

## **Audit Exemption Consultation and Accounting Framework - Response 17**

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**From:** Monica Finlayson [mailto:Monica@fbrmh.com]

**Sent:** 08 December 2011 13:02

**To:** Audit Exemptions Consultation

**Subject:** Comment on audit exemption [Scanned]

Dear Sir

Audit used to be the consequence of Limited liability status. I have previously responded on the lifting of audit limits and reducing "red-tape" for small companies by commenting on this.

I have no desire to add cost to clients, and in fact the majority of my work is advisory and assistance, not regulatory audit work. I do however strongly believe that the audit should remain a consequence of using limited liability.

Companies with turnover below the current thresholds often have suppliers and employees who rely on the company continuing in existence, and the rigour the audit produces in looking at going concern issues is incalculable. Companies with large balance sheets have large creditors, and even though they may have low turnover or employee numbers, the audit is key to those creditors. Often the funders want an audit anyway.

I do not believe the audit exemption should be aligned with the small companies regime.

In practice the subsidiary company exemption is likely to be difficult to foresee working. In my experience holding companies from some member states do not like giving guarantees.

Yours sincerely

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