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17th December 2011

Mr. Rufus Rottenberg
Audit & Accounting Team
Department of Business,
Innovation and Skills
Spur 2
3rd Floor
1 Victoria Street
London SW1H 0ET

Dear Mr. Rottenberg,

Re Audit Exemptions -and- Accounting framework Consultations.

I am writing as an individual. The views expressed are my own. I do not represent an organisation. I retired in 2005 It has not been possible for me to keep up with my reading as much as I would have liked. There may be errors in the assumptions that I make but the theme of the response should be clear to understand.

Introduction

Charitable companies have a lower audit exemption.[1] I think this is to make the thresholds for charitable companies the same as charities which are not companies. (Non-charitable companies audit exemption £6.5m turnover: £3.26m balance sheet).[1] Except for the very tiny charities, charitable companies and charities that are not companies that are below the audit thresholds have to have an independent examination.

[1]

Companies that are not charities and are below current audit thresholds (which as asserted above is much higher than charitable companies and equally charities that are not companies) do not as I understand it have to have any form of external independent examination with supporting schedules corresponding to an external independent examination. This puts a greater risk of loss to any stackholder choosing to deal with a non-charitable company falling below audit threshold than if dealing with a charitable organisation, whether incorporated or not, which is also below audit thresholds simply because of the need to have an independent examination applies.

Consultation P.

As I understand it there are 5 options, identified as 'A' to 'E' both inclusive. I think to consider any of them is irrelevant.

The real issue is to harmonize the point where audit exemption applies and the same accounting frame work both above and below audit exemption also applies to the following list of organisations: non-charitable companies either limited by shares or guarantee; charitable companies; charities; charitable Incorporated Organisations (allowed in Scotland) an soon it is hoped to be allowed in England and Wales; Companie created by Royal Charter; LLPs and other appropriate bodies.

To have all these bodies having different thresholds for audit exemption, and different rules if below audit exemption for producing final accounting information does no more than create an anomaly the disparity of which is undescribable

Conclusions

The recipient of this letter may hold the view that this response is outside the remit of the terms of the consultation. Nevertheless I see no reason why Negotiations on all these points cannot be made with differing government departments/bodies and other agencies to achieve, probably with co-operation of E.U., that all types of organisations referred to above have

(i) Audit exemption at the same level.
(ii) Auditing should be to the same accounting standards
(iii) Except for the very small outfits, where auditing threshold are not reached all be subject to the same form of external independent examination prepared under identical accounting regulations
(iv) Financial statements prepared in accordance with (ii) & (iii) above shall be forwarded within a statutory timescale to an appropriate registrar who will take the responsibility for making copies available to the public

Yours sincerely

R Pert