.
  - (b) Appendix 2- example of an accounts preparation report containing an explanatory paragraph for a non-charitable audit exempt company.

- (c) Appendix 3 - example of an accounts preparation report for a sole trader or partnership.
- (d) Appendix 4- Balance sheet audit exemption statement.

## APPENDIX 1

Illustrative example of chartered accountants' report in relation to preparation of accounts for a non-charitable audit exempt company

Report to the Directors on the preparation of the unaudited statutory accounts of XYZ Limited for the year ended ...[insert year end]

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of XYZ Limited for the year ended [inset year end] as set out on pages [insert page numbers] from the company's accounting records and from information and explanations you have given us.

As a practising member [/member firm] of ICAS we are subject to its ethical and other professional requirements which are detailed at <https://icas.com/icas-framework-preparation-of-accounts>

[This report is made solely to the Board of Directors of XYZ Limited, as a body, in accordance with the terms of our engagement letter dated [insert date].] Our work has been undertaken [solely to prepare for your approval the accounts of XYZ Limited and state those matters that we have agreed to state to the Board of Directors of XYZ Limited, as a body, in this report] in accordance with the requirements of ICAS as detailed at <https://icas.com/icas-framework-preparation-of-accounts> [To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than XYZ Limited and its Board of Directors as a body for our work or for this report.]

[It is your duty to ensure that XYZ Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit/[loss] of XYZ Limited. You consider that XYZ Limited is exempt from the statutory audit requirement for the year.]

[We have not been instructed to carry out an audit or a review of the accounts of XYZ Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.]

Signature.....

Typed name of accountant  
Chartered Accountants

Address

Date .....

## APPENDIX 2

Illustrative example of chartered accountants' report in relation to preparation of accounts for a non-charitable audit exempt company containing an explanatory paragraph

Report to the Directors on the preparation of the unaudited statutory accounts of XYZ Limited for the year ended ... [insert year end]

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of XYZ Limited for the year ended [insert year end] as set out on pages [insert page numbers] from the company's accounting records and from information and explanations you have given us.

As a practising member [/member firm] of ICAS we are subject to its ethical and other professional requirements which are detailed at <https://icas.com/icas-framework-preparation-of-accounts>

[This report is made solely to the Board of Directors of XYZ Limited, as a body, in accordance with the terms of our engagement letter dated [insert date]]. Our work has been undertaken [solely to prepare for your approval the accounts of XYZ Limited and state those matters that we have agreed to state to the Board of Directors of XYZ Limited, as a body, in this report] in accordance with the requirements of ICAS as detailed at <https://icas.com/icas-framework-preparation-of-accounts>

[To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than XYZ Limited and its Board of Directors as a body for our work or for this report.]

[It is your duty to ensure that XYZ Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit/[loss] of XYZ Limited. You consider that XYZ Limited is exempt from the statutory audit requirement for the year.]

[We have not been instructed to carry out an audit or a review of the accounts of XYZ Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.]

We draw your attention to note x in the accounts which discloses and explains a departure from applicable accounting standards. The company has not amortised its goodwill held in the accounts in the year and this is a departure from the (insert the relevant financial reporting framework being applied) and from the Companies Act 2006.

Signature.....

Typed name of accountant  
Chartered Accountants

Address

Date .....

## APPENDIX 3

Illustrative example of chartered accountants' report in relation to preparation of accounts for a sole trader or partnership

Report to the Owner(s)/Partners/ Management on the Unaudited Accounts of XYZ

In accordance with the engagement letter dated [insert date] we have prepared for your approval the accounts of XYZ for the year ended [insert year end] as set out on pages [insert page numbers] from the accounting records and information and explanations you have given us.

As a practising member [/member firm] of ICAS, we are subject to its ethical and other professional requirements which are detailed at <https://icas.com/icas-framework-preparation-of-accounts>

[This report is made solely to you, in accordance with the terms of our engagement letter dated [insert date].] Our work has been undertaken solely to prepare for your approval the accounts of XYZ and state those matters that we have agreed to state to you in accordance with the requirements of ICAS as detailed at <https://icas.com/icas-framework-preparation-of-accounts>

[To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you, for our work or for this report.]

[We have not been instructed to carry out an audit or a review of the accounts of XYZ. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the accounts.]

Signature.....

Typed name of accountant

Address

Date .....



## APPENDIX 4

### Example balance sheet audit exemption statement

For the year ending [insert year end], XYZ Limited was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.



CA House 21 Haymarket Yards Edinburgh EH12 5BH  
connect@icas.com +44 (0)131 347 0100 icas.com