

KEY FACTS FOR SERVICES PROVIDED

All the detailed schedules have been standardised for all our services. Where it is necessary to tailor the schedules to the specific services being provided to you, those details are provided in your cover letter, together on the left hand side with the version date (YYMM) when the detailed schedule was last updated and the relevant paragraph number in the detailed schedule. Each schedule lists the respective responsibilities of you and us.

1 Standard Terms of Business

Version:
2020

1.01 Standard Terms of Business

- 1.1 Details of the firm's professional registrations, including audit registration where applicable, are displayed at 3 Coventry Innovation Village, Cheetah Road, Coventry, CV1 2TL.
- 1.2, 2.5, 4.1, 10.2 The firm is a member of ICAEW and its code of ethics can be found at www.icaew.com/regulations. The firm is also registered with the Chartered Institute of Tax as a firm of Chartered Tax Advisors.
- 1.3 The firm's professional indemnity insurer is AXA Insurance UK PLC who can be located at 20 Gracechurch Street, London, EC3V 0BG.
- The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim brought in any court in the United States of America or Canada.
- 3.1 Where the firm or its associates earn commission in respect of transactions we arrange for you, our fees otherwise payable by you will not be abated by such amounts.
- 4.2 Interest on client monies will be calculated using the prevailing rate applied by Natwest Bank.
- 4.5 The firm is not wholly owned and/or controlled by a single member.
- 5.5 The firm accepts settlement of fees by certain credit cards.
- 11.1 This engagement letter is governed by, and construed in accordance with English law.
- 14.3, 14.7 A copy of the firm's privacy notice may be found at www.sgduk.com/privacy-policy.
- 24.1 We are licensed by the ICAEW for the reserved legal activity of non-contentious probate.
- 24.3 To discuss any aspect of our probate service, contact the Head of Legal Practice, Paul Spencer, who can be contacted on 024 7625 7481.
- 24.5 As the firm has only one authorised individual to do probate work, the alternate appointed by the firm for organising the continuation of probate work for our clients is David Thomas-Walls.

1.01a Data processor – additional information

The contact at the firm if you would like to contact us about any data protection issue is Paul Spencer who can be contacted on 024 7625 7481.

1.03 Provision of client portal service

The name of the Cloud Supplier is Wolters Kluwer (UK) Limited

Intro Their address: 145 London Road, Kingston upon Thames, Surrey, KT2 6SR.
Their telephone number(s): 0344 561 8181

4 Accountant’s report

Version: **4.01 Limited company, 4.02 Dormant company & 4.04 LLP**
2020

1.12 In order to ensure we meet the HMRC’s deadline for the submission of the Tax Return, we must have your accounting records by 6 months after the financial period end.

4.11 Other entities (eg sole traders, partnerships, trusts)

1.8 In order to ensure we meet the HMRC’s deadline for the submission of the Tax Return, we must have your accounting records by 6 months after the financial period end.

5 Accounting services

5.01 Production of annual accounts only

1.6 In order to ensure we meet the HMRC’s deadline for the submission of the Tax Return, we must have your accounting records by 6 months after the financial period end.

6 Taxation Services

Version: **6.01 Corporation tax, including preparation and filing of iXBRL accounts**
2020

1.3(d) In order for the CTSA return to be completed and submitted by the due date of 12 months after the period end, we need to receive all relevant information by 6 months after the period end.

6.04 Self-Assessment (Partnerships/LLPs)

1.2 (f) In order for the Partnership tax return to be completed and submitted by the due date of 31 January, we need to receive all relevant information by 31 October.

Version:
2020

6.05 Benefits-in-kind (P11D) Returns

- 1.3(c), 1.4 In order to meet the filing deadline of 6 July, you will notify us of all transactions and events which may need to be reflected in the forms P11D for the previous tax year by one month after the end of the tax year.
- 2.1(e) The instructions for payment of Class 1A National Insurance contributions will be sent to the Client.

6.06 Subcontractors Construction Industry Scheme (CIS) – operated by client for online submission by the firm

- 1.3 To enable us to advise you of the net payment and deduction amounts for each subcontractor, you will provide us with the required information as stated in the schedule by the 12 of each month.

6.07 Subcontractors Construction Industry Scheme (CIS) – operated by firm

- 1.3 To enable us to advise you of the net payment and deduction amounts for each subcontractor, you will provide us with the required information as stated in the schedule by the 12 of each month.

6.09 Personal Tax, including sole trader

- 1.3(e) In order for your tax return to be completed and submitted by the due date following the end of the tax year, we need to receive all relevant information by 31 October.

6.11 Trust Tax

- 1.3(f) In order for the Trust's tax return to be completed and submitted by the due date following the end of the tax year, we need to receive all relevant information by 31 October.

8 Specialist reporting requirements

8.11 Provision of Probate Services by licensed firm

- 1.6(a) You will register the death and obtain an appropriate number of copies of the death certificate.

TERMS OF BUSINESS

1. STANDARD TERMS OF BUSINESS

1.01 STANDARD TERMS OF BUSINESS

The purpose of this schedule is to set out the standard terms of business that apply to all engagements accepted. All work carried out is subject to these terms except where changes are expressly agreed in writing.

These standard terms of business are applicable to all types of entities (e.g. companies, LLPs, charities, friendly societies, academies, pension schemes, etc.). Any reference therefore to 'director' or 'company' should be interpreted as appropriate for the entity type (e.g. partner, trustee, governor, charity, LLP, etc.)

1 Professional obligations

1.1 As required by the *Provision of Services Regulations 2009* (SI 2009/2999), details of the firm's professional registrations, including audit registration where applicable, can be found at our address stated in **Key Facts**.

1.2 We will observe and act in accordance with the bye-laws and regulations of our professional body (see **Key Facts**) together with their code of ethics. We accept instructions to act for you on this basis. In particular you give us authority to correct errors made by HM Revenue & Customs where we become aware of them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

Professional indemnity insurance

1.3 In accordance with the disclosure requirements of the *Provision of Services Regulations 2009*, details of our professional indemnity insurer is provided in **Key Facts**.

2 Investment services

2.1 Since we are not authorised by the Financial Conduct Authority then we may have to refer you to someone who is authorised if you need advice on investments. However, as we are licensed by our professional body, 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.

2.2 Such advice may include:

- advise you on investments generally, but not recommend a particular investment or type of investment;
- refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but not make alternative recommendations). The PTP will issue you with his own terms and conditions letter, will be remunerated separately for his services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000;
- advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
- advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
- assist you in making arrangements for transactions in investments in certain circumstances; and
- manage investments or act as trustee (or donee of a power of attorney) where decisions to invest are taken on the advice of an authorised person.

2.3 For corporate clients we may also, on the understanding that the shares or other securities of the company are not publicly traded:

- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
- arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- arrange for the issue of new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

2.4 In the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the Chartered Accountants' Compensation Scheme in respect of exempt regulated activities undertaken.

2.5 Where the firm is providing insurance mediation services (including fee protection), we are not authorised by the Financial Conduct Authority. However, we are included on the Register maintained by the Financial Conduct Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by our professional body (see **Key Facts**). The register can be accessed via the Financial Conduct Authority website at <http://www.fca.org.uk/register>.

2.6 If, during the provision of professional services to you, you need advice on investments, we may refer you to our related company Spencer Gardner Dickins Financial Services Limited, an independent financial adviser who is authorised and regulated by the Financial Conduct Authority. Spencer Gardner Dickins Financial Services Limited will treat you as their client, will issue you with their own terms and conditions, will be remunerated separately for their services and take full responsibility for compliance with the regulations of the Financial Conduct Authority and the requirements of the Financial Services and Markets Act 2000. We may comment on or explain advice given by them but we will not make alternative recommendations.

2.7 The principals of the firm have a financial interest in Spencer Gardner Dickins Financial Services Limited and although the firm does not receive introductory commissions from Spencer Gardner Dickins Financial Services Limited, the principals receive a share of the profits from Spencer Gardner Dickins Financial Services Limited. You consent to us retaining our share of any profits from any business undertaken on your behalf by Spencer Gardner Dickins Financial Services Limited.

Where the services of Spencer Gardner Dickins Financial Services Limited are requested, any information held by either Spencer Gardner Dickins Financial Services Limited or ourselves that may relate to the function of the other may be passed between us.

Financial Promotions

2.8 To enable us to provide you with a proper service, there may be occasions when we will need to contact you without your express permission concerning investment business matters. For example, it may be in your interests to sell a particular investment and we would wish to inform you of this. We may therefore contact you in such circumstances, but would only do so in our normal office hours. We shall of course comply with any restrictions you may wish to impose which you notify to us in writing.

3 Commissions or other benefits

3.1 In some circumstances, commissions or other benefits may become payable to us or to one of our associates in respect of transactions we or such associates arrange for you, in which case you will be notified in writing of the amount and terms of payment. See **Key Facts** for whether the fees that would otherwise be payable by you will or will not be abated by such amounts. If we reduce the fees that we would otherwise charge by the amount of commission retained, we will apply the HMRC concession which allows VAT to be calculated on the net fee after deduction of the commission. 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.

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' Money Regulations of our professional body (see **Key Facts**).
- 4.2 In order to avoid an excessive amount of administration, interest will only be paid to you where the amount of interest that would be earned on the balances held on your behalf in any calendar year exceeds £25. Any such interest would be calculated using the prevailing rate applied by the bank named in **Key Facts** for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.
- 4.3 If the total sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 4.4 We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. In the unlikely event of us holding any unclaimed monies we reserve the right to pay such monies to a registered charity in line with the guidelines set out in the Clients' Money Regulations referred to above. We will not do this unless we have been unable to contact you for at least five years and we have taken reasonable steps to trace you and return the monies.
- 4.5 If the firm is wholly owned and/or controlled by a single member, we are required under the client money regulations to appoint an alternate to administer the client bank account in the event of the death or incapacity of the principal. The alternate appointed by this firm is stated in **Key Facts**.

5 Fees

- 5.1 Our fees are computed on the basis of time spent on your affairs by the principals and our staff, including sub-contractors or consultants where necessary, and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs.
- 5.2 If it is necessary to carry out work outside the responsibilities agreed with you for each service, we will advise you in advance. Any additional work will involve additional fees. Accordingly we would like to point out that it is in your interests to ensure that your records etc. are completed to the agreed stage.
- 5.3 Invoices will be rendered periodically and are payable in full (including disbursements) in accordance with the terms set out on the invoice. 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.
- 5.4 We may request that clients make arrangements to pay a proportion of their fee on a monthly standing order. These standing orders will be applied to fees arising from work agreed in this letter of engagement for the current and ensuing years. Once we have been able to assess the amount of work and time involved we would be grateful if you would agree to pay an amount to us on a regular basis.
- 5.5 We reserve the right to charge interest on overdue accounts at the current rate under the *Late Payment of Commercial Debts (Interest) Act 1998*. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed. See **Key Facts** as to whether we accept settlement of fees by certain credit cards.
- 5.6 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 we shall be entitled to enforce any sums due

against the group company or individual nominated to act for you.

- 5.7 Insofar as we are permitted to so by law or by 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.
- 5.8 In the event that we cease to act in relation to your company's affairs you agree to meet all reasonable costs of providing information to the company's new advisers. In particular you agree to meet these costs where we are required by law to provide information to a successor firm.

6 Retention of papers

- 6.1 You have a legal responsibility to retain documents and records relevant to your financial affairs. During the course of our work we may collect information from you and others relevant to your tax and financial affairs. We will return any original documents to you if requested. Documents and records relevant to your tax affairs are required by law to be retained as follows:
- Individuals, trustees and partnerships:*
- with trading or rental income: five years and 10 months after the end of the tax year;
 - otherwise: 22 months after the end of the tax year.
- Companies, Limited Liability Partnerships, and other corporate entities:*
- six years from the end of the accounting period.
- 6.2 Although certain documents may legally belong to you, we may destroy correspondence and other papers that we store electronically or otherwise that are more than seven years old, except documents we think may be of continuing significance. You must notify us in writing if you wish us to keep any document for a longer period.

