

LIMITED COMPANY – ACCOUNTANT’S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the company’s statutory financial statements and issuing an accountant’s report thereon, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as directors

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
 - (b) in preparing the financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, considering in particular the company’s ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the company will continue in business;
 - (c) for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
 - (d) for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company’s activities are conducted honestly for the prevention and detection of fraud and other irregularities.
- 1.2 In addition to the general duties of directors specified in CA 2006, s. 170–177, you are responsible for ensuring that the company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.4 below.
- 1.4 You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in CA 2006, s. 477, namely that it qualifies as a small company in relation to that year for the purposes of s. 381.
- 1.5 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 478–479; namely that at no time during the year was the company:
- a public company;
 - an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company;
 - carrying on an insurance market activity;
 - a special register body as defined in the *Trade Union and Labour Relations (Consolidation) Act 1992*, s. 117(1), or an employers’ association as defined in s. 122 of that Act;
 - a member of a group that failed to qualify as a small group; or
 - a member of an ineligible group.

- 1.6 The exemption is available only if you, as directors, sign a declaration as required by CA 2006, s. 475(3), on the balance sheet to state that:
- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
 - (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of financial statements.
- 1.7 You have agreed to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management, directors' and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 If you have opted to have abridged financial statements prepared in accordance with the *Small Companies and Groups (Accounts and Directors' Report) Regulations 2008* and FRS 102 Section 1A (see **Key Facts** in paragraph 1.1(c) above for selected option), you are responsible for obtaining the necessary approval from all shareholders, as required by CA06, s. 444(2A). Without this approval abridged financial statements cannot be prepared.
- 1.9 You will approve and sign the financial statements thereby acknowledging responsibility for them.
- 1.10 If financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.11 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.
- 1.12 Financial statements need to be completed prior to submission of the tax return. Failure to submit the return on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records by the date stated in **Key Facts**, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the financial statements to ensure the tax return's timely submission.

2 Our responsibilities as accountants

- 2.1 The financial statements are required to enable profits to be calculated to meet the requirements of the relevant tax legislation and that provide sufficient and relevant information to complete a tax return.
- 2.2 You have told us that the company is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.3 As a small entity, the company qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the company wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.
- 2.4 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and

- (b) complete the postings to the nominal ledger.
- 2.5 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.6 We do not have any responsibility to report whether any shareholder of the company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.7 We will not check whether the company is exempt from audit. However, should our work indicate that the company is not entitled to exemption from an audit of the financial statements then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors.
- 2.8 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as directors, you have a duty to prepare financial statements that comply with CA 2006 and applicable accounting standards as stated in **Key Facts**. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.9 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.10 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.
- 2.11 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgements made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with CA 2006, s. 386, and we will not address this point unless you specifically request us in writing to do so.
- 2.12 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.
- 2.13 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial statements with you and for time spent on any other work that is not completed as a result of our resignation.
- 2.14 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.15 We will report to the Board of Directors, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out

an audit but have compiled the financial statements from the accounting records and from the information and explanations supplied to us.

- 2.16 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party. The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the company's statutory financial statements and issuing an accountant's report thereon, and to clarify our respective responsibilities in respect of that work.

DORMANT COMPANY – ACCOUNTANT’S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the dormant company’s statutory financial statements and issuing an accountant’s report, including its corporation tax affairs, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as directors

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements which give a true and fair view of the state of affairs of the company. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
 - (b) in preparing the financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
 - (c) for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
 - (d) for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company’s activities are conducted honestly for the prevention and detection of fraud and other irregularities.
- 1.2 In addition to the general duties of directors specified in CA 2006, s. 170–177, you are responsible for ensuring that the company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.3 below.
- 1.4 You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in CA 2006, s. 480, namely that:
- (a) it has been dormant since its formation, or
 - (b) it has been dormant since the end of the previous financial year and the following conditions are met:
 - (i) for its individual financial statements for the financial year in question the company:
 - is entitled to prepare financial statements in accordance with the small companies regime as per CA 2006, s. 381–384; or
 - would be so entitled but for having been a public company or a member of an ineligible group; and
 - (ii) the company is not required to prepare group accounts for that year.
- 1.5 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 481; namely that at no time during the year was the company:

- an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company; or
 - carrying on an insurance market activity.
- 1.6 The audit exemption is available only if you, as directors, sign a declaration as required by CA 2006, s. 475(3) on the balance sheet stating that:
- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
 - (c) you acknowledge your obligations for complying with the requirements of the CA 2006 with respect to accounting records and preparation of financial statements.
- 1.7 You have agreed to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and directors', members' and shareholders' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 If you have opted to have abridged financial statements prepared in accordance with the *Small Companies and Groups (Accounts and Directors' Report) Regulations 2008* and FRS 102 Section 1A (see **Key Facts** in paragraph 1.1(c) above for selected option), you are responsible for obtaining the necessary approval from all shareholders, as required by CA06, s. 444(2A). Without this approval abridged financial statements cannot be prepared.
- 1.9 You will approve and sign the financial statements thereby acknowledging responsibility for them.
- 1.10 Company financial statements need to be completed and filed with Companies House within certain deadlines set out in the CA 2006. Failure to submit on time will result in penalties. We will therefore plan our work so as to ensure sufficient time is allowed to meet the submission deadlines. However if you fail to provide your accounting records in line with our request as noted above or do not promptly answer any queries that we raise, you understand that we will not be responsible for any late filing penalties charged for a late submission.
- 1.11 If financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.12 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.
- 1.13 You are responsible for informing us if the company undertakes any transactions. Once this happens the company will cease to be dormant and we will need to revise the terms of our engagement.

Corporation tax

- 1.14 Under the *Finance Act 2004*, s. 55, you are responsible for notifying HMRC when the company comes within the charge to corporation tax. You agree that you will also notify us of this at the same time.

2 Our responsibilities as accountants

- 2.1 You have told us that the company is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.

- 2.2 As a small entity, the company qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the company wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.
- 2.3 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.4 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.5 We do not have any responsibility to report whether any shareholder of the company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.6 We will not check whether the company is exempt from audit. However, should our work indicate that the company is not entitled to exemption from an audit of the financial statements then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint auditors.
- 2.7 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as directors, you have a duty to prepare financial statements that comply with CA 2006 and applicable accounting standards as stated in **Key Facts**. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.8 We will not specifically check the adequacy of your accounting records; however, where any issues arise during the course of our work we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.9 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.
- 2.10 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently, our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with CA 2006, s. 386, and we will not address this point unless you specifically request us in writing to do so.
- 2.11 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.
- 2.12 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial

statements with you and for time spent on any other work that is not completed as a result of our resignation.

- 2.13 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.14 We will report to the Board of Directors, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit but have compiled the financial statements from the accounting records and from the information and explanations supplied to us.
- 2.15 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions which you must comply with. In every situation where we do grant consent you agree to ensure that the accountant's report remains attached to the financial statements shown to the third party.

Corporation tax

- 2.16 Since the company is currently dormant, it does not come within the charge to corporation tax and we will not be completing returns for the company.
- 2.17 We will deal with all communications relating to the company's tax addressed to us by HMRC or passed to us by the company. However, if any additional work arises then this may need to be the subject of a separate assignment in which case we will seek further instructions from you.

LIMITED SUBSIDIARY COMPANY – ACCOUNTANT’S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the subsidiary company’s statutory financial statements and issuing an accountant’s report thereon, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as directors

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
 - (b) in preparing the financial statements to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, considering in particular the company’s ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the company will continue in business;
 - (c) you are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error;
 - (d) you are responsible for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company’s activities are conducted honestly for the prevention and detection of fraud and other irregularities.
- 1.2 You are responsible for ensuring that the company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.3 below.
- 1.4 You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit under CA 2006, s. 479A, namely that
- (a) its parent undertaking is established under the law of an EEA State;
 - (b) all members of the company must agree to the exemption in respect of the financial year in question;
 - (c) the parent undertaking must give a guarantee under CA 2006, s. 479C in respect of that year;
 - (d) the company must be included in the consolidated financial statements of the parent for that year;
 - (e) the parent company must disclose in the notes to the consolidated financial statements that the subsidiary is exempt from audit under CA 2006, s. 479A; and
 - (f) the directors of the company must deliver to the Registrar the following documents before the date on which your financial statements are due:

