

## Benefits of Audit

Anyone whose business has a number of staff, functions, office locations or technical systems that s/he is not personally and solely operating may run the risk of errors or irregularities occurring in their business. It is also desirable to check and deter fraud by carrying out a regular audit.

- An audit helps to identify weaknesses in the accounting systems and enables us to suggest improvements. The process keeps Kingston Smith partners informed of areas/situations where advice is useful.
- An audit assures directors not involved in the accounting functions on a day-to-day basis that the business is running in accordance with the information they are receiving, and helps reduce the scope for fraud and poor accounting.
- An audit facilitates the provision of advice that can have real financial benefits for a business, including how the business is running, what margins can be expected and how these can be achieved. Advice can cover anything from the tightening of internal controls, to reducing the risk of fraud or tax planning.
- An audit will enhance the credibility and reliability of the figures being submitted to prospective purchasers. If an owner manager is planning on selling in the next 3 years, it may be beneficial to carry out regular audits.
- An audit may be advantageous if a company is growing and likely to exceed the turnover threshold in the near future, in order to avoid having to revisit the previous years' figures, once the threshold has been reached.
- An audit adds credibility to published information for employees, customers, suppliers, investors and tax authorities:
  - Credit ratings may be affected by not having an audit. Suppliers may not be prepared to give appropriate credit limits. Banks and trade suppliers rely in part on credit rating agencies' assessment of the company, and will look more favourably on companies that have an audit.
  - The HMRC may consider the figures to be less reliable.
  - In the event of insurance claims, loss adjusters often have more faith in audited accounts.
- An audit provides assurance to shareholders (if they are not directors closely involved in the business) that the figures in the accounts show a true and fair view.

## Key People

- [Nigel Birch](#)
- [Amanda Merron](#)
- [Maureen Penfold](#)
- [Paul Samrah](#)
- [Bob Surman](#)
- [Julie Walsh](#)

## Links

- [Budgeting and Cashflow](#)
- [Business Planning and Aspiration Reviews](#)
- [Succession Planning Advice](#)

Follow us on:

