

To be retained by Client

25 June 2020

Client Ref: - «LMCLIRISIdentifier»

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1. Introduction

- 1.1 These terms and conditions set out the general terms under which we undertake our business. The specific conditions relating to particular assignments will be covered in a separate letter of engagement.

2. Ethical Guidelines

- 2.1 We are bound by the ethical guidelines of the Association of Chartered Certified Accountants, and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines. A copy of these guidelines can be viewed at our offices on request or can be seen at www.accaglobal.com. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

3. Fees

- 3.1 Our fees may depend not only upon the time spent on your affairs but also on the level of skill and responsibility and the importance and value of the advice that we provide, as well as the level of risk.
- 3.2 If we provide you with an estimate of our fees for any specific work, then the estimate will not be contractually binding unless we explicitly state that that will be the case.
- 3.3 Where requested we may indicate a fixed fee for the provision of specific services or an indicative range of fees for a particular assignment. It is not our practice to identify fixed fees for more than a year ahead as such fee quotes need to be reviewed in the light of events. If it becomes apparent to us, due to unforeseen circumstances, that a fee quote is inadequate, we reserve the right to notify you of a revised figure or range and to seek your agreement thereto.
- 3.4 In some cases, you may be entitled to assistance with your professional fees, particularly in relation to any investigation into your tax affairs by HMRC. Assistance may be provided through insurance policies you hold or via membership of a professional or trade body. Other than where such assurance was arranged through us you will need to advise us of any such insurance cover that you have. You will remain liable for our fees regardless of whether all or part are liable to be paid by your insurers.
- 3.5 Our normal hourly rates range from £30 to £180 per hour and are revised annually.
- 3.6 We will bill periodically and our invoices will be due for payment within 30 days of the invoice date. Our fees are exclusive of VAT which will be added where it is chargeable. Any disbursements we incur on your behalf and expenses incurred in the course of carrying out our work for you will be added to our invoices where appropriate.
- 3.7 Unless otherwise agreed to the contrary our fees do not include the costs of any third party, counsel or other professional fees.
- 3.8 It is our normal practice to ask clients to pay by monthly standing order and to periodically adjust the monthly payment by reference to actual billings.
- 3.9 We reserve the right to charge interest on late paid invoices at the rate of 5% above bank base rates under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to suspend our services or to cease to act for you on giving written notice if payment of any fees is unduly delayed. We intend to exercise these rights only where it is fair and reasonable to do so.
- 3.10 If you do not accept that an invoiced fee is fair and reasonable you must notify us within 21 days of receipt, failing which you will be deemed to have accepted that payment is due.
- 3.11 If a client company, trust or other entity is unable or unwilling to settle our fees we reserve the right to seek payment from the individual (or parent company) giving us instructions on behalf of the client and you agree that we shall be entitled to enforce any sums due against the Group Company or individual nominated to act for you.

- 3.12 In the case of a dispute over the level of fees charged we reserve the right to require that the matter is dealt with through arbitration. We recommend that arbitration is undertaken by the fee arbitration service provided by ACCA for members. The fee arbitrator will be appointed by the ACCA president; the fee will be as negotiated with the ACCA arbitrator.

4. Client Monies

- 4.1 We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds. The account will be operated, and all funds dealt with, in accordance with the Clients' Monies Rules of the Association of Chartered Certified Accountants. These rules can be found on the ACCA website at www.accaglobal.com.
- 4.2 Fees paid by you in advance for professional work to be performed and clearly identifiable as such shall not be regarded as clients' monies.

5. Internal Disputes

- 5.1 If we become aware of a dispute between the parties who own or are in some way involved in the ownership and management of the business, it should be noted that our client is the business and we would not provide information or services to one party without the express knowledge and permission of all parties. Unless otherwise agreed by all parties we will continue to supply information to the main contact address for the attention of the nominated contact. If conflicting advice, information or instructions are received from different individuals in the business we will refer the matter back to the nominated contact and take no further action until the nominated contact has agreed the action to be taken.

6. Investment Services

- 6.1 Investment business is regulated under the Financial Services and Markets Act 2000.
- 6.2 If during the provision of professional services to you, you need advice on investments, we may have to refer you to someone who is authorised by the Financial Services Authority. However, as we are licensed by the Association of Chartered Certified Accountants (ACCA), we may be able to provide certain investment services that are complementary to, or arise out of, the professional services we are providing to you.
- 6.3 Should you require advice on investment business which we are unable to give, as we are not authorised by the Financial Services Authority (FSA), we can send you a list of Independent Financial Advisors whom are authorised by the FSA, for your perusal and consideration.

7. Commissions or Other Benefits

- 7.1 In some circumstances, commissions or other benefits may become payable to us in respect of transactions which we arrange for you. Where this happens we will notify you in writing of the amount and terms of payment. The same will apply where the payment is made to or the transactions are arranged by a person or business connected with ours. Where the monies received are below a specified minimum amount we will not notify you of the individual amounts received. This de-minimus amount is currently £10.
- 7.2 The fees that would be otherwise payable by you as described will not take into account the benefit to us of such amounts. You consent to such commission or other benefits being retained by us or, as the case may be, by our associates, without our or their being liable to account to you for any such amounts.

8. Retention of Records

- 8.1 You have a legal responsibility to retain documents and records relevant to your tax affairs. During the course of our work we may collect information from you and others relevant to your affairs. We will return any relevant documents to you if requested. Documents and records relevant to your affairs are required by law to be retained as follows:

Individuals, Trustees and Partnerships

- with trading or rental income: 5 years and 10 months after the end of the tax year;
- otherwise: 22 months after the end of the tax year;

Companies, LLPs and other corporate entities

- 6 years from the end of the accounting period;

When providing any information to us you will at all times ensure that you maintain a backup copy. Also in the event that you use software applications offered on the Portal for processing your data, you should be aware that we are not responsible for creating backup copies of the this and will not be liable for any damage arising from or in connection with the loss of the information.

- 8.2 Whilst certain documents may legally belong to you we may destroy correspondence and other papers that we store, electronically or otherwise, which are more than 7 years old. You must tell us if you require the return or retention of any specific documents for a longer period.

9. Notification

- 9.1 We shall not be treated as having notice, for the purposes of our audit/accounts/tax responsibilities, of information provided to members of our firm other than those engaged on the specific assignment (for example, information provided in connection with accounting, taxation and other services).

10. Timetable

- 10.1 The services we undertake to perform for you will be carried out on a timescale to be determined between us on an ongoing basis.

- 10.2 The timing of our work will in any event be dependent on the prompt supply of all information and documentation as and when required by us.

11. Third Parties

- 11.1 Any advice we give you will be supplied on the basis that it is for your benefit only and shall not be disclosed to any third party in whole or part without our prior written consent. It may not be used or relied upon for any other purpose or by any other person other than you without our prior written consent. If our advice is disclosed to any third party (with or without our consent), then we accept no responsibility or liability to that third party for any consequences that may arise to them, should they rely on the advice.
- 11.2 If it is proposed that any documents or statement which refer to our name, are to be circulated to third parties, please consult us before they are issued.
- 11.3 Where we pass on your details to a third party who later does work for you or provides services we are not responsible for the quality of that work or of the services provided. We will always strive to ensure that we only recommend those individuals or companies that are known to us or recommended by other people that we trust.

12. Contracts (Rights of Third Parties) Act 1999

- 12.1 The advice and information we provide to you as part of our service is for your sole use and not for any third party to whom you may communicate it unless we have expressly agreed in the Engagement letter that a specified third party may rely on our work. We accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, for any advice, information or material produced as part of our work for you which you make available to them. A party to this agreement is the only person who has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

13. Confidentiality

- 13.1 Communication between us is confidential and we shall take all reasonable steps to keep confidential your information except where we are required to disclose it by law, by regulatory bodies, by our insurers or as part of an external peer review. Unless we are authorised by you to disclose information on your behalf this undertaking will apply during and after this engagement.
- 13.2 We may, on occasions, subcontract work on your affairs to other tax or accounting professionals. The subcontractors will be bound by our client confidentiality terms.
- 13.3 We reserve the right, for the purpose of promotional activity, training or for other business purpose, to mention that you are a client. As stated above we will not disclose any confidential information.
- 13.4 We may engage third parties to host our systems and data and manage our portal. To the extent that these third parties have access to personal data when providing the relevant services, we will take appropriate contractual and organisational measures to ensure that this personal data is processed only insofar as necessary for the provision of the relevant services and, furthermore, that these third parties are subject to similar contractual guarantees regarding the protection of personal data as applicable under these General Conditions.

14. Quality of Service

- 14.1 We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service that you are receiving please let us know by contacting Lynn Pridmore.
- 14.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with the Association of Chartered Certified Accountants.

15. Communication

- 15.1 Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means. The recipient is responsible for virus checking emails and any attachments.
- 15.2 With electronic communication there is a risk of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties. We use virus-scanning software to reduce the risk of viruses and similar damaging items being transmitted through emails or electronic storage devices including our Royston Parkin portal. However electronic communication is not totally secure and we cannot be held responsible for damage or loss caused by viruses nor for communications which are corrupted or altered after despatch. Nor can we accept any liability for problems or accidental errors relating to this means of communication especially in relation to commercially sensitive material. These are risks you must bear in return for greater efficiency and lower costs. If you do not wish to accept these risks please let us know and we will communicate by paper mail, other than where electronic submission is mandatory.
- 15.3 Any communication by us with you sent through the post is deemed to arrive at your postal address two working days after the day that the document was sent.

16. Use of our Portal

- 16.1 If we grant you access to our portal you obtain a limited, non-exclusive and non-transferable right to use this.

- 16.2 Only persons working at or for you or at or/for us and who have been authorised to use our portal have the right to access and use it.
- 16.3 You are automatically authorised; following the authorisation, you are issued with the login details (user name, password and PIN).
- 16.4 You may request user rights in the portal to persons working at or for the Client.
- 16.5 The Client may not give any users other than authorised users access to the portal. You will take appropriate measures to prevent unauthorised users from gaining access to the portal and to ensure that user names and passwords are not divulged to third parties. You will ensure that authorised users correctly log out of the portal after each session and do not leave their computer unattended while they are logged in. We are not liable for any illegitimate use or loss of user names or passwords by you or your employees, and may assume that any user signing on with a user name and corresponding password is in fact the authorised user in question. If you discover or have reason to suspect that user names or passwords have fallen into the hands of unauthorised persons, you must immediately inform us by email and by telephone, without prejudice to your duty to immediately take effective measures.
- 16.6 We have the right to use the information and to edit or remove all or part of the information, even if this information has been posted on the portal by you or persons working at or for you.
- 16.7 You will refrain from storing and/or disseminating or causing others to disseminate any harmful material on or via the portal, including but not limited to any material that:
- is slanderous, libellous, offensive, racist or discriminatory, or incites hatred;
 - is erotic or pornographic;
 - infringes third-party rights, including but not limited to copyrights, trademarks and portrait rights;
 - violates the privacy of third parties, including but not limited to disseminating personal data of third parties without their permission or doing so unnecessarily, or repeatedly inconveniencing third parties with communications they do not want;
 - contains hyperlinks, torrents or similar information regarding which you know or ought to know that it refers to material that infringes third-party rights;
 - contains unsolicited commercial, charitable or idealistic communications; or
 - contains malicious content such as viruses or spyware.
- 16.8 If we identify in our opinion any of the above we reserve the right to remove this information immediately without prior notice.
- 16.9 You indemnify us against any and all third-party claims arising from or in connection with unauthorised storage and/or dissemination or the causing of dissemination of harmful material on or via the portal.
- 16.10 You are responsible for the timely and correct approval of information supplied by us on the portal. Timely is understood to mean that the information is received within the term required by the governmental or other party or parties requesting the information, taking into account the required dispatch and processing time. You will approve the information by indicating in the portal that the information has been approved, which you will have received via an email.
- 16.11 Data extracts from our computer and other systems will provide sufficient evidence of any and all use of the portal and any and all instructions, guidelines and other communications between us and you, as well as any and all transactions and activities carried out. The use of login data for the portal provides sufficient proof of the identity of the authorised user.

17. Applicable Law

- 17.1 This engagement letter, the schedule of services and our standard terms and conditions of business are governed by, and should be construed in accordance with English law. Each party agrees that the courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right to object to any action being brought in those Courts, to claim that the action has been brought in an inappropriate forum, or to claim that those Courts do not have jurisdiction.

18. Data Protection Act 1998

- 18.1 We confirm that we will comply with the provisions of the Data Protection Act 1998 when processing personal data about you and your family. In order to carry out the services of this engagement and for related purposes such as updating and enhancing our client records, analysis for management purposes and statutory returns, legal and regulatory compliance and crime prevention we may obtain, process, use and disclose personal data about you.

19. Money Laundering Regulations 2007

- 19.1 In accordance with the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007 you agree to waive your right to confidentiality to the extent of any report made, document provided or information disclosed to the National Crime Agency (NCA).
- 19.2 You also acknowledge that we are required to report directly to NCA without prior reference to you or your representatives if during the course of undertaking any assignment the person undertaking the role of Money Laundering Reporting Officer becomes suspicious of money laundering.
- 19.3 As with other professional services firms, we are required to identify our clients for the purposes of the UK anti-money laundering legislation. We may request from you, and retain, such information and documentation as we require for these purposes and/or make searches of appropriate databases.
- 19.4 Copies of such records will be maintained by us for a period of at least five years after we cease to act for the business.

20. Implementation

20.1 We will only assist with implementation of our advice if specifically instructed in writing.

21. Intellectual Property Rights

21.1 We will retain all copyright in any document prepared by us during the course of carrying out the engagement save where the law specifically provides otherwise.

22. Interpretation

22.1 If any provision of the engagement letter or schedules is held to be void, then that provision will be deemed not to form part of this contract.

22.2 In the event of any conflict between these terms of business and the engagement letter or appendices, the relevant provision in the engagement letter or schedules will take precedence.

23. Lien

23.1 Insofar as permitted to do so by law or professional guidelines, we reserve the right to exercise a lien over all funds, documents and records in our possession relating to all engagements for you until all outstanding fees and disbursements are paid in full.

24. Limitation of Liability

24.1 We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence or wilful default.

24.2 Exclusion of liability for loss caused by others

We will not be liable if such losses, penalties, surcharges, interest or additional tax liabilities are due to the acts or omissions of any other person or due to the provision to us of incomplete, misleading or false information or if they are due to a failure to act on our advice or a failure to provide us with relevant information.

24.3 Exclusion of liability in relation to circumstances beyond our control

We will not be liable to you for any delay or failure to perform our obligations under this engagement letter if the delay or failure is caused by circumstances outside our reasonable control.

24.4 Exclusion of liability relating to the discovery of fraud etc.

We will not be responsible or liable for any loss, damage or expense incurred or sustained if information material to the service we are providing is withheld or concealed from us or wrongly misrepresented to us or from fraudulent acts, misrepresentation or wilful default on the part of any party to the transaction and their directors, officers, employees, agents or advisers. This exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry.

24.5 Exclusion of liability relating to the use of electronic communications

We will not be responsible or liable for any loss of income, profits or business, wasted time, anticipated savings, lost goodwill, third party costs and charges, or any business interruption, in each case whether caused directly or indirectly from any circumstances arising out of or in connection with the Internet, any third party or your telecommunication service, third party or your computer system and/or associated or supporting systems not provided by us and used by you, to use or otherwise access your systems.

24.6 Indemnity for unauthorised disclosure

You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure of our advice and opinions, whether in writing or otherwise. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it.

24.7 Limitation of aggregate liability

We have discussed and agreed a limitation in our aggregate liability to you and any third parties which we both regard as fair and reasonable in the circumstances of this assignment. The aggregate liability, to you and any third party and whether in contract, tort or otherwise of this firm, its partners, employees and agents for any losses in any way connected with any of the services provided to you under the terms of this letter of engagement (and including interest) shall not exceed three times the annual fee charged to you unless otherwise stated in the covering letter. If you do not wish to accept it you should contact us to discuss it before signing the engagement letter.

24.8 You have agreed that you will not bring any claim of a kind that is included within the subject of the limit against any of our directors or employees; on a personal basis.

25. Provision of Service Regulations 2009

25.1 In accordance with our professional body rules we are required to hold professional indemnity insurance. Details about the insurer and coverage can be found at our offices.

26. Authorisation & Registration

26.1 We are registered with the ACCA as chartered certified accountants and can be found on the register of members at www.accaglobal.com/general/finding

26.2 We are registered as auditors by the Association of Chartered Certified Accountants in the UK and details of our registration can be found at www.auditregister.org.uk under registration number 8001234 or at www.accaglobal.com/general/finding

27. Reliance on Advice

27.1 We will endeavour to record all advice on important matters in writing. Advice given orally is not intended to be relied upon unless confirmed in writing. Therefore, if we provide oral advice (for example during the course of a meeting or a telephone conversation) and you wish to be able to rely on that advice, you must ask for the advice to be confirmed by us in writing.

28. Conflicts of Interest

28.1 We will inform you if we become aware of any conflict of interest in our relationship with you or in our relationship with you and another client. Where conflicts are identified which cannot be managed in a way that protects your interests then we regret that we will be unable to provide further services.

28.2 If there is a conflict of interest that is capable of being addressed successfully by the adoption of suitable safeguards to protect your interests then we will adopt those safeguards. Where possible this will be done on the basis of your informed consent. We reserve the right to act for other clients whose interests are not the same as or are adverse to yours subject of course to the obligations of confidentiality referred to above.