- (i) a written notice that all members of the company agree to the exemption in respect of the relevant financial year;
 - (ii) a statement from the parent undertaking that it guarantees the subsidiary under CA 2006, s. 479C in respect of the relevant financial year (Companies House Form AA06); and
 - (iii) a copy of the parent undertaking's consolidated accounts including a copy of the auditor's report and the annual report on those financial statements.
- 1.5 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 479B; namely that at no time during the year was the company:
 - a quoted company;
 - an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company;
 - carrying on an insurance market activity; or
 - a special register body as defined in the *Trade Union and Labour Relations (Consolidation) Act 1992*, s. 117(1), or an employers' association as defined in s. 122 of that Act.
- 1.6 The exemption is available only if you, as directors, sign a declaration as required by CA 2006, s. 475(3) on the balance sheet to state that:
 - (a) for the year in question, the company is eligible to take advantage of the audit exemption under CA 2006, s. 479A relating to subsidiary companies;
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
 - (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of financial statements.
- 1.7 You have agreed to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management, directors' and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 You will approve and sign the financial statements thereby acknowledging responsibility for them.
- 1.9 If financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.10 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.
- 1.11 Financial statements need to be completed prior to submission of the tax return. Failure to submit the return on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records by the date stated in **Key Facts**, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the financial statements to ensure the tax return's timely submission.

2 Our responsibilities as accountants

- 2.1 The financial statements are required to enable profits to be calculated to meet the requirements of the relevant tax legislation and that provide sufficient and relevant information to complete a tax return.
- 2.2 You have told us that the company is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.3 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.4 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.5 We do not have any responsibility to report whether any shareholder of the company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.6 We will not check whether the company is exempt from audit. However, should our work indicate that the company is not entitled to exemption from an audit of the financial statements then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors.
- 2.7 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as directors, you have a duty to prepare financial statements that comply with CA 2006 and applicable accounting standards as stated in **Key Facts**. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.8 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.9 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.
- 2.10 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgements made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with CA 2006, s. 386, and we will not address this point unless you specifically request us in writing to do so.
- 2.11 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.
- 2.12 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial

statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial statements with you and for time spent on any other work that is not completed as a result of our resignation.

- 2.13 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.14 We will report to the Board of Directors, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit but have compiled the financial statements from the accounting records and from the information and explanations supplied to us.
- 2.15 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party.

LLP – ACCOUNTANT’S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the LLP’s statutory financial statements and issuing an accountant’s report thereon, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as designated members

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. As designated members you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the LLP;
 - (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, considering in particular the LLP’s ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the LLP will continue in business;
 - (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable you to ensure that the financial statements comply with the *Companies Act 2006 (CA 2006)* as applied by *The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911)*, the Statement of Recommended Practice: *Accounting by Limited Liability Partnerships* and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
 - (d) you are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.2 You are responsible for ensuring that the LLP complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.4 below.
- 1.4 You are responsible for determining whether, in respect of the year, the LLP meets the conditions for exemption from an audit set out in CA 2006, s. 477 or, for a dormant LLP CA 2006, s. 480, namely that it qualifies as a small LLP in relation to that year for the purposes of CA 2006, s. 381.
- 1.5 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 478–479; namely that at no time during the year was the LLP:
- an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company;
 - carrying on an insurance market activity;
 - a special register body as defined in the *Trade Union and Labour Relations (Consolidation) Act 1992*, s. 117(1), or an employers’ association as defined in s. 122 of that Act;
 - a member of a group that failed to qualify as a small group; or
 - a member of an ineligible group.

