

PRODUCTION OF ANNUAL FINANCIAL STATEMENTS

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's financial statements on an accruals basis in accordance with applicable accounting standards, 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 then go on to either audit or perform some other assurance work on those financial statements, as stated in **Key Facts** section 2 or 3, or another firm will perform such work on the financial statements.

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 2.4 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 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 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.
- 2.3 If the entity is a company or LLP and qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House, it is assumed that the company/LLP wishes to file the minimum of information at Companies House. Therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.
- 2.4 Unless stated otherwise in **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 Unless stated in **Key Facts**, 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.
- 2.7 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.
- 2.8 We have a professional duty to compile financial information that conform with the generally accepted accounting principles selected by the directors/partners/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.
- 2.9 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.
- 2.10 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work. 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.