

# Newman & Co

Chartered Accountants and Registered Auditors

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The Committee  
Redgrave Community Society Limited  
The Cross Keys  
The Street  
Redgrave  
Diss  
Norfolk  
IP22 1RW

6<sup>th</sup> August 2021

Dear Sirs,

**Re: Audit and accountancy services.**

Our advice to the Committee is to obtain the shareholders' approval of the resolution to remove the statutory audit requirement for the financial statements. We do not believe that an audit gives the company value for money, given the current levels of trading and profits.

### **Audit services**

An audit of financial statements is the undertaking of sufficient systems documentation and testing to satisfy ourselves that we can make a positive assurance statement that the accounts give a true and fair view. To give a true and fair view the financial statements must be free from material misstatement and be prepared in accordance with accounting standards and legal requirements. In addition to this, any statutory audit must be compliant with the International Auditing Standards, Ethical Standards and the prescribed compliance documentation. This is an extremely time-consuming exercise and consequently more costly.

An audit does not review every transaction, but samples of transactions are reviewed depending on the deemed risk of a balance being incorrect and the materiality of such a balance. Setting materiality is a matter of judgement. It is decided based on what level of error could reasonably be expected to influence the users of the accounts. The use of materiality means that the financial statements are not audited to the penny, and this can sometimes cause an expectation gap between the level of assurance an audit report is providing and what shareholders believe it is providing. An audit provides a high level of assurance but it is not an absolute level of assurance. There is an unavoidable risk that some material errors may not be detected and, whilst an audit considers the opportunities and risks of fraud, it is not a guarantee that every potential fraud would be discovered.

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Waveney Accountants Limited is registered in England No. 4780096 Registered Office: 4b Church Street, Diss, Norfolk IP22 4DD

Registered to carry on audit work in the UK and Ireland and regulated for a range of Investment Business activities by the Institute of Chartered Accountants in England and Wales

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An audit is an assessment on the recording of the historical financial results and position within the financial statements, it is not an assessment of the running of the company. For example, a company making significant losses would still receive a clean audit report if it recorded the losses in accordance with accounting rules.

Some lenders and grant providers may prefer the greater assurance provided by an audit report, but lenders will not normally require an audit for smaller entities if it is not necessitated by law.

#### **Accountancy services**

An accountant's report does not give an opinion upon the accuracy of the statements. We only state that they have been prepared in accordance with the company records. As part of the service of preparing the accounts, we would ensure compliance with the disclosure requirements and we would review the balances in the accounts to ensure we felt confident in their accuracy. This would mean checking to supporting documentation and, in some instances, more focus on detail than with an audit. However, we would be unable to formally state within the accountant's report that the accounts provide a true and fair view.

#### **Assurance reports**

An assurance report can provide a compromise between pure accounts preparation and a full audit. This is where additional audit-style work is performed to focus on a particular area of concern. A report is then issued to confirm the findings. This type of work is very tailored to each client and so would need to be discussed in further detail if it were of interest.

#### **Fees**

We estimate that the cost of preparing statutory accounts will be £2,500 to £3,000 plus VAT and the cost of an audit will be an additional £2,750 to £3,500 plus VAT.

Yours faithfully,



Newman & Co