- 1.6 The exemption is available only if you, as members, sign a declaration on the balance sheet as required by CA 2006, s. 475(3) stating that:
- (a) for the period in question, the LLP is eligible to take advantage of the audit exemptions; and
 - (b) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of financial statements.
- 1.7 You have undertaken to make available to us, as and when required, all the LLP's accounting records and related financial information, including minutes of management and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 If you have opted to have abridged financial statements prepared in accordance with the *Small Limited Liability Partnerships (Accounts) Regulations 2008* and FRS 102 Section 1A (see **Key Facts** in paragraph 1.1(c) above for selected option), you are responsible for obtaining the necessary approval from all members, as required by CA06, s. 444(2A) as applied by *The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008*. Without this approval abridged financial statements cannot be prepared.
- 1.9 You will approve and sign the financial statements thereby acknowledging responsibility for them.
- 1.10 Financial statements need to be completed prior to submission of the partnership self-assessment tax returns. Failure to submit the returns on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records by the date stated in **Key Facts**, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the financial statements to ensure the tax returns timely submission.

2 Our responsibilities as accountants

- 2.1 The financial statements are required to enable profits to be calculated to meet the requirements of the relevant tax legislation and that provide sufficient and relevant information to complete the partnership self-assessment tax returns.
- 2.2 You have told us that the LLP is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.3 As a small entity, the LLP qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the LLP wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.
- 2.4 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.5 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.6 We do not have any responsibility to report whether any member of the LLP has notified the LLP that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.7 We will not check whether the LLP is exempt from audit. However, should our work indicate that the LLP is not entitled to exemption from an audit of the financial statements then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors.

- 2.8 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as members, you have a duty to prepare financial statements that comply with the CA 2006, the Statement of Recommended Practice: *Accounting by Limited Liability Partnerships* and applicable accounting standards as stated in **Key Facts**. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.9 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.10 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.
- 2.11 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with CA 2006, s. 386, and we will not address this point unless you specifically request us in writing to do so.
- 2.12 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the LLP, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.
- 2.13 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial statements with you and for time spent on any other work that is not completed as a result of our resignation.
- 2.14 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.15 We will report to the designated members, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit but have compiled the financial statements from the accounting records and from the information and explanations supplied to us.
- 2.16 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party, you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party.

CHARITABLE COMPANY – ACCOUNTANT’S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the charitable company’s statutory financial statements and issuing an accountant’s report thereon, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as trustees/directors

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period. As directors/trustees you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the charitable company;
 - (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, considering in particular the charitable company’s ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charitable company will continue in operation;
 - (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the relevant Statement of Recommended Practice *Accounting and Reporting by Charities* (the SORP), the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
 - (d) for safeguarding the assets of the charitable company and hence for taking reasonable steps to ensure the charitable company’s activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
- 1.2 As trustees of the charitable company, you have a duty under the CA 2006 to prepare a directors’ report for each financial year and also an annual report complying in its form and content with regulations made under the *Charities Act 2011* (ChA 2011). You should also have regard to the relevant SORP published jointly by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, and any subsequent amendments or variations to this statement.
- 1.3 In addition to the general duties of directors specified in CA 2006, s. 170–177, you are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.4 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.2 below.
- 1.5 You are also responsible for determining whether, in respect of the year, the charitable company meets the conditions for exemption from an audit and an independent examination as set out in the ChA 2011 and CA 2006, namely that:
- (a) no notice has been received from the Charity Commission requiring an audit;
 - (b) no notice has been received from the members requiring an audit;

- (c) the charity's gross income in the current year is not more than £25,000; and
 - (d) the charity is not ineligible for audit exemption under the CA 2006 (a Plc, bank insurance company, etc or a member of a group containing such a company).
- 1.6 The exemption is available only if you, as director/trustees, sign a declaration on the balance sheet stating that:
- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
 - (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of financial statements.
- 1.7 You have undertaken to make available to us, as and when required, all the charity's accounting records and related financial information, including minutes of management and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 You will approve and sign the financial statements thereby acknowledging responsibility for them.

