

# What's changed

## Update - December 2023

### What's changed

We are pleased to issue updates to your Mercia Audit Exemption Manual (ROI) (dated 12/23). The principal changes in this update relate to the restructuring of the guidance notes. In addition, a number of other minor improvements and amendments have been made to the manual.

See below for a full list of changes.

### Contact us

We are always pleased to receive feedback on our manuals, including any improvements that you would like to see incorporated. Please contact me if you have any comments to make.

Kathryn Burns

December 2023

### December 2023 - Detailed list of changes

The below table provides a detailed list of changes within the manual. In addition to the items listed below, minor changes have been made for formatting, grammar, and other editorial amendments.

Updated area	Main reason for change
<b>Guidance</b>	
Contents	<ul style="list-style-type: none"><li>Updated to reflect the new Guidance notes structure.</li></ul>
Guidance notes	<ul style="list-style-type: none"><li>The guidance notes have been restructured to make them more user friendly and to ensure a more consistent approach across the suite.</li></ul>
Getting started for new manual users	<ul style="list-style-type: none"><li>Extended to include details of how to use the disclosure checklist customisation.</li><li>The Accessing the manual section has been removed.</li></ul>
What's changed	<ul style="list-style-type: none"><li>A copy of this What's changed notice has been added to the manual.</li></ul>
<b>Example accounts</b>	
1 Micro-entity (FRS 105) accounts	<ul style="list-style-type: none"><li>Updated to state the accounts are based on standards and amendments in issue at 1 April 2023 (no technical changes to the content of the accounts).</li></ul>
2 Small Full (FRS 102 1A) accounts	<ul style="list-style-type: none"><li>Updated to state the accounts are based on standards and amendments in issue at 1 April 2023 (no technical changes to the content of the accounts).</li></ul>
2a Small Abridged (FRS 102 1A) accounts	<ul style="list-style-type: none"><li>Updated to state the accounts are based on standards and amendments in issue at 1 April 2023 (no technical changes to the content of the accounts).</li></ul>
3 Not Small (FRS 102) accounts	<ul style="list-style-type: none"><li>Updated to state the accounts are based on standards and amendments in issue at 1 April 2023 (no technical changes to the content of the accounts).</li></ul>
<b>Accounts disclosure checklists</b>	
A32 SUMMARY	<ul style="list-style-type: none"><li>Updated to reflect that the abridged checklists are now standalone checklists.</li></ul>
A32 MICRO FRS 105	<ul style="list-style-type: none"><li>Updated to state that the checklist reflects standards and amendments in issue as at 1 April 2023 (no technical changes to the content of the checklist).</li></ul>
A32 MICRO ABRIDGED FRS 105	<ul style="list-style-type: none"><li>Sections expanded to ensure the checklist is now a standalone checklist rather than supplementary to A32 MICRO FRS 105.</li></ul>
A32 SMALL FRS 102 1A	<ul style="list-style-type: none"><li>Updated to state that the checklist reflects standards and amendments in issue as at 1 April 2023 (no technical changes to the content of the checklist).</li></ul>
A32 SMALL ABRIDGED FRS 102 1A	<ul style="list-style-type: none"><li>Sections expanded to ensure the checklist is now a standalone checklist rather than supplementary to A32 SMALL FRS 102 1A.</li></ul>
A32 NOT SMALL FRS 102	<ul style="list-style-type: none"><li>Updated to state that the checklist reflects standards and amendments in issue as at 1 April 2023 (no technical changes to the content of the checklist).</li></ul>

## Update - May 2023

### What's changed

We are pleased to issue updates to your Mercia Audit Exemption Manual (ROI) (dated 05/23). The principal changes in this update relate to the changes as a result of the ICAI Technical Alert: TA 04/22 Chartered Accountants' Reports on The Compilation of Financial Information as well as a number of minor amendments / improvements that have been made to across all sections of the Audit Exemption Manual, including updating engagement letters to reflect latest guidance.

See below for a full list of changes.

### Contact us

We are always pleased to receive feedback on our manuals, including any improvements that you would like to see incorporated. Please contact me if you have any comments to make.

Kathryn Burns

May 2023

### May 2023 - Detailed list of changes

The below table provides a detailed list of changes within the manual. In addition to the items listed below, minor changes have been made for formatting, grammar, and other editorial amendments.

