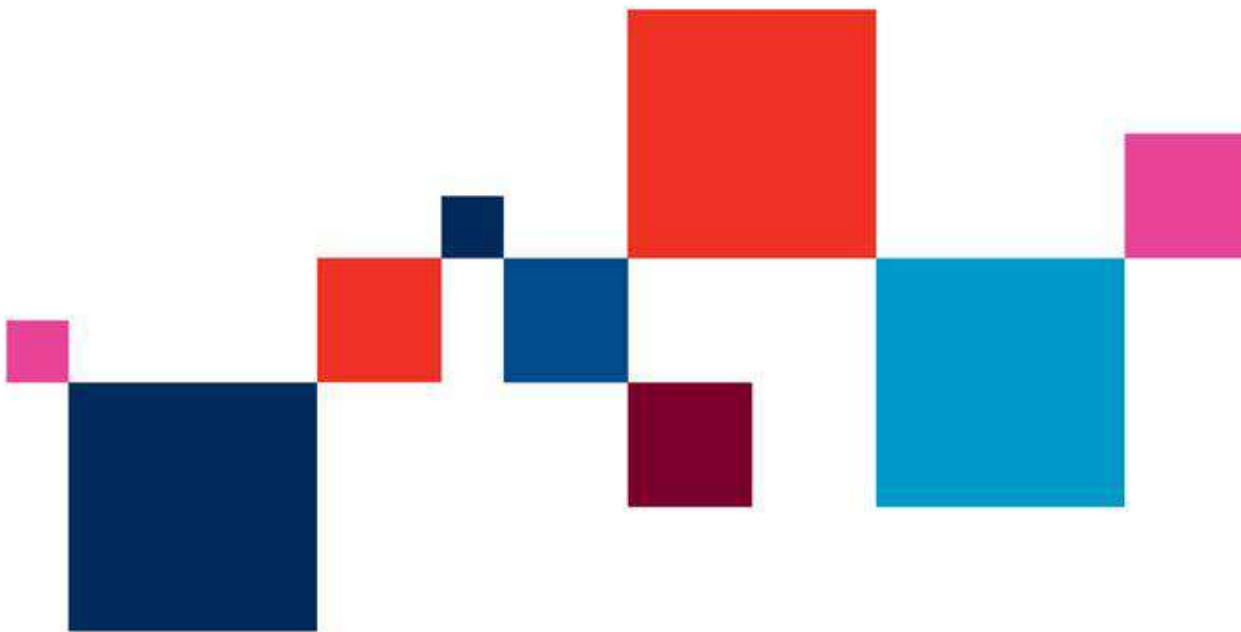


Proposal for audit services

Oxford City Housing group

February 2017

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Executive summary

I am delighted to submit a proposal to be auditors of the Oxford City Housing Group. We have the experience, hands-on approach, credibility and desire to work with your business; you will be an important client to us.

You have told us that you are looking for a credible firm to provide audit and tax services to a tight deadline. You are looking for a firm to provide these services for a competitive fee, with high quality, efficient work which enables the finance team to meet their financial reporting requirements effectively. In particular, you are looking for a high quality firm to make a commitment to agree numbers by early-mid May and to sign off accounts by mid June – we are happy to make this commitment.

Kingston Smith is a top 20 firm that was formed in 1923, with a focus on high quality work. Our firm's core focus has always been on providing a rounded, partner-led service. What this means in practice is that your audit team are trained to work with growing businesses; their resulting wider knowledge of accounting systems and tax matters enable us to provide an informed, pragmatic audit service appropriate to a business that is developing. It also means that the team have the expertise and experience with the practical aspects of auditing financial statements for a new group. While our offices are based in and around London, we have many clients in Oxford and the Thames Valley and I am regularly in the area supporting our clients.

³Oxford City Housing group will be an important client to us and our service will be coordinated by me. What this means is that I will ensure I am close to all the work we do for you and I will take a very active part in delivering our work. We will provide an experienced team to perform your audit, giving you with the confidence that we will deliver on time in an efficient manner.

We would be delighted to work with you.
Kind regards

Mahmood Ramji
Partner



Our audit approach

Audit approach

Our audit approach includes a review of controls and processes in high risk areas, together with a mix of substantive and (where possible) analytical review procedures. All material balance sheet items will be tested substantively. This will ensure we provide a tailored, yet thorough and rigorous audit, focussing on the key risk areas of the group. The first year of the Oxford City Housing audit will use a fully substantive approach.

Key audit risks

An initial review of the information provided to date indicates that the key audit risks are:

- accuracy of accounting for the transfer of properties to the group and ensuring the valuation is supported by appropriate evidence
- accuracy of recording the loan balance and any other related party balances
- completeness of income in the period
- ensuring that all expenditure is captured
- reviewing/testing a sample of journal entries
- presentation and disclosure in line with IFRS requirements

Our audit planning

Our audit planning will commence in March with Mahmood and the manager holding a pre-audit planning meeting/call with the finance team to discuss the expected draft results and gain a clear understanding of activities in the year.

At this stage we calculate our audit materiality and ensure our audit risks and planned testing reflect the latest available information. At the pre-audit meeting, we will also finalise a detailed timetable of our work which includes the proposed date of the clearance meeting/call and sign off.