7 Conflicts of interest and independence

- 7.1 We reserve the right during our engagement with you to deliver services to other clients whose interests might compete with yours or are or may be adverse to yours, subject to clause 8 below. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you unless we are unable to do so because of our confidentiality obligations. We have safeguards that can be implemented to protect the interests of different clients if a conflict arises. 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.
- 7.2 During and after our engagement, you agree that we reserve the right to act for other clients whose interests are or may compete with or be adverse to yours, subject, of course, to our obligations of confidentiality and the safeguards set out in the paragraph on confidentiality below.

8 Confidentiality

- 8.1 We confirm that where you give us confidential information we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional statements relevant to our engagement.
- 8.2 You agree that, if we act for other clients who are or who become your competitors, to comply with our duty of confidentiality, it will be sufficient for us to take such steps as we think appropriate to preserve the confidentiality of information given to us by you, both during and after this engagement. These may include taking the same or similar steps as we take in respect of the confidentiality of our own information.
- 8.3 In addition, if we act for other clients whose interests are or may be adverse to yours, we will manage the conflict by implementing additional safeguards to preserve confidentiality. Safeguards may include measures such as separate teams,

- physical separation of teams, and separate arrangements for storage of, and access to, information.
- 8.4 You agree that the effective implementation of such steps or safeguards as described above will provide adequate measures to avoid any real risk of confidentiality being impaired.
- 8.5 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. You may additionally need to consider your data protection responsibilities.
- 8.6 We will inform you of the proposed use of subcontractors before they commence work, except where your data will not be transferred out of our system and the subcontractor is bound by the confidentiality terms equivalent to an employee.
- 8.7 If we use external or cloud based systems, we will ensure confidentiality of your information is maintained.
- 8.8 This clause applies in addition to our obligations as to data protection below.
- 9 Quality control**
- 9.1 As part of our ongoing commitment to providing a high quality service, our files are periodically subject to an independent regulatory or quality review. Our reviewers are highly experienced and professional people and are, of course, bound by the same requirements of confidentiality as our principals and staff.
- Dealing with HM Revenue & Customs*
- 9.2 When dealing with HMRC on your behalf we are required to be honest and to take reasonable care to ensure that your returns are correct. To enable us to do this, you are required to be honest with us and to provide us with all necessary information in a timely manner. For more information about 'Your Charter' for your dealings with HMRC, see www.hmrc.gov.uk/charter/index.htm. To the best of our abilities, we will ensure that HMRC meet their side of the Charter in their dealings with you.
- 10 Help us to give you the right service**
- 10.1 We are committed to providing you with a high quality service that is both efficient and effective. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know, by contacting the principal contact named in **Key Facts**. If however you are unable to deal with any difficulty with the principle contact please contact your alternative in **Key Facts**.
- 10.2 We undertake to look into any complaint carefully and promptly and do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may of course take up the matter with our professional body (see **Key Facts**).
- 10.3 In order for us to provide you with a high quality service on an ongoing basis it is essential that you provide us with relevant records and information when requested, reply to correspondence in a timely manner and otherwise follow the terms of the agreement between us set out in this Standard Terms of Business and associated Engagement schedules. We therefore reserve the right to cancel the engagement between us with immediate effect in the event of:
- your insolvency, bankruptcy or other arrangement being reached with creditors;
 - failure to pay our fees by the due dates;
 - either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.
- 11 Applicable law**
- 11.1 This engagement letter is governed by, and construed in accordance with the law as stated in **Key Facts**. The Courts 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 it may have 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.
- 11.2 If any provision in this Standard Terms of Business or any associated engagement schedules, or its application, are found to be invalid, illegal or otherwise unenforceable in any respect, the validity, legality or enforceability of any other provisions shall not in any way be affected or impaired.
- 12 Changes in the law, in practice or in public policy**
- 12.1 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, public policy or your circumstances.
- 12.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof, practice, or public policy that are first published after the date on which the advice is given to the fullest extent permitted by applicable law.
- 13 Internet communication**
- 13.1 Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means. However, internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their despatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication. We will never change our bank details without confirming this to you by posted letter. Any emailed or telephoned communications appearing to be from us which are not confirmed by post are fake and we accept no liability for any loss caused to you through accepting such communications as genuine. Similarly always give us by hand or by post (as well as by email) details of your bank account.
- 13.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.
- 14 Data Protection**
- 14.1 To enable us to discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you / your business / company / partnership / its officers and employees and shareholders ('personal data').
- Data controller*
- 14.2 We confirm that we are each considered an independent data controller in relation to personal data and that we will each comply with the relevant provisions of applicable data protection legislation.
- 14.3 You will also ensure that any disclosure of personal data to us complies with such legislation. If you supply us with any personal data or confidential information you shall ensure you have a lawful basis to pass it to us and will fully indemnify and hold us harmless if you do not have such a basis and that causes us loss. If you are supplying us with personal data on the basis of a power of attorney for anyone you must produce to us an original or certified copy of the power of attorney on demand. You must ensure you have provided the necessary information to the relevant data subjects regarding its use. You may refer to our privacy notice at the web address shown in **Key Facts** for this purpose.

- 14.4 As a separate data controller, we may receive subject access requests from data subjects where they request copies of their personal data. We will co-operate with the request as per our own internal procedures. Should an objection or request for data erasure happen, we will assess each request on a case by case basis to establish the validity of the request.
- 14.5 In the course of providing services to you, we may disclose personal data to other firms in our network, a regulatory body, a third party or a buyer of our business. As part of our operational service, personal data supplied to us may be transferred between us and EEA/UK/USA where necessary. We will ensure that where any such data transfer takes place, it is covered by an appropriate safeguard such as an adequacy decision. Where an adequacy decision is not applicable another safeguard mechanism will be implemented, such as a standard contractual clause (SCC) to ensure that the transfer remains legal. Where cloud-based services are used the relevant cloud services terms and conditions will apply. In some instances, the location of data stored in the cloud may reside outside of the EEA/UK.
- 14.6 We confirm we have adequate security measures in place to protect personal data provided to us, including administrative, physical and technical safeguards.
- 14.7 We will answer your reasonable enquiries to enable you to monitor compliance with this clause. If you need to contact us about any data protection issue, please contact the person detailed in **Key Facts**.
- Data processor**
- 14.8 Applicable data protection legislation places express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. An example would be where we operate a payroll service for you. We therefore confirm that we will at all times use our reasonable endeavours to comply with the requirements of applicable data protection legislation when processing data on your behalf. In particular we confirm that we will aim to comply with any obligations equivalent to those placed on you as a data controller in the EU/EEA/UK. You will also comply with applicable data protection legislation, including but not restricted to, ensuring that you have all appropriate consents and notices or another legal basis in place to enable the lawful transfer of personal data to us. You will fully indemnify and hold us harmless if you do not have a lawful basis and that causes us loss.
- 14.9 Schedule 1.01a forms part of this engagement letter and sets out the subject matter and duration of the processing, the nature and purpose of the processing, the type of personal data and the categories of data subjects.
- 14.10 As the data processor we shall;
- process personal data only on written instruction from you;
 - Restrict data access to authorised personnel only, who are bound by confidentiality;
 - Disclose the personal data to courts, government agencies and other third parties as and to the extent required by law;
 - Maintain a written record of all categories of personal data processing carried out on your behalf, including details of transfers of personal data outside of the EU/EEA/UK and a general description of the technical and organisational security measures in place in relation to personal data;
 - Delete or return all personal data to you at the completion of our engagement requiring personal data processing, subject to legal requirements to retain data;
- 14.11 In the course of providing services to you and processing personal data, we may disclose personal data to other firms in our network, a regulatory body or a third party. We may use a sub-processor and/or export personal data you supply to us outside the EU/EEA/UK where necessary. We will obtain consent before engaging sub-processors. We will ensure all such data disclosure/export is compliant with relevant data protection legislation and will use our reasonable endeavours to ensure that any agreement entered into with sub-processors includes similar terms to those set out in this clause 14. Where cloud-based services are to be used you may be subject to our cloud services terms and conditions.
- 14.12 We confirm we have adequate security measures in place to protect personal data provided to us, including administrative, physical and technical safeguards.
- 14.13 We will notify you within 10 working days if an individual asks for copies of their personal data, makes a complaint about the processing of personal data or serves a notice from a relevant data protection authority where it relates to you. You and we will consult and cooperate with each other when responding to any such request, complaint or notice. If an individual whose data you have supplied to us or which we are processing on your behalf asks us to remove or cease processing that data, we shall be entitled to do so where required by law.
- 14.14 We will answer your reasonable enquiries to enable you to monitor compliance with this clause. We will also allow for, and contribute to, audits or inspections conducted by the ICO or their auditor to demonstrate compliance with this clause.
- 15 Limitation of third party rights**
- 15.1 Persons who are not party to this agreement shall have no rights under the *Contracts (Rights of Third Parties) Act 1999* to enforce any term of this agreement. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.
- 15.2 The advice we give you is for your sole use and is confidential to you and will not constitute advice for any third party to whom you may communicate it, unless we have expressly agreed in writing that a specified third party may rely on our work. We will accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, your spouse, nor any family member of yours or your employer, for any aspect of our professional services or work that is made available to them.
- 16 Client identification**
- 16.1 In common with other professional services firms, we are required by the *Proceeds of Crime Act 2002* and the *Money Laundering, Terrorist Financing and Transfer for Funds (Information on the Payer) Regulations 2017 (MLR 2017)* to:
- maintain identification procedures for clients, beneficial owners of clients, and persons purporting to act on behalf of clients;
 - maintain records of identification evidence and the work undertaken for the client; and
 - report, in accordance with the relevant legislation and regulations.
- We have a statutory obligation under the above legislation to report to the National Crime Agency (NCA) any reasonable knowledge or suspicion of money laundering. Any such report must be made in the strictest confidence. In fulfilment of our legal obligations, neither the firm's principals nor may staff enter into any correspondence or discussions with you regarding such matters.
- 16.2 If we are not able to obtain satisfactory evidence of your identity and where applicable that of the beneficial owners, we will not be able to proceed with the engagement.
- 16.3 If you undertake business that requires you to be supervised by an appropriate supervisory authority to follow anti-money laundering regulations, including if you accept or make high value cash payments of €10,000 or more (or equivalent in any currency) in exchange for goods, you should inform us.