2 Our responsibilities as accountants

- 2.1 Where the charity requires neither an audit nor an independent examiners' report we have no statutory responsibilities to the charity at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services. You have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.2 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.3 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.4 We do not have any responsibility to report whether any member of the charitable company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.5 We will not check whether the charitable company is exempt from audit or independent examination. However, should our work indicate that the charitable company is not entitled to exemption then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors or independent examiners, as the case may be.
- 2.6 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as directors/trustees, you have a duty to prepare financial statements that comply primarily with the Companies Act 2006 and applicable accounting standards as stated in **Key Facts**. In addition, as trustees of a charitable company you are also required to have regard to the SORP. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.7 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.8 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we

will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or independent examinations.

- 2.9 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with the CA 2006, and we will not address this point unless you specifically request us, in writing, to do so.
- 2.10 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the charitable company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.
- 2.11 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial statements with you and for time spent on any other work that is not completed as a result of our resignation.
- 2.12 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.13 We will report to the trustees, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit or an independent examination but have compiled the financial statements from the accounting records and from the information and explanations supplied to us.
- 2.14 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees, as a body for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions. However, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party. The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the charitable company's statutory financial statements and issuing an accountant's report thereon, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as trustees/directors

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period. As directors/trustees you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the charitable company;
 - (b) in preparing those financial statements, to:

- (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, considering in particular the charitable company's ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charitable company will continue in operation;
- (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the relevant Statement of Recommended Practice *Accounting and Reporting by Charities* (the SORP), the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- (d) for safeguarding the assets of the charitable company and hence for taking reasonable steps to ensure the charitable company's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
- 1.2 As trustees of the charitable company, you have a duty under the CA 2006 to prepare a directors' report for each financial year and also an annual report complying in its form and content with regulations made under the *Charities Act 2011* (ChA 2011). You should also have regard to the relevant SORP published jointly by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, and any subsequent amendments or variations to this statement.
- 1.3 In addition to the general duties of directors specified in CA 2006, s. 170–177, you are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.4 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.2 below.
- 1.5 You are also responsible for determining whether, in respect of the year, the charitable company meets the conditions for exemption from an audit and an independent examination as set out in the ChA 2011 and CA 2006, namely that:
- (a) no notice has been received from the Charity Commission requiring an audit;
 - (b) no notice has been received from the members requiring an audit;
 - (c) the charity's gross income in the current year is not more than £25,000; and
 - (d) the charity is not ineligible for audit exemption under the CA 2006 (a Plc, bank insurance company, etc or a member of a group containing such a company).
- 1.6 The exemption is available only if you, as director/trustees, sign a declaration on the balance sheet stating that:
- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
 - (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of financial statements.
- 1.7 You have undertaken to make available to us, as and when required, all the charity's accounting records and related financial information, including minutes of management and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.

- 1.8 You will approve and sign the financial statements thereby acknowledging responsibility for them.

2 Our responsibilities as accountants

- 2.1 Where the charity requires neither an audit nor an independent examiners' report we have no statutory responsibilities to the charity at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services. You have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.2 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.3 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.4 We do not have any responsibility to report whether any member of the charitable company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.5 We will not check whether the charitable company is exempt from audit or independent examination. However, should our work indicate that the charitable company is not entitled to exemption then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors or independent examiners, as the case may be.
- 2.6 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as directors/trustees, you have a duty to prepare financial statements that comply primarily with the Companies Act 2006 and applicable accounting standards as stated in **Key Facts**. In addition, as trustees of a charitable company you are also required to have regard to the SORP. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.7 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.8 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or independent examinations.
- 2.9 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with the CA 2006, and we will not address this point unless you specifically request us, in writing, to do so.
- 2.10 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the charitable company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.

- 2.11 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial statements with you and for time spent on any other work that is not completed as a result of our resignation.
- 2.12 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.13 We will report to the trustees, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit or an independent examination but have compiled the financial statements from the accounting records and from the information and explanations supplied to us.
- 2.14 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees, as a body for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions. However, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party.

