



GEOGHEGANS
CHARTERED
ACCOUNTANTS

Scottish Artists Union

Audit Memorandum

For the year ended 31 March 2019



Introduction

The purpose of this memorandum is to bring to your attention the findings from the recent audit. We appreciate that you will already be aware of the majority of the contents of this letter. However, we are required by International Standards on Auditing (UK and Ireland) to communicate them to you formally.

Status of the audit

While our audit is substantially complete the following procedure will require completion:

- Extension of our subsequent events review up to the date of formal approval of the accounts.

We currently do not anticipate that the completion of our work in this area will give rise to any material adjustment.

Expected audit report

An unqualified audit opinion is proposed for the financial statements. No further modifications to this draft report are expected.

Please note that this report has been prepared for the sole use of the Executive Committee of Scottish Artists Union. It must not be disclosed to third parties, quoted or referred to, without prior written consent. No responsibility is assumed by us to any other person.



Terms of our engagement

You have requested that we audit the financial statements of the Scottish Artists Union which comprise the balance sheet as at 31 March 2019, the income and expenditure account and notes to the financial statements. Our audit was conducted with the objective of expressing an opinion on the financial statements.

Geoghegans is registered to carry out audit work in the UK by The Institute of Chartered Accountants of Scotland. Details of our audit registration can be viewed at www.auditregister.org.uk under reference 0199.

Responsibilities of those charged with governance

Our audit is conducted on the basis that the management and the Executive Committee (those charged with governance) acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice;
- For such internal control as they determine is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error; and
- To provide us with:
 1. Access to all information of which they are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 2. Additional information that we may request for the purpose of the audit; and
 3. Unrestricted access to persons within the charity from whom we determine it necessary to obtain audit evidence.

As part of the audit process we will request from the Executive Management (being those charged with governance), written confirmation confirming representations made to us in connection with our audit.



Responsibilities of the auditors

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though an audit is properly planned and performed in accordance with ISAs. If we had performed more extensive procedures on internal controls, we might have identified more deficiencies to be reported, or conclude that some of the reported deficiencies need not, in fact, have been reported.

In making our risk assessments, we consider internal control relevant to the charity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit. This communication is provided for the purposes of those charged with governance and may not be suitable for other purposes.



Ethical issues

There were no ethical issues noted during the conduct of the audit.

Significant difficulties encountered during the audit

There were no significant difficulties experienced during the audit process.

We would like to thank the staff of the Scottish Artists Union for their co-operation and assistance during the audit.

Audit journals

There were two unadjusted misstatements, other than those which are considered clearly trivial in nature, which were identified during the conduct of the audit and which we are formally required to communicate to you under International Standards on Auditing (UK and Ireland). The first was in relation to subscriptions paid in advance which are currently included as negative sales ledger balances rather than deferred income and the second was in relation to the write-off of post year end credit notes, which are included within both debtors and accruals. We are satisfied due to the low value of these adjustments that they remain unadjusted and ask the Executive Committee members to confirm their agreement in the letter of representation.



Qualitative aspects of the accounting practice and financial reporting

Accounting policies

Under the requirements of United Kingdom Generally Accepted Accounting Practice (UK GAAP), and specifically the implementation of the new UK financial reporting framework, the Executive Management have a requirement to consider under both SORP 2015 and FRS 102 whether the most appropriate accounting policies are in place and to review the accounting policies which are adopted by the charity every year. We can confirm that we have reviewed the accounting policies in place and have no significant concerns regarding the accounting policies which have currently been adopted.

Going concern

As part of auditing procedures, auditors must consider whether an entity can continue to operate for a period of twelve months from the date of signing the financial statements. This needs to be considered on an annual basis and we ask Executive Management to consider their view on going concern in the letter of representation.

The results of the Union for the year show that despite a deficit of £23k, the Union continues to hold funds in excess of £37k. We are therefore satisfied that the going concern preparation of the financial statements remains appropriate.



Letter of representation

A copy of our proposed letter of representation is attached. We draw to your attention the following paragraphs:

- confirmation that the Executive Committee have ensured that all accounting records and other records and information has been provided to us as auditors of the charity and that nothing has been withheld that may cause us to take a materially different view in our report
- confirmation that the unadjusted audit journals remain unadjusted
- confirmation that the financial statements should be prepared on a going concern basis
- the Executive Committee' responsibility for internal controls; and
- events since the year end

All of these matters are specifically required to be confirmed under International Standards on Auditing (UK and Ireland); in other respects all matters are routine.

Geoghegans
Chartered Accountants and Registered Auditors
6 St Colme Street
Edinburgh
EH3 6AD
T: 0131 225 4681
F: 0131 220 1132
www.geoghegans.co.uk

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Audit team contact details

Paul Marshall (Partner)
Emma Marshall (Director)

paul.marshall@geoghegans.co.uk
emma.marshall@geoghegans.co.uk