- 16.4 Any personal data received from you to comply with our obligations under the MLR 2017 will be processed only for the purposes of preventing money laundering or terrorist financing. No other use will be made of this personal data unless use of the data is permitted by or under enactment other than the MLR 2017, or we have obtained the consent of the data subject to the proposed use of the data.
- 17 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards**
- 17.1 Unless agreed specifically in a separate engagement letter, we are not responsible for your compliance with the *International Tax Compliance (United States of America) Regulations 2013*, produced as a result of FATCA. In particular, we are not responsible for the categorisation of any UK entity into either a Financial Institution (FI) or an active or passive Non-Financial Foreign Entity (NFFE) nor, if a Financial Institution, for its registration with the US Internal Revenue Service (IRS) and subsequent submission of the required annual returns to HM Revenue & Customs.
- 17.2 However, if requested to do so we can provide advice on the completion of the forms supplied by Financial Institutions under these Regulations, or under Common Reporting Standards, and used by them to determine the status of an entity. We can also provide advice on setting up the appropriate systems to identify and report on your clients or beneficiaries who are foreign citizens affected by FATCA or Common Reporting Standards.
- 18 General Limitation of liability**
- 18.1 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. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities. Further, we will not be liable to you for any delay or failure to perform our obligations if the delay or failure is caused by circumstances outside our reasonable control. Subject to clause 18.5 below our liability to you shall be limited as set out in our engagement or other client letter.
- 18.2 You will not hold us, our principal(s)/director(s), shareholders and staff, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing. This applies equally to fraudulent acts, misrepresentation or wilful default on the part of any party to the transaction and their directors, officers, employees, agents or advisers. However, 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.
- 18.3 You agree that you will not bring any claim in connection with services we provide to you against any of our partners, shareholders, directors or employees personally.
- 18.4 Our work is not, unless there is a legal or regulatory requirement, to be made available to third parties without our written permission and we will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them. You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure by you or by any person for whom you are responsible 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 and our legal fees on an indemnity basis.
- 18.5 Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by negligence nor for fraudulent misrepresentation or other fraud which may not as a matter of applicable law be excluded or limited.
- 19 Intellectual property rights and use of our name**
- 19.1 We will retain all intellectual property rights in any document prepared by us during the course of carrying out the engagement except where the law specifically states otherwise. You may only use such rights to the extent we agreed when engaged to provide services to you and may not resell or sublicense such rights without our further prior consent.
- 19.2 You are not permitted to use our name in any statement or document that you may issue unless our prior written consent has been obtained. The only exception to this restriction would be statements or documents that in accordance with applicable law are to be made public.
- 20 Draft/interim work or oral advice**
- 20.1 In the course of our providing services to you we may provide advice or reports or other work products in draft or interim form, or orally. However, final written work products will always prevail over any draft, interim or oral statements. Where you request it, we will provide you with written confirmation of matters stated orally.
- 21 Interpretation**
- 21.1 If any provision of our engagement letter or terms of business is held to be void for whatever reason, then that provision will be deemed not to form part of this contract, and no other provisions will be affected or impaired in any way. 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.
- 22 Internal disputes within a client**
- 22.1 If we become aware of a dispute between the parties who own the business, or who are in some way involved in its ownership and management, it should be noted that our client is the business (unless we have agreed otherwise) 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 registered office/normal place of business for the attention of the directors/proprietors. If conflicting advice, information or instructions are received from different directors/principals in the business, we will refer the matter back to the board of directors/the partnership and take no further action until the board/partnership has agreed the action to be taken. In certain cases we reserve the right to cease acting for the business/client entirely.
- 23 Disengagement**
- 23.1 If we resign or are asked to resign, we will normally issue a disengagement letter to ensure that our respective responsibilities are clear.
- 24 Probate-type services**
- 24.1 **Key Facts** specifies whether or not the firm is licensed or authorised by the ICAEW for non-contentious probate services.
- 24.2 As we are licensed for the reserved legal activity of non-contentious probate, in the unlikely event that we cannot meet our liabilities to you, you may be able to seek a grant from ICAEW's Probate Compensation Scheme. Generally, applications for a grant must be made to ICAEW within 12 months of the time you become aware, or reasonably ought to have been aware of the loss. Further information about the scheme and the circumstances in which grants may be made is available on ICAEW's website: www.icaew.com/probate.
- 24.3 If you would like to talk to us about how we can improve our service to you, or if you are unhappy with the service you are receiving, please let us know by contacting the Head of Legal

Practice stated in **Key Facts**. We will consider carefully any complaint that you may make about our probate services as soon as we receive it and will do all we can to resolve the issue. We will acknowledge your complaint within five business days of its receipt and endeavour to deal with it within eight weeks. Any complaint should be submitted to us by letter.

24.4 If we do not deal with it within this timescale or you are unhappy with our response you may of course take the matter up with our professional body the Institute of Chartered Accountants in England and Wales and the Legal Ombudsman. Complaints to the Legal Ombudsman should be made within six years of the act or omission or within three years of you becoming aware of the issue, and in either case within six months of our written response to your complaint to us. The contact details for the Legal Ombudsman are:

Letter: Legal Ombudsman, PO Box 6806, Wolverhampton, WV1 9WJ

Email: enquiries@legalombudsman.org.uk

Telephone: 0300 555 0333

24.5 If the firm has only one authorised individual and, for whatever reason, is unable to run the practice, we have made arrangements with the person and firm stated in **Key Facts** for the continuation of probate work for our clients.

25 Employees

25.1 Our staff are assigned to you on the mutual understanding that neither party will offer employment to, nor employ, the staff of the other who have been involved during our assignment, or dealing with you, within twelve months unless written consent has been obtained from either party. If such consent is given either party reserves the right to bill an appropriate fee of 25% of the annual salary on appointment plus VAT.

26 Tax strategies

26.1 Since 17 July 2013 a general Anti-Abuse Rule has been in operation in the UK. This rule enables HM Revenue & Customs to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature.

27 Proportionality

27.1 In respect of all services of Spencer Gardner Dickins Limited any loss or damage suffered by you shall be limited to the proportion which may be justly and equitably attributed to Spencer Gardner Dickins Limited after taking into account contributory negligence (if any) of either you and/or any other third party found to be liable to contribute to the said loss or damage pursuant to the Civil Liability (Contribution) Act 1978.

1.01A DATA PROCESSOR – ADDITIONAL INFORMATION

1. Introduction

1.1 This schedule accompanies Schedule 1.01 Standard Terms of Business, and details supplementary information which, in accordance with applicable data protection legislation, must be included in a written contract if the firm is acting as a data processor.

2. Subject matter of the processing

2.1 The subject matter of the processing are the services to be provided, as set out in this engagement letter.

3. Duration of the processing/retention of records

3.1 The duration of the processing will be ongoing until further instructions are received. Retention of records policies are set out in our privacy statement.

4. Nature and purpose of the processing

4.1 The nature and purpose of the data processing is as set out in the agreed engagement schedules.

5. Types of personal data to be processed (for example, names, addresses, dates of birth)

5.1 Personal data: The types of personal data to be processed could include:

Names, Addresses, Dates of birth, Telephone numbers, email addresses, Employee/payroll numbers, National insurance numbers, Salaries, Pension membership details, bank account details, credit card numbers, tax reference numbers, passport numbers, driving licence numbers, IP addresses.

5.2 Special personal data: As set out in **Key Facts**, if relevant

6. Categories of data subjects (those to whom the client data relates, e.g. client employees, client customers)

6.1 Categories of data subjects: As set out in **Key Facts**.

7. Obligations and rights of the client (as the data controller)

7.1 Your obligations and rights are as set out in this engagement letter.

If you need to contact us about any data protection issue please contact the person detailed in **Key Facts**.

1.02 LIMITATION OF LIABILITY

The purpose of this schedule is to set out the basis for limitation of liability as agreed with you.

1.1 We have discussed with you the extent of our liability to you in respect of the professional services described within this engagement letter (the professional services), comprising the **Summary Schedule of Services Provided, Key Facts** and the relevant **Engagement Schedules**.

1.2 The terms of the limitation of our liability in respect of our audit work, if applicable, is set out in **Key Facts**.

1.3 Having considered both your circumstances and our own, we have reached a mutual agreement that the amount stated in **Key Facts** for the provision of all other services except audit represents a fair maximum limit to our liability as a firm in the event of any one claim arising in respect of the professional services. This maximum total liability includes any claims for loss or damage, however caused, whether in respect of breaches of contract, tort (including negligence) or otherwise in respect of the professional services and shall also include all other related costs including legal fees, interest, etc.

1.4 We acknowledge that the limit in respect of our total aggregate liability will not apply to any acts, omissions or representations that are in any way criminal, dishonest or fraudulent on the part of the firm, its principals/directors/members or employees.

1.03 PROVISION OF CLIENT PORTAL SERVICE

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to provide access to a secure client portal via the Cloud, provided by the third-party software provider stated in **Key Facts** (the 'Cloud Supplier'), and to clarify our respective responsibilities in respect of that service. You agree that access will be provided to both the firm and the Cloud Supplier.

Details of the Cloud Supplier are provided in **Key Facts**.

1 Your responsibilities

1.1 You control which documents you upload to the portal and for removing them when they are no longer needed.

1.2 If you need to send/process personal data, you will provide us with appropriate contractual assurances that you have secured consents to do so.

- 1.3 You will be obliged to keep all passwords and login details secure and not to share with others.
- 1.4 You undertake to use the system for acceptable use, which includes:
- not to transmit any viruses, Trojans, keyloggers or other harmful code;
 - not to transmit any unlawful information or content;
 - not to allow access to the service to any third party; and
 - not to use the software to provide services to other parties.
- 1.5 You are responsible for:
- ensuring that your network and systems meet any necessary performance requirements;
 - maintaining your network and telecommunication links; and
 - compliance with applicable Cloud Supplier terms, if applicable.
- 1.6 If one of your staff who has access to the portal leaves, you are responsible for asking the firm to remove their user id and password.
- 1.7 If you determine to cease using the services of the firm, you will inform the firm immediately.

2 Our responsibilities as accountants

- 2.1 We will provide a free voluntary client portal service to allow the secure exchange of documents between the firm and its client, as well as ongoing client access to certain documents (which may include confidential documents) created or maintained by the firm.
- 2.2 We undertake to use all reasonable endeavours to obtain from the Cloud Supplier a signed confidentiality agreement with the firm to ensure compliance with the relevant clauses in the firm's standard terms of business concerning our fees, confidentiality, internet communication, all relevant data protection law and general limitation of liability.
- 2.3 We will keep all passwords and login details secure.
- 2.4 The firm cannot be held liable for any failures to deliver services due to transmission errors or unavailability of telecoms networks, or due to the failure or unavailability of any Cloud Supplier infrastructure. We are also not liable for any loss of or corruption to your data or if the service is interrupted due to your breach of Cloud Supplier terms. However, we will liaise with them to help ensure that normal service is resumed as soon as possible.
- 2.5 On receiving notification of the decision to cease using our services, we will cancel all user access to your portal after 30 days and discuss with you the way ahead.
- 2.6 The firm reserves the right to modify these terms and conditions under which the portal is offered, and will provide you with due notice before implementation

2. AUDIT

2.01 LIMITED COMPANY – AUDIT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as auditors and to clarify our respective responsibilities in respect of the audit.

Auditing Standards require us to appoint an engagement partner who shall take overall responsibility for the planning and conduct of the audit, and for the report that is issued on behalf of the firm. We have assessed the professional requirements of this assignment and have nominated the person listed in **Key Facts** as the Senior Statutory Auditor.

Under the *Companies Act 2006* (CA 2006), the audit report in the signed copy of the financial statements provided to you must be signed by the Senior Statutory Auditor in their own name on behalf of the firm. The audit report in all other copies of the financial statements must state the name of the Senior Statutory Auditor, but may be signed in the name of the firm. The audit report in the financial statements filed at Companies House must state the name of the Senior Statutory Auditor and the name of the firm but does not need to be signed.

1 Your responsibilities as directors

- 1.1 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 company and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
 - (b) in preparing those financial statements to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the company's ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the company will continue in business;
 - (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable you to ensure that the financial statements comply with CA 2006 and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
 - (d) for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
- 1.2 In addition to the general duties of directors specified in CA 2006, s. 170–177 you are responsible for ensuring that the company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

- 1.3 You have agreed 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 company's books of account and all other relevant records and documentation, including minutes of all management and shareholders' meetings and other matters;
 - (b) additional information that we may request from you for the purpose of the audit, including access to information relevant to disclosures;
 - (c) unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence; and
 - (d) additional information that may include when applicable, matters related to other information in accordance with ISA (UK) 720. If such information is not expected until after the date of the auditor's report, you should note that we still have a responsibility to take appropriate action if we consider a material misstatement exists in this other information.

- 1.4 You are required to confirm in the directors' report that:
- (a) an appropriate accounting basis was used to prepare the financial statements; and
 - (b) in 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.

1.5 Where audited information is published on the 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.

1.6 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 or to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the company's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

Scope of the audit

1.7 In connection with representations and the supply of information to us generally as part of the audit, we draw your attention to CA 2006, s.501 under which it is an offence for an officer or employee of the company to knowingly or recklessly make misleading, false or deceptive statements to the auditors.

1.8 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 company, and to receive notice of all such meetings.

2 Our responsibilities as auditors

2.1 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK) as to whether:

- the financial statements give a true and fair view of the state of the company's affairs as at the year end, and of its profit or loss for the year then ended;

- the financial statements have been properly prepared in accordance with applicable accounting standards, as stated in **Key Facts**;
- the financial statements have been prepared in accordance with the CA 2006;
- the financial statements have been appropriately prepared on the going concern basis;
- the financial statements have disclosed any identified material uncertainties that may cast significant doubt on the company's ability to continue to adopt the going concern basis for at least the next twelve months from the date they are approved;
- the directors' report and, if relevant, the strategic report or any other information included in the annual report:
 - have been prepared in accordance with applicable legal requirements;
 - include information that is consistent with the financial statements; and
- in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified any material misstatements in the directors' report and, if relevant, the strategic report or any other information included in the annual report, give an indication of the nature of such misstatements.