UNINCORPORATED CHARITY / CHARITABLE INCORPORATED ORGANISATION (CIO) – ACCOUNTANT’S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors to the unincorporated charity/CIO (the charity) with regard to the production of the charity’s receipts and payments accounts under the *Charities Act 2011* (ChA 2011) and issuing an accountant’s report thereon, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as trustees

- 1.1 As trustees of the charity, you are required to prepare an account and statement for each financial year which fairly present the receipts and payments of the charity for the period and its assets and liabilities at the period end in accordance with the ChA 2011 and the regulations thereunder. In preparing the account and statement, you are required to:
- (a) select suitable accounting policies and then apply them consistently;
 - (b) make judgments and accounting estimates that are reasonable and prudent; and
 - (c) prepare the account and statement on the going concern basis unless it is inappropriate to presume that the activities of the charity will continue.
- 1.2 You are responsible for keeping sufficient accounting records which disclose, with reasonable accuracy, at any time the financial position of the charity. You are also responsible for such internal control as you determine is necessary to enable the preparation of accounts that are free from material misstatement whether due to fraud or error. You are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.2 below.
- 1.4 You are also responsible for determining whether, in respect of the year, the charity meets the conditions for exemption from an audit and an independent examination as set out in ChA 2011, s. 144-145, namely that:
- (a) no notice has been received from the Charity Commission requiring an audit; and
 - (b) the charity’s gross income in the current year is not more than £25,000.
- However, if the charity is a CIO it will still need to file accounts with the Charity Commission.
- 1.5 You have undertaken to make available to us, as and when required, all the charity’s accounting records and related financial information, including minutes of management and members’ meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.
- 1.6 You will approve and sign the accounts thereby acknowledging responsibility for them.

2 Our responsibilities as accountants

- 2.1 Where the charity requires neither an audit nor an independent examiners’ report we have no statutory responsibilities to the charity at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services. We will compile the account and statement for your approval based on the accounting records maintained by you and the information and explanations that you give us, and issue an accountant’s report on those financial statements.
- 2.2 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.3 We will write to you on or around your year-end date to request the information and records we will need to prepare the accounts.

- 2.4 Should our work indicate that the charity is not entitled to exemption from an audit or an independent accountant's report, we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors or independent examiners, as the case may be.
- 2.5 Our work will not be an audit of the account and statement in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the account and statement or to the disclosures in the account and statement. Nor will we make any assessments of the estimates and judgments made by you in the preparation of the account and statement. Consequently, our work will not provide any assurance that the accounting records or the account and statement are free from material misstatement, whether caused by fraud, other irregularity or error.
- 2.6 In addition, we have no responsibility to determine whether you have maintained sufficient accounting records in accordance with ChA 2011, s. 130, and we will not address this point unless you specifically request us, in writing, to do so.
- 2.7 Because we will not carry out an audit, nor otherwise confirm the accuracy or reasonableness of the accounting records maintained by the charity, we will be unable to provide any assurance as to whether the account and statement that we prepare from those records and on which are reporting presents fairly the charity's receipts and payments and its assets and liabilities at the year end.
- 2.8 We have a professional duty to prepare an account and statement that conform with generally accepted accounting principles. The account and statement of a charity are required to comply with the ChA 2011 and the regulations made thereunder. Where we identify that the account and statement do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the account and statement.
- 2.9 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.10 We will report to the trustees, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit or an independent examination, but have compiled the account and statement from the accounting records and from the information and explanations supplied to us and issued an accountant's report thereon.
- 2.11 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body for our work or this report. If you wish, or are asked, to provide a copy of the account and statement to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent then the accountant's report must remain attached to the account and statement shown to the third party.

FRIENDLY SOCIETY – ACCOUNTANT’S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the society’s financial statements and issuing an accountant’s report thereon, and to clarify our respective responsibilities in respect of that work. (Please note that an accountant’s report, which is voluntary, is different from a reporting accountant’s report which is a legal requirement.)