Updated area	Main reason for change
All	<ul style="list-style-type: none"><li>Section names have been changed and shortened for easier navigation and to allow manual users to include longer client names in 'Customiser'.</li><li>Current file documents now download into the separate file sections such as planning, completion, etc.</li><li>The disclosure checklist customisation now filters the Limited Company lead schedules.</li></ul>
Guidance	
Contents	<ul style="list-style-type: none"><li>Updated for the changes made in this update including relocation of Change of financial reporting framework impact assessment and File review checklists to Supplementary forms section.</li></ul>
Guidance notes	
What do you need to know about this manual?	<ul style="list-style-type: none"><li>Updated for the changes made in this update.</li></ul>
Audit Exemption guidance notes	<ul style="list-style-type: none"><li>Updated to reflect the ICAI Technical Alert: TA 04/22 Chartered Accountants' Reports on The Compilation of Financial Information.</li><li>The section named 'Ceasing to be entitled to audit exemption' has been removed as such guidance should be sought from the Audit Manual Package in such situations.</li></ul>
Getting started for new manual users	<ul style="list-style-type: none"><li>Updated for the changes made in this update.</li></ul>
What's changed	<ul style="list-style-type: none"><li>A copy of this What's changed notice has been added to the manual.</li></ul>
File review checklist	<ul style="list-style-type: none"><li>File review checklist moved to Supplementary forms section.</li></ul>
Example letters	
Engagement letters - both (Ltd Co) and (Uninc)	
Covering letter	<ul style="list-style-type: none"><li>Updated the 'Professional services provided' section to include a new paragraph which confirms whether disbursements are expected to be incurred.</li><li>A new section detailing how communication will be maintained throughout the engagement has been added.</li><li>Updated the 'Agreement of terms' section to include reference to the firm's privacy notice on their website and reference to the standard terms of business in relation to instances of variation or termination of the engagement.</li></ul>
Schedule of professional services - accounts compilation (including Schedule of professional services - micro-entity accounts compilation)	<ul style="list-style-type: none"><li>An optional paragraph has been included where clients have asked firms to convert the financial statements into the iXBRL format.</li><li>Clarification has been included to inform clients that, consent must be received from the firm, should they want to share the report with any third parties.</li></ul>

Schedule of professional services - taxation	<ul style="list-style-type: none"> <li>• Included a paragraph confirming there may be occasions where the firm will need to seek specialist advice.</li> <li>• Added a paragraph confirming that the responsibility for monitoring turnover in respect of VAT registration thresholds lies with the client.</li> <li>• Clarification that the responsibility for employment taxes, pensions and the assessment of employment status for workers, lies with the client has also been included.</li> </ul>
Terms of business	<ul style="list-style-type: none"> <li>• Updated paragraphs in the 'Fees and payment terms' section clarifying the use of insurance policies to cover fees, circumstances where clients are unable to pay fees and the rights of the firm to exercise a lien over all funds have also been added.</li> <li>• Added a new section detailing standard business terms in relation to confidentiality.</li> <li>• Clarification of potential actions of the firm, should a dispute arise between parties within the engagement.</li> </ul>
Disengagement letter	<ul style="list-style-type: none"> <li>• Expanded to include tax elements and to reflect changes made to the example Terms of business, in respect of confidentiality, and changes made to the accounts compilation schedule of services, in respect of third parties.</li> </ul>
(Ltd Co) Pre year end letter and questionnaire	<ul style="list-style-type: none"> <li>• Minor format changes.</li> </ul>
<b>Example reports</b>	
(Ltd Co) Example reports	
(Ltd Co) Accountant's Report (CAI)	<ul style="list-style-type: none"> <li>• Updated to reflect the example given in the ICAI Technical Alert: TA04/22 Chartered Accountants' Reports on The Compilation of Financial Information.</li> </ul>
(Ltd Co) Accountant's Report (CAI) - incl explanatory para	<ul style="list-style-type: none"> <li>• Updated to reflect the example given in the ICAI Technical Alert: TA04/22 Chartered Accountants' Reports on The Compilation of Financial Information.</li> </ul>
(Uninc) Example reports	<ul style="list-style-type: none"> <li>• Old style audit exemption report withdrawn from the product range.</li> </ul>
(Uninc) Accountant's report (CAI)	<ul style="list-style-type: none"> <li>• Updated to reflect the example given in the ICAI Technical Alert: TA04/22 Chartered Accountants' Reports on The Compilation of Financial Information.</li> </ul>
(Uninc) Client's Approval Wording	<ul style="list-style-type: none"> <li>• Guidance updated to make it clear that the example given is from guidance superseded by the ICAI Technical Alert: TA04/22 Chartered Accountants' Reports on The Compilation of Financial Information.</li> </ul>
<b>Current file documents</b>	
(Ltd Co) Completion documents	
A22 Overall review of the financial statements	<ul style="list-style-type: none"> <li>• New tests have been added under the heading 'General' prompting reviews in respect of accounting policies, consideration of information contained in other documents issued with the accounts (including the directors' report and strategic report), etc.</li> </ul>
A71 Summary of financial ratios and trends	<ul style="list-style-type: none"> <li>• Now provided as an Excel document.</li> </ul>
(Ltd Co) Planning documents	
B01 Planning checklist	<ul style="list-style-type: none"> <li>• The first test under the heading 'Information gathering' has been updated to refer to the ICAI Technical Alert: TA04/22 Chartered Accountants' Reports on The Compilation of Financial Information.</li> </ul>
B04 Dormant companies checklist	<ul style="list-style-type: none"> <li>• A new form added.</li> </ul>
B13 New client checklist	<ul style="list-style-type: none"> <li>• The checklist has been expanded to include a number of general factors when taking on a new client as well as space to record agreed action points.</li> </ul>
B40-FRF Change of financial reporting framework impact assessment	<ul style="list-style-type: none"> <li>• Change of financial reporting framework impact assessment moved to Supplementary forms section.</li> </ul>
(Ltd Co) Detailed work programmes:	
AI	<ul style="list-style-type: none"> <li>• Tests have been added and other minor amendments made to bring the work programmes in line with other manuals.</li> </ul>
O2 VAT	<ul style="list-style-type: none"> <li>• Minor amendments to ensure terminology is kept up to date.</li> </ul>
(Ltd Co) Lead schedules	<ul style="list-style-type: none"> <li>• The FRS 105 lead schedules have been redrafted.</li> </ul>
(Uninc) Completion documents	
A22 Overall review of the accounts	<ul style="list-style-type: none"> <li>• New tests have been added under the heading 'General' prompting reviews in respect of accounting policies, etc.</li> </ul>
A71 Summary of financial ratios and trends	<ul style="list-style-type: none"> <li>• Now provided as an Excel document.</li> </ul>
(Uninc) Planning documents	

