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i) Trade Creditors:

as well as creditors

- 1) Obtain a breakdown of the total creditors
- 2) Test for arithmetical accuracy (it adds up).
- 3) Review for unusual trends and discuss with management why?
- 4) Select a sample of creditors:
 - Material Balances - (Larger balances)
 - Unusual Balances - (Zero balances/old balances for e.g.)
- 5) Obtain a copy of the supplier's statement (at end of month statement). (Will also show age of debt 30 days/60/90 etc.)
 - Reconcile o/s balance to this
 - If any differences appear, have to be investigated.
- 6) Contact supplier and ask for statement, if we do not have statement from suppliers. Or written evidence such as e-mail from supplier will suffice as evidence.
- 7) Confirm the o/s balance (creditor) to post-year end cash payment (book).
- 8) Confirm o/s balances to individual ~~supplier~~ purchase invoices, that make up that balance.

(3)

Accruals

Steps 1-4 (with creditors/debtors) as before.

(Obtain breakdown / Test arithmetically accuracy / Review for unusual breaks /
Select a sample of accruals)

- 5) Confirm to actual invoice received post year end and potentially its payment.

(Goods received by supplier not yet invoiced ~~to goods~~ is an accrual).

- 6) Confirm PAYE/NI creditor (as paid 14 days after month end) to post-year end payment.
(Plus same for VAT) (VAT paid every 14).

- 7) Review post year end cash book payments for any unrecorded liabilities (accruals).

Provision →

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Provisions:

Provision for legal action:

- 1) Discuss with management as to how they have arrived at £40,000. ~~At~~
(+ MGT confirm this in writing).
- 2) Review correspondence with solicitors.
- 3) Review outcome of case if complete. (And outcome of case)
→ ~~At~~ ~~At~~ If case closed, and won, need to adjust for provision.
and vice versa.

Factory Repairs:

- 1) Discuss with management, how they arrived at £72,000
- 2) Review correspondence with contractors for a written quote.
- 3) Last year's provision was £63,000. Actual expenditure this year was £58,500.
∴ A reasonable estimate
∴ Adds to confidence in this year's figure.
- 4) If repairs completed, compare provision to actual expenditure.