29. Period of Engagement & Termination

29.1 Unless otherwise agreed in the engagement covering letter our work will begin when we receive your implicit or explicit acceptance of that letter. Except as stated in that letter we will not be responsible for periods before that date.

29.2 Each of us may terminate this agreement by giving not less than 21 days notice in writing to the other party except where you fail to cooperate with us or we have reason to believe that you have provided us or HMRC with misleading information, in which case we may terminate this agreement immediately. Termination will be without prejudice to any rights that may have accrued to either of us prior to termination.

29.3 In the event of termination of this contract, we will endeavour to agree with you the arrangements for the completion of work in progress at that time, unless we are required for legal or regulatory reasons to cease work immediately. In that event, we shall not be required to carry out further work and shall not be responsible or liable for any consequences arising from termination.

30. Disengagement

30.1 Should we resign or be requested to resign disengagement letter may be issued to ensure that our respective responsibilities are clear.

30.2 Should we have no contact with you for a period of one year or more we may issue a disengagement letter and hence cease to act.

31. Bribery Act 2010

31.1 In accordance with the requirements of the Bribery Act 2010 we have policies and procedures in place to prevent the business and its directors and staff from offering or receiving bribes.

32. Changes in the Law

32.1 We will not accept responsibility if you act on advice previously given by us without first confirming with us that the advice is still valid in light of any change in the law or your circumstances.

32.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof that occur after the date on which the advice is given.

33. Overseas Tax Matters

33.1 We do not provide any advice in respect of overseas tax matters and will not accept liability for any comment we may make in this regard.

34. HMRC Login

34.1 Occasionally, in order to allow us to access information on HMRC's website, we will request information from you that will allow us to login as if we were you or your Company. This will be under the same terms and conditions as when we log in as agents.

Auto Enrolment – Full Compliance Service

Recurring compliance work

1. We will maintain records in relation to your employees to meet UK Pension Regulator requirements under Auto Enrolment specifically:
 - a) Calculating eligible/ Non-Eligible and Entitled employees
 - b) Provide the pension scheme with your workers appropriate personal details
 - c) Provide enrolment information to the eligible employees so they can decide whether to opt out.
 - d) Opt out/in employees as required
 - e) Forward pension details to your Pension Provider
 - f) Maintain Records for up to 6 years –
 - g) Monitor employees who become members.
 - h) Deal with Contributions for employees and Employers
 - i) Monitor workers who have postponed
2. We will prepare and maintain the following documents for each employee
 - a) Records of all communications with them in respect to all of the above.
 - b) Pension Deductions made for each employee and all relevant Pension totals
 - c) Records of all communications with the Pensions Provider in respect of all of the above
3. Once we have received written approval of the pension from you. We will forward the details to your Pension Provider and to the Pensions Regulator.
4. These services will be carried out by us as agents for the employer and, whilst we undertake to process the documentation and information given to us as completely and accurately as possible, we cannot be responsible for the completeness and accuracy of the documentation and information provided to us and the consequent impact on work done by us.
5. The statutory obligations of employers cannot be delegated or sub-contracted to agents and the ultimate responsibility for maintaining adequate pension records remains with the employer at all times.
6. It is the responsibility of the employer to advise us of all changes of personnel and the personal circumstances of employees as quickly as possible in order that information may be processed during the correct payroll period. These changes include the addition of new employees, salary increases, statutory additions or deductions and termination of employment. We will not make changes to outstanding data without proper documented authority from you.
7. We are registered under the Data Protection Act 1998 as a computer bureau and we undertake to preserve the security of information required by the Act but the responsibility for the release of information to third parties resides with you as employer. It follows therefore that it is in our mutual interest only to release reports or information concerning these processed records to persons nominated by the employer. The persons nominated by you to receive information are to be agreed in writing:
8. Any changes in the nominated recipients are to be notified immediately in writing before we will release any information. Unless specifically instructed otherwise all correspondence from us will be marked 'Private and Confidential'.
9. Where we agree to undertake the processing of payments on your behalf we expect the persons named above to take full responsibility for the amounts paid, the dates of payment and for ensuring the necessary funds are available in the account nominated for payment.
10. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

11. You are legally responsible for:
 - a) ensuring that your payroll information is correct and complete;
 - b) making payments on time
12. Signatories to returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are correct and complete before you approve and sign them.
13. To enable us to carry out our work you agree:

- a) that all returns are to be made on the basis of full disclosure;
- b) to provide full information necessary for dealing with your Pension affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) To agree with us the names of the persons authorised by you to notify us of changes in employees and in rates of pay. We will process the changes only if notified by that/those individuals;
- d) To advise us in writing of changes of payroll pay dates 4 days prior to the new date or the old date, whichever is the earlier.
- e) To notify us at least 4 working days prior to the payroll date of all transactions or events which may need to be reflected in the pension for the period, including details of:
 - all new employees and details of their remuneration packages
 - all leavers and details of termination arrangements
 - all remuneration changes
 - all pension scheme changes
 - any changes to the employees' bank accounts;
- f) the Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise; and
- g) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.

14. If the information required to complete the pension services set out above is received less than 4 days before the payroll date we will still endeavour to process the pension to meet the agreed payroll date but we will not be liable for any costs or other losses arising if the payroll is late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.

Fees

15. The fees will be billed periodically and payment of our invoices is due within 30 days from the date of the invoice.
16. Any additional work undertaken, such as dealing with queries from employees,, will be charged on the basis of the time spent on your affairs and the responsibility undertaken, by the partners and staff of this firm, and will be invoiced as described above.

Benefits-in-kind returns (forms P11D and P9D and declaration P11D(b)) and payment of Class 1A National Insurance Contributions

Recurring compliance work

1. We will prepare/review forms P11D and P9D as may be required for each employee including directors from the accounts, information and explanations provided to us on your behalf.
2. We will submit the forms P11D and P9D with the form P11D(b) after the form P11D(b) has been signed by you.
3. We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date.
4. We will calculate your Class 1A NIC liability on the benefits returned in forms P11D that you are obliged to pay HMRC by the due date and send payment instructions to you or your bank as agreed to action payment.

Ad hoc and advisory work

5. We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - a) dealing with any simple enquiry opened into the benefits-in-kind returns by HMRC. More detailed enquiries may be the subject of a separate engagement
 - b) preparing any amended returns which may be required and corresponding with HMRC as necessary
 - c) advising on the dispensations and PAYE Settlement Arrangements
 - d) conducting PAYE and benefits health checks
6. Where specialist advice is required we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

7. You are legally responsible for:
 - a) ensuring that your declaration on form P11D(b) is true to the best of your knowledge and belief and therefore that the entries on the related forms P11D and P9D are correct and complete;
 - b) filing any returns by the due date after the end of the tax year; and
 - c) making payment of Class 1A NIC on time. Failure to do this may lead to automatic interest, penalties and/or surcharges.

The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that the forms that we have prepared for you are complete before he/she approves and signs them.

8. To enable us to carry out our work you agree:
 - a) that all returns are to be made on the basis of full disclosure;
 - b) to provide full information necessary for dealing with your benefits-in-kind returns: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to notify us within 30 working days after the end of the tax year of all transactions or events which may need to be reflected in the forms P11D and P9D for the period, including details of all employees during the year and details of their remuneration packages; and
 - d) to authorise us to approach such third parties as may be appropriate that we consider necessary to deal with completing the benefits-in-kind returns.
9. If the information required to complete the benefits-in-kind returns set out above is received more than 30 days after the end of the tax year we will still endeavour to process the information onto the benefits-in-kind returns to meet the submission date but we will not be liable for any costs or other losses arising if submission is late in these circumstances. We may charge an additional fee in such circumstances.

Bookkeeping Services

Your responsibilities

1. You are responsible for providing us with the following information required for us to prepare the accounting records, where applicable
 - a) Sales invoices;
 - b) Purchase invoices;
 - c) Bank statements;
 - d) Details of bank and cash payments;
 - e) Details of bank and cash receipts;
 - f) Stock and work-in-progress details;
 - g) Access to your accounting records.We have also agreed that you will provide the following, where applicable
 - a) A record of the amounts owed to the business;
 - b) A record of amounts owed by the business;
 - c) A list of accruals;
 - d) A list of prepayments.

Our service to you

2. We will prepare from the information and explanations provided by you, your books of prime entry, where applicable as follows:
 - a) Records of bank receipts and payments;
 - b) Records of cash receipts and payments;
 - c) Reconciliations of the bank and cash control accounts;
 - d) A record of sales;
 - e) A record of purchases;
 - f) A record of amounts owed to the business;
 - g) A record of amounts owed by the business;
 - h) A list of accruals; and prepayments

Business Advisory services in relation to developing a strategic plan/marketing strategy/financial strategy or management strategy

1. We will help you to enhance your business future and achieve the business goals. You will provide the information about the business. Our primary role will be to act as guide and facilitator.

We will assist you in the following areas:

2. Developing a Strategic Plan

- a) to consider your personal objectives
- b) to identify a vision of what the business will look like when the plan is 'complete'
- c) to write a strategic plan with target results
- d) to agree an action plan, monitor and revise the plan

3. Developing a Financial Strategy

- a) to increase awareness of financial systems
- b) to understand the information needed for financial measurement
- c) to establish 'base line' statistics or breakeven points
- d) to control costs by budgeting
- e) to improve profit by reviewing differing scenarios i.e 'what if?'
- f) to produce a financial strategy plan
- g) to agree an action plan and method of monitoring the effectiveness of the strategy

4. Developing a Marketing Strategy

- a) to identify/understand your target market
- b) to consider the different options available to you in marketing your business
- c) to determine the best marketing method for your business
- d) to understand how to 'test and measure' the results

5. Developing a Management Strategy.

- a) to draw up a management structure of the business that is consistent with the strategic plan
- b) to understand the existing management team
- c) to review management structure and lines of responsibility to ensure that the processes are efficient
- d) to identify where/how the team will need to be developed
- e) to determine the best method of developing/training the team

6. Our services may include telephone conversations, attendance at meetings and written advice as and when requested by you. We will endeavour to ensure that our work is carried out to your complete satisfaction and that we are responsive to your needs.

7. Any work that is required over and above those advisory services described above such as the production of budgets/ forecasts or similar reports will be subject to a separate fee that is agreed in advance.

Your responsibilities

8. You agree to attend the meetings and provide full information necessary for us to advise in relation to your affairs. We will rely on the information and documents being true, correct and complete and will not audit the information or those documents.

9. You agree to authorise us to approach such third parties as may be appropriate for information that we consider necessary to provide the advice.

Business Valuation

Our service to you

1. We will issue a brief report on the valuation undertaken in accordance with the terms set out above. If we have been unable to obtain necessary information or explanations or have had to rely on explanations or assumptions, we will comment on these in our report.

2. The intended user of the report is as agreed with you. The report will be addressed to them.

3. You agree not to submit the report to any third party without our prior written approval duly signed by Lynn Pridmore.

Basis of report

4. Other than as specifically set out in this letter we will not carry out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information is to be extracted for the purpose of providing you with our report.

Cash flow/Profit Forecast

Your responsibilities

1. You are responsible for providing us with the information and explanations necessary for the preparation of cash flow and profit forecasts

2. You are responsible for checking and agreeing the validity of the assumptions that are used in the preparation of the statements.
3. You agree not to submit the forecasts to any third party without our prior written approval, duly signed by Lynn Pridmore a director of Royston Parkin.
4. The forecasts relate to future events and consequently actual results are likely to differ from the forecasts. We cannot accept any responsibility for any loss or damage occasioned to any person acting or refraining from acting as a result of any material or report contained in the forecasts.

Our service to you

5. We will prepare from the information and explanations provided by you, cash flow and profit forecasts for the agreed period.
6. We will discuss with you the assumptions that have been used.
7. We will not be carrying out any audit work as part of this assignment and accordingly we will not express an opinion on the forecasts.
8. To ensure that anyone reading the forecasts is aware that we have not carried out an audit, we will attach to any report issued a paragraph stating this fact.
9. We will prepare a report with the forecasts stating that they have been drawn up in accordance with the assumptions contained in the forecasts and they are correctly cast.

Charitable Company - Independent Examiner's Report

Recurring compliance work

Responsibilities of directors, trustees and independent examiners

1. As trustees/directors of the charitable company, you are required by statute to prepare accounts (financial statements) for each financial year which give a true and fair view and have been prepared in accordance with applicable accounting standards and the Companies Act 2006. In preparing those financial statements you are required to:
 - a) Select suitable accounting policies and then apply them consistently;
 - b) Make judgements and estimates that are reasonable and prudent; and
 - c) Prepare the financial statements on the going concern basis unless it is not appropriate to presume that the charitable company will continue in operation.
2. As trustees of the charitable company, you have a duty under the Companies Act 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. You should also have regard to the Statement of Recommended Practice 'Accounting and Reporting by Charities (revised 2005)' ('SORP'), issued by the Charity Commission for England & Wales and any subsequent amendments or variations to this statement.
3. You are responsible 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 SORP and the Companies Act 2006 (the Act).
4. You are responsible 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.
5. You are also responsible for determining whether, in respect of the year, the charity meets the conditions for exemption from an audit set out in the Charities Act 2011 and the Companies Act 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 £500,000;
 - (d) the charity's gross assets do not exceed £3.26 million; and
 - (e) the charity is not ineligible for audit exemption under the Companies Act 2006 (a PLC, bank insurance company etc. or a member of a group containing such a company).
6. The exemption from audit 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; and
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with section 476 of the Companies Act 2006.

7. If gross income falls to £25,000 or less for the year, then, provided the other criteria set out above are met, you will need neither an audit nor an independent examiner's report.
8. 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..

Our responsibilities as independent examiners

9. We shall plan our work on the basis that an independent examiner's report is required for the year, unless you inform us in writing that either:
 - (a) the charity requires an audit of the financial statements; or
 - (b) the charity requires neither an audit nor an independent examiner's report.
10. Should you instruct us to carry out an audit, then the terms of that assignment will be dealt with in a new engagement letter. Should you inform us that the charity requires neither an audit nor an independent examiner's report, then we shall have no responsibilities to the charity, except those specifically agreed upon between us in respect of other professional services.
11. As independent examiners, we have a statutory responsibility to report to the members of the charity whether, in our opinion, there is reasonable cause to believe that, in any material respect:
 - (a) accounting records have not been kept, contrary to the requirements of the Companies Act 2006;
 - (b) the financial statements do not agree with those accounting records; and
 - (c) the financial statements do not comply with any of the accounting requirements specified in regulation 4 (or 5 for common investment funds or common deposit funds)* of the Charities (Accounts and Reports) Regulations 2015, except to the extent necessary to show a true and fair view.
12. Should our work indicate that the charity is not entitled to exemption from an audit of the financial statements, then we will inform you of this. In such circumstances, we will not issue any report and will withdraw from the engagement to prepare an independent examiner's report, notifying you in writing of the reasons. In these circumstances, if appropriate, we will discuss with you the possibility of appointing us as auditors.
13. We have a professional responsibility not to allow our name to be associated with financial statements that are, or 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 are, or may be, misleading; if the matter cannot be adequately dealt with by means of qualifying our opinion (or by other appropriate modifications of the report), we will not issue any report. In such circumstances, we will withdraw from the engagement, and will notify you in writing of the reasons. In these circumstances, you agree that we have a right to invoice you for our time spent examining the financial statements and for time spent on any other work that is not completed as a result of our resignation.
14. Under section 156(2) of the Charities Act 2011 we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our examination and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under section 156(3) of the Charities Act 2011. In addition, under section 156(4), if we become aware of any matter which does not require to be reported under section 156(2), but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions, then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.

Scope of independent examination

15. Our work as independent examiners will be carried out in accordance with guidance for such engagements issued by the Charity Commission. It will consist of comparing the financial statements with the accounting records kept by the charity, and making such limited enquiries of the trustees and staff of the charity as we may consider necessary for the purpose of our report.
16. As part of our normal procedures, we may request you to provide written confirmation of any information or explanations provided by you orally during the course of our work.
17. Our work as independent examiners will not be an audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland). Accordingly, we will not obtain any independent evidence relating to entries in the accounting records, or to the amounts or disclosures in the financial statements. Consequently, our work as independent examiners will not provide any assurance that the accounting records or the financial statements are free from material misstatement whether caused by fraud, other irregularity or error.
18. 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 financial statements that we prepare from those records give a true and fair view.

Small Charitable Company - Audit

Recurring compliance work

Your responsibilities as directors/trustees

1. Our audit 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 the charitable company's affairs 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 judgements 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 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 SORP, the Companies Act 2006 (the Act) and applicable accounting standards. 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) 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.
2. As trustees of the charitable company, you have a duty under the Companies Act 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. You should also have regard to the Statement of Recommended Practice 'Accounting and Reporting by Charities (revised 2005)' ('SORP'), issued by the Charity Commission for England & Wales and any subsequent amendments or variations to this statement.
3. In addition to the general duties of directors specified in sections 170 to 177 of the Act 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.
4. Unless the small companies disclosure exemption is taken, section 417 of the Act requires the directors/trustees to include in their report a business review containing a fair review of the charitable company's business, and a description of the principal risks and uncertainties facing the charitable company. In addition, compliance with the SORP requires you to confirm that the major risks to which the charitable company is exposed have been reviewed and that systems have been established to mitigate those risks. We are not required to audit this statement, or to form an opinion on the effectiveness of the risk management and control procedures.
5. You have agreed to provide us with:
 - (a) access to all information of which you are aware that is relevant to the preparation of the financial statements such as charitable company's books of account and all other relevant records and documentation, including minutes of all board/committee of management/trustees'/governors' meetings and other matters;
 - (b) additional information that we may request from you for the purpose of the audit; and
 - (c) unrestricted access to persons within the charitable company from whom we determine it necessary to obtain audit evidence.

You are required to confirm in the directors'/trustees' report that so far as you are aware, there is no relevant audit information of which we, the company's auditors, are unaware and that you have taken all the steps that you ought to take as directors in order to make yourselves aware of any relevant audit information and to establish that we are aware of that information.
6. Where audited information is published on the charitable company's website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report if it or the financial statements are to be published in an inappropriate manner.
7. It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are not required to review such controls nor to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the charitable company's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

Our responsibilities as auditors

8. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Charities Act 2011 and International Standards on Auditing (UK and Ireland) as to whether:
 - a) the financial statements give a true and fair view of the state of the charitable company's affairs as at the balance sheet date and of its incoming resources and application of resources in that year;

- b) the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - c) the financial statements have been prepared properly in accordance with the Companies Act 2006.
9. In arriving at our opinion we are required by law to consider the following matters, and to report on any in respect of which we are not satisfied.
- a) Whether adequate accounting records have been kept by the charitable company.
 - b) Whether the charitable company's balance sheet and profit and loss account are in agreement with the accounting records and returns.
 - c) Whether we have obtained all the information and explanations which we think necessary for the purpose of our audit.
 - d) Whether the information in the trustees' report is consistent with that in the audited financial statements.
 - e) Whether the requirements concerning the disclosure of directors' benefits, remuneration, pensions and compensation for loss of office are complied with.
 - f) Where the charitable company has prepared accounts in accordance with the small company regime: whether it is entitled to do so.
10. In arriving at that opinion, those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, where applicable, including APB Ethical Standard – Provisions Available for Small Entities.
11. As noted above, our report will be made solely to the charitable company's members, as a body, in accordance with Section 144 of the Charities Act 2011. Our audit work will be undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for the audit report, or for the opinions we form.
12. There are certain other matters, which according to the circumstances may need to be dealt with in our report. For example, where the financial statements do not give details of trustees' remuneration or of their transactions with the charitable company, the Act requires us to disclose such matters in our report.
13. Under section 156(2) of the Charities Act 2011, we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our audit and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under sections 156(3) of the Charities Act 2011. In addition, under section 156(4), if we become aware of any matter which does not require to be reported under section 156(2) but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.
14. In addition, we have a professional duty to report if the financial statements do not comply in any material respect with the SORP, Financial Reporting Standards or Statements of Standard Accounting Practice, unless in our opinion non-compliance is justified in the circumstances. In determining whether or not any departure is justified we will consider:
- a) whether the departure is required in order for the financial statements to give a true and fair view; and
 - b) whether adequate disclosure has been made concerning the departure.
15. Our professional duties also include:
- a) incorporating in our report a description of the trustees' responsibilities for the financial statements, where the financial statements or accompanying information do not include such description; and
 - b) considering whether other information in documentation containing the financial statements is consistent with the audited financial statements.
16. Where charitable company is a subsidiary of a group, the audited accounts of this company are included in the group accounts of the parent. We are required by auditing standards to cooperate with the auditors of the parent company and to provide them with representations and confirmations concerning the conduct of the audit of this company. You agree that we may correspond with the auditors of the parent and respond to their reasonable requests for information (which may include granting them access to our working papers) concerning the preparation and audit of the group accounts without further authority from you.
17. Where charitable company is the parent of a group and not all component auditors are from the same firm, the audited accounts of this charity are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the work of the auditors of the subsidiary companies and to provide them with guidance concerning the conduct of the audit of the group. You agree that we may correspond with the management of the subsidiary companies, and their auditors, and request reasonable information (which may include access to the subsidiary auditor's working papers) concerning the preparation and audit of the group accounts without further authority from you.
18. In the event that we cease to act as statutory auditors for the charitable company, we are required by the Companies Act 2006 to make available, if requested, all relevant information concerning the audit of the charitable company to our successors as statutory auditors. You agree to cover any reasonable costs of making such information available

that we may incur in fulfilling our statutory duty.

Scope of audit

19. Our audit will be conducted in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:
- a) whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
 - b) the reasonableness of significant accounting estimates made by the trustees/directors; and
 - c) the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

20. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered even though the audit is properly planned and performed in accordance with International Standards on Auditing (UK and Ireland).
21. We will obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether the charitable company has maintained proper accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.
22. The nature and extent of our tests will vary according to our assessment of the charitable company's accounting and internal control systems, and may cover any aspects of the charitable company's operations. We shall report to the management any significant deficiencies in, or observations on, the charitable company's systems that come to our attention of which we believe the trustees should be made aware. Any such report may not be provided to any third party without our prior written consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of any party other than the members in mind and that we therefore neither have nor accept any duty or responsibility to any other party as concerns the reports.
23. The responsibility for safeguarding the assets of the charitable company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the management. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations, but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist.
24. As part of our normal audit procedures, we will request you to provide formal representations concerning certain information and explanations we receive from you during the course of our audit. In particular, where we bring misstatements in the financial statements to your attention that are not adjusted, we shall require written representation of your reasons. In connection with representations and the supply of information to us generally, we draw your attention to section 501 of the Act under which it is an offence for an officer of the charitable company to mislead the auditors.
25. To enable us to conduct a review of your financial statements, which constitutes part of our audit, we will request sight of any documents or statements, which will be issued with the financial statements.
26. Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting, which may affect the financial statements. We are entitled to receive details of all written resolutions that are to be circulated to members, to attend all general meetings of the charitable company, and to receive notice of all such meetings.
27. We appreciate that the present size of your operation may render it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the operation. In the running of your charitable company, we understand that the trustees are closely involved with the control of the charitable company's transactions. In planning and performing our audit work, we shall take account of this supervision.
28. HM Revenue & Customs does not currently require the auditor to provide assurance on the XBRL tagging of the financial statements submitted to it after 31 March 2011 with the Company Tax Return. In addition, the current International Standards on Auditing (UK and Ireland) does not require the auditor to confirm the accuracy of the tagging as part of the audit. Accordingly, our audit does not cover the accuracy of the XBRL tagging in the financial statements, and we accept no responsibility for any inaccuracies identified by HM Revenue & Customs.
29. A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK and Ireland), together with other legal and regulatory requirements, is provided on the Auditing Practices Board website at: www.frc.org.uk/apb/scope/private.cfm.

Unincorporated Charity - total exemption

Recurring compliance work

Your responsibilities as trustees

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, and which adequately distinguish any material special trust or other restricted fund of the charity. In preparing the account and statement, you are required to:
 - a) select suitable accounting policies and then apply them consistently;
 - b) make judgements 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.
2. You are responsible for keeping adequate accounting records which disclose, with reasonable accuracy, at any time the financial position of the charity and for preparing an account and statement that comply with the Charities Act 2011 and regulations thereunder. 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.
3. 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 sections 144 and 145 of the Charities Act 2011, 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.
4. You will carry out all the day-to-day accounting work, including:
 - a) keeping the record of receipts and payments;
 - b) reconciling your records with the bank statement; and
 - c) maintaining records of fixed assets, debtors and creditors.
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.
6. You will approve and sign the accounts thereby acknowledging responsibility for them.

Our responsibilities as accountants

7. 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.
8. We understand that you require us to prepare the year end account and statement of the charity. It was agreed that we should carry out the following accounting and other services:
 - a) write up the accounting records of the charity insofar as they are incomplete when presented to us;
 - b) complete the postings to the nominal ledger; and
 - c) prepare the account and statement for approval by yourselves.
9. 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.
10. 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 of this. 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.
11. Our work will not be an audit of the account and statement in accordance with International Standards on Auditing (UK and Ireland). 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 judgements 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.
12. In addition, we have no responsibility to determine whether you have maintained sufficient accounting records in accordance with section 130 of the Charities Act 2011, and we will not address this point unless you specifically request us, in writing, to do so.
13. 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 presents fairly the charity's receipts and payments and its assets and liabilities at the year end.

14. 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 Charities Act 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.
15. 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.
16. We will report to the trustees, as appropriate, that in accordance with this engagement letter 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.
17. 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 report must remain attached to the account and statement shown to the third party.

Unincorporated Charity Accruals - Audit

Recurring compliance work

Your responsibilities as trustees

1. Our audit 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 charity at the end of the financial year and of the incoming resources and application of the resources of the charity for that year.
 - b) In preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgements 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 charity will continue in operation.
 - c) For keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable you to ensure that the financial statements comply with the Charities Act 2011 and regulations thereunder and applicable Accounting Standards. 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) For safeguarding the assets of the charity and hence for taking reasonable steps to ensure the charity's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
2. You have agreed to provide us with:
 - a) Access to all information of which you are aware that is relevant to the preparation of the financial statements such as the charity's books of account and all other relevant records and documentation, including minutes of all trustees' meetings and of all appropriate management meetings and other matters;
 - b) Additional information that we may request from you for the purpose of the audit; and
 - c) Unrestricted access to persons within the charity from whom we determine it necessary to obtain audit evidence.
3. You have a duty to prepare an annual report for each financial year complying in its form and content with the Charities Act 2011 and regulations thereunder. You are also required to have regard to the Statement of Recommended Practice Accounting and Reporting by Charities, (Revised 2005) issued by the Charity Commissioners for England & Wales.
4. You are responsible for ensuring that the charity 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.
5. Where audited information is published on the charity's website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report if it or the financial statements are to be published in an inappropriate manner.

6. It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are neither required to review such controls nor to carry out ongoing reviews of the information, after it is first published. The maintenance and integrity of the charity's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

Our responsibilities as auditors

7. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Under the Charities Act 2011 we have a statutory responsibility to report to you as trustees whether, in our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at the balance sheet date and of the incoming resources and application of the resources of the charity in that year; and the financial statements have been prepared properly in accordance with regulations made under the Charities Act 2011.

In arriving at our opinion we are required by law to consider the following matters, and to report on any in respect of which we are not satisfied.
 - a) Whether sufficient accounting records have been kept by the charity in accordance with section 130 of the Charities Act 2011.
 - b) Whether the financial statements are in agreement with the accounting records.
 - c) Whether we have obtained all the information and explanations to which we are entitled for the purpose of our audit.
8. As noted above, our report will be made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work will be undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for the audit report, or for the opinions we form.
9. There are certain other matters which, according to the circumstances, may need to be dealt with in our report; for example, non-compliance with a requirement of regulations to be made under the Charities Act 2011.
10. Under section 156(2) of the Charities Act 2011 we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our audit and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under section 156(3) of the Charities Act 2011. In addition, under section 156(4), if we become aware of any matter which does not require to be reported under section 156(2), but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions, then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.
11. In addition, we have a professional duty to report if the financial statements do not comply in any material respect with applicable accounting standards unless in our opinion non-compliance is justified in the circumstances. In determining whether or not any departure is justified we will consider:
 - a) whether the departure is required in order for the financial statements to give a true and fair view; and
 - b) whether adequate disclosure has been made concerning the departure.
12. Our professional duties also include:
 - a) incorporating in our report a description of the trustees' responsibilities for the financial statements, where the financial statements or accompanying information do not include such description; and
 - b) considering whether other information in documentation containing the financial statements is consistent with the audited financial statements.
13. Under the Charities (Accounts and Reports) Regulations 2015, you are required to report as to whether you have given consideration to the major risks to which the charity is exposed, and to the systems designed to mitigate those risks. Compliance with the Charities SORP requires you to confirm that those risks have been reviewed and that systems have been established to mitigate those risks. We are not required to audit this statement, or to form an opinion on the effectiveness of the risk management and control procedures.
14. *Where charity is a subsidiary of a charitable group:* The audited accounts of this charity are included in the group accounts of the parent. We are required by auditing standards to cooperate with the auditors of the parent and to provide them with representations and confirmations concerning the conduct of the audit of this charity. You agree that we may correspond with the auditors of the parent and respond to their reasonable requests for information (which may include granting them access to our working papers) concerning the preparation and audit of the group accounts without further authority from you.
15. *Where charity is the parent of a group and not all component auditors are from the same firm:* The audited accounts of this charity are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the work of the auditors of the subsidiary companies and to provide them with guidance concerning the conduct of the audit of the group. You agree that we may correspond with the management of the subsidiary companies, and their auditors, and request reasonable information (which may include access to the subsidiary

auditor's working papers) concerning the preparation and audit of the group accounts without further authority from you.

Scope of audit

16. Our audit will be conducted in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:
 - a) whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed;
 - b) the reasonableness of significant accounting estimates made by the trustees, and
 - c) the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.
17. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered even though the audit is properly planned and performed in accordance with International Standards on Auditing (UK and Ireland).
18. We will obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether the charity has maintained proper accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.
19. The nature and extent of our tests will vary according to our assessment of the charity's accounting and internal control systems, and may cover any aspects of the business's operations. We shall report to the management any significant deficiencies in, or observations on, the charity's systems that come to our attention, of which we believe the trustees should be made aware. Any such report may not be provided to any third party without our prior written consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of any party other than the members in mind and that we therefore neither have nor accept any duty or responsibility to any other party as concerns the reports.
20. The responsibility for safeguarding the assets of the charity and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the management. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations, but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist.
21. As part of our normal audit procedures, we will request you to provide formal representations concerning certain information and explanations we receive from you during the course of our audit. In particular, where we bring to your attention misstatements in the financial statements that are not adjusted; we shall require written representation of your reasons.
22. To enable us to conduct a review of your financial statements, which constitutes part of our audit; we will request sight of any documents or statements, which will be issued with the financial statements.
23. Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting, which may affect the financial statements.
24. We appreciate that the present size of the charity may render it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the charity. In the running of your charity we understand that the trustee(s) is/are closely involved with the control of the charity's transactions. In planning and performing our audit work, we shall take account of this supervision.
25. A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK and Ireland), together with other legal and regulatory requirements, is provided on the Auditing Practices Board website at www.frc.org.uk/apb/scope/private.cfm.

Unincorporated Charity Accruals - independent examination

Recurring compliance work

Your responsibilities as trustees

1. As trustees of the charity, you are responsible for ensuring that the charity maintains sufficient accounting records and an appropriate system of internal control. You are also responsible for preparing financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of the incoming resources and application of the resources of the charity in that year in accordance with the Charities Act 2011 and regulations thereunder.
2. You have a duty to prepare an annual report for each financial year complying in its form and content with the Charities Act 2011 and regulations thereunder. You are also required to have regard to the Statement of

Recommended Practice *Accounting and Reporting by Charities*, (Revised 2005) issued by the Charity Commissioners for England & Wales.

3. You are responsible for safeguarding the assets of the charity and hence for taking reasonable steps to ensure the charity's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
4. You are responsible for ensuring that the charity 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.
5. You are also responsible for determining whether, in respect of the year, the charity meets the conditions for exemption from an audit set out in section 144 of the Charities Act 2011, namely that:
 - a) the charity's gross income in the current year is more than £25,000, but not more than £500,000 in the current year;
 - b) the gross assets of the charity are less than £3.26m; or where they exceed £3.26m, gross income is less than £250,000; and
 - c) no notice has been received from the Charity Commission requiring an audit.
6. If, in respect of the year, the charity satisfies the above criteria, the availability of the exemption from an audit of the financial statements is conditional upon your causing an independent examiners' report to be prepared in respect of the financial statements in accordance with section 145 of the Charities Act 2011. You are responsible for deciding whether that report shall be made and for appointing us as independent examiners to make that report to the trustees of the charity.
7. If gross income falls to £25,000 or less for the year, then, provided the other criteria set out above are met, you will need neither an audit nor an independent examiner's report.
8. You have undertaken to make available to us, as and when required, all of the charity's accounting records and related information, including minutes of trustees' meetings and of all appropriate management meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.

Our responsibilities as independent examiners

9. We shall plan our work on the basis that an independent examiner's report is required for the year, unless you inform us in writing that either:
 - a) the charity requires an audit of the financial statements; or
 - b) the charity requires neither an audit nor an independent examiner's report.
10. Should you instruct us to carry out an audit, then the terms of that assignment will be dealt with in a new engagement letter. Should you inform us that the charity requires neither an audit nor an independent examiner's report, then we shall have no responsibilities to the charity, except those specifically agreed upon between us in respect of other professional services.
11. As independent examiners, we have a statutory responsibility to report to the trustees of the charity whether, in our opinion, there is reasonable cause to believe that, in any material respect:
 - (a) accounting records have not been kept, contrary to the requirements of section 130 of the 2011 Act;
 - (b) the financial statements do not agree with those accounting records; or
 - (c) the financial statements do not comply with any of the accounting requirements specified in regulation 4 (or 5 for common investment funds or common deposit funds)* of the Charities (Accounts and Reports) Regulations 2008, except to the extent necessary to show a true and fair view.
12. Should our work indicate that the charity is not entitled to exemption from an audit of the financial statements, then we will inform you of this. In such circumstances, we will not issue any report and will withdraw from the engagement to prepare an independent examiner's report, notifying you in writing of the reasons. In these circumstances, if appropriate, we will discuss with you the possibility of appointing us as auditors.
13. We have a professional responsibility not to allow our name to be associated with financial statements that are, or 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 are, or may be, misleading; if the matter cannot be adequately dealt with by means of qualifying our opinion (or by other appropriate modifications of the report), we will not issue any report. In such circumstances, we will withdraw from the engagement, and will notify you in writing of the reasons.
14. Under section 156(2) of the Charities Act 2011 we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our examination and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under section 156(3) of the Charities Act 2011. In addition, under section 156(4), if we become aware of any matter which does not require to be reported under section 156(2), but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions, then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.

