

Sayer Vincent

CHARTERED ACCOUNTANTS

The Directors
Cinema of Women Limited
31 Clerkenwell Close
London
EC1R 0AT

Your Ref:

Our Ref:

14 December 1988

Dear Directors

AUDIT AND ACCOUNTS - YEAR ENDED 31 MARCH 1988

We have completed our audit for the year and now take this opportunity to report on certain matters which came to our attention during the course of the audit.

You will appreciate that the primary purpose of our audit is to enable us to express an opinion on the accounts. Accordingly, our examination of the accounting records on a test basis should not be relied upon to disclose errors or irregularities which are not material in relation to the accounts.

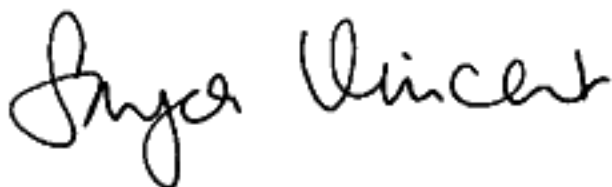
This examination, in effect, is a test of your accounting system and we wish to draw your attention to matters which we regard as weaknesses in your current system.

These weaknesses, together with our recommendations on how to eliminate them, are set out in appendix I to this letter.

We also enclose a list of book-keeping recommendations, which if implemented, will greatly assist in the preparation of the accounts.

We look forward to receiving your comments.

Yours faithfully



APPENDIX I

SYSTEMS AND BOOK-KEEPING WEAKNESSES

CINEMA OF WOMEN LIMITED

YEAR END 31 MARCH 1988

WEAKNESS

RECOMMENDATION

- | | |
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| <p>1. No wages book is maintained which makes reconciliation of wages due per P11 deduction sheets and wages paid per Cash Book difficult.</p> <p>2. No Sales Day Book or record of invoices issued was kept. It was difficult to assess outstanding debtors at any given time.</p> <p>3. There was no reconciliation of Royalty Statement to Cash Book. Errors could be made in the calculation of Royalties due.</p> <p>4. No Purchase Day Book or record of bills received was kept. It was difficult to assess outstanding creditors at any given time.</p> <p>5. Director's meetings do not appear to be held regularly as no minutes were available for review.</p> <p>6. During the course of the audit, it was noted that £3,247.36 was received from Channel 4 twice in error, as they were stated twice. This amount is repayable to Channel 4 and shows a weakness in the system of statements.</p> <p>7. VAT was not recorded correctly during the year resulting in underdeclarations of material amounts.</p> | <p>1. A separate wages book should be maintained which shows gross salaries, deductions (Tax and NI) and columns for other adjustments such as salary advances and repayments and union dues deducted. The net salary payable should therefore reconcile with the cheque issued.</p> <p>2. A Sales Day Book should be kept recording invoices in numerical and date order. Records should be made in the SDB when invoices are paid, an aged debtors list should be produced on a regular basis and statements sent.</p> <p>3. When six monthly statements are prepared an overall reconciliation should be prepared to the Receipts and Recoverable costs in the cash book showing amounts written off as non-recoverable.</p> <p>4. A Purchase Day Book should be kept recording bills in numerical and date order. Records should be made in the PDB and when invoices are paid an aged creditors list should be produced on a regular basis and statements sent.</p> <p>5. Meetings should be held regularly and minuted.</p> <p>6. A Sales Day Book should ensure a mistake such as this will not be repeated.</p> <p>7. VAT column in Cash Book should be recorded carefully as VAT analysed here is used as a basis for the VAT Returns.</p> |
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