Audit Exemption Consultation and Accounting Framework - Response 50

-----Original Message-----
From: Michael [mailto:michael.rigby8@btinternet.com]
Sent: 28 December 2011 16:10
To: Audit Exemptions Consultation
Subject: Consultation on audit exemption

Rufus,

I am writing in response to the audit exemption consultation and the proposals to increase audit exemption to small companies. I disagree with the proposals as I believe there is a substantial benefit from having an audit as it gives an independent view on the financial statements and gives them more reliability. By increasing the audit exemption this will mean that some substantial companies will no longer require an audit and although this will save them money it takes away the reliability from there financial statements as they will no longer be subject to scrutiny. With these proposals there is a chance that property companies could have unlimited assets and as long as they meet the criteria for turnover and employees they will not need an audit and that just does not feel right.

I work for a small independent practice in Manchester as an audit manager and previously worked in the big 4. I brought my audit skills to a small practice to develop the audit practice and with these proposals this will remove a lot of our audit work. These proposals will affect so many small practices throughout the country in terms of lost revenue and potentially lost jobs.

I completely support actions to reduce costs for businesses especially in these tough economic times but these proposals could severely damage small accountancy practices. The government are looking into reducing the big 4's power but proposals like this will only strengthen the big firms position as by increasing audit thresholds means that only the larger accountancy practices will perform audits.

Regards

Michael Rigby FCCA

Sent from my iPhone