B01 Planning checklist

- Atest has been added to the section named 'Information gathering' which refers to the need for the team to be familiar with, ie. read and understand, the ICAI Technical Alert: TA 04/22 Chartered Accountants' Reports on The Compilation of Financial Information.

B13 New client checklist

- The checklist has been expanded to include a number of general factors when taking on a new client as well as space to record agreed action points.

(Uninc) Detailed work programmes:

AI

- Tests have been added and other minor amendments made to bring the work programmes in line with other manuals.

O2 VAT

- Minor amendments to ensure terminology is kept up to date.

(Uninc) Lead schedules

- A new set of documents tailored for unincorporated assignments.

#### **Permanent file documents**

(Uninc) Permanent file documents

- A new set of documents tailored for unincorporated assignments.

#### **Supplementary forms**

Change of financial reporting framework impact assessment

- Change of financial reporting framework impact assessment moved from (Ltd Co) Planning documents within the Current file documents section.

File review checklist

- File review checklist moved from Guidance section.
- Expanded to cover source of assumptions and work done by outside experts as well as one off assignments and hot file reviews.

## Update - August 2022

### What's changed

We are pleased to issue updates to your ROI Mercia Audit Exemption Manual (dated 08/22). The principal technical changes in this update relate to minor updates for consistency, removal of dates which are no longer relevant and recent changes to standards.

To ensure consistency across our product range, the planning and permanent file sections of the manual have been restructured and for simplicity the changes have been applied with immediate effect in this manual. See below for a mapping of old to new references.

### Contact us

We are always pleased to receive feedback on our manuals, including any improvements that you would like to see incorporated. Please contact me if you have any comments to make.

Kathryn Burns

August 2022

### August 2022 - Detailed list of changes

The below table provides a detailed list of changes within the manual. In addition to the items listed below, cross-references to other forms have been updated where appropriate, and minor changes have been made for formatting, grammar and other editorial amendments.