In respect of the following matters specified in the CA 2006 we will also report to you on whether or not in our opinion:

- adequate accounting records have been kept by the company and returns adequate for our audit have been received from branches not visited by us; or
- the financial statements are in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have received all the information and explanations we require for our audit; or
- where the company has prepared financial statements in accordance with the small company regime, whether it is entitled to do so; or
- where the company has taken advantage of the small companies' exemption in preparing the directors' report and, if relevant, taken advantage of the small companies exemption from the requirement to prepare a strategic report, whether it is entitled to do so.

In arriving at that opinion those standards require us to comply with ethical requirements.

2.2 It is not sufficient for us as auditors to conclude that the financial statements give a true and fair view solely on the basis that the financial statements were prepared in accordance with accounting standards and any other applicable legal requirements. We are therefore required to consider whether additional disclosure will be necessary in the financial statements when compliance with an accounting standard is insufficient to give a true and fair view. If you are unwilling to make such additional disclosures, we will have to consider the effect on our report.

2.3 If the financial statements have been prepared in accordance with the micro-entities regime and FRS 105, which is not considered a fair presentation framework but a compliance framework, we reserve the right to include an 'other matter' paragraph in our report to mitigate any potential misunderstanding.

2.4 Our report will be made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of CA 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 will not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for the audit report, or for the opinions we form. The audit of the financial statements does not relieve you of your responsibilities.

2.5 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 directors' remuneration or of their transactions with the company, the CA 2006 requires us to disclose such matters in our report. Although only auditors of listed companies are required to include key audit matters in their report, there may be rare occasions when we believe it necessary to communicate key audit matters in our report.

2.6 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.

2.7 Our professional duties also include:

- (a) incorporating in our report a description of the directors' 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 and our knowledge acquired during the course of the audit.

2.8 Where the company is a subsidiary of a group, the audited accounts of this company are included in the group accounts of the parent company. 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.

2.9 Where the company is the parent of a group and all components are audited by the same firm, the audited accounts of this company are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the audit work on all subsidiary companies. Therefore, whilst as auditors of each subsidiary company the firm already has access to the management of those companies concerning their individual audited accounts, you agree that we may also correspond with the management of the subsidiary companies and request reasonable information concerning the preparation and audit of the group accounts without further authority from you.

2.10 Where the company is the parent of a group and not all component auditors are from the same firm, the audited accounts of this company 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 the audit

2.11 Our audit will be conducted in accordance with the ISAs (UK) issued by the Financial Reporting Council (FRC). 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. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors;
- whether there is adequate disclosure of the applicable financial reporting framework; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and, if relevant, the Strategic Report, as stated in 2.1. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

2.12 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 ISAs (UK).

2.13 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 company has maintained adequate accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.

2.14 The nature and extent of our tests will vary according to our assessment of the company'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 company's systems that come to our attention of which we believe the directors 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.

2.15 As noted in section 1, 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. 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.

2.16 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 which are not adjusted, we shall require written representation of your reasons.

2.17 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.

2.18 Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, as noted in section 1, 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.

2.19 HMRC do not require the auditor to provide assurance on the XBRL tagging of the financial statements submitted to it with the Company Tax Return. In addition, the ISAs (UK) do 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 HMRC.

2.20 A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK), together with other legal and regulatory requirements, is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

Communication

2.21 In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications.

- We shall contact your primary contact listed in **Key Facts** by telephone prior to each year-end for preliminary discussions concerning the audit. We will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss the forthcoming audit prior to the expected start date. Again we will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss any matters arising from the audit after completion of the detailed work. Again we will confirm in writing the matters discussed and any agreed action.

2.22 The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters.

2.23 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit, for example information provided in connection with accounting, taxation and other services.

2.02 LLP – AUDIT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as auditors and to clarify our respective responsibilities in respect of the audit.

Auditing Standards require us to appoint an engagement partner who shall take overall responsibility for the planning and conduct of the audit, and for the report that is issued on behalf of the firm. We have assessed the professional requirements of this assignment and have nominated the person listed in **Key Facts** as the Senior Statutory Auditor.

Under the *Companies Act 2006* (CA 2006) the audit report in the signed copy of the financial statements provided to you must be signed by the Senior Statutory Auditor in their own name on behalf of the firm. The audit report in all other copies of the financial statements must state the name of the Senior Statutory Auditor, but may be signed in the name of the firm. The audit report in the financial statements filed at Companies House must state the name of the Senior Statutory Auditor and the name of the firm but does not need to be signed.

1 Your responsibilities as designated members

1.1 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 LLP and of the profit or loss of the LLP for that period. As designated members you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the LLP;

- (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the LLP's ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the LLP will continue in business.

(c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the CA 2006 as applied by *The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008* (SI 2008/1911) and the Statement of Recommended Practice: *Accounting by Limited Liability Partnerships* and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and

(d) for safeguarding the assets of the LLP and hence for taking reasonable steps to ensure the LLP's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.

1.2 You are responsible for ensuring that the LLP complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

1.3 You have agreed 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 LLP's books of account and all other relevant records and documentation, including minutes of all management and members' meetings and other matters;
- (b) additional information that we may request from you for the purpose of the audit, including access to information relevant to disclosures;
- (c) unrestricted access to persons within the LLP from whom we determine it necessary to obtain audit evidence; and
- (d) additional information that may include when applicable, matters related to other information in accordance with ISA (UK) 720. If such information is not expected until after the date of the auditor's report, you should note that we still have a responsibility to take appropriate action if we consider a material misstatement exists in this other information.

1.4 Where audited information is published on the LLP'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.

1.5 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 or to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the LLP's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

Scope of the audit

1.6 In connection with representations and the supply of information to us generally, we draw your attention to CA 2006, s. 501 as applied by the *Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations* under which it is an offence for a member or employee of the LLP to knowingly or recklessly make misleading, false or deceptive statements to the auditors.

1.7 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 LLP, and to receive notice of all such meetings.

2 Our responsibilities as auditors

2.1 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK) as to whether:

- the financial statements of the LLP give a true and fair view of the state of the LLP's affairs as at the year end, and of the profit or loss for the year then ended;
- the financial statements have been properly prepared in accordance with applicable accounting standards, as stated in **Key Facts**;
- the financial statements have been prepared in accordance with CA 2006 as applied by *The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations*;
- the financial statements have been appropriately prepared on the going concern basis;
- the financial statements have disclosed any identified material uncertainties that may cast significant doubt on the LLP's ability to continue to adopt the going concern basis for at least the next twelve months from the date they are approved;
- the information given in the Members' annual report is consistent with the financial statements.

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 LLP and proper returns adequate for our audit have been received from branches not visited by us; or
- (b) whether the LLP's financial statements are in agreement with the accounting records and returns; or
- (c) whether we have obtained all the information and explanations which we think necessary for the purpose of our audit; or
- (d) where the LLP has prepared accounts in accordance with the small company regime, whether it is entitled to do so.

In arriving at that opinion those standards require us to comply with ethical requirements.

2.2 It is not sufficient for us as auditors to conclude that the financial statements give a true and fair view solely on the basis that the financial statements were prepared in accordance with accounting standards and any other applicable legal requirements. We are therefore required to consider whether additional disclosure will be necessary in the financial statements when compliance with an accounting standard is insufficient to give a true and fair view. If you are unwilling to make such additional disclosures, we will have to consider the effect on our report.

2.3 If the financial statements have been prepared in accordance with the micro-entities regime and FRS 105, which is not considered a fair presentation framework but a compliance framework, we reserve the right to include an 'other matter' paragraph in our report to mitigate any potential misunderstanding.

2.4 Our report will be made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of CA 2006 as applied by the *Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008*. Our audit work will be undertaken so that we might state to the LLP'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 will not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for the audit report, or for the opinions we form. The audit of the financial statements does not relieve you of your responsibilities.

2.5 There are certain other matters which, according to the circumstances, may need to be dealt with in our report. For example, although only auditors of listed companies are required to include key audit matters in their report, there may be rare occasions when we believe it necessary to communicate key audit matters in our report.

2.6 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.

2.7 Our professional duties also include:

- (a) incorporating in our report a description of the designated members' 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 and our knowledge acquired during the course of the audit.

2.8 Where the LLP is a subsidiary of a group, the audited accounts of this LLP 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 LLP. 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.

2.9 Where the LLP is the parent of a group and all components are audited by the same firm, the audited accounts of this LLP are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the audit work on all subsidiary companies. Therefore, whilst as auditors of each

subsidiary company the firm already has access to the management of those companies concerning their individual audited accounts, you agree that we may also correspond with the management of the subsidiary companies and request reasonable information concerning the preparation and audit of the group accounts without further authority from you.

2.10 Where the LLP is the parent of a group and not all component auditors are from the same firm, the audited accounts of this LLP 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

2.11 Our audit will be conducted in accordance with the ISAs (UK) issued by the Financial Reporting Council (FRC). 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. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. This includes an assessment of:

- whether the accounting policies are appropriate to the LLP's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the partners;
- whether there is adequate disclosure of the applicable financial reporting framework; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

2.12 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 ISAs (UK).

2.13 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 LLP has maintained adequate accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.

2.14 The nature and extent of our tests will vary according to our assessment of the LLP'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 LLP's systems that come to our attention of which we believe the designated members 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.

2.15 As noted in section 1, the responsibility for safeguarding the assets of the LLP 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.

2.16 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 which are not adjusted, we shall require written representation of your reasons.

2.17 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.

2.18 Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, as noted in section 1, 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.

2.19 A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK), together with other legal and regulatory requirements, is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

Communication

2.20 In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications.

- We shall contact your primary contact listed in **Key Facts** by telephone prior to each year-end for preliminary discussions concerning the audit. We will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss the forthcoming audit prior to the expected start date. Again we will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss any matters arising from the audit after completion of the detailed work. Again we will confirm in writing the matters discussed and any agreed action.

2.21 The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters.

2.22 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit, for example information provided in connection with accounting, taxation and other services.

2.03 CHARITABLE COMPANY – AUDIT (COMPANIES ACT 2006)

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as auditors and to clarify our respective responsibilities in respect of the audit.

Auditing Standards require us to appoint an engagement partner who shall take overall responsibility for the planning and conduct of the audit, and for the report that is issued on behalf of the firm. We have assessed the professional requirements of this assignment and have nominated the person listed in **Key Facts** as the Senior Statutory Auditor.

Under the *Companies Act 2006* (CA 2006) the audit report in the signed copy of the financial statements provided to you must be signed by the Senior Statutory Auditor in their own name on behalf of the firm. The audit report in all other copies of the financial statements must state the name of the Senior Statutory Auditor, but may be signed in the name of the firm. The audit report in the financial statements filed at Companies House must state the name of the Senior Statutory Auditor and the name of the firm but does not need to be signed.

1 Your responsibilities as directors/trustees

1.1 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 charitable company and of the incoming resources and application of resources of the charitable company for that period. As directors/trustees you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the charitable company;
- (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the charitable company's ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charitable company will continue in operation;
- (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the relevant Statement of Recommended Practice, *Accounting and Reporting by Charities* (the SORP), the CA 2006 and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- (d) for safeguarding the assets of the charitable company and hence for taking reasonable steps to ensure the charitable company's activities are

conducted honestly and for the prevention and detection of fraud and other irregularities.

- 1.2 In addition to complying with companies' legislation, you are also required to have regard to the relevant SORP published jointly by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, and any subsequent amendments or variations to this statement. You should follow that statement insofar as compliance with it does not contradict any requirement of CA 2006 by supplementing the requirements of that Act.
- 1.3 In addition to the general duties of directors specified in CA 2006, s. 170–177 you are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.4 CA 2006, s. 417 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.
- 1.5 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 the 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, including access to information relevant to disclosures;
 - (c) unrestricted access to persons within the charitable company from whom we determine it necessary to obtain audit evidence; and
 - (d) additional information that may include when applicable, matters related to other information in accordance with ISA (UK) 720. If such information is not expected until after the date of the auditor's report, you should note that we still have a responsibility to take appropriate action if we consider a material misstatement exists in this other information.
- 1.6 You are required to confirm in the directors'/trustees' report that:
 - (a) an appropriate accounting basis was used to prepare the financial statements; and
 - (b) in 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.
- 1.7 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.
- 1.8 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 charitable company's

website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

Scope of the audit

1.9 In connection with representations and the supply of information to us generally, we draw your attention to CA 2006, s. 501 under which it is an offence for an officer or employee of the charitable company to knowingly or recklessly make misleading, false or deceptive statements to the auditors.