Scope of independent examination

15. Our work as independent examiners will be carried out in accordance with guidance for such engagements issued by the Charity Commission. It will consist of comparing the financial statements with the accounting records kept by the charity, and making such limited enquiries of the trustees and staff of the charity as we may consider necessary for the purpose of our report.
16. As part of our normal procedures, we may request you to provide written confirmation of any information or explanations provided by you orally during the course of our work.
17. Our work as independent examiners will not be an audit of the financial statements in accordance with Auditing Standards. Accordingly, we will not obtain any independent evidence relating to entries in the accounting records, or to the amounts or disclosures in the financial statements. Consequently our work as independent examiners will not provide any assurance that the accounting records or the financial statements are free from material misstatement whether caused by fraud, other irregularity or error.
18. 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 financial statements that we prepare from those records give a true and fair view.

Unincorporated Charity Receipts and payments - Audit

Recurring compliance work

Your responsibilities as trustees

1. Our audit will be conducted on the basis that you acknowledge and understand that you have responsibility:
 - a) To prepare an account and statement that properly present the receipts & payments and assets & liabilities respectively in accordance with the Charities Act 2011 and regulations thereunder.
 - b) In preparing those accounts to
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgements 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 charity will continue in operation.
 - c) For keeping adequate 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 financial statements that are free from material misstatement whether due to fraud or error.
 - d) For safeguarding the assets of the charity and hence for taking reasonable steps to ensure the charity's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
2. You have agreed to provide us with:
 - a) Access to all information of which you are aware that is relevant to the preparation of the financial statements such as the charity's books of account and all other relevant records and documentation, including minutes of all trustees' meetings and of all appropriate management meetings and other matters;
 - (b) Additional information that we may request from you for the purpose of the audit; and
 - (c) Unrestricted access to persons within the charity from whom we determine it necessary to obtain audit evidence.
3. In accordance with section 133 of the Charities Act 2011, the charity's trustees may elect to prepare a receipts and payments account and a statement of assets and liabilities as its annual statement of accounts. You have elected to prepare such an account and statement.
4. You are responsible for ensuring that the charity 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.
5. Where audited information is published on the charity's website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report if it or the account and statement are to be published in an inappropriate manner.
6. It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are not required to review such controls nor to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the charity's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

Our responsibilities as auditors

7. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Under the Charities Act 2011 we have a statutory

responsibility to report to you as trustees stating whether, in our opinion, the account and statement comply with the requirements of regulations made under the Charities Act 2011 and properly present the receipts and payments of the charity for the relevant financial year, and its assets and liabilities as at the end of the financial year, and that the account and statement adequately distinguish any material special trust or other restricted fund of the charity.

8. In arriving at our opinion we are required by law to consider the following matters, and to report on any in respect of which we are not satisfied.
- a) Whether sufficient accounting records have been kept by the charity in accordance with Section 130 of the Charities Act 2011.
 - b) Whether the account and statement are in agreement with the accounting records.
 - c) Whether we have obtained all the information and explanations to which we are entitled for the purpose of our audit.

The International Standards on Auditing (UK and Ireland) also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors including APB Ethical Standard – Provisions Available for Small Entities.

9. As noted above, our report will be made solely to the charity's trustees, as a body, in accordance with regulations made under the Charities Act 2011. Our audit work will be undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for the audit report, or for the opinions we form.
10. There are certain other matters, which according to the circumstances, may need to be dealt with in our report: for example, non-compliance with a requirement of regulations to be made under the Charities Act 2011.
11. Under section 156(2) of the Charities Act 2011 we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our audit and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under section 156(3) of the Charities Act 2011. In addition, under section 156(4), if we become aware of any matter which does not require to be reported under section 156(2), but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions, then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.
12. Our professional duties also include:
- a) incorporating in our report a description of the trustees' responsibilities for the account and statement where they or accompanying information do not include such description; and
 - b) considering whether other information in documentation containing the account and statement is consistent with the audited account and statement.

Scope of audit

13. Our audit will be conducted in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:
- a) whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed;
 - b) the reasonableness of significant accounting estimates made by the trustees; and
 - c) the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

14. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered, even though the audit is properly planned and performed in accordance with International Standards on Auditing (UK and Ireland).
15. We will obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the account and statement and to establish whether the charity has maintained proper accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.
16. The nature and extent of our tests will vary according to our assessment of the charity's accounting and internal control systems, and may cover any aspects of the business's operations. We shall report to the management any significant deficiencies in, or observations on, the charity's systems that come to our attention of which we believe the trustees should be made aware. Any such report may not be provided to any third party without our prior written

consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of any party other than the members in mind and that we therefore neither have nor accept any duty or responsibility to any other party as concerns the reports.

17. The responsibility for safeguarding the assets of the charity and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the management. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the account and statement resulting from irregularities, fraud or non-compliance with law or regulations, but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist.
18. As part of our normal audit procedures, we will request you to provide formal representations concerning certain information and explanations we receive from you during the course of our audit. In particular, where we bring misstatements in the account and statement that are not adjusted to your attention, we shall require written representation of your reasons.
19. To enable us to conduct a review of your account and statement, which constitutes part of our audit, we will request sight of any documents or statements, which will be issued with the account and statement.
20. Once we have issued our report we will have no further direct responsibility in relation to the account and statement for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting, which may affect the account and statement.
21. We appreciate that the present size of the charity may render it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the charity. In the running of your charity we understand that the trustee(s) is/(are) closely involved with the control of the charity's transactions. In planning and performing our audit work we shall take account of this supervision.
22. A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK and Ireland), together with other legal and regulatory requirements, is provided on the Auditing Practices Board website at www.frc.org.uk/apb/scope/private.cfm

Unincorporated Charity Receipts and payments - independent examination

Recurring compliance work

Your responsibilities as trustees

1. As trustees of the charity, you are responsible for ensuring that the charity maintains adequate accounting records and an appropriate system of internal control. You are also responsible for preparing an account and statement that properly present the receipts and payments and assets and liabilities respectively in accordance with the Charities Act 2011 and regulations thereunder.
2. In accordance with section 133 of the Charities Act 2011, the charity's trustees may elect to prepare a receipts and payments account and a statement of assets and liabilities as its annual statement of accounts. You have elected to prepare such an account and statement.
3. You are responsible for safeguarding the assets of the charity and hence for taking reasonable steps to ensure the charity's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
4. You are responsible for ensuring that the charity 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.
5. You are also responsible for determining whether, in respect of the year, the charity meets the conditions for exemption from an audit set out in section 144 of the Charities Act 2011, namely that:
 - a) the charity's gross income in the current year is more than £25,000, but not more than £500,000 in the current year;
 - b) the gross assets of the charity are less than £3.26m, or where they exceed £3.26m, gross income is less than £250,000; or
 - c) no notice has been received from the Charity Commission requiring an audit.
6. If, in respect of the year, the charity satisfies the above criteria, the availability of the exemption from an audit of the financial statements is conditional upon your causing an independent examiners' report to be prepared in respect of the financial statements in accordance with section 145 of the Charities Act 2011. You are responsible for deciding whether that report shall be made and for appointing us as reporting accountants to make that report to the trustees of the charity.
7. If gross income falls to £25,000 or less for the year, then, provided the other criteria set out above are met, you will need neither an audit nor an independent examiner's report.

8. You are also responsible for determining whether, in respect of the year, the charity meets the conditions for preparing its financial statements on the receipts and payments basis, namely that the charity's gross income in the current year is no more than £250,000.
9. You have undertaken to make available to us, as and when required, all of the charity's accounting records and related information, including minutes of trustees' meetings and of all appropriate management meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.

Our responsibilities as independent examiners

10. We shall plan our work on the basis that an independent examiner's report is required for the year, unless you inform us in writing that either:
 - a) the charity requires an audit of the financial statements; or
 - b) the charity requires neither an audit nor an independent examiner's report.
11. Should you instruct us to carry out an audit, then the terms of that assignment will be dealt with in a new engagement letter. Should you inform us that the charity requires neither an audit nor an independent examiner's report, then we shall have no responsibilities to the charity, except those specifically agreed upon between us in respect of other professional services.
12. As independent examiners, we have a statutory responsibility to report to the trustees of the charity whether, in our opinion, there is reasonable cause to believe that, in any material respect:
 - a) accounting records have not been kept, contrary to the requirements of section 130 of the 2011 Act; or
 - b) the account and statement do not agree with those accounting records.
13. Should our work indicate that the charity is not entitled to exemption from audit, then we will inform you of this. In such circumstances, we will not issue any report and will withdraw from the engagement to prepare an independent examiner's report, notifying you in writing of the reasons. In these circumstances, if appropriate, we will discuss with you the possibility of appointing us as auditors.
14. We have a professional responsibility not to allow our name to be associated with an account and statement that are, or may be, misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the account and statement are, or may be, misleading, if the matter cannot be adequately dealt with by means of qualifying our opinion (or by other appropriate modifications of the report), we will not issue any report. In such circumstances, we will withdraw from the engagement, and will notify you in writing of the reasons.
15. Under section 156(2) of the Charities Act 2011 we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our examination and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under section 156(3) of the Charities Act 2011. In addition, under section 156(4), if we become aware of any matter which does not require to be reported under section 156(2), but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions, then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.

Scope of independent examination

16. Our work as independent examiners will be carried out in accordance with guidance for such engagements issued by the Charity Commission. It will consist of comparing the account and statement with the accounting records kept by the charity, and making such limited enquiries of the trustees and staff of the charity as we may consider necessary for the purpose of our report.
17. As part of our normal procedures, we may request you to provide written confirmation of any information or explanations provided by you orally during the course of our work.
18. Our work as independent examiners will not be an audit of financial statements in accordance with Auditing Standards. Accordingly, we will not obtain any independent evidence relating to entries in the accounting records, or to the amounts or disclosures in the account and statement. Consequently, our work as independent examiners 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.
19. 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 present fairly the charity's receipts and payments and its assets and liabilities at the year end.

Company Accounts

Responsibilities

1. As directors of the company, you are required by statute to prepare accounts (financial statements) for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts you must:
 1. Select suitable accounting policies and then apply them consistently;
 2. Make judgements and estimates that are reasonable and prudent; and
 3. Prepare the accounts on the going concern basis unless it is not appropriate to presume that the company will continue in business.
2. It is your responsibility to keep adequate accounting records which disclose with reasonable accuracy at any particular time the financial position of the company. It is also your responsibility to safeguard the assets of the company and for taking reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.
3. You are responsible for determining whether, in respect of the year concerned, the company meets the conditions for exemption from an audit set out in section 477 of the Companies Act 2006, and for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in Section 478 of the Companies Act 2006.
4. You are also responsible for making available to us, as and when required, all the company's accounting records and all other relevant records and related information, including minutes of management and shareholders' meetings.
5. You will also be responsible for:
 1. Maintaining records of all receipts and payments of cash;
 2. Maintaining records of invoices issued and received;
 3. Reconciling balances monthly/annually with the bank statements;
 4. Preparing details of the following at the year end, where applicable:
 - i) stocks and work in progress;
 - ii) fixed assets;
 - iii) amounts owing to suppliers;
 - iv) amounts owing by customers; and
 - v) accruals and prepayments.
6. Where you give us access to your computer system in order to retrieve information to enable us to review your accounts, we will not amend any of your figures or data unless given explicit instructions to do so. You are fully licensed and these licences must allow us to access your system. We maintain anti-virus software and other firewalls.
7. Our work will not be an audit of the accounts in accordance with International Auditing Standards. Accordingly we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error.
8. As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.
9. We have a professional duty to compile accounts that conform with UK Generally Accepted Accounting Principles. The accounts of a limited company are required to comply with the disclosure requirements of the Companies Act 2006 and Applicable Accounting Standards. Where we identify that the accounts do not conform to accepted accounting principles or standards we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.
10. Should you instruct us to carry out any alternative report it will be necessary for us to issue a separate letter of engagement.

Our service to you

11. We will not be carrying out any audit work as part of this assignment and accordingly will not verify the assets and liabilities of the company, nor the items of expenditure and income. To carry out an audit would entail additional work to comply with International Auditing Standards so that we could report on the truth and fairness of the financial statements. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.

12. If an audit of the accounts is required, you will need to notify us in writing. Should our work indicate that the company is not entitled to exemption from an audit of the accounts, we will inform you. If we decide to undertake an audit assignment at your request, a separate engagement letter will be required
13. To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.
14. The intended users of the report are the directors. The report will be addressed to the directors.
15. Once we have issued our report we have no further direct responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.

Company Accounts - Dormant

Responsibilities

1. We understand that the company is not currently trading and that dormant company accounts will be due. It is your responsibility to inform us when the company commences trading.

Our service to you

2. We will prepare dormant company accounts on behalf of the directors, in the format determined as required by the Companies Act 2006.
3. We do not believe that HM Revenue & Customs will require a corporation tax return until the company commences to trade and we will notify H M Inspector of Taxes of this.
4. We shall respond where necessary to any correspondence sent to us by you or by HM Revenue & Customs.
5. We shall deal with HM Revenue & Customs on any tax enquires in respect of your business accounts and tax computations, having discussed such matters with you as appropriate. The time spent on such enquiries does not form part of the normal recurring fee and will be charged for separately.
6. It is your responsibility to inform us if the company undertakes any transactions, which may require the completion of a corporation tax return.
7. As the company is dormant we will invoice the fees to the directors or shareholders personally and hold them legally responsible for settlement.

Company Audit

Recurring compliance work

Statutory responsibilities

1. As management, and where appropriate those charged with governance, of the above company, you understand and acknowledge your responsibility for ensuring that the company maintains proper books and records and for preparing accounts (financial statements) for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period and have been prepared in accordance with the Companies Act 2006. In preparing those accounts you must :
 - a) Select suitable accounting policies and then apply them consistently;
 - b) Make judgements and estimates that are reasonable and prudent; and
 - c) Prepare the accounts on the going concern basis unless it is not appropriate to presume that the company will continue in business.
2. It is your responsibility to keep adequate accounting records which disclose with reasonable accuracy at any particular time the financial position of the company. It is also your responsibility to safeguard the assets of the company and for taking reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls; and to ensure that the company complies with laws and regulations that apply to its activities and for preventing non-compliance and detecting any that occurs.
3. In respect of the audit you make the following assertions so that we may establish any preconditions for audit as required by International Standards on Auditing. You have responsibility:
 - a) For the preparation and fair presentation of the financial statements in accordance with UK Generally Accepted Accounting Principles (UK GAAP)
 - b) For the implementation and maintenance of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
 - c) To provide us in our capacity as auditors with:

- i) Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ii) Additional information that may be requested from management for the purpose of the audit;
 - iii) Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- 4. The intended users of the report are the shareholders. The report will be addressed to the shareholders.
- 5. As independent auditors we will report to you whether in our opinion the accounts of the company which we have audited give a true and fair view of the state of the company's affairs, and of the profit or loss for the year, and whether they have been prepared in accordance with UK GAAP, whether they have been prepared in accordance with the Companies Act 2006. In arriving at our opinion we are required to consider the following matters, and to report on any in respect of which we are not satisfied:
 - a) Whether adequate accounting records have been kept by the company and proper returns adequate for our audit have been received from branches not visited by us;
 - b) Whether the company's balance sheet and profit and loss account are in agreement with the accounting records and returns;
 - c) Whether we have obtained all the information and explanations which we think necessary for the purpose of our audit; and
 - d) Whether the information in the directors' report is consistent with that in the audited accounts.
- 6. There are certain other matters which, according to the circumstances, may need to be dealt with in our report. For example, where the accounts do not give details of directors' remuneration or of their transactions with the company, the Companies Act 2006 requires us to disclose such matters in our report.
- 7. We have a professional duty to report if the accounts do not comply in any material respect with Applicable Accounting Standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider whether:
 - a) The departure is required in order for the accounts to give a true and fair view; and
 - b) Whether adequate disclosure has been made concerning the departure.
- 8. Our professional responsibilities also include:
 - a) Stating in our report a description of the directors' responsibilities for the accounts, where the accounts or accompanying information do not include such a description; and
 - b) Considering whether other information and documents contained in audited accounts are consistent with those accounts; and
 - c) Reporting to you on a timely basis in respect of any issues, such as material weaknesses in your accounting system, which we feel need to be brought to your attention.
- 9. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.
- 10. Should you instruct us to carry out any alternative report then it will be necessary for us to issue a separate letter of engagement
- 11. The Senior Statutory Auditor under S504 Companies Act 2006 is Ms Lynn Catherine Pridmore.
- 12. Our report is made solely to the company's members, as a body, in accordance with Part 3 of Chapter 16 of the Companies Act 2006. Our audit work will be undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not assume responsibility to anyone other than the company and the company's members as a body, for our audit work, the audit report, or for the opinions we will form. The audit of the financial statements does not relieve you of your responsibilities.
- 13. In the event that we cease to act as statutory auditors for the company we are required by paragraph 9(3) of Schedule 10 to the Companies Act 2006, to make available, if requested, all relevant information concerning the audit of the company to our successors as auditors. You agree to cover any reasonable costs of making such information available that we may incur in fulfilling our statutory duty.