Updated area	Main reason for change
<b>Guidance</b>	
Contents & guidance notes	<ul style="list-style-type: none"><li>Contents page updated for the changes made in this update.</li></ul>
Getting started for new manual users	<ul style="list-style-type: none"><li>Getting started guidance updated for the changes made in this update.</li></ul>
What's changed	<ul style="list-style-type: none"><li>A copy of this What's changed notice has been added to the manual.</li></ul>
<b>Example letters</b>	
All example letters	<ul style="list-style-type: none"><li>Minor updates to formats.</li></ul>
Engagement (both versions) - Covering Letters	<ul style="list-style-type: none"><li>A number of amendments to reflect best practice and standardise engagement letters across the Mercia product range.</li></ul>
Engagement (both versions) - Schedules of Professional Services	<ul style="list-style-type: none"><li>A number of amendments to reflect best practice and standardise engagement letters across the Mercia product range.</li></ul>
Engagement (both versions) - Standard Terms of Business	<ul style="list-style-type: none"><li>'Terms of business' renamed 'Standard terms of business'. A number of amendments to reflect best practice and standardise engagement letters across the Mercia product range.</li></ul>
<b>Example reports</b>	
All example reports	<ul style="list-style-type: none"><li>Minor updates to formats.</li></ul>
<b>Example accounts</b>	
All example accounts	<ul style="list-style-type: none"><li>Minor updates for consistency, removal of dates which are no longer relevant and recent changes to standards.</li></ul>
<b>Accounts disclosure checklists</b>	
A32 SUMMARY Disclosure checklist summary	<ul style="list-style-type: none"><li>Updated to offer more guidance on selecting the appropriate checklists.</li></ul>
A32 SMALL FRS 102 1A	<ul style="list-style-type: none"><li>Minor updates for recent changes to legislation and other minor editorial amendments.</li></ul>
A32 NOT SMALL FRS 102	<ul style="list-style-type: none"><li>Minor updates for recent changes to legislation and other minor editorial amendments.</li></ul>
<b>Current file: Current file indices (both for Limited Companies and Unincorporated Businesses)</b>	
Current file indices	<ul style="list-style-type: none"><li>Moved to start of current file.</li><li>Updated to reflect revised file structures.</li></ul>
<b>Current file: Current file indices (Unincorporated Businesses only)</b>	
Current file indices	<ul style="list-style-type: none"><li>Indices have been expanded to cover each accounting area in line with those provided for Limited Companies.</li></ul>
<b>Current file: Completion (Unincorporated Businesses only)</b>	
A71 Unincorporated assignment summary of financial ratios and trends	<ul style="list-style-type: none"><li>New document added.</li></ul>

**Current file: Planning (both for Limited Companies and Unincorporated Businesses)**

- |   |                          |
|---|--------------------------|
| B01 Planning checklist                      | • Moved from B11.        |
| B13 New client checklist                    | • Moved from PF1.        |
| B15 Terms of engagement - placeholder       | • New placeholder added. |
| B27 Company / Entity searches - placeholder | • New placeholder added. |
| B50 Budget                                  | • Moved from B61.        |

**Current file: Planning (Limited Companies only)**

- |   |                       |
|---|-----------------------|
| B02 Audit exemption eligibility checklist                         | • Moved from B12.     |
| B03 Audit exemption client's needs checklist                      | • Moved from B13.     |
| B40 Audit exemption overall approach                              | • Moved from B51.     |
| B40-FRF Change of financial reporting framework impact assessment | • New document added. |

**Current file: Planning (Unincorporated Businesses only)**

- |  |                       |
|--|-----------------------|
| B40 Unincorporated assignment overall approach | • New document added. |
|--|-----------------------|

**Current file: Audit programmes (both for Limited Companies and Unincorporated Businesses)**

- |                         |   |
|-------------------------|---|
| O Audit programme - VAT | • Test added / amended to include a review of VAT adjustment calculations and include in the VAT summary.<br>• Minor changes to terminology to reflect current VAT schemes / bookkeeping practices. |
|-------------------------|---|

**Current file: Audit programmes (Unincorporated Businesses only)**

- |   |  |
|---|--|
| A Accounts preparation programmes - All   | • Tests have been added to bring the work programmes in line with those provided for Limited Companies.            |
| N2 Accounts preparation programme - Trial balance, journal adjustments and nominal ledger | • Renamed for consistency with other manuals.<br>• Tests relating to the opening trial balance have been combined. |
| R Accounts preparation programme - Permanent information                                  | • Programme has been removed as its content was largely covered by the Permanent file indices.                     |

**Current file: Staff appraisal form**

- |                      |  |
|----------------------|--|
| Staff appraisal form | • Moved into new format so it displays like other forms within the manual and is no longer treated as a separate attachment. |
|----------------------|--|

**Permanent file**

- |  |   |
|--|---|
| Permanent file indices                   | • Updated to reflect revised file structures.   |
| PF3-1 New client checklist - placeholder | • New placeholder added.  |
| PF4 Involvement in accounts preparation  | • Moved from PF3.<br>• Minor changes to terminology to reflect current bookkeeping practices. |

## August 2022 - Remapping summary

The below table provides a list of forms in the planning section of the current file and the permanent file, and indicates where they have moved to, if applicable, as part of this update of the manual.

Original reference and form	Revised reference	Comments (if applicable)
<b>Planning - Limited Companies</b>		
B11 Audit exemption Planning checklist	B01	
B12 Audit exemption Planning checklist	B02	
B13 Audit exemption client's needs checklist	B03	
B51 Audit exemption overall approach	B40	
B61 Budget	B50	
<b>Planning - Unincorporated Businesses</b>		
B11 Unincorporated assignment planning checklist	B01	
B61 Budget	B50	
<b>Permanent file</b>		
PF1- New client checklist	B13 / PF3-1	
PF2-2 Systems and control procedures checklist	No Change	
PF3 Involvement in accounts preparation	PF4	