1.10 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.

2 Our responsibilities as auditors

2.1 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK) as to whether:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at the year end and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with applicable accounting standards, as stated in **Key Facts**;
- the financial statements have been prepared properly in accordance with CA 2006;
- the financial statements have been appropriately prepared on the going concern basis;
- the financial statements have disclosed any identified material uncertainties that may cast significant doubt on the charitable company's ability to continue to adopt the going concern basis for at least the next twelve months from the date they are approved;
- the directors'/trustees' report and, if relevant, the strategic report or any other information included in the annual report:
 - have been prepared in accordance with applicable legal requirements;
 - include information that is consistent with the financial statements; and
- in the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified any material misstatements in the directors'/trustees' report and, if relevant, the strategic report or any other information included in the annual report, give an indication of the nature of such misstatements.

In respect of the following matters specified in the CA 2006 we will also report to you on whether or not in our opinion:

- adequate accounting records have been kept by the charitable company and proper returns adequate for our audit have been received from branches not visited by us; or
- the charitable company's balance sheet and profit and loss account are in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have obtained all the information and explanations which we think necessary for the purpose of our audit; or
- where the charitable company has prepared financial statements in accordance with the small company regime, whether it is entitled to do so; or
- where the charitable company has taken advantage of the small companies' exemption in preparing the directors'/trustees' report and, if relevant, taken advantage of the small companies exemption from the requirement to prepare a strategic report, whether it is entitled to do so.

In arriving at that opinion those standards require us to comply with ethical requirements.

2.2 It is not sufficient for us as auditors to conclude that the financial statements give a true and fair view solely on the basis that the financial statements were prepared in accordance with accounting standards and any other applicable legal requirements. We are therefore required to consider whether additional disclosure will be necessary in the financial statements when compliance with an accounting standard is insufficient to give a true and fair view. If you are unwilling to make such additional disclosures, we will have to consider the effect on our report.

2.3 Our report will be made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of CA 2006. 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. 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. The audit of the financial statements does not relieve you of your responsibilities.

2.4 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 CA 2006 requires us to disclose such matters in our report. Although only auditors of listed companies are required to include key audit matters in their report, there may be rare occasions when we believe it necessary to communicate key audit matters in our report.

2.5 Under the *Charities Act 2011* (ChA 2011), s. 156(2) 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 ChA 2011, s. 156(3). In addition under s. 156(4) if we become aware of any matter which does not require to be reported under s. 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.

2.6 In addition, we have a professional duty to report if the financial statements do not comply in any material respect with the SORP or 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.

- 2.7 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 and our knowledge acquired during the course of the audit.
- 2.8 Where the 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.
- 2.9 Where the charitable company is the parent of a group and all components are audited by the same firm, the audited accounts of this company are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the audit work on all subsidiary companies. Therefore, whilst as auditors of each subsidiary company the firm already has access to the management of those companies concerning their individual audited accounts, you agree that we may also correspond with the management of the subsidiary companies and request reasonable information concerning the preparation and audit of the group accounts without further authority from you.
- 2.10 Where the charitable company is the parent of a group and not all component auditors are from the same firm, the audited accounts of this company 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**
- 2.11 Our audit will be conducted in accordance with the ISAs (UK) issued by the Financial Reporting Council (FRC). 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. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. This includes an assessment of:
- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
 - the reasonableness of significant accounting estimates made by the trustees/directors;
 - whether there is adequate disclosure of the applicable financial reporting framework; and
 - the overall presentation of the financial statements.
- In addition, we read all the financial and non-financial information in the Trustees' Annual Report and, if relevant, the Strategic Report, and state whether in our opinion the information given in the strategic report (if any) and the annual report is consistent with the accounts; whether the report(s) have been prepared in accordance with applicable legal requirements and whether, in the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have identified any material misstatements in the report(s). If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.
- 2.12 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 ISAs (UK).
- 2.13 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 adequate accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.
- 2.14 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 business'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.
- 2.15 As noted in section 1, 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.
- 2.16 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 which are not adjusted, we shall require written representation of your reasons.
- 2.17 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.
- 2.18 Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, as noted in section 1, 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.
- 2.19 HMRC do not require the auditor to provide assurance on the XBRL tagging of the financial statements submitted to it with the Company Tax Return. In addition, the ISAs (UK) do 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 HMRC.

2.20 A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK), together with other legal and regulatory requirements, is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

Communication

2.21 In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications.

- We shall contact your primary contact listed in **Key Facts** by telephone prior to each year-end for preliminary discussions concerning the audit. We will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss the forthcoming audit prior to the expected start date. Again we will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss any matters arising from the audit after completion of the detailed work. Again we will confirm in writing the matters discussed and any agreed action.

2.22 The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters.

2.23 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit, for example information provided in connection with accounting, taxation and other services.

2.04 SMALL CHARITABLE COMPANY – AUDIT (CHARITIES ACT 2011)

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as auditors and to clarify our respective responsibilities in respect of the audit.

Auditing Standards require us to appoint an engagement partner who shall take overall responsibility for the planning and conduct of the audit, and for the report that is issued on behalf of the firm. We have assessed the professional requirements of this assignment and have nominated the person listed in **Key Facts** as the engagement partner.

1 Your responsibilities as directors/trustees

1.1 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 charitable company and of the incoming resources and application of resources of the charitable company for that period. As directors/trustees you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the charitable company;
- (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the charitable company's ability to continue in operation for at least twelve months from

the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charitable company will continue in operation;

(c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the relevant Statement of Recommended Practice *Accounting and Reporting by Charities* (the SORP), the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and

(d) for safeguarding the assets of the charitable company and hence for taking reasonable steps to ensure the charitable company's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.

1.2 As trustees of the charitable company, you have a duty under CA 2006 to prepare a directors' report for each financial year and also an annual report complying in its form and content with regulations made under the *Charities Act 2011* (ChA 2011). You should also have regard to the relevant SORP published jointly by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, and any subsequent amendments or variations to this statement.

1.3 In addition to the general duties of directors specified in CA 2006, s. 170–177 you are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

1.4 Unless the small companies disclosure exemption is taken, CA 2006, s. 417 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.

1.5 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 the 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, including access to information relevant to disclosures;
- (c) unrestricted access to persons within the charitable company from whom we determine it necessary to obtain audit evidence; and
- (d) additional information that may include when applicable, matters related to other information in accordance with ISA (UK) 720. If such information is not expected until after the date of the auditor's report, you should note that we still have a responsibility to take appropriate action if we consider a material misstatement exists in this other information.

1.6 You are required to confirm in the directors'/trustees' report that:

- (a) an appropriate accounting basis was used to prepare the financial statements; and

- (b) in 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.
- 1.7 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.
- 1.8 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 charitable company's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.
- Scope of the audit**
- 1.9 In connection with representations and the supply of information to us generally, we draw your attention to CA 2006, s. 501 under which it is an offence for an officer or employee of the charitable company to knowingly or recklessly make misleading, false or deceptive statements to the auditors.
- 1.10 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.
- 2 Our responsibilities as auditors**
- 2.1 Our responsibility is to audit and express an opinion on the financial statements in accordance with the ChA 2011 and International Standards on Auditing (ISAs) (UK) as to whether:
- the financial statements give a true and fair view of the state of the charitable company's affairs as at the year end and of its incoming resources and application of resources in that year;
 - the financial statements have been properly prepared in accordance with applicable accounting standards, as stated in **Key Facts**;
 - the financial statements have been prepared properly in accordance with the CA 2006;
 - the financial statements have been appropriately prepared on the going concern basis; and
 - the financial statements have disclosed any identified material uncertainties that may cast significant doubt on the charitable company's ability to continue to adopt the going concern basis for at least the next twelve months from the date they are approved.
- 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; or
- (b) whether the charitable company's financial statements are in agreement with the accounting records and returns; or
- (c) whether we have obtained all the information and explanations which we think necessary for the purpose of our audit; or
- (d) whether the information in the trustees' report is consistent with that in the audited financial statements.
- In arriving at that opinion those standards require us to comply with ethical requirements.
- 2.2 It is not sufficient for us as auditors to conclude that the financial statements give a true and fair view solely on the basis that the financial statements were prepared in accordance with accounting standards and any other applicable legal requirements. We are therefore required to consider whether additional disclosure will be necessary in the financial statements when compliance with an accounting standard is insufficient to give a true and fair view. If you are unwilling to make such additional disclosures, we will have to consider the effect on our report.
- 2.3 Our report will be made solely to the charitable company's members, as a body, in accordance with ChA 2011, s. 144. 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. 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. The audit of the financial statements does not relieve you of your responsibilities.
- 2.4 There are certain other matters, which according to the circumstances may need to be dealt with in our report. For example, although only auditors of listed companies are required to include key audit matters in their report, there may be rare occasions when we believe it necessary to communicate key audit matters in our report.
- 2.5 Under ChA 2011, s. 156(2) 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 ChA 2011, s. 156(3). In addition under s. 156(4) if we become aware of any matter which does not require to be reported under s. 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.
- 2.6 In addition, we have a professional duty to report if the financial statements do not comply in any material respect with the SORP or 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.
- 2.7 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 and our knowledge acquired during the course of the audit.

2.8 Where the 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.

2.9 Where the charitable company is the parent of a group and all components are audited by the same firm, the audited accounts of this company are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the audit work on all subsidiary companies. Therefore, whilst as auditors of each subsidiary company the firm already has access to the management of those companies concerning their individual audited accounts, you agree that we may also correspond with the management of the subsidiary companies and request reasonable information concerning the preparation and audit of the group accounts without further authority from you.

2.10 Where the charitable company is the parent of a group and not all component auditors are from the same firm, the audited accounts of this company 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

2.11 Our audit will be conducted in accordance with the ISAs (UK) issued by the Financial Reporting Council (FRC). 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. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. This includes an assessment of:

- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees/directors;
- whether there is adequate disclosure of the applicable financial reporting framework; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and state whether in our opinion the information given in the annual report is consistent with the accounts; whether the report has been prepared in accordance with applicable legal requirements and whether, in the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have identified any material misstatements in the report. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

2.12 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 ISAs (UK).

2.13 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 adequate accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.

2.14 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 business'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.

2.15 As noted in section 1, 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.

2.16 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 which are not adjusted, we shall require written representation of your reasons.

2.17 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.

2.18 Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, as noted in section 1, 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.

2.19 HMRC does not require the auditor to provide assurance on the XBRL tagging of the financial statements submitted to it with the Company Tax Return. In addition, the ISAs (UK) do 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 HMRC.

2.20 A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK), together with other legal and regulatory requirements, is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

Communication

2.21 In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications.

- We shall contact your primary contact listed in **Key Facts** by telephone prior to each year-end for preliminary

discussions concerning the audit. We will confirm in writing the matters discussed and any agreed action.

- We will arrange a meeting to discuss the forthcoming audit prior to the expected start date. Again we will confirm in writing the matters discussed and any agreed action.
- We will arrange a meeting to discuss any matters arising from the audit after completion of the detailed work. Again we will confirm in writing the matters discussed and any agreed action.

2.22 The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters.

2.23 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit, for example information provided in connection with accounting, taxation and other services).

3. INDEPENDENT EXAMINATION/ASSURANCE SERVICES

3.01 LIMITED COMPANY: ASSURANCE REVIEW ENGAGEMENT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act in respect to the limited assurance review engagement you have requested us to carry out and to clarify our respective responsibilities in respect of that work.

Our firm will act as independent reporting accountants with the person listed in **Key Facts** acting as the principal.

1 Your responsibilities as directors

1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:

- (a) to prepare financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- (b) in preparing the financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the company's ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the company will continue in business;
- (c) you are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements

that are free from material misstatement whether due to fraud or error; and

- (d) you are responsible for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company's activities are conducted honestly for the prevention and detection of fraud and other irregularities.