Our service to you

- 14. We will conduct our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

15. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.
16. In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which come to our notice.
17. Our auditing procedures will be carried out in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the accounts and to establish whether adequate accounting records have been maintained by the company. We will need to obtain sufficient relevant and reliable evidence to enable us to draw reasonable conclusions therefrom.
18. The nature and extent of our tests will vary according to our assessment of the company's system and where we wish to place reliance on it the internal control systems, and may cover any aspects of the company's operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the company's systems, but we shall report to the management any significant weaknesses in, or observations on, the company's systems which come to our notice and which we think should be brought to management's attention. Any such report may not be provided to third parties without our prior written consent. Such consent would be granted only on the basis that such reports are not prepared for the interests of anyone other than the company in mind and that we accept no duty or responsibility to any other party as concerns the reports.
19. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the management. We will plan our audit so that we have a reasonable expectation of detecting material misstatements in the accounts resulting from irregularities, fraud or non-compliance with law or regulations, but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.
20. As part of our normal audit procedures, we may request you to provide formal written representations concerning certain information and explanations we have received from you during the course of our audit. We draw your attention to section 501 of the Companies Act 2006 under which it is an offence for an officer of the company to mislead the auditors.
21. In order to assist us with a review of your accounts, which constitutes part of our audit, we will request sight of any documents or statements which will be issued with the accounts. We are also entitled to attend all general meetings of the company, and to receive notice of all such meetings.
22. Once we have issued our report we have no further direct responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.
23. We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm other than those engaged on the audit (for example information provided in connection with accounting, taxation and other services

Company Close Down

Responsibilities

1. We understand that the company is not currently trading and that you wish to close the company down by application to The Registrar to have the company struck off the Register.

Our service to you

2. We will deal with the process and application for striking off on behalf of the directors, in the format determined as required by the Companies Act 2006.
3. We will write to HM Revenue & Customs in the format required under ESC C16 where assets are to be distributed by the company.
4. We shall respond where necessary to any correspondence sent to us by you or by HM Revenue & Customs.
5. We shall deal with HM Revenue & Customs on any tax enquires in respect of your business accounts and tax computations, having discussed such matters with you as appropriate. The time spent on such enquiries does not form part of the normal recurring fee and will be charged for separately.
6. It is your responsibility to inform us if the company undertakes any transactions, which may prevent the company close down. You are also responsible for the risk that the company creditors come to you for settlement of any sums due to them.
7. As the company is dormant we will invoice the fees to the directors or shareholders personally and hold them legally responsible for settlement.

Company Secretarial Services

Responsibilities

1. You are responsible for making correct returns by the due date.
2. To enable us to carry out our work you agree:
 - a) To provide full information necessary for dealing with your affairs – we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - b) That we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs;
 - c) To provide us with information in sufficient time for your returns to be completed and submitted;
 - d) To provide us within seven days of signing, certified copies of directors and shareholder notices, minutes or resolutions.

Our service to you

3. We will prepare from the information and explanations provided by you, your returns together with any supporting schedules. We will not audit or otherwise check the underlying records.
4. We will send you the returns and any supporting schedules for you to approve and sign 14 days after you make the records available to us.
5. Where we provide a registered office facility we will forward any documents addressed to the registered office within 14 days to the Company correspondence address.
6. We will complete other returns reflecting changes in directors, shareholders etc as requested.
7. We will maintain the statutory records and minutes on behalf of the company secretary from the information supplied.

Companies Tax

Recurring compliance work

1. We will prepare the company's corporate tax self-assessment (CTSA) return. After obtaining approval and signature of an authorised nominated director, we will submit it to HM Revenue & Customs (HMRC) in the form and manner required by them. With effect from 1st April 2011 this will be on line using HMRC's secure gateway.
2. We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf.
3. We will tell you how much tax the company should pay and when. If appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.
4. We will inform you if instalment payments of corporation tax are due for an accounting period and the dates they are payable. We will calculate the quarterly instalments which should be made on the basis of information supplied by you by the date agreed.
5. We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

Ad hoc and advisory work

6. We will also provide other such taxation advisory and ad hoc services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 7. advising you when corporation tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid
 8. dealing with any enquiry opened into the company's tax return by HMRC.
 9. preparing any amended returns which may be required and corresponding with HMRC as necessary
 10. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Overseas tax matters

11. We do not provide any advice in respect of overseas tax matters and will not accept liability for any comment we may make in this regard.

Your responsibilities

12. The Directors, on behalf of the company, are legally responsible for:
 - a) ensuring that the CTSA return is correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
13. The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are complete before he/she approves and signs them.
14. To enable us to carry out our work the Directors agree:
 - a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
 - d) to provide us with information in sufficient time for the company's CTSA return to be completed and submitted by the due date of 12 months following the end of the accounts period. In order that we can do this we need to receive all relevant information by 8 months after the end of the accounts period. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing;
 - e) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment. This information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
 - f) to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write offs authorised at least within three months of the end of the relevant accounting period.
15. The Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
16. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
17. The work carried out within this engagement will be in respect of the company's tax affairs. Any work to be carried out for the directors on a personal basis will be set out in a separate letter of engagement.
18. You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If the company exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the Company's liability to be VAT registered we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.

Construction Industry Scheme

Recurring compliance work

1. We will prepare your UK Construction Industry Scheme paperwork for each scheme period on a monthly basis to meet UK CIS tax requirements, specifically:
 - a) Calculating the CIS deductions
2. We will prepare and send to you, if requested, the following documents for each scheme period at or before the time of payment:
 - a) Scheme summary report showing the reconciliation from gross to net for each sub-contractor and all relevant scheme totals
 - b) A deduction slip for each sub-contractor if required
 - c) A report showing your tax liability and due date for payment

3. We will prepare and send to you the following documents, if requested, by the statutory due dates at the end of the tax year:
 - a) Summary schedule for each sub-contractor on the scheme during the year
 - b) Year-end annual return or a summary of the annual contractor's declarations, including the total scheme payments and deductions for your approval
4. We will submit your Contractor returns after they have been approved by you. If, however we do not hear from you by the 15th of each month we reserve the right to submit a nil return on your behalf.
5. These services will be carried out by us as agents for the contractor and, whilst we undertake to process the documentation and information given to us as completely and accurately as possible, we cannot be responsible for the completeness and accuracy of the documentation and information provided to us and the consequent impact on work done by us.
6. The statutory obligations of Contractors cannot be delegated or sub-contracted to agents and the ultimate responsibility for maintaining adequate CIS scheme records remains with the Contractor at all times. We would draw your attention to the strict rules and time limits for the submission of CIS returns; it is therefore essential that we receive full information from you on a prompt basis to enable us to ensure that the returns are made by you by the due dates.
7. It is the responsibility of the Contractor to advise us of all changes of sub-contractor as quickly as possible in order that information may be processed during the correct scheme period. We will not make changes to outstanding data without proper documented authority from you.
8. We are registered under the Data Protection Act 1998 as a computer bureau and we undertake to preserve the security of information required by the Act but the responsibility for the release of information to third parties resides with you as Contractor. It follows therefore that it is in our mutual interest only to release reports or information concerning these processed records to persons nominated by the Contractor. You will inform us of the persons nominated by you to receive information.
9. Any changes in the nominated recipients are to be notified immediately in writing before we will release any information. Unless specifically instructed otherwise all correspondence from us will be marked 'Private and Confidential'.
10. Where we agree to undertake the processing of payments on your behalf we expect the persons named above to take full responsibility for the amounts paid, the dates of payment and for ensuring the necessary funds are available in the account nominated for payment.

Ad hoc and advisory work

11. We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - a) dealing with any enquiry opened into the scheme returns by HMRC
 - b) preparing any amended returns which may be required and corresponding with HMRC as necessary
12. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

13. You are legally responsible for:
 - a) ensuring that your CIS scheme returns are correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
14. Signatories to returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are correct and complete before you approve and sign them.
15. To enable us to carry out our work you agree:
 - a) that all returns are to be made on the basis of full disclosure;
 - b) to provide full information necessary for dealing with your CIS scheme affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) To agree with us the names of the persons authorised by you to notify us of changes in sub contractors and in rates of pay. We will process the changes only if notified by that/those individuals;
 - d) to advise us in writing of changes of scheme pay dates;

- e) to notify us at least 4 working days prior to the scheme date of all transactions or events which may need to be reflected in the scheme for the period, including details of:
 - a) all new sub contractors and details of their pay rates
 - b) any changes to the sub contractors bank accounts;
 - f) the Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise; and
 - g) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.
 - h) where we agree to undertake the processing of payments on your behalf we expect the persons named above to take full responsibility for the amounts paid, the dates of payment and for ensuring the necessary funds are available in the account nominated for payment.
16. If the information required to complete the CIS Scheme services set out above is received less than 4 days before the scheme date we will still endeavour to process the scheme to meet the agreed scheme date but we will not be liable for any costs or other losses arising if the scheme is late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.

Fees

- 17. The level of fees will usually be revised annually but may be amended due to changes beyond our control at any time.
- 18. The fees will be billed quarterly and payment of our invoices is due within 30 days from the date of the invoice.
- 19. Any additional work undertaken, such as dealing with queries from sub-contractors, arranging for payment via BACS system or advising on the tax liability relating to various payments, will be charged on the basis of the time spent on your affairs and the responsibility undertaken, by the partners and staff of this firm, and will be invoiced as described above.
- 20. Charges arising due to an increase or decrease in the number of sub-contractors or for similar reasons will be invoiced in the month in which these arise.

Companies Tax - Groups and Consortia

Recurring compliance work

- 1. We will prepare the company's corporate tax self-assessment (CTSA) return. After obtaining approval and signature of an authorised nominated director, we will submit it to HM Revenue & Customs (HMRC).
- 2. We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf.
- 3. We will tell you how much tax the company should pay and when. If appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.
- 4. We will inform you if instalment payments of corporation tax are due for an accounting period and the dates they are payable. We will calculate the quarterly instalments which should be made on the basis of information supplied by you by the date agreed.
- 5. We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

Ad hoc and advisory work

- 1. We will also provide other such taxation advisory and ad hoc services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - 2. advising you when corporation tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid
 - 3. dealing with any enquiry opened into the company's tax return by HMRC.
 - 4. preparing any amended returns which may be required and corresponding with HMRC as necessary
 - 5. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.
 - 6. Please note that we do not provide any advice in respect of overseas tax matters.

Your responsibilities

1. The Directors, on behalf of the company, are legally responsible for:
 - a) ensuring that the CTSA return is correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
2. The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are complete before he/she approves and signs them.
3. To enable us to carry out our work the Directors agree:
 - a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
 - d) to provide us with information in sufficient time for the company's CTSA return to be completed and submitted by the due date of 12 months following the end of the accounts period. In order that we can do this we need to receive all relevant information by 8 months after the end of the accounts period. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing;
 - e) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment. This information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
 - f) to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write offs authorised at least within three months of the end of the relevant accounting period.
4. The Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
5. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
6. The work carried out within this engagement will be in respect of the company's tax affairs. Any work to be carried out for the directors on a personal basis will be set out in a separate letter of engagement.
7. You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If the company exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the Company's liability to be VAT registered we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.
8. Our services as set out above are subject to the limitations on our liability set out in the engagement letter and in paragraph 23 of our standard terms and conditions of Business.

Groups and consortia

1. In relation to groups and consortia of which your company is a member, and in respect of which you have instructed us to act; we will provide the following additional services:
 - a) We will advise on the tax treatment of intra-group payments of dividends, charges and interest.
 - b) We will advise on the eligibility of companies to make elections in relation to such payments.
 - c) We will prepare and submit to HMRC elections relating to intra-group payments of dividends, charges and interest.
 - d) We will deal with all communications relating to elections addressed to us from HMRC.
 - e) Where instructed, in respect of claims for group and consortium relief:

- i) We will advise as required on claims for group and consortium relief and the interaction with other reliefs.
- ii) We will prepare and submit to HMRC appropriate claims.
- iii) We will adjust corporation tax computations and returns to reflect the surrender and receipt of group and consortium reliefs.
- iv) We will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group.

Due Diligence

Proposed purchase

1. You have asked us to undertake the following activities in connection with the proposed purchase.
 - a) Provide a brief report on the nature of the business and its historical development, including a description of the current management and the current organisational structure of the business.
 - b) Ascertain and evaluate the management's plans for future development of the business.
 - c) Assess the adequacy of the accounting systems (including internal controls) and the quality and reliability of the financial information produced.
 - d) Consider whether accounting policies:
 - i. Comply with accepted accounting principles and company law requirements;
 - ii. Have been consistently applied during the period under review;
 - iii. Are appropriate to the business.
 - e) Review the company's management accounts for the period as agreed and comment on factors underlying the results which appear to be significant, identifying any points considered to be critical to the performance of the business.
 - f) Review the company's audited results for the years agreed and comment on any factors considered to be critical to the performance of the business.
 - g) Review the cash flow projections and profit forecasts for the period agreed and comment on any significant factors arising.
 - h) Assess the sensitivity of the cash flow projections and profit forecasts to risks arising from the underlying assumptions.
 - i) Assess any evident potential liabilities found during our investigations.
 - j) Assess the need for future investment or other potential costs to comply with current and pending regulatory requirements.
 - k) Review past levels of insurance cover and assess likely future requirements.
 - l) Review the adequacy of the pension arrangements and likely future funding levels.
 - m) Analyse the employee profile.

Our service to you

2. We will issue a brief report on the matters we have agreed in section 1 of this schedule of services. If we have been unable to obtain necessary information or explanations or have had to rely on explanations or assumptions, we will comment on these in our report.
3. The intended user of the report is as agreed. The report will be addressed to them.
4. You agree not to submit the report to any third party without our prior written approval duly signed by Lynn Pridmore.

Basis of report

5. Other than as specifically set out in this schedule we will not carry out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information is to be extracted for the purpose of providing you with our report

Investigations by HMRC

1. We will act on your behalf in the matter of the current investigation by HMRC.
2. Where required we will prepare a report on your behalf giving full disclosure of your tax affairs and once agreed by you submit it to HMRC.

3. We will negotiate with HMRC on any question of taxation, interest and penalties. The outcome of some income tax enquiries may be related to or impact on claims to tax credits. We will not address the tax credits issues unless we have explicitly agreed to do so.
4. We must make it clear that if at any time we consider that you are unwilling or indeed refuse to make full disclosure, then we must immediately cease to act and inform HMRC of that fact (albeit not the reasons for ceasing to act). In that event any fees you have already paid will not be reimbursed and any unbilled costs would be your liability.
5. Where specialist advice is required in connection with the investigation we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

6. To enable us to carry out our work in relation to the investigation you agree
 - a) that all information to be given to HMRC in the course of the investigation are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide full information necessary for dealing with the investigation;
 - c) to authorise us to communicate with such third parties as may be appropriate that we consider necessary to deal with the investigation;
 - d) to provide information promptly to enable us to deal with the investigation expeditiously and to act in your interests in order to qualify for such reduction as may be appropriate for the cause of the error and the level of disclosure if there are tax liabilities or penalties for earlier years;
 - e) to forward to us on receipt copies of all HMRC correspondence, statements of account, PAYE coding notices, notices of assessment, letters and other communications received from HMRC as may be relevant to the investigation and to enable us to deal with them as may be necessary immediately upon receipt. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication;
 - f) to keep us informed about significant changes in your circumstances if they are likely to affect the outcome of the investigation. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise; and
 - g) to notify us immediately of any insurance cover you have for enquiries into your tax returns by HMRC.

Inward investment into the business

1. We will provide tax and other advisory services in relation to the inward investment into your business as follows:
 - a) Reformatting accounts to suit investor.
 - b) Collating information for the Investor as required in Due Diligence.
 - c) Dealing with queries in relation to contractual matters.
 - d) Requesting clearance on behalf of the existing company shareholders from HMRC.
 - e) Overall care and advice in respect of the transaction.
2. We may issue reports on the items set out above. If we have been unable to obtain necessary information or explanations or have had to rely on explanations or assumptions, we will comment on these in our reports/correspondence.
3. The intended user of the report is the directors. The report will be addressed to the Directors.
4. You agree not to submit the report to any third party without our prior written approval duly signed by Lynn Pridmore.
5. Our services may include telephone conversations, attendance at meetings and written advice as and when requested by you.
6. We will not be responsible for the provision of any tax compliance services, unless covered by a separate engagement letter or another Schedule to this letter.
7. Where additional expertise is required we may need to seek this from or refer you to another specialist.
Overseas tax matters
8. We do not provide any advice in respect of overseas tax matters and will not accept liability for any comment we may make in this regard.

Your responsibilities

9. You agree to provide full information necessary for us to advise in relation to your affairs. We will rely on the information and documents being true, correct and complete and will not audit the information or those documents.
10. If you require tax advice in relation to a proposed transaction we recommend that you instruct us sufficiently in advance so that we have time to give properly considered advice prior to the transaction taking place.

11. You agree to authorise us to approach such third parties as may be appropriate for information that we consider necessary to provide the advice.
12. You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

Limitations

13. Other than as specifically set out in this schedule we will not carry out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information is to be extracted for the purpose of providing you with our report.