1 Your responsibilities as officers of the club/society

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the surplus or deficit of the society for that period;
 - (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, considering in particular the society’s ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the society will continue in business;
 - (c) for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to enable them to ensure that the financial statements comply with the *Friendly Societies Act 1974* (FSA 1974) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
 - (d) for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.2 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.3 below.
- 1.3 You are also responsible for determining whether, in respect of the year, the society is entitled to disapply the statutory audit requirement of the financial statements pursuant to FSA 1974, s. 32A, namely that:
- (a) a resolution not to have an audit has been passed at a general meeting at which:
 - (i) less than 20 per cent of the total votes cast were cast against the resolution; and
 - (ii) less than 10 per cent of the members of the society, for the time being entitled to vote under the society’s rules, cast their votes against the resolution; and
 - (b) no notice has been received from the Financial Conduct Authority requiring an audit; and
 - (c) the society’s total turnover in the preceding year was less than £90,000; and
 - (d) the society’s balance sheet total (gross assets) at the end of the preceding year was not more than £1.4 million.
- 1.4 You are also responsible for determining, in respect of the year, that the society is not disqualified from disapplying the audit requirement for any of the reasons set out in FSA 1974, s. 32A(3); namely that at no time during the year was the club/association/society a society or branch which holds, or has at any time since the end of the preceding year of account held, a deposit within the meaning of the *Financial Services and Markets Act 2000*.

- 1.5 If, in respect of the year, the society satisfies the criteria above, the availability of the exemption from an audit of the financial statements is conditional upon your causing an independent reporting accountant's report to be prepared in respect of the financial statements in accordance with FSA 1974, s. 39A(3-4). You are responsible for deciding whether that report shall be made and for appointing us as reporting accountants to make that report to the members of the society.
- 1.6 If the turnover however falls to £90,000 or less for the preceding year, then, provided the other exemption criteria set out above are met, the society will need neither an audit nor a reporting accountant's report.
- 1.7 You have undertaken to make available to us, as and when required, all the society's accounting records and related financial information, including minutes of management and members meetings, necessary to carry out our examination. You have agreed to make full disclosure to us of all relevant information.
- 1.8 You will approve and sign the financial statements thereby acknowledging responsibility for them.

2 Our responsibilities as accountants

- 2.1 Where the society requires neither an audit nor a reporting accountant's report, then we have no statutory responsibilities to the society at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services. You have asked us to assist you in the preparation of financial statements in accordance with the requirements of FSA 1974, and to issue an accountant's report on those financial statements. We will compile the financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.2 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.3 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.4 Should our work indicate that the society is not entitled to exemption from an audit of the financial statements then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors.
- 2.5 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, the financial statements of a society are required to comply with FSA 1974 and applicable accounting standards as stated in **Key Facts**. Where we consider that the financial statements do not conform to generally accepted accounting principles or where the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.6 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.7 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reporting accountants.
- 2.8 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the amounts or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently, our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to

determine whether you have maintained proper accounting records in accordance with FSA 1974, s. 29, and we will not address this point unless you specifically request us, in writing, to do so.

- 2.9 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the society, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.
- 2.10 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial statements with you and for time spent on any other work that is not completed as a result of our resignation.
- 2.11 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.12 We will report to the officers, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit or a reporting accountant's report but have compiled the financial statements from the accounting records and from the information and explanations supplied to us.
- 2.13 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's officers for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party.

OTHER ENTITY - ACCOUNTANT'S REPORT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the production of the entity/partnership/sole trader's (the 'entity') financial statements on an accruals basis in accordance with applicable accounting standards and issuing an accountant's report thereon, and to clarify our respective responsibilities in respect of that work.

The entity's financial statements will be prepared in accordance with the accounting basis stated in **Key Facts**.

We will communicate with the person named in **Key Facts** in relation to the entity's affairs having agreed with you that he/she may represent the entity in its financial affairs.