1.2 You are responsible for ensuring that the company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

1.3 You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in CA 2006, s. 477, namely that it qualifies as a small company in relation to that year for the purposes of s. 381.

1.4 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 478 and 479; namely that at no time during the year was the company:

- a public company;
- an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company;
- carrying on an insurance market activity;
- a special register body as defined in the *Trade Union and Labour Relations (Consolidation) Act 1992*, s. 117(1) or an employers' association as defined in s. 122 of that Act;
- a member of a group that failed to qualify as a small group; or
- a member of an ineligible group.

1.5 The audit exemption is available only if you, as directors, sign a declaration as required by CA 2006, s. 475(3) on the balance sheet stating that:

- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
- (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
- (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.

1.6 You have agreed to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management, directors' and members' meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information. You recognise that a failure to do so could have an impact on the price or the speed of our work.

1.7 You will approve and sign the accounts thereby acknowledging responsibility for them.

1.8 Our report will be made solely to the company's directors, as a body, in accordance with the terms of this engagement letter. Our work will be undertaken so that we might state to the directors those matters that we have agreed to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body for our work or for the report. If you wish, or are asked, to provide a copy of the accounts to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions which you must comply with. In every situation where we do grant consent you agree to ensure that the report remains attached to the accounts shown to the third party.

1.9 If financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.

1.10 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.

2 Our responsibilities in conducting an assurance review

2.1 You have asked us to report to you on a limited assurance basis on the unaudited financial statements of the company. Our review will be conducted with the objective of expressing our conclusion on the financial statements as detailed below. We shall plan our work on the basis that the company is not required by statute or regulation to have an audit of its financial statements unless you inform us in writing to the contrary.

2.2 We will conduct our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised) 'Engagements to Review Historical Financial Statements' and ICAEW Technical Release TECH 09/13 AAF 'Assurance review engagements on historical financial statements'. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. ISRE 2400 also requires us to comply with relevant ethical requirements.

2.3 A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We will perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, applying analytical procedures, and evaluating the evidence obtained. We will also perform additional procedures if we become aware of matters that cause us to believe the financial statements as a whole may be materially misstated. These procedures are performed to enable us to express our conclusion on the financial statements in accordance with ISRE 2400 (Revised). The procedures selected will depend on what we consider necessary applying our professional judgment, based on our understanding of the company and its environment, and our understanding of the applicable accounting standards as stated in **Key Facts** and its application in the context of your company.

2.4 Our conclusion on the unaudited financial statements cannot be regarded as providing assurance on the adequacy of the company's systems or on the incidence of fraud, non-compliance with laws and regulations or weaknesses in internal controls. Engaging us to perform this assurance engagement on the unaudited financial statements does not relieve the directors of their responsibilities in these respects.

2.5 You have advised us that the company is exempt from an audit of the financial statements. We will not carry out any work to determine whether or not the company is entitled to audit exemption. However, should our work indicate that the company is not entitled to the exemption we will inform you of this.

2.6 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (ISAs) (UK). Consequently, it does not include a comprehensive assessment of the risks of material misstatement, a consideration of fraud or of laws and regulations, or the gaining of an understanding of, or the testing of, internal control in accordance with the ISAs (UK). It also does not include the

gathering of evidence in relation to all material areas of the financial statements and in respect of all relevant assertions. Consequently, there is a higher risk than there would be in an audit that any material misstatements that exist in the financial statements may not be revealed by the review, even though properly performed in accordance with ISRE 2400 (Revised).

2.7 Furthermore, as the Board of Directors, you have a duty to prepare financial statements that comply with CA 2006 and applicable accounting standards. Where we identify that the financial statements do not conform to applicable accounting standards as stated in **Key Facts** or if the accounting policies adopted are not immediately apparent this will need to be disclosed in the financial statements.

2.8 We have a professional responsibility not to be associated with financial statements which may be false or misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the accounts with you as well as time spent on any other work that is not completed as part of our resignation.

2.9 As part of our normal procedures, we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.

Basis of the assurance review report

2.10 An example of an unmodified report is attached. Our conclusion, if unmodified, will be in the form:

'Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the company's affairs as at [date], and of its profit [loss] for the year then ended;
- in accordance with applicable accounting standards, as stated in **Key Facts**; and
- in accordance with the requirements of the Companies Act 2006.'

Our report will expressly disclaim any audit opinion on the financial statements.

3.02 CHARITABLE COMPANY – INDEPENDENT EXAMINATION

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountant and advisors to the charity in respect to the independent examination you have requested us to carry out and to clarify our respective responsibilities in respect of that work.

Our firm will act as independent examiners with the person listed in **Key Facts** acting as the independent examiner.

1 Your responsibilities as trustees/directors

1.1 Our independent examination will be conducted on the basis that you acknowledge and understand that you have responsibility:

- (a) to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period. As directors/trustees, you must not approve the

- financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the charitable company;
- (b) in preparing those financial statements, to:
- (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the charitable company's ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charitable company will continue in operation;
- (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the relevant SORP, the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- (d) for safeguarding the assets of the charitable company and hence for taking reasonable steps to ensure the charitable company's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
- 1.2 As trustees of the charitable company, you have a duty under CA 2006 to prepare a directors' report for each financial year and also an annual report complying in its form and content with regulations made under the *Charities Act 2011* (ChA 2011). You should also have regard to the relevant Statement of Recommended Practice *Accounting and Reporting by Charities* (SORP), published jointly by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, and any subsequent amendments or variations to this statement.
- 1.3 In addition to the general duties of directors specified in CA 2006 s. 170-177, you are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.4 You 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 ChA 2011 and the CA 2006, namely that:
- (a) no notice has been received from the Charity Commission requiring an audit;
 - (b) no notice has been received from the members requiring an audit;
 - (c) the charity's gross income in the current year is not more than £500,000 for years ending before 31 March 2015, or £1m for years ending on or after this date;
 - (d) where gross income exceeds £250,000, the charity's gross assets do not exceed £3.26m; and
- (e) the charity is not ineligible for audit exemption under the CA 2006.
- 1.5 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;
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
 - (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.
- 1.6 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 the ChA 2011, s. 145. 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.
- 1.7 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.
- 1.8 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.
- 2 Our responsibilities as independent examiners**
- 2.1 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.
- 2.2 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.
- 2.3 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) adequate accounting records have not been kept, contrary to the requirements of the CA 2006;
 - (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 the *Charities (Accounts and Reports) Regulations 2008* (SI 2008/629), Regulation 4 (or 5 for common investment funds or common deposit funds) and applicable accounting standards as stated in **Key Facts**, except to the extent necessary to show a true and fair view.
- 2.4 Should our work indicate that the charity is not entitled to exemption from an audit of the financial statements then we will inform you. 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.

2.5 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.

2.6 Under the ChA 2011, s. 156(2), 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 the ChA 2011, s. 156(3). In addition under s. 156(4) if we become aware of any matter which does not require to be reported under s. 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

2.7 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.

2.8 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.

2.9 Our work as independent examiners will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). 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.

2.10 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.

4. ACCOUNTANTS REPORT

4.01 LIMITED COMPANY – ACCOUNTANTS’ REPORT

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

1 Your responsibilities as directors

1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
 (a) to prepare financial statements which give a true and fair view of the state of affairs of the company

and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;

- (b) in preparing the financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the company’s ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the company will continue in business;
- (c) for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- (d) for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company’s activities are conducted honestly for the prevention and detection of fraud and other irregularities.

1.2 In addition to the general duties of directors specified in CA 2006, s. 170–177, you are responsible for ensuring that the company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.4 below.

1.4 You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in CA 2006, s. 477, namely that it qualifies as a small company in relation to that year for the purposes of s. 381.

1.5 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 478–479; namely that at no time during the year was the company:

- a public company;
- an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company;
- carrying on an insurance market activity;
- a special register body as defined in the *Trade Union and Labour Relations (Consolidation) Act 1992*, s. 117(1), or an employers’ association as defined in s. 122 of that Act;
- a member of a group that failed to qualify as a small group; or
- a member of an ineligible group.

1.6 The exemption is available only if you, as directors, sign a declaration as required by CA 2006, s. 475(3), on the balance sheet to state that:

- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
 - (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
 - (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.
- 1.7 You have agreed to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management, directors' and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 If you have opted to have abridged financial statements prepared in accordance with the *Small Companies and Groups (Accounts and Directors' Report) Regulations 2008* and FRS 102 Section 1A (see **Key Facts** in paragraph 1.1(c) above for selected option), you are responsible for obtaining the necessary approval from all shareholders, as required by CA06, s. 444(2A). Without this approval abridged accounts cannot be prepared.
- 1.9 You will approve and sign the accounts thereby acknowledging responsibility for them.
- 1.10 If financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.11 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.
- 1.12 Financial statements need to be completed prior to submission of the tax return. Failure to submit the return on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records by the date stated in **Key Facts**, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the accounts to ensure the tax return's timely submission.
- 2 Our responsibilities as accountants**
- 2.1 The financial statements are required to enable profits to be calculated to meet the requirements of the relevant tax legislation and that provide sufficient and relevant information to complete a tax return.
- 2.2 You have told us that the company is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.3 As a small entity, the company qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the company wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.
- 2.4 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.5 We may write to you on or around your year-end date to request the information and records we will need to prepare the accounts.
- 2.6 We do not have any responsibility to report whether any shareholder of the company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.7 We will not check whether the company is exempt from audit. However, should our work indicate that the company is not entitled to exemption from an audit of the financial statements then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors.
- 2.8 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as directors, you have a duty to prepare financial statements that comply with CA 2006 and applicable accounting standards as stated in **Key Facts**. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.9 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.10 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.
- 2.11 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgements made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with CA 2006, s. 386, and we will not address this point unless you specifically request us in writing to do so.
- 2.12 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records and on which we are reporting present a true and fair view.
- 2.13 We have a professional responsibility not to allow our name to be associated with financial statements we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the accounts with you

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

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

4.02 DORMANT COMPANY – ACCOUNTANT'S REPORT

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

1 Your responsibilities as directors

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements which give a true and fair view of the state of affairs of the company. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- (b) in preparing the financial statements, to:
- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments and accounting estimates that are reasonable and prudent; and
- (iii) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- (c) for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- (d) for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company's activities are conducted honestly for the prevention and detection of fraud and other irregularities.
- 1.2 In addition to the general duties of directors specified in CA 2006, s. 170–177, you are responsible for ensuring that the

company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.3 below.
- 1.4 You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in CA 2006, s. 480, namely that:
- (a) it has been dormant since its formation, or
- (b) it has been dormant since the end of the previous financial year and the following conditions are met:
- (i) for its individual accounts for the financial year in question the company:
- is entitled to prepare accounts in accordance with the small companies regime as per CA 2006, s. 381–384; or
 - would be so entitled but for having been a public company or a member of an ineligible group; and
- (ii) the company is not required to prepare group accounts for that year.
- 1.5 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 481; namely that at no time during the year was the company:
- an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company; or
 - carrying on an insurance market activity.
- 1.6 The audit exemption is available only if you, as directors, sign a declaration as required by CA 2006, s. 475(3) on the balance sheet stating that:
- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
- (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
- (c) you acknowledge your obligations for complying with the requirements of the CA 2006 with respect to accounting records and preparation of accounts.
- 1.7 You have agreed to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and directors', members' and shareholders' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 If you have opted to have abridged financial statements prepared in accordance with the *Small Companies and Groups (Accounts and Directors' Report) Regulations 2008* and FRS 102 Section 1A (see **Key Facts** in paragraph 1.1(c) above for selected option), you are responsible for obtaining the necessary approval from all shareholders, as required by CA06, s. 444(2A). Without this approval abridged accounts cannot be prepared.
- 1.9 You will approve and sign the accounts thereby acknowledging responsibility for them.
- 1.10 Company accounts need to be completed and filed with Companies House within certain deadlines set out in the CA 2006. Failure to submit on time will result in penalties. We will therefore plan our work so as to ensure sufficient time is allowed to meet the submission deadlines. However if you fail to provide your accounting records in line with our request as

noted above or do not promptly answer any queries that we raise, you understand that we will not be responsible for any late filing penalties charged for a late submission.