Limited Liability Partnerships

Your responsibility to us

1. The advice that we give can only be as good as the information upon which it is based. Insofar as that information is provided by you, or by third parties with your permission, your responsibility arises as soon as possible if any circumstances or facts alter as any alteration may have a significant impact on the advice given. If the circumstances change therefore or your needs alter, advise us of the alteration as soon as possible in writing

Responsibilities

2. As members, you are required by statute to prepare accounts (financial statements) for each financial year which give a true and fair view of the state of affairs of the LLP and of its profit or loss for that period. In preparing those accounts you must:
 - a) Select suitable accounting policies and then apply them consistently;
 - b) Make judgements and estimates that are reasonable and prudent; and
 - c) Prepare the accounts on the going concern basis unless it is not appropriate to presume that the partnership will continue in business.
3. It is your responsibility to keep proper accounting records which disclose with reasonable accuracy at any particular time the financial position of the LLP. It is also your responsibility to safeguard the assets of the LLP and for taking reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.
4. You are responsible for determining whether, in respect of the year concerned, the LLP meets the conditions for exemption from an audit set out in the Limited Liability Partnership Regulations 2001.
5. You are also responsible for making available to us, as and when required, all the LLP's accounting records and all other relevant records and related information, including minutes of members' meetings.
6. You will also be responsible for:
 - a) Maintaining records of all receipts and payments of cash;
 - b) Maintaining records of invoices issued and received;
 - c) Reconciling balances monthly/annually with the bank statements;
 - d) Preparing details of the following at the year end:
 - e) stocks and work in progress;
 - f) fixed assets;
 - g) amounts owing to suppliers;
 - h) amounts owing by customers; and
 - i) accruals and prepayments.
7. Our work will not be an audit of the accounts in accordance with International Auditing Standards. Accordingly we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error.
8. As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.
9. We have a professional duty to compile accounts that conform with generally accepted accounting principles. The accounts of an LLP are required to comply with the disclosure requirements of the Limited Liability Partnership Act 2000, Limited Liability Partnership Regulations 2001, Statement of Recommended Practice and Companies Act 2006 and applicable Accounting Standards. Where we identify that the accounts do not conform to accepted accounting principles or standards we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.

10. Should you instruct us to carry out any alternative report it will be necessary for us to issue a separate letter of engagement.

Our service to you

11. We will not be carrying out any audit work as part of this assignment and accordingly will not verify the assets and liabilities of the LLP, nor the items of expenditure and income. To carry out an audit would entail additional work to comply with International Standards on Auditing so that we could report on the truth and fairness of the financial statements. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.
12. If an audit of the accounts is required, you will need to notify us in writing. Should our work indicate that the partnership is not entitled to exemption from an audit of the accounts, we will inform you. If we decide to undertake an audit assignment at your request, a separate engagement letter will be required.
13. To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.
14. The intended users of the report are the members. The report will be addressed to the members.
15. Once we have issued our report we have no further direct responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.

Management Accounts

Responsibilities

1. You are responsible for providing us with the necessary information and prime records for the preparation of the management accounts including, where applicable:
 - a) Sales invoices and sales reports including all sales income for the month split between each branch and analysed between sales categories;
 - b) Purchase invoices;
 - c) Bank statements; Credit card statements; Loan account statements;
 - d) Details of bank and cash payments;
 - e) Details of bank and cash receipts;
 - f) Stock and work-in-progress details;
 - g) Access to your accounting records;
 - h) Details of cash balances held;
 - i) Copies of HP Agreements, Factoring Agreements and similar finance agreements undertaken;
 - j) Wages records completed by yourselves. Information on employees pay rates, hours worked and any other information necessary for us to calculate employees wages on your behalf as described in a separate schedule of service
2. We have also agreed that you will provide the following:
 1. Monthly records of receipts and payments reconciling the bank control account with the bank statements;
 2. A record of the amounts owed to the business;
 3. A record of amounts owed by the business;
 4. A list of accruals;
 5. A list of prepayments.
3. Where you give us access to your computer system in order to retrieve information to enable us to review your management accounts, we will not amend any of your figures or data unless given explicit instructions to do so. You are fully licensed and these licences must allow us to access your system. We maintain anti-virus software and other firewalls.

Our service to you

4. We will prepare from the information and explanations provided by you, your management accounts for the relevant period.
5. We shall enter the information into the accounting records and prepare management reports from the above information and shall not enquire into the existence of documentation not brought to our attention.
6. The accounts or reports prepared will include the following adjustments as appropriate and by prior agreement:
 - a) Stock amounts adjusted each period on the basis of a best estimate, this will be an approximation only of the stock held as it will not necessarily account for shrinkage, transfers between branches or errors in sales or purchase figures.
 - b) Expenditure paid in advance will be adjusted for wherever this amounts to a significant figure. If made known to us we will also accrue for expenditure due but not invoiced until after date.

- c) We will adjust for items known at the previous year such as loan and Hire Purchase interest. Where new loans are taken out we will adjust for them as soon as is practicable.
 - d) We will adjust for the effect of the reduction in value of fixed assets via a monthly or quarterly depreciation charge.
7. We will not carry out any audit work as part of this assignment. To carry out an audit would entail additional work so that we could report on the truth and fairness of the accounts.
 8. As is normal for management accounts they will not necessarily be prepared in accordance with Companies Act requirements or generally accepted accounting principles and will not therefore demonstrate a true and fair view of the state of affairs of the business. Additional adjustments will be required at the year-end in order to bring the figures into line with these requirements.
 9. The management accounts are prepared for your internal use within your business. They should not be shown to any other party without our prior agreement.

Partnership Accounts

Responsibilities

1. Our function as accountants is to act as agent on your behalf in preparing the accounts (financial statements) of your partnership. This may involve:
 - a) Writing up your books and records from the information and vouchers provided and preparing draft accounts for your approval; **OR**
 - b) Completing the writing up of your books and records in so far as they are incomplete when presented to us, and preparing from the records the draft accounts for your approval.
2. We have agreed that you will be responsible for, where applicable
 - a) Maintaining records of all receipts and payments of cash;
 - b) Maintaining records of invoices issued and received;
 - c) Reconciling balances monthly/annually with the bank statements;
 - d) Preparing details of the following at the year end:
 - i. stocks and work in progress;
 - ii. fixed assets;
 - iii. amounts owing to creditors;
 - iv. amounts owing by customers; and
 - v. accruals and prepayments.
3. Our report will be based on information gained from yourselves, and we accept no responsibility for any losses arising out of implementing our report. Further, our report requires us to rely substantially upon your representations. Therefore we can accept no responsibility for any losses for issues not covered in our report.
4. As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.
5. We have a professional duty to compile accounts that conform with generally accepted accounting principles. Where we identify that the accounts do not conform to accepted accounting principles we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing.

Our service to you

6. We will not be carrying out any audit work as part of this assignment and accordingly will not verify the assets and liabilities of the partnership, nor the items of expenditure and income. To carry out an audit would entail additional work so that we could report on the truth and fairness of the accounts. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.
7. To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.
8. The intended users of the report are the partners. The report will be addressed to the partners.
9. We will communicate with the partnership at its place of business. Any alteration to these instructions will require notification in writing and agreement by all partners.

Partnership Taxation

Recurring compliance work

1. We will prepare the Partnership self-assessment tax returns and the annual Partnership Statements together with any supplementary pages required from the information and explanations that the Partnership provides to us. After obtaining the approval and signature of the Partner nominated to deal with the Partnership's tax affairs or the precedent acting Partner we will submit these to HM Revenue & Customs (HMRC).

2. We will prepare the Partnership business accounts in accordance with generally accepted accounting practice from the books, accounting records and other information and explanations provided to us on your behalf.
3. We will prepare the income tax and capital gains tax computations based on the Partnership's business accounts for inclusion in the Partnership tax return.
4. If instructed we will provide each partner or their agent with details of the partner's allocations from the return to enable partners to fill in their self-assessment tax returns.
5. We will advise you as to possible tax return related claims and elections arising from information supplied by the Partnership. Where instructed by you we will make such claims and elections in the form and manner required by HMRC.

Ad hoc and advisory work

6. We will also provide other such taxation advisory and ad hoc services as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - dealing with any enquiry opened into the Partnership tax return by HMRC
 - preparing any amended returns which may be required and corresponding with HMRC as necessary
7. Where specialist advice in certain areas is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

8. The Partners are legally responsible for:
 - a) ensuring that the Partnership self-assessment tax returns are correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
9. Taxpayers who sign their returns cannot delegate this legal responsibility to others. The Nominated Partner agrees to check that returns and partnership statements we have prepared for the Partnership are complete before you approve and sign them.
10. To enable us to carry out our work you agree:
 - a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide full information necessary for dealing with the Partnership affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the Partnership affairs; and
 - d) to provide us with information in sufficient time for the Partnership tax return to be completed and submitted by the due date of **31st January**. In order that we can do this, we need to receive all relevant information by **30 September**. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.
11. You will keep us informed of material changes in circumstances that could affect the tax liabilities of the partners including, by way of example, changes in the partners in the Partnership. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
12. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
13. The work carried out within this engagement will be in respect of the Partnership's tax affairs. Any work to be carried out for the individual partners will be set out in a separate letter of engagement.
14. You are responsible for monitoring the Partnership's monthly turnover to establish whether it is liable to register for VAT if it is not already registered. If it exceeds the VAT registration threshold, and wishes us to assist in notifying HMRC of its liability to be VAT registered we will be pleased to assist in the VAT registration process. You should notify us of your

instructions to assist in the VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the VAT registration threshold in force at that time was exceeded. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

Payroll Services – Including Auto Enrolment Calculation where relevant

Initial compliance work

1. We will submit the first Full Payment Submission (FPS) and the Employer Payment Summary (EPS) as necessary online to HMRC after the data to be included therein has been approved by you. (The first FPS must reach HMRC normally on or before the payday for the first payroll run after you are required to make submissions under RTI.)
2. If you are an employer who has more than 250 employees, with a split PAYE scheme or can't make a single FPS submission we will, before your first Full Payment Submission (FPS), submit an Employer Alignment Submission (EAS) online to HMRC after the data to be included therein has been approved by you. (The first FPS must reach HMRC normally on or before the payday for the first payroll run after you are required to make submissions under RTI.)

Recurring compliance work

3. We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:
 - a) Calculating the pay as you earn (PAYE) deductions
 - b) Calculating the employees' National Insurance Contributions (NIC) deductions
 - c) Calculating the employer's NIC liabilities
 - d) Calculating statutory payments, for example, Statutory Sick Pay and/or Statutory Maternity Pay
 - e) Calculating other statutory and non statutory deductions including Pensions Auto Enrolment
 - f) Submitting information to HMRC under RTI for PAYE
 - g) Forwarding Pension details to your Pension Provider
4. We will prepare and **upload or send to you** the following documents for each payroll period at or before the time of payment:
 - a) Payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals
 - b) The data included within each FPS for taxable pay and payrolled benefits for each employee
 - c) A payslip for each employee unless not required
 - d) A P45 for each leaver for their reference
 - e) A report showing your PAYE and NIC liability and due date for payment.
 - f) Pension Deductions made for each employee and all relevant Pension totals.
5. **We will usually request authorisation from you prior to submission of Full Payment Submission (FPS) to HMRC, but if we have not received approval we reserve the right to submit the details by the due date without such approval in order to minimise the fines that may be charged. (FPS must reach HMRC on or before payday)**
6. We will submit when and if required Employer Alignment Submission (EAS), Employer Payment Summary (EPS) and Earlier Year Update (EYU) on the same basis as FPS above.
7. We will prepare and send to you the following documents by the statutory due dates at the end of the payroll year:
 - a) Form P60 for each employee on the payroll at the year end
8. We will deal with any online secure messages sent to us by HMRC in respect of your payroll.
9. We will submit National Insurance Number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.
10. These services will be carried out by us as agents for the employer and, whilst we undertake to process the documentation and information given to us as completely and accurately as possible, we cannot be responsible for the completeness and accuracy of the documentation and information provided to us and the consequent impact on work done by us.
11. The statutory obligations of employers cannot be delegated or sub-contracted to agents and the ultimate responsibility for maintaining adequate payroll records remains with the employer at all times. We would draw your attention to the strict rules and time limits for the submission of PAYE returns; it is therefore essential that we receive full information from you on a prompt basis to enable us to ensure that the returns are made by you by the due dates.
12. It is the responsibility of the employer to advise us of all changes of personnel and the personal circumstances of employees as quickly as possible in order that information may be processed during the correct payroll period. These changes include the addition of new employees, salary increases, changes in PAYE coding, car benefit arrangements, non-statutory additions or deductions and termination of employment. We will not make changes to outstanding data without proper documented authority from you.
13. We are registered under the Data Protection Act 1998 as a computer bureau and we undertake to preserve the security of information required by the Act but the responsibility for the release of information to third parties resides with you as employer. It follows therefore that it is in our mutual interest only to release reports

or information concerning these processed records to persons nominated by the employer. You should inform us in writing of the persons nominated by you to receive information.

14. Any changes in the nominated recipients are to be notified immediately in writing before we will release any information. Unless specifically instructed otherwise all correspondence from us will be marked 'Private and Confidential'.
15. Where we agree to undertake the processing of payments on your behalf we expect the persons named above to take full responsibility for the amounts paid, the dates of payment and for ensuring the necessary funds are available in the account nominated for payment.

Ad hoc and advisory work

16. We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - a) dealing with any enquiry opened into the payroll returns by HMRC
 - b) preparing any amended returns which may be required and corresponding with HMRC as necessary
 - c) Preparing and submitting correcting EPSs for earlier years
 - d) Preparing and submitting an Earlier Year Update (EYU) to correct, after 19 April, any of the year to date totals submitted in your end of year FPS for a previous tax year, in respect of years after you started to send information in real time.
17. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

18. You are legally responsible for:
 - a) Ensuring that your payroll submissions are correct and complete;
 - b) Filing any submissions by the due date; and
 - c) Paying tax and NIC on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
19. Signatories to returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are correct and complete before you approve and sign them.
20. To enable us to carry out our work you agree:
 - a) That all submissions are to be made on the basis of full disclosure;
 - b) To provide full information necessary for dealing with your payroll affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) To agree with us the names of the persons authorised by you to notify us of changes in employees and in rates of pay. We will process the changes only if notified by that/those individuals;
 - d) To advise us in writing of changes of payroll pay dates 4 clear working days prior to the new date or the old date, whichever is earlier.
 - e) To notify us at least 4 clear working days prior to the payroll date of all transactions or events which may need to be reflected in the payroll for the period, including details of:
 - all new employees and details of their remuneration packages
 - all leavers and details of termination arrangements
 - all remuneration changes
 - all pension scheme changes
 - any changes to the employees' bank accounts
 - irregular and/or ad hoc payments and the dates to be paid;
 - g) To ensure you authorise us to submit the returns requested to HMRC before the pay date.
 - h) The Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise; and
 - i) To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs and to maintain data on a third party server.

- j) Where we agree to undertake the processing of payments on your behalf we expect the persons named above to take full responsibility for the amounts paid, the dates of payment and for ensuring the necessary funds are available in the account nominated for payment.

21. If the information required to complete the payroll services set out above is received less than 4 days before the payroll date we will still endeavour to process the payroll to meet the agreed payroll date but we will not be liable for any costs or other losses arising if the payroll is late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.

Fees

22. Our fees for preparing the payroll plus preparing the year-end P60's are revised annually but may be amended due to changes beyond our control at any time.

The fees will be billed either **monthly, quarterly or annually as agreed** and payment of our invoices is due within 30 days from the date of the invoice.

Any additional work undertaken, such as dealing with queries from employees, arranging for payment of wages via BACS system or advising on the tax liability relating to various payments, will be charged on the basis of the time spent on your affairs and the responsibility undertaken, by the partners and staff of this firm, and will be invoiced as described above.

Charges arising due to an increase or decrease in the number of employees or for similar reasons will be invoiced in the month in which these arise.

Pension Scheme - Accounts and Returns

Recurring compliance work

Responsibilities

1. The respective duties of trustees with regard to the accounts are contained in the Trust Deed and the Scheme Rules.
2. It is your duty to obtain audited accounts (financial statements). Such accounts should show a true and fair view of the scheme's financial transactions during the year and of the disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.
3. As the requirement for an audit is contained within the Scheme rules and not Statute the audit is non-statutory. However, in all other respects the audit will be conducted as if it was an audit under the Pensions Act 1995.
4. As trustees of the pension scheme, it is your responsibility to make suitable arrangements to ensure that in the preparation of the accounts for each financial year you:
 - a) Select suitable accounting policies and then apply them consistently; and
 - b) Make judgements and estimates that are reasonable and prudent.
5. It is your responsibility to keep proper accounting records including written records of trustees' meetings in accordance with regulations made under the Pension Schemes Act 1993 and Pensions Act 1995, including The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Scheme Administration Rules). It is also your responsibility to safeguard the assets of the scheme and hence for taking reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.
6. You are also responsible for making available to us, as and when required, all the scheme's books and records and all other relevant records and related information, including minutes of all trustees' meetings. We will require direct access to your accounting records where held by a third party.
7. We confirm that we are Registered Auditors, eligible to conduct audits under the Scheme Administration Regulations. We confirm that we will notify you immediately we become aware of the existence of any conflict of interest to which we are subject in relation to the scheme. The Scheme Administration Regulations require any sponsoring employer to notify trustees of the occurrence of events relating to the employer which they believe to be of material significance to the trustees or managers or professional advisers. You hereby undertake to notify us of matters which may be relevant to the financial affairs of the scheme which have been notified to you by the sponsoring employers or have otherwise come to your attention.
8. Our legal and professional duty is in our report to state whether in our opinion:
 - a) The accounts of the scheme which we have audited give a true and fair view of the financial transactions of the scheme during the scheme year, and of the amount and disposition at the end of the scheme year of the scheme assets and of its liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year and contain the information specified in the Schedule to the Audited Accounts Regulations; and

- b) If applicable, contributions have been paid to the scheme during the scheme year in accordance with the rules of the scheme and recommendations of the actuary.

In forming our opinion, we shall also evaluate the overall adequacy of the presentation of information in the accounts.