Following this meeting, we will provide you with a detailed information request to ensure that we are all prepared for the final audit and a planning letter in order that the group directors are informed on our planned audit approach and timetable.

Fieldwork and completion

We anticipate that the final audit work will take place in the second half of April and can be completed either on site or remotely (most likely remotely). Mahmood will be consulted on any issues arising from the work so we close them down quickly.

We will plan to have a closing meeting/call before sign off, covering key issues such as significant issues, judgements and estimates. As part of our work, we will produce a management letter which will set out:

- Our audit approach, planned work and results
- Commentary on key judgements and estimates
- Feedback on internal processes and controls recommendations
- Details of any “Non standard” representations required from the directors

The management letter will reflect issues already discussed by the audit team with your finance team.

When working to tight timescales we believe that communication is essential which means we will ensure that any issues or delays are flagged up and addressed straight away. This will ensure that the audit process, while robust, is also conducted in a collaborative manner.



Scope and fee

Our estimated fee for the audit of the three companies (Oxford City Housing Limited, Oxford City Housing (Investment) Limited, Oxford City Housing (Development) Limited) is **£11,500**. The quoted fee excludes disbursements (travel expenses) and are subject to VAT, currently at 20%.

Key assumptions:

- The timetable will be agreed at the planning stage and adhered to by your team and ourselves
- Mahmood will attend both the planning and closing meetings/calls, ensuring full partner participation
- Your finance team will prepare the financial statements for all three entities with supporting workings
- You will provide a full consolidation with supporting workings
- The financial reporting framework used will be IFRS
- All information and accounting records are available in a timely manner
- A pre-agreed list of supporting schedules is available on commencement of the audit work
- We will provide a planning letter and a management letter as part of our audit service and we are happy to have contact with directors in respect of the audit as appropriate and required.



Appendix A – Your audit partner

Mahmood Ramji



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Your client and audit partner

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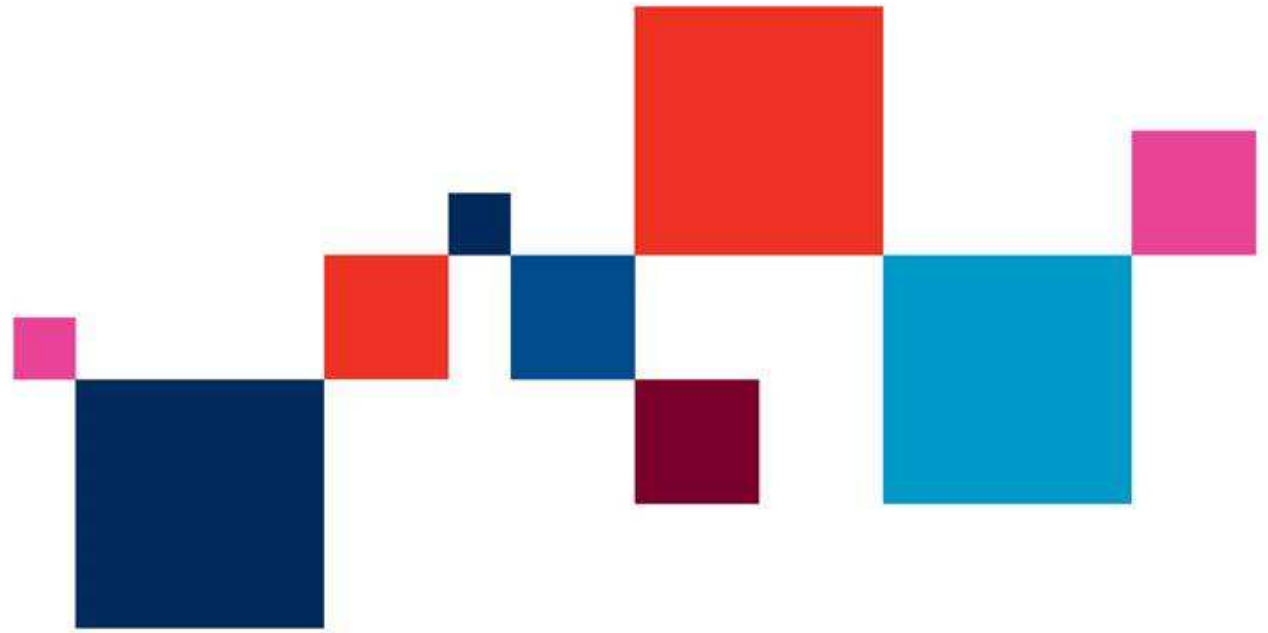
E mramji@ks.co.uk

Mahmood has been advising corporate businesses for over 20 years. He joined Kingston Smith in January 2016 after 21 years with Grant Thornton to concentrate on supporting and advising growing clients in various sectors, including the property sector.

Mahmood's approach is to work closely with his clients to ensure he has a good understanding of the business and of the priorities of owners and/or management. This ensures our work and service is well tailored and delivered in a supportive, appropriate manner, while maintaining a strong relationship. He maintains a regular dialogue and open relationship with management to ensure any issues are resolved efficiently and effectively.

Mahmood will be responsible for your audit opinion and will be the key contact for senior management.





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