- 1.11 If financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.12 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.
- 1.13 You are responsible for informing us if the company undertakes any transactions. Once this happens the company will cease to be dormant and we will need to revise the terms of our engagement.

Corporation tax

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

2 Our responsibilities as accountants

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

not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.

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

Corporation tax

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

4.04 LLP – ACCOUNTANT'S REPORT

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

1 Your responsibilities as designated members

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
 - (a) to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. As designated members you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the LLP;
 - (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the LLP's ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the LLP will continue in business;
 - (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable you to ensure that the financial statements comply with the Companies Act 2006 (CA 2006) as applied by *The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008* (SI 2008/1911), the Statement of Recommended Practice: *Accounting by Limited Liability Partnerships* and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
 - (d) you are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.2 You are responsible for ensuring that the LLP complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.4 below.
- 1.4 You are responsible for determining whether, in respect of the year, the LLP meets the conditions for exemption from an audit set out in CA 2006, s. 477 or, for a dormant LLP CA 2006, s. 480, namely that it qualifies as a small LLP in relation to that year for the purposes of CA 2006, s. 381.
- 1.5 You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in CA 2006, s. 478–479; namely that at no time during the year was the LLP:
 - an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company;
 - carrying on an insurance market activity;
 - a special register body as defined in the *Trade Union and Labour Relations (Consolidation) Act 1992*, s. 117(1), or an employers' association as defined in s. 122 of that Act;
 - a member of a group that failed to qualify as a small group; or
 - a member of an ineligible group.
- 1.6 The exemption is available only if you, as members, sign a declaration on the balance sheet as required by CA 2006, s. 475(3) stating that:
 - (a) for the period in question, the LLP is eligible to take advantage of the audit exemptions; and
 - (b) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.
- 1.7 You have undertaken to make available to us, as and when required, all the LLP's accounting records and related financial information, including minutes of management and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 If you have opted to have abridged financial statements prepared in accordance with the *Small Limited Liability Partnerships (Accounts) Regulations 2008* and FRS 102 Section 1A (see **Key Facts** in paragraph 1.1(c) above for selected option), you are responsible for obtaining the necessary approval from all members, as required by CA06, s. 444(2A) as applied by *The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008*. Without this approval abridged accounts cannot be prepared.
- 1.9 You will approve and sign the accounts thereby acknowledging responsibility for them.
- 1.10 Financial statements need to be completed prior to submission of the partnership self-assessment tax returns. Failure to submit the returns on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records by the date stated in **Key Facts**, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the accounts to ensure the tax returns timely submission.
- 2 Our responsibilities as accountants**
- 2.1 The financial statements are required to enable profits to be calculated to meet the requirements of the relevant tax legislation and that provide sufficient and relevant information to complete the partnership self-assessment tax returns.
- 2.2 You have told us that the LLP is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.

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

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

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

4.05 CHARITABLE COMPANY – ACCOUNTANT'S REPORT

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

1 Your responsibilities as trustees/directors

- 1.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charitable company for that period. As directors/trustees you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the charitable company;
 - (b) in preparing those financial statements, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the charitable company's ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the

- charitable company will continue in operation;
- (c) for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the relevant Statement of Recommended Practice *Accounting and Reporting by Charities* (the SORP), the *Companies Act 2006* (CA 2006) and applicable accounting standards as stated in **Key Facts**. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- (d) for safeguarding the assets of the charitable company and hence for taking reasonable steps to ensure the charitable company's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
- 1.2 As trustees of the charitable company, you have a duty under the CA 2006 to prepare a directors' report for each financial year and also an annual report complying in its form and content with regulations made under the *Charities Act 2011* (ChA 2011). You should also have regard to the relevant SORP published jointly by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator, and any subsequent amendments or variations to this statement.
- 1.3 In addition to the general duties of directors specified in CA 2006, s. 170–177, you are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- 1.4 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.2 below.
- 1.5 You are also responsible for determining whether, in respect of the year, the charitable company meets the conditions for exemption from an audit and an independent examination as set out in the ChA 2011 and CA 2006, namely that:
- (a) no notice has been received from the Charity Commission requiring an audit;
- (b) no notice has been received from the members requiring an audit;
- (c) the charity's gross income in the current year is not more than £25,000; and
- (d) the charity is not ineligible for audit exemption under the CA 2006 (a Plc, bank insurance company, etc or a member of a group containing such a company).
- 1.6 The exemption is available only if you, as director/trustees, sign a declaration on the balance sheet stating that:
- (a) for the year in question, the company is eligible to take advantage of the audit exemptions;
- (b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
- (c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.
- 1.7 You have undertaken to make available to us, as and when required, all the charity's accounting records and related financial information, including minutes of management and members' meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information.
- 1.8 You will approve and sign the accounts thereby acknowledging responsibility for them.
- 2 Our responsibilities as accountants**
- 2.1 Where the charity requires neither an audit nor an independent examiners' report we have no statutory responsibilities to the charity at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services. You have asked us to assist you in the preparation of financial statements in accordance with the requirements of the CA 2006, and issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.
- 2.2 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- (a) write up the accounting records insofar as they are incomplete when presented to us; and
- (b) complete the postings to the nominal ledger.
- 2.3 We will write to you on or around your year-end date to request the information and records we will need to prepare the accounts.
- 2.4 We do not have any responsibility to report whether any member of the charitable company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.
- 2.5 We will not check whether the charitable company is exempt from audit or independent examination. However, should our work indicate that the charitable company is not entitled to exemption then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors or independent examiners, as the case may be.
- 2.6 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as directors/trustees, you have a duty to prepare financial statements that comply primarily with the Companies Act 2006 and applicable accounting standards as stated in **Key Facts**. In addition, as trustees of a charitable company you are also required to have regard to the SORP. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.
- 2.7 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.8 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or independent examinations.
- 2.9 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with the CA 2006, and we will not address this point unless you specifically request us, in writing, to do so.

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

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

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

1 Your responsibilities as trustees

- 1.1 As trustees of the charity, you are required to prepare an account and statement for each financial year which fairly present the receipts and payments of the charity for the period and its assets and liabilities at the period end in accordance with the ChA 2011 and the regulations thereunder. In preparing the account and statement, you are required to:
- select suitable accounting policies and then apply them consistently;
 - make judgments and accounting estimates that are reasonable and prudent; and
 - prepare the account and statement on the going concern basis unless it is inappropriate to presume that the activities of the charity will continue.
- 1.2 You are responsible for keeping sufficient accounting records which disclose, with reasonable accuracy, at any time the financial position of the charity. You are also responsible for

such internal control as you determine is necessary to enable the preparation of accounts that are free from material misstatement whether due to fraud or error. You are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

- 1.3 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.2 below.
- 1.4 You are also responsible for determining whether, in respect of the year, the charity meets the conditions for exemption from an audit and an independent examination as set out in ChA 2011, s. 144-145, namely that:
- no notice has been received from the Charity Commission requiring an audit; and
 - the charity's gross income in the current year is not more than £25,000.
- However, if the charity is a CIO it will still need to file accounts with the Charity Commission.
- 1.5 You have undertaken to make available to us, as and when required, all the charity's accounting records and related financial information, including minutes of management and members' meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.
- 1.6 You will approve and sign the accounts thereby acknowledging responsibility for them.

2 Our responsibilities as accountants

- 2.1 Where the charity requires neither an audit nor an independent examiners' report we have no statutory responsibilities to the charity at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services. We will compile the account and statement for your approval based on the accounting records maintained by you and the information and explanations that you give us, and issue an accountant's report on those financial statements.
- 2.2 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
- write up the accounting records insofar as they are incomplete when presented to us; and
 - complete the postings to the nominal ledger.
- 2.3 We will write to you on or around your year-end date to request the information and records we will need to prepare the accounts.
- 2.4 Should our work indicate that the charity is not entitled to exemption from an audit or an independent accountant's report, we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors or independent examiners, as the case may be.
- 2.5 Our work will not be an audit of the account and statement in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the account and statement or to the disclosures in the account and statement. Nor will we make any assessments of the estimates and judgments made by you in the preparation of the account and statement. Consequently, our work will not provide any assurance that the accounting records or the account and statement are free from material misstatement, whether caused by fraud, other irregularity or error.
- 2.6 In addition, we have no responsibility to determine whether you have maintained sufficient accounting records in accordance with ChA 2011, s. 130, and we will not address this point unless you specifically request us, in writing, to do so.
- 2.7 Because we will not carry out an audit, nor otherwise confirm the accuracy or reasonableness of the accounting records

maintained by the charity, we will be unable to provide any assurance as to whether the account and statement that we prepare from those records and on which are reporting presents fairly the charity's receipts and payments and its assets and liabilities at the year end.

- 2.8 We have a professional duty to prepare an account and statement that conform with generally accepted accounting principles. The account and statement of a charity are required to comply with the ChA 2011 and the regulations made thereunder. Where we identify that the account and statement do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the account and statement.
- 2.9 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 2.10 We will report to the trustees, as appropriate, that in accordance with this engagement schedule and to assist you to fulfil your responsibilities, we have not carried out an audit or an independent examination, but have compiled the account and statement from the accounting records and from the information and explanations supplied to us and issued an accountant's report thereon.
- 2.11 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body for our work or this report. If you wish, or are asked, to provide a copy of the account and statement to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent then the accountant's report must remain attached to the account and statement shown to the third party.

5.ACCOUNTING SERVICES

5.01 PRODUCTION OF ANNUAL ACCOUNTS ONLY

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

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

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

1 Your responsibilities

- 1.1 You have agreed that your staff will maintain all accounting records, except as detailed in paragraph 2.4 below.
- 1.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the entity or for the financial statements, is accurate and complete. You are also responsible for ensuring that the activities of the entity are conducted honestly, and for safeguarding the assets of the entity and for taking reasonable steps to ensure the prevention and detection of fraud.
- 1.3 You are responsible for ensuring that the entity complies with the laws and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.
- 1.4 You have agreed to make available to us, as and when required, all your accounting records and related financial information, including any minutes of

directors/partnership/management/trustee meetings, necessary to carry out our work. You have agreed to provide us with all information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full.

- 1.5 You will approve and sign the financial statements thereby acknowledging responsibility for them, including the appropriateness of the accounting basis on which they are compiled, and for providing us with all information and necessary explanations necessary for their compilation.
- 1.6 Financial statements need to be completed prior to submission of the tax return. Failure to submit the return on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records by the date stated in **Key Facts**, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the accounts to ensure the tax return's timely submission.

2 Our responsibilities as accountants

- 2.1 The financial statements are required to enable profits to be calculated to meet the requirements of the relevant tax legislation and that provide sufficient and relevant information to complete a tax return.
- 2.2 We will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give us.
- 2.3 If the entity is a company or LLP and qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House, it is assumed that the company/LLP wishes to file the minimum of information at Companies House. Therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.
- 2.4 As agreed with you (see **Key Facts**), we shall carry out the following bookkeeping services:
 - (a) write up the accounting records insofar as they are incomplete when presented to us; and
 - (b) complete the postings to the nominal ledger.
- 2.5 We will write to you on or around your year-end date to request the information and records we will need to prepare the accounts.
- 2.6 Unless stated in **Key Facts**, we will not be carrying out an audit and accordingly will not verify the assets and liabilities of the entity, nor the items of expenditure and income. To carry out an audit would require additional work to comply with International Standards on Auditing (UK) so that we could report on the truth and fairness of the accounts.
- 2.7 We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees, although we will advise you of any such circumstances that we encounter in preparing your accounts.
- 2.8 We have a professional duty to compile financial information that conform with the generally accepted accounting principles selected by the directors/partners/trustees as being appropriate for the purpose for which the information is prepared. The accounting basis on which the information has been compiled, its purpose and limitations will be disclosed in an accounting policy note to the financial information and will be referred to in the accountants' report.
- 2.9 We also have a professional responsibility not to allow our name to be associated with financial information which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial information may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial information. In circumstances where adjustments and/or disclosures that we consider appropriate are not made

or where we are not provided with appropriate information, and as a result we consider that the financial information is misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the accounts with you and for time spent on any other work that is not completed as a result of our resignation.

- 2.10 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission.

5.02 CASH FLOWS/PROFIT FORECASTS

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the preparation of your cash flows/profit forecasts and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 You agree to make available to us the information we need to prepare the forecast. You agree to make full disclosure to us of all relevant information that may affect the forecast.
- 1.2 You may be asked to approve and sign the forecast thereby acknowledging responsibility for it and the estimates and assumptions on which it is based.
- 1.3 We have a professional responsibility to not allow our name to be associated with accounting work that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the forecast may be misleading we will discuss this with you so that appropriate adjustments or disclosures can be made. Where the adjustments or disclosures we consider appropriate are not made and we consider that the forecast remains misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent in preparing and discussing the forecast with you as well as time spent on any other work that is not completed as a result of our resignation.
- 1.4 Our report is prepared solely for the confidential use of yourselves and, if relevant, the third party named in **Key Facts**, and solely for the purpose as stated in **Key Facts**. It may not be relied upon by yourselves or, if relevant, the third party for any other purpose whatsoever. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission. We, your accountants neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.
- 1.5 You are responsible for the following general business and financial matters:
- (a) ensuring that, to the best of your knowledge and belief, financial information used by your business or for the forecast is accurate and complete;
 - (b) maintaining the accounting records of your business;
 - (c) ensuring that the activities of your business are being conducted honestly;
 - (d) safeguarding the assets of your business and taking reasonable steps for the prevention and detection of fraud; and
 - (e) ensuring your business complies with the laws and regulations that apply to its activities, as well as preventing non-compliance and detecting any that occurs.

If relevant, further responsibilities for company directors/designated members

- 1.6 You are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company/LLP and for ensuring that the financial statements comply with the Companies Act 2006 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.
- 1.7 You are responsible for safeguarding the assets of the company/LLP and hence for taking reasonable steps to ensure the entity's activities are conducted honestly for the prevention and detection of fraud and other irregularities.
- 1.8 You are responsible for ensuring that the company/LLP complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

2 Our responsibilities as accountants

- 2.1 You have instructed us to prepare a business plan/cash flow forecast (hereafter referred to as 'the projections') for your business for the period as stated in **Key Facts**, for the purpose stated therein. The projections will be for the exclusive use of you and, if relevant, the bank, and should not be shown to any other party without our prior written consent.
- 2.2 The projections will be drawn up from information and explanations provided by you, either directly or by way of discussions with you. The work carried out on your behalf will be limited to compiling the projections from the information so provided and presenting it in the appropriate manner to support your application for finance. We will work with you to draw up the appropriate estimates and assumptions necessary, but these will be based on the information provided by you. You will remain solely responsible for such estimates and assumptions and hence for the resulting business plan/cash flow forecast.
- As agreed, the business plan/cash flow forecast will include the items listed in **Key Facts**.
- 2.3 As the projections relate to expected future events the actual results will almost inevitably differ from the projections. Those differences may be material. Accordingly, whilst care will be taken to translate the information and explanations provided into meaningful forecasts based on your assumptions, we cannot accept any responsibility for any loss occasioned to any person acting or refraining from action as a result of any material or statements included in, or omitted from, the projections.
- 2.4 You understand that our work will not constitute an audit of the figures and information in the projections and we will not express any opinion thereon. Our report will not extend to any financial statements of the entity taken as a whole.
- 2.5 To ensure that anyone reading the projections is aware of the scope of our work and the fact that we have not carried out an audit, we will annex to the projections a short report explaining these facts. If you wish, or are asked, to provide a copy of the projections 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 this report must remain attached to any copy shown to the third party.
- 2.6 We would like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees. However we will advise you if we come across anything of this nature in the course of preparing the forecast.

5.03 MANAGEMENT ACCOUNTS

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the preparation of your management accounts and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 Unless we have also agreed to carry out a bookkeeping service (see schedule 5.04), we understand that you have agreed that your staff will be responsible for all the day-to-day accounting work, which includes:
- (a) maintaining records of all receipts and payments of cash;
 - (b) reconciling cash book balances monthly/quarterly with the bank statements;
 - (c) posting and balance the purchase and sales ledgers; and
 - (d) extracting a detailed list of ledger balances.
- 1.2 You will also provide estimates of any stocks at the end of each period.
- 1.3 You agree to make your accounting records and related financial information available to us in line with the requests we make. You recognise that a failure to do so could have an impact on the price or the speed of our work.
- 1.4 Even if we have not directly requested it, you agree to disclose to us in full any information that is relevant to the management accounts.
- 1.5 You may be asked to approve and sign the management accounts thereby acknowledging responsibility for them, including providing us with all information and explanations necessary for their preparation.
- 1.6 We have a professional responsibility to not allow our name to be associated with accounts that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the management accounts may be misleading we will discuss this with you so that appropriate adjustments or disclosures can be made. Where the adjustments or disclosures we consider appropriate are not made and we consider that the accounts remain misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the accounts with you as well as time spent on any other work that is not completed as part of our resignation.
- 1.7 The management accounts are prepared solely for the confidential use of yourselves and, if relevant, the third party named in **Key Facts**, and solely for the purpose as stated in **Key Facts**. They may not be relied upon by yourselves or, if relevant, the third party for any other purpose whatsoever. The management accounts must not be recited or referred to in whole or in part in any other document. The management accounts must not be made available, copied or recited to any other party without our express written permission. We, your accountants, neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on the management accounts.
- 1.8 You are responsible for the following general business and financial matters:
- (a) ensuring that, to the best of your knowledge and belief, financial information used by your business or for the management accounts is accurate and complete;
 - (b) ensuring that the activities of your business are being conducted honestly;

- (c) safeguarding the assets of your business and taking reasonable steps for the prevention and detection of fraud; and
- (d) ensuring your business complies with the laws and regulations that apply to its activities, as well as preventing non-compliance and detecting any that occurs.

If relevant as stated in Key Facts, further responsibilities for company directors/designated members

- 1.9 You are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company/LLP and for ensuring that the financial statements comply with the *Companies Act 2006* 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.
- 1.10 You are responsible for safeguarding the assets of the company/LLP and hence for taking reasonable steps to ensure the entity's activities are conducted honestly for the prevention and detection of fraud and other irregularities.
- 1.11 You are responsible for ensuring that the company/LLP complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- #### 2 Our responsibilities as accountants
- 2.1 We understand that you require us to prepare the management accounts of your business for the period ended as stated in **Key Facts**, and for subsequent periods.
- 2.2 This involves us in completing the writing up of your books and records, insofar as they are incomplete when presented to us, from the information and explanations supplied to us and preparing draft accounts therefrom for your approval.
- 2.3 You understand that we will not be carrying out an audit and accordingly will neither verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would require additional work to comply with International Standards on Auditing (UK) so that we could report on the truth and fairness of the financial statements.
- 2.4 We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will advise you of any such circumstances that we encounter in preparing your accounts.
- 2.5 The accounts are not suitable for submission to HMRC with your tax return, or, if relevant, to Companies House.
- 2.6 If you wish, or are asked, to provide a copy of the management accounts 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 this report must remain attached to any copy shown to the third party.

5.04 BOOKKEEPING SERVICES

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the provision of bookkeeping services and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 You have agreed to provide us with the information specified in **Key Facts** under 'Your responsibility' in order for us to prepare and maintain the accounting records.

- 1.2 You undertake to provide us with accurate and complete information. Where you become aware that information provided by you has altered, or circumstances have changed, you are responsible for advising us of this as soon as possible. We are not responsible for advice or reports provided that would have been altered had we been aware of the full facts.
- 1.3 You are responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.4 You are also responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.

2 Our responsibilities as accountants

- 2.1 We understand that you require us to carry out your bookkeeping and to prepare your accounting records. We will maintain your accounting records using appropriate computer software. We have explained to you verbally what this means.
- 2.2 From the information and explanations you supply, we will maintain the records as specified in **Key Facts** under 'Our responsibility'.
- 2.3 You understand that we will not be carrying out an audit 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 require additional work to comply with Auditing Standards so that we could report on the truth and fairness of the financial statements.
- 2.4 We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will advise you of any such circumstances that we encounter in preparing your accounts.

6. TAXATION SERVICES

6.01 CORPORATION TAX

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to your corporation tax affairs and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities as directors/officers

- 1.1 The Directors/Officers, on behalf of the company/society, are legally responsible for:
- (a) ensuring that the company/society tax return (including XBRL tags and iXBRL file) 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 and/or interest.
- 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/society are accurate and complete before he/she approves and signs them.
- 1.2 It is mandatory for the company/society tax return to be delivered electronically using the Extensible Business Reporting Language (XBRL) format, a type of computer language. A parent company may be required to file both individual and group accounts as part of its online company tax return. Unless you have requested otherwise (see **Key Facts**), it is your responsibility to ensure that the accounts have been accurately tagged in the iXBRL format.
- 1.3 To enable us to carry out our work the Directors/Officers 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/society'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/society's affairs;
- (d) to provide us with information in sufficient time for the company/society's CTSA return to be completed and submitted by the due date specified in **Key Facts** following the end of the tax year. In order that we can do this we need to receive all relevant information by the date specified in **Key Facts**. 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/society'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/officers, shareholders or their associates during an accounting period and any actual or planned repayments or write offs after the accounting period.

1.4 The Directors/Officers will keep us informed of material changes in circumstances that could affect the tax liabilities of the company/society. If the Directors/Officers are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

1.5 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

1.6 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, if relevant 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.

1.7 You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the UK VAT registration threshold and you 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 exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.

1.8 You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of yourself and your worker and any contractors who may be treated as deemed employees under the off-payroll

working rules. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

2 Our responsibilities as accountants

2.1 Profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the company/society's tax return, the computation with these adjustments, and supporting schedules required, from the accounts and information and explanations you provide to us.

2.2 After obtaining the written approval and signature of the proper director/officer or other person authorised to act for the company/society in this regard, we will submit the return, computation and accounts online to HMRC and, if relevant, Companies House, in the required Extensible Business Reporting Language (XBRL) format, a type of computer language. Responsibility for the generation of the accounts, and the production of the iXBRL format of the accounts required by HMRC and Companies House, is stated in **Key Facts**.

2.3 It is mandatory for the Company Tax Return to be delivered electronically using the iXBRL format, which includes the statutory accounts. It is the company/society's responsibility to ensure that the accounts have been accurately tagged, the statutory audit (if relevant) not providing assurance on this matter.

2.4 We will tell you how much tax the company/society 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.

2.5 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.

2.6 We will advise you as to possible claims and elections arising from information supplied by you including, where relevant, industry-specific claims for additional deductions and payable tax credits, and claims relating to research and development expenditure. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC. Specialist claims may be the subject of a separate engagement schedule.

2.7 Since 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.

2.8 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

2.9 It is our policy to confirm in writing advice upon which the company/society may wish to rely.

Payments under deduction of tax

2.10 If applicable, we will complete, using information provided by you, return form CT61 regarding payments made to and by the company under deduction of tax. We will send the form CT61 to you for approval and signature, advising you of the amounts of income tax that are due, and the due date for payment and submission of the form. Who will submit the form CT61 and remittance to HMRC is stated in **Key Facts**. You must inform us immediately if the company pays or receives any interest or similar amounts under deduction of tax.

Personal service companies (IR35)

2.11 If relevant, we will advise on whether the company is subject to the personal services legislation on a contract by contract basis. You authorise us to seek an opinion from HMRC where we consider it appropriate. If there are contracts that we consider are within the personal services legislation we will calculate the deemed salary, prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll reports for any "deemed payments" and advise you how much tax and national insurance to pay and by when, as well as whether to pay any actual salary before the year end and, if so, how much.

Managed service companies

2.12 If relevant, we will advise on whether the company is subject to the managed service company legislation. You authorise us to seek an opinion from HMRC where we consider it appropriate. If we deem the legislation to apply we will prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll documentation and advise you how much tax and national insurance to pay and by when.

2.13 As a firm of accountants, we are not a managed