- 9. We have a professional duty to report if the accounts do not comply in any material respect with Applicable Accounting Standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider whether:
 - a) The departure is required in order for the accounts to give a true and fair view; and
 - b) Adequate disclosure has been made concerning the departure.
- 10. In addition, the accounts are required to include a statement, as to whether they have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes', published by the Pensions Research Accountants Group. If not, indication in the accounts to where there are material departures should be included. Failure to comply in this respect will require us to qualify our opinion on whether the accounts contain the information specified in the Regulations.
- 11. Our professional responsibilities also include:
 - a) Including in our report a description of the trustees' responsibilities for the accounts, where the accounts or accompanying information do not include such a description; and
 - b) Considering whether other information and documents contained in audited accounts is consistent with those accounts and does not undermine the credibility of the accounts. We shall request sight of all other documents or statements which are due to be issued with the financial statements, however our responsibility in relation to the other information will be limited to that of understanding their implications for the scheme's audited accounts; and
 - c) Reporting to you on a timely basis in respect of any issues, such as material weaknesses in your accounting system, which we feel need to be brought to your attention.
- 12. We have a right under section 70 of the Pensions Act 2004 as an appointed professional adviser to report to the Pensions Regulator if we have reasonable cause to believe that there is or has been some failure to comply with any duty relevant to the administration of the scheme imposed by any enactment or rule of law on:
 - a) The trustees;
 - b) The managers;
 - c) The employer;
 - d) The professional advisers; or
 - e) Any prescribed person acting in connection with the scheme;

and that the failure to comply is likely to be of material significance in the exercise by Pensions Regulator of any of its functions. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.

- 13. You agree to waive your right to confidentiality to the extent of any report made, document produced or information disclosed to the Pensions Regulator even if it may subsequently transpire that we are mistaken in our belief that there was cause for concern.
- 14. Section 70 does not require us to undertake work for the sole purpose of identifying breaches likely to be of material significance to the Pensions Regulator. We shall fulfil our duty under this section in accordance with the requirements and guidance set out in International Standard on Auditing (UK and Ireland) 250 'The Auditors Right and Duty to Report to Regulators in the Financial Sector' and Practice Note 15 (revised) 'The Audit of Occupational Pension Schemes in the United Kingdom.' In considering the need to make a report, we may decide to consult the scheme actuary.

Our service to you

- 15. We will conduct our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
- 16. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.
- 17. In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which come to our notice.

18. Our auditing procedures will be carried out in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained by the company. We will need to obtain sufficient relevant and reliable evidence to enable us to draw reasonable conclusions therefrom. Our work will include examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of the payments.
19. The nature and extent of our tests will vary according to our assessment of the scheme's accounting and internal control systems, and may cover any aspects of the scheme's operations. We are not required to perform tests in connection with or report on:
 - a) The scheme's long-term pension liabilities;
 - b) The trustees' report;
 - c) The investment report; and
 - d) Any other reports accompanying the accounts.In forming our opinion, we shall also evaluate the overall adequacy of the presentation of information in the financial statements.
20. Our audit is not designed to identify all significant weaknesses. However we shall report to management any significant weaknesses in, or observations on, the scheme's systems which come to our notice and which we think should be brought to the trustees' attention. Any such report may not be provided to third parties without our prior written consent. Such consent would be granted only on the basis that such reports are not prepared with the interests of anyone other than the trustees in mind and that we accept no duty or responsibility to any other party as concerns the report. Recommendations for improvements should be assessed by you for their full commercial implications before they are implemented.
21. The responsibility for safeguarding the assets of the pension scheme and for the prevention and detection of fraud, error and non-compliance with law or regulations or breach of trust rests with you. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the accounts resulting from irregularities, fraud or non-compliance with law or regulations or breach of trust. Our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance or breach of trust as may exist.
22. As part of our normal audit procedures, we may request you to provide formal representations concerning certain information and explanations we have received from you and other scheme personnel during the course of our audit.
23. In order to assist us with a review of your accounts, which constitutes part of our audit, we will request sight of any documents or statements which will be issued with the accounts.
24. In order to carry out our duties as auditors, we may need to consult with the scheme actuary or other actuarial adviser appointed by you. You hereby authorise us to communicate directly with these advisers for the purposes of performing our duties as auditors.
25. The intended users of the report are the trustees. The report will be addressed to the trustees.
26. Once we have issued our report we have no further direct responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the completion of our work.
27. Information and explanations from the scheme's personnel are an important part of our audit evidence. In order to avoid any misunderstanding and as part of our normal audit procedures, we may request you to provide written confirmation of certain oral representations which we have received from trustees or your personnel during the course of the audit on matters having a material effect on the financial statements.
28. The Scheme Administration Regulations also require employers and their auditors or actuaries to furnish you on request with such information as is reasonably required for the performance of our duties as scheme auditors and the Regulations require you in turn to disclose such information to us. In this context, we may require written confirmation of certain matters from scheme employers and their auditors.
29. In order to carry out our duties as scheme auditors, we may need to consult with the scheme actuary or other actuarial adviser appointed by you. You hereby authorise us to communicate directly with such persons for the purposes of performing our duties as scheme auditors.
30. The responsibility for safeguarding the assets of the scheme and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with yourself. However, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements (including those resulting from fraud, error, non-compliance with law or regulations or breaches of trust), but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance or breaches of trust as may exist.

31. Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year.

Pension Scheme Accounts Only

Recurring compliance work

1. We will maintain the accounting records of the Pension Scheme/S.I.P.P. on your behalf from the information and explanations provided to us on your behalf for the purposes of preparing the annual accounts.
2. We will prepare the income and expenditure and capital accounts of the Pension Scheme/SIPP in accordance with generally accepted accounting practice from the accounting records and other information and explanations provided by you and will obtain your approval of the accounts.
3. We will transfer the above information to the Pensioner Trustee for them to prepare the Pension Scheme/SIPP tax returns and deal with HMRC and any other statutory returns required.

Ad hoc and advisory work

4. We will provide other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - advising you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment
 - advising on ad hoc transactions for example the sale of assets held by the Pension Scheme/SIPP
 - dealing with any enquiry opened into the Pension Scheme/SIPP's tax return by HMRC.
5. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

6. As Trustees you have legal responsibility for:
 - a) ensuring that the Pension Scheme/SIPP's self assessment tax returns are correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharge and/or interest.
9. To enable us to carry out our work you agree:
 - a) that all accounts are to be prepared on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide all information necessary for dealing with the Pension Scheme/SIPP's affairs: we will rely on the information being true, correct and complete and will not audit the information;
 - c) to advise us of a disclosure of distributions made within 30 days of such an event;
 - d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the Pension Scheme/SIPP's affairs; and
 - e) to provide us with information in sufficient time for the Pension Scheme/SIPP's accounts to be completed and submitted by the due date of **31st January** following the end of the tax year. In order that we can do this, we need to receive all relevant information by **30 September**. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.
9. You will keep us informed of material changes in circumstances that could affect the income, capital gains and inheritance tax liabilities of the Pension Scheme/SIPP. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
11. If you carry on a business as Trustees and make supplies for VAT purposes you are responsible for monitoring the monthly turnover to establish whether you are liable to register for VAT. If the VAT registration threshold is exceeded, and you would like us to assist in notifying HMRC of your liability to be VAT registered we will be pleased to assist in the VAT registration process. Please notify us of your instructions to assist with the VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the VAT registration threshold in force at that time was exceeded. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.
12. **You are reminded that it is your responsibility to regularly review the Pension Scheme/SIPP investments and to have a clear investment policy.**

Pension Scheme- Taxation

Recurring compliance work

1. We will prepare the Pension Scheme tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your approval and signature we will submit your returns to HM Revenue & Customs (HMRC).
2. We will maintain the accounting records of the Pension Scheme on your behalf from the information and explanations provided to us on your behalf for the purposes of preparing the annual accounts and tax returns.
3. We will prepare the income and expenditure and capital accounts of the Pension Scheme in accordance with generally accepted accounting practice from the accounting records and other information and explanations provided by you and will obtain your approval of the accounts.
4. We will calculate your income tax and capital gains tax liabilities arising from the Pension Scheme and will advise you how much you should pay and when. We will advise you on the interest, penalty and surcharge implications if tax is paid late. We will also check HMRC's calculation of the income tax liabilities and initiate repayment claims if tax has been overpaid.
5. We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you we will make such claims and elections in the form and manner required by HMRC.
6. Where the terms of the Scheme trust deed require income or capital payments to be made to the beneficiaries, we will assist you in preparing all necessary forms relating to such payment.

Ad hoc and advisory work

7. We will provide other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - advising you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment
 - advising on ad hoc transactions (for example the sale of assets held by the scheme) preparing the additional supplementary pages to the Pension Scheme's tax return and calculating any related liabilities
 - dealing with any enquiry opened into the Pension Scheme's tax return by HMRC.
 - preparing any amended returns which may be required and corresponding with HMRC as necessary.
8. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

9. As Trustees you have legal responsibility for:
 - a) ensuring that the Pension Scheme's self assessment tax returns are correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharge and/or interest.
 - d) Taxpayers who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared are complete before you approve and sign them.
10. To enable us to carry out our work you agree:
 - a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide all information necessary for dealing with the Pension Scheme's taxation affairs: we will rely on the information being true, correct and complete and will not audit the information;
 - c) to advise us of a disclosure of distributions made within 30 days of such an event;
 - d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the Pension Scheme's taxation affairs; and
 - e) to provide us with information in sufficient time for the Pension Scheme's return to be completed and submitted by the due date of **31st January** following the end of the tax year. In order that we can do this, we need to receive all relevant information by **30 September**. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.
11. You will keep us informed of material changes in circumstances that could affect the income, capital gains and inheritance tax liabilities of the Pension Scheme. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

12. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC by you in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
13. If you carry on a business as Trustees and make supplies for VAT purposes you are responsible for monitoring the monthly turnover to establish whether you are liable to register for VAT. If the VAT registration threshold is exceeded, and you would like us to assist in notifying HMRC of your liability to be VAT registered we will be pleased to assist in the VAT registration process. Please notify us of your instructions to assist with the VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the VAT registration threshold in force at that time was exceeded. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

Pension Scheme Occupational Scheme Audit

Recurring compliance work

Responsibilities

1. The respective statutory duties of trustees and scheme auditors in regard to accounts (financial statements) and audit are contained in The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 (the Audited Accounts Regulations).
2. In summary under Regulation 2 of the Audited Accounts Regulations it is your duty to obtain audited accounts (financial statements) within 7 months of the end of the scheme year. Such financial statements should:
 - a) Contain the information specified in the Schedule to the Audited Accounts Regulations; and
 - b) Show a true and fair view the scheme's financial transactions during the year and of the disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.
3. As trustees of the pension scheme, it is your responsibility to make suitable arrangements to ensure that in the preparation of the accounts for each financial year you:
 - a) Select suitable accounting policies and then apply them consistently; and
 - b) Make judgements and estimates that are reasonable and prudent.
4. It is your responsibility to keep proper accounting records including written records of trustees' meetings in accordance with regulations made under the Pension Schemes Act 1993 and Pensions Act 1995, including The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Scheme Administration Regulations). It is also your responsibility to safeguard the assets of the scheme and hence for taking reasonable steps for the prevention of and detection of fraud, errors or non-compliance with law or regulations.
5. You are also responsible for making available to us, as and when required, all the scheme's books and records and all other relevant records and related information, including minutes of all trustees' meetings. Where your accounting records are kept by a third party we shall require direct access to these records.
6. The Scheme Administration Regulations require any sponsoring employer to notify trustees of the occurrence of events relating to the employer which they believe to be of material significance to the trustees or managers or professional advisers. You hereby undertake to notify us of matters that may be relevant to the financial affairs of the scheme that have been notified to you by the sponsoring employers or have otherwise come to your attention.
7. We confirm that we are Registered Auditors, eligible to conduct audits under the Scheme Administration Regulations. We confirm that we will notify you immediately we become aware of the existence of any conflict of interest to which we are subject in relation to the scheme.
8. Our legal and professional duty in our report is to state whether in our opinion:
 - a) The accounts of the scheme presented to us, which we have audited give a true and fair view of the financial transactions of the scheme during the scheme year, and of the amount and disposition at the end of the scheme year of the scheme assets and its liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and contain the information specified in the Schedule to the Audited Accounts Regulations;
 - b) Contributions have been paid to the scheme during the scheme year in accordance with the schedule of contributions/payment schedule and with the rules of the scheme and the recommendations of the actuary
9. We have a professional duty to report if the accounts do not comply in any material respect with Applicable Accounting Standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider whether:

- a) The departure is required in order for the accounts to give a true and fair view; and
 - b) Adequate disclosure has been made concerning the departure.
10. In addition under the Audited Accounts Regulations, the accounts are required to include a statement, as to whether they have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes', published by the Pensions Research Accountants Group. If not, an indication in the accounts to where there are material departures should be included. Failure to comply in this respect will require us to qualify our opinion on whether the accounts contain the information specified in the Regulations.
11. Our professional responsibilities also include:
- a) Including in our report a description of the trustees' responsibilities for the accounts, where the accounts or accompanying information do not include such description; and
 - b) Considering whether other information and documents contained in audited accounts are consistent with those accounts and do not undermine the credibility of the accounts. In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements which are due to be issued with the financial statements. However, our responsibility in relation to any statements, certificates or reports by the scheme's actuary, or by other scheme advisers, issued with the audited financial statements is limited to that of understanding their implications for the scheme's financial statements; and
 - c) Reporting to you on a timely basis in respect of any issues, such as material weaknesses in your accounting system, which we feel need to be brought to your attention.
12. We have a duty under section 70 of the Pensions Act 2004 to report to the Pensions Regulator if we have reasonable cause to believe that there is or has been some failure to comply with any duty relevant to the administration of the scheme imposed by any enactment or rule of law on:
- a) The trustees;
 - b) The managers;
 - c) The employer;
 - d) The professional advisers; or
 - e) Any prescribed person acting in connection with the scheme;
- and that the failure to comply is likely to be of material significance in the exercise by the Pensions Regulator of any of its functions. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.
13. Section 70 does not require us to undertake work for the sole purpose of identifying breaches likely to be of material significance to the Pensions Regulator. We shall fulfil our duty under this section in accordance with the requirements and guidance set out in International Standard on Auditing (UK and Ireland) 250 'The Auditors Right and Duty to Report to Regulators in the Financial Sector' and Practice Note 15 (revised) 'The Audit of Occupational Pension Schemes in the United Kingdom'. In considering the need to make a report, we may need to decide to consult the scheme actuary.
14. You agree to waive your right to confidentiality to the extent of any report made, document produced or information disclosed to the Pensions Regulator even if it may subsequently transpire that we are mistaken in our belief that there was cause for concern.

Our service to you

15. We will conduct our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
16. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.
17. In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which come to our notice.
18. Our auditing procedures will be carried out in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the accounts and to establish whether proper accounting records have been maintained by the scheme. We will need to obtain sufficient relevant and reliable evidence to enable us to draw reasonable conclusions therefrom

19. The nature and extent of our tests will vary according to our assessment of the scheme's accounting and internal control systems, and may cover any aspects of the scheme's operations. We are not required to perform tests in connection with or report on:
 - a) The scheme's long-term pension liabilities;
 - b) The trustees' report;
 - c) The investment report; and
 - d) Any other reports accompanying the accounts.
 In forming our opinion, we shall also evaluate the overall adequacy of the presentation of information in the financial statements.
20. Our audit is not designed to identify all significant weaknesses. However, we shall report to management any significant weaknesses in, or observations on, the scheme's systems which come to our notice and which we think should be brought to the trustees' attention. Any such report may not be provided to third parties without our prior written consent. Recommendations for improvements should be assessed by you for their full commercial implications before they are implemented. Such consent would be granted only on the basis that such reports are not prepared with the interests of anyone other than the trustees in mind and that we accept no duty or responsibility to any other party as concerns the report.
21. The responsibility for safeguarding the assets of the pension scheme and for the prevention and detection of fraud, error and non-compliance with law or regulations or breach of trust rests with you. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the accounts resulting from irregularities, fraud or non-compliance with law or regulations or breach of trust. Our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance or breach of trust as may exist.
22. As part of our normal audit procedures, we may request you to provide formal representations concerning certain information and explanations we have received from you and other scheme personnel during the course of our audit.
23. In order to assist us with a review of your accounts, which constitutes part of our audit, we will request sight of any documents or statements which will be issued with the accounts.
24. In order to carry out our duties as scheme auditors, we may need to consult with the scheme actuary or other actuarial adviser appointed by you. You hereby authorise us to communicate directly with these advisers for the purposes of performing our duties as scheme auditors.
25. The intended users of the report are the trustees. The report will be addressed to the trustees.
26. Once we have issued our report we have no further direct responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the completion of our work.
27. Our work will include examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of these payments.
28. The Scheme Administration Regulations also require employers and their auditors or actuaries to furnish you on request with such information as is reasonably required for the performance of our duties as Scheme auditors and the Regulations require you in turn to disclose such information to us. In this context, we may require written confirmation of certain matters from scheme employers and their auditors.
29. We shall not be treated as having notice, for the purpose of our responsibilities as scheme auditors, of information provided to partners and staff of our firm other than those engaged on the current audit.

Personal Tax – individuals and couples
Recurring compliance work

1. We will prepare your self assessment tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your approval and signature, we will submit your returns to HM Revenue & Customs (HMRC). We may submit these either by post or more normally online using HMRC's secure gateway.
2. Where you have rental income we will prepare your accounts in accordance with generally accepted accounting practice from the books, accounting records and other information and explanations provided to us on your behalf.
3. We will calculate your income tax, national insurance contributions (NIC) and any capital gains tax liabilities and tell you how much you should pay and when. We will advise on the interest, penalty and surcharge implications if tax or NIC is paid late. We will also check HMRC's calculation of your tax and NIC liabilities and initiate repayment claims if tax or NIC has been overpaid.