1 Your responsibilities

- 1.1 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.6 below.
- 1.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the entity or for the financial statements, is accurate and complete. You are also responsible for ensuring that the activities of the entity are conducted honestly, and for safeguarding the assets of the entity and for taking reasonable steps to ensure the prevention and detection of fraud.
- 1.3 You are responsible for ensuring that the entity complies with the laws and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.
- 1.4 You have agreed to make available to us, as and when required, all your accounting records and related financial information, including any minutes of directors/ partnership/ management/ trustee meetings, necessary to carry out our work. You have agreed to provide us with all information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full.
- 1.5 You will approve and sign the financial statements thereby acknowledging responsibility for them, including the appropriateness of the accounting basis on which they are compiled, and for providing us with all information and necessary explanations necessary for their compilation.
- 1.6 If financial information is published, which includes a report by us or is otherwise connected to us, on the entity's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.7 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.
- 1.8 Financial statements need to be completed prior to submission of the tax return. Failure to submit the return on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records by the date stated in **Key Facts**, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the financial statements to ensure the tax return's timely submission.
- 1.9 For partnerships, unless we have been engaged to complete the personal expense claims of the principals (see **Key Facts**), it will be the responsibility of each principal to provide us with any claim that needs to be incorporated on the partnership tax return. This information must be provided by the time that the partnership accounts have been approved by the practice.

2 Our responsibilities as accountants

- 2.1 The financial statements are required to enable profits to be calculated to meet the requirements of the relevant tax legislation and that provide sufficient and relevant information to complete a tax return.
- 2.2 The accruals basis involves adjusting for monies owed to or by you, stock held, work in progress and other year-end timing differences.
- 2.3 If certain criteria are met, your business may be eligible to use simpler cash accounting (without year-end adjustments) to calculate the taxable profits. One criteria is that the entity must be a partnership or sole trader. However, it is the policy of this firm to produce more detailed financial statements on an accruals basis as these are more meaningful and allow the business performance to be properly assessed by you.
- 2.4 It should be noted that your tax liabilities may differ between the two approaches but we consider that, in the vast majority of cases, any tax saving attributable to cash accounting is outweighed by factors such as restricted loss relief and the additional administrative costs in switching between the two approaches.
- 2.5 We will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give us, and issue an accountant's report on those financial statements.
- 2.6 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.7 We will write to you on or around your year-end date to request the information and records we will need to prepare the financial statements.
- 2.8 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as an audit or assurance review.
- 2.9 We will not be carrying out an audit and accordingly will not verify the assets and liabilities of the entity, nor the items of expenditure and income. To carry out an audit would require additional work to comply with International Standards on Auditing (UK) so that we could report on the truth and fairness of the financial statements.
- 2.10 We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees, although we will advise you of any such circumstances that we encounter in preparing your financial statements.
- 2.11 We have a professional duty to compile financial information that conform with the generally accepted accounting principles selected by the directors/partners/sole trader/trustees as being appropriate for the purpose for which the information is prepared. The accounting basis on which the information has been compiled, its purpose and limitations will be disclosed in an accounting policy note to the financial information and will be referred to in the accountants' report.
- 2.12 We also have a professional responsibility not to allow our name to be associated with financial information which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial information may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial information. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial information is misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the financial statements with you and for time spent on any other work that is not completed as a result of our resignation.

- 2.13 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.14 We will annex to the financial statements an accountant's report in accordance with guidance issued by the relevant professional body. In accordance with this engagement the report will point out that we have not carried out an audit but have compiled the financial statements under applicable accounting standards from the accounting records and from the information and explanations supplied to us.
- 2.15 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work or for the report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, the accountant's report must remain attached to the financial statements shown to the third party.
- 2.16 For partnerships, if we have been engaged to complete the personal expense claims of the principals (see **Key Facts**), this will be treated as part of the partnership accounts work. The personal expenses will either be incorporated into the main partnership accounts or detailed separately to the main partnership accounts, as specified in **Key Facts**, and will require individual approval by the principal concerned. We will incorporate the personal expense details on the partnership tax return.