4. Other than with regard to tax credits (see below) we will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC
5. We will review PAYE notices of coding provided to us and advise accordingly.

Ad hoc and advisory work

6. We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - a) advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities
 - b) dealing with any enquiry opened into your tax return by HMRC
 - c) preparing any amended returns which may be required and corresponding with HMRC as necessary
 - d) advising on the rules relating to and assisting with VAT registration
7. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Tax Credits

8. If we agree to advise you on tax credits we will issue a separate letter or schedule to cover this area. Tax credits are, in effect, a social security benefit. Your entitlement or otherwise will depend not only on your own circumstances but also those of your household and we would require all relevant information to advise in this regard.

Your responsibilities

9. You are legally responsible for:
 - a) ensuring that your self-assessment tax returns are correct and complete;
 - b) filing any returns by the due date; and
 - c) Making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.

Taxpayers who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are complete before you approve and sign them.

10. To enable us to carry out our work you agree:
 - a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide full information necessary for dealing with your affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
 - d) to provide us with information in sufficient time for your tax return to be completed and submitted by the due date following the end of the tax year. In order that we can do this, we need to receive all relevant information by 30th November following the end of the tax year. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.
11. You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
12. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
13. You are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability to be VAT registered we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

You and your spouse/partner

14. We shall advise you and your spouse/partner on the basis that you are a family unit. You both agree that in all matters relating to your or your spouse's/partner's tax and financial affairs, we may deal directly with either of you and we may discuss with either of you the tax liabilities and/or financial affairs of the other. If you wish to make any change in these arrangements at any time, please let us know.

Fees

15. Where we invoice anyone other than yourself (for example a Company of which you are a director) for our fees, they will primarily be responsible for the sums due. In the event of default we expect you to personally guarantee the sums due, in respect of your personal tax work only

Specialist Tax Advisory services in relation to a specific project

1. We will issue a brief report on the work undertaken in accordance with the terms set out above. If we have been unable to obtain necessary information or explanations or have had to rely on explanations or assumptions, we will comment on these in our report.
2. The intended user of the report is as agreed. The report will be addressed to them.
3. You agree not to submit the report to any third party without our prior written approval duly signed by Lynn Pridmore.
4. Our services may include telephone conversations, attendance at meetings and written advice as and when requested by you.
5. We will not be responsible for the provision of any tax compliance services, unless covered by a separate engagement letter or another Schedule to this letter.
6. Where additional expertise is required we may need to seek this from or refer you to another specialist.

Your responsibilities

7. You agree to provide full information necessary for us to advise in relation to your affairs. We will rely on the information and documents being true, correct and complete and will not audit the information or those documents.
8. If you require tax advice in relation to a proposed transaction we recommend that you instruct us sufficiently in advance so that we have time to give properly considered advice prior to the transaction taking place.
9. You agree to authorise us to approach such third parties as may be appropriate for information that we consider necessary to provide the advice.
10. You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
11. Other than as specifically set out in this schedule we will not carry out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information is to be extracted for the purposes of providing you with our report.

Tax Advisory services in respect of property development/property rental.

1. We will provide tax advisory services in relation as follows:
 - a) Investment of funds in order to assist the development/investment in property is done in a tax efficient manner.
 - b) Best vehicle for undertaking the development/confirm investment in property whether personal, company or pension fund.
 - c) Advice regarding the implementation of any planning undertaken.
2. We will issue a brief report on the work undertaken in accordance with the terms set out above. If we have been unable to obtain necessary information or explanations or have had to rely on explanations or assumptions, we will comment on these in our report.
3. The intended user of the report is the directors. The report will be addressed to the directors.
4. You agree not to submit the report to any third party without our prior written approval duly signed by Lynn Pridmore.
5. Our services may include telephone conversations, attendance at meetings and written advice as and when requested by you.

6. We will not be responsible for the provision of any tax compliance services, unless covered by a separate engagement letter or another Schedule to this letter.
7. Where additional expertise is required we may need to seek this from or refer you to another specialist.

Your responsibilities

8. You agree to provide full information necessary for us to advise in relation to your affairs. We will rely on the information and documents being true, correct and complete and will not audit the information or those documents.
9. If you require tax advice in relation to a proposed transaction we recommend that you instruct us sufficiently in advance so that we have time to give properly considered advice prior to the transaction taking place.
10. You agree to authorise us to approach such third parties as may be appropriate for information that we consider necessary to provide the advice.
11. You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

Limitations

12. Other than as specifically set out in this schedule we will not carry out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information is to be extracted for the purposes of providing you with our report.

Sale of Business

1. We will provide tax and other advisory services in relation to the sale of your business as follows:
 - a) Formatting accounts information to fit Purchasers/Financer needs.
 - b) Collating information for the Purchaser/Financer as required
 - c) Advice relating to the disposal of the properties owned by the business.
 - d) Advice relating to the structure of the group and its component parts.
 - e) Advice relating to the potential proposal of the business.
 - f) The above may include a valuation of the business which will be based on our best estimates. The price paid by any potential purchaser will be based on their own valuations dependant on business case. The individual assets will not be valued by us.
2. We may issue reports in accordance with the terms set out above. If we have been unable to obtain necessary information or explanations or have had to rely on explanations or assumptions, we will comment on these in our reports/correspondence.
3. The intended user of the report is the directors. The report will be addressed to the Directors.
4. You agree not to submit the report to any third party without our prior written approval duly signed by Lynn Pridmore.
5. Our services may include telephone conversations, attendance at meetings and written advice as and when requested by you.
6. We will not be responsible for the provision of any tax compliance services, unless specifically mentioned in the engagement letter
7. Where additional expertise is required we may need to seek this from or refer you to another specialist.

Your responsibilities

8. You agree to provide full information necessary for us to advise in relation to your affairs. We will rely on the information and documents being true, correct and complete and will not audit the information or those documents.
9. If you require tax advice in relation to a proposed transaction we recommend that you instruct us sufficiently in advance so that we have time to give properly considered advice prior to the transaction taking place
10. You agree to authorise us to approach such third parties as may be appropriate for information that we consider necessary to provide the advice.
11. You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

Limitations

12. Other than as specifically set out in this schedule we will not carry out any work by way of audit, review or verification of the financial information nor of the management accounts, accounting records or other sources from which that information is to be extracted for the purpose of providing you with our report.

Sole Trader/Rental income Accounts

Responsibilities

1. Our function as accountants is to act as agent on your behalf in preparing the accounts (financial statements) of your rental income/sole trader business. This involves:
 - a) Writing up your books and records from the information and vouchers provided and preparing draft financial statements for your approval;
 - b) **OR** Completing the writing up of your books and records in so far as they are incomplete when presented to us, and preparing from the records the draft financial statements for your approval.
2. We have agreed that you will be responsible, where applicable, for:
 - a) Maintaining records of all receipts and payments of cash;
 - b) Maintaining records of invoices issued and received;
 - c) Reconciling balances monthly/annually with the bank statements;
 - d) Preparing details of the following at the year-end:
 - stocks and work in progress;
 - fixed assets;
 - amounts owing to creditors;
 - amounts owing by customers; and
 - accruals and prepayments.
3. Our report will be based on information gained from yourselves, and we accept no responsibility for any losses arising out of implementing our report. Further, our report requires us to rely substantially upon your representations. Therefore we can accept no responsibility for any losses for issues not addressed in our report.
4. As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.

Our service to you

5. We will not be carrying out any audit work as part of this assignment and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would entail additional work so that we could report on the truth and fairness of the accounts. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.
6. We have a professional duty to compile accounts that conform with generally accepted accounting principles. Where we identify that the accounts do not conform to accepted accounting principles we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing.
7. To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.
8. The intended user of the report is the proprietor. The report will be addressed to the proprietor.

Solicitor's - Reporting Accountant Solicitor's Accounts Rules

Recurring compliance work

Responsibilities – SRA Accounts Rules 2011

1. We are required, in compliance with Section 34 of the Solicitors Act 1974 and part F of the SRA Accounts Rules 2011 to report to the Solicitors' Regulation Authority (SRA) whether, in our opinion, you have complied with Parts A and D of the SRA Accounts Rules 2011.
2. In order to meet these requirements, we will undertake whatever tests and examinations of your records we consider necessary. Part F of the SRA Rules 2011 requires us to carry out certain specific tests, including:
 - a) obtaining details of all bank and building society accounts;
 - b) examining the client account bank reconciliations;

- c) examining the bookkeeping system to ensure that it complies with Rules 29 and 30 of the SRA Accounts Rules 2011;
 - d) reviewing the transactions recorded in the bank statements, client cash book and client ledgers to ensure that postings are properly made;
 - e) vouching a selection of transactions to supporting documentation to ensure that receipts and payments are dealt with in accordance with the SRA Accounts Rules 2011;
 - f) reviewing a limited sample of controlled trust files;
 - g) reviewing office accounts for client money and controlled trust money;
 - h) reviewing a sample of interest payments on separate designated client accounts;
 - i) confirming that records are being kept in respect of any appointments as liquidators, trustees in bankruptcy, Court of Protection receivers or trustees of occupational pension schemes; and
 - j) checking that passbooks and statements, or copies thereof, are being kept in respect of joint account and clients' own accounts, together, in the latter case, with cheque details where only copy statements are held.
3. As part of our tests, we will ask to see individual client and controlled trust files. If access is denied on the grounds of confidentiality, we are obliged by the Rules to qualify our report to the SRA, setting out the circumstances.
 4. We will report in the standard form required by the SRA. We will send a copy of the report to one principal on behalf of all solicitors covered by the report. You are responsible for submitting the report to the SRA within six months of the end of the accounting period to which the report relates.
 5. We will comment in our report on any substantial departures from the procedures and guidelines issued by the SRA for accounting for client money and controlled trust money which we find during the course of our work. We do not undertake to discover any shortcomings in your systems or any irregularities in the part of your employees, beyond the work required under Part F of the SRA Accounts Rules 2011. We will advise you of any such circumstances that we encounter during our work.
 6. You are responsible for keeping the accounting records required by the Solicitors' Accounts Rules 1998 and for ensuring that all transactions in client money and controlled trust money are in accordance with those Rules.
 7. In accordance with rule 35 of the SRA Accounts Rules 2011, we are instructed as follows:
 - a) that we must report directly to the SRA without prior reference to you or your firm should we, during the course of carrying out work in preparation of the accountant's report, discover evidence of theft or fraud affecting client money, controlled trust money, or money in a client's own account operated by a solicitor, registered foreign lawyer, or recognised body as signatory; or information which is likely to be of material significance in determining whether any solicitor, registered foreign lawyer or recognised body is a fit and proper person to hold client money or controlled trust money, or to operate a client's own account as signatory;
 - b) to report directly to the SRA should our appointment be terminated following the issue of, or indication of intention to issue, a qualified accountant's report, or following the raising of concerns prior to the preparation of an accountant's report;
 - c) to deliver to you or your firm with our report the completed checklist required by rule 43 of the SRA Accounts Rules 2011; to retain for at least three years from the date of signature a copy of the completed checklist; and to produce the copy to the SRA on request;
 - d) to retain these terms of engagement for at least three years and to produce them to the SRA on request; and
 - e) following any direct report made to the SRA under (a) or (b) above, to provide to the Law Society on request any further relevant information in our possession or in the possession of our firm.
 8. To the extent necessary to enable us to comply with paragraph 1.7 above, you waive your/the firm's right of confidentiality. This waiver extends to any report made, document produced or information disclosed to the SRA in good faith pursuant to these instructions, notwithstanding that it may subsequently transpire that we were mistaken in our belief that there was cause for concern.

Responsibilities

9. You will be responsible for, where applicable:
 - a) Maintaining records of all receipts and payments of cash;
 - b) Maintaining records of invoices issued and received;
 - c) Reconciling balances monthly/annually with the bank statements;
 - d) Extracting a detailed list of ledger balances.

10. Our report will be based on information gained from yourselves, and we accept no responsibility for any losses arising out of implementing our report. Further, our report requires us to rely substantially upon your representations. Therefore we can accept no responsibility for any losses for issues not covered in our report.
11. As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.

Trusts and Estates

Recurring compliance work

1. We will prepare the Trust/Estate's tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your approval and signature we will submit your returns to HM Revenue & Customs (HMRC).
2. We will maintain the accounting records of the Trust/Estate on your behalf from the information and explanations provided to us on your behalf for the purposes of preparing the annual accounts and tax returns.
3. We will prepare the income and expenditure and capital accounts of the Trust/Estate in accordance with generally accepted accounting practice from the accounting records and other information and explanations provided by you and will obtain your approval of the accounts.
4. We will calculate your income tax and capital gains tax liabilities arising from the Trust/Estate and will advise you how much you should pay and when. We will advise you on the interest, penalty and surcharge implications if tax is paid late. We will also check HMRC's calculation of the income tax liabilities and initiate repayment claims if tax has been overpaid.
5. We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you we will make such claims and elections in the form and manner required by HMRC.
6. Where the terms of the Trust/Will require income or capital payments to be made to the beneficiaries, we will assist you in preparing all necessary forms relating to such payment.

Ad hoc and advisory work

7. We will provide other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
 - a) advising you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment
 - b) advising on ad hoc transactions (for example the sale of assets held by the Trust/Estate) preparing the additional supplementary pages to the Trust/Estate's tax return and calculating any related liabilities
 - c) dealing with any enquiry opened into the Trust/Estate's tax return by HMRC.
 - d) preparing any amended returns which may be required and corresponding with HMRC as necessary.
8. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

9. As Trustees you have legal responsibility for:
 - a) ensuring that the Trust/Estate's self-assessment tax returns are correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharge and/or interest.
 - d) Taxpayers who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared are complete before you approve and sign them.
10. To enable us to carry out our work you agree:
 - a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide all information necessary for dealing with the Trust/Estate's taxation affairs: we will rely on the information being true, correct and complete and will not audit the information;
 - c) to advise us of a disclosure of distributions made within 30 days of such an event;
 - d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the Trust/Estate's taxation affairs; and

- e) to provide us with information in sufficient time for the Trust/Estate's return to be completed and submitted by the due date of **31st January** following the end of the tax year. In order that we can do this, we need to receive all relevant information by **30 September**. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.
11. You will keep us informed of material changes in circumstances that could affect the income, capital gains and inheritance tax liabilities of the Trust/Estate. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
12. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC by you in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
13. If you carry on a business as Trustees/Executors and make supplies for VAT purposes you are responsible for monitoring the monthly turnover to establish whether you are liable to register for VAT. If the VAT registration threshold is exceeded, and you would like us to assist in notifying HMRC of your liability to be VAT registered we will be pleased to assist in the VAT registration process. Please notify us of your instructions to assist with the VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the VAT registration threshold in force at that time was exceeded. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.
- 14. You are reminded that under the Trustee Act 2000 it is your responsibility to regularly review the Trust investments and to have a clear investment policy.**

VAT returns

Recurring compliance work

1. We will prepare OR review, as agreed, your monthly/quarterly/annual VAT returns /Intrastat returns/EC Sales lists, as applicable, on the basis of the information and explanations supplied by you. The first such return to be prepared/reviewed by us will be the return for the period specified in the engagement letter
2. We will tell you how much you should pay and when. If appropriate we will initiate repayment claims where tax has been overpaid. We will advise on the interest and penalty implications if VAT is paid late.
3. Where appropriate we will calculate the partial exemption annual adjustment. This annual adjustment will normally be made in the quarter ending either **31 March, 30 April or 31 May**, depending on your VAT quarter ends.
4. Where appropriate we will calculate the annual Capital Goods Scheme adjustment. The adjustment will normally be made in the relevant quarter depending on your interval end date.
5. We will forward to you the completed return calculations for you to review, before you approve the VAT return for onward transmission by you/us to HMRC.
6. If we have agreed with you that, for the purposes of compliance with Making Tax Digital for VAT, we will submit your VAT return using our software then we do not undertake any review of the figures provided by you and accept no responsibility for them being complete and correct.

Ad hoc and advisory services

7. We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for this work when it is commissioned by you. Examples of such work include:
 - a) reviewing and advising a suitable partial exemption method to use in preparing the return
 - b) dealing with all communications relating to your VAT returns/Intrastat returns/EC Sales List returns addressed to us by HMRC or passed to us by you
 - c) making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
 - d) providing you with advice on VAT Excise Duty/Customs Duty/Landfill Tax/Insurance Premium Tax/Aggregates Levy/Climate Change Levy advice as and when requested. Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you
8. Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

9. You are legally responsible for:
 - a) ensuring that your returns are correct and complete;
 - b) filing any returns by the due date; and

- c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
10. The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for you are complete before he/she approves and signs them.
11. To enable us to carry out our work you agree:
- a) that all returns are to be made on the basis of full disclosure;
 - b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared/reviewed solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you provide which may lead to a misdeclaration on which penalties and interest may arise;
 - c) that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
 - d) to provide us with all the records relevant to the preparation of your monthly/quarterly VAT returns as soon as possible after the return period ends. We would ordinarily need a minimum of 10 days before submission to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation/review and submission of the VAT return, we accept no responsibility for any "default surcharge" penalty that may arise. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.
12. You will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
13. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
- 14. You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns which you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.**
15. If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.
16. If EC Sales Lists need to be completed you are responsible for obtaining all of your customers' VAT registration numbers in other member states and to check any that you are not completely satisfied with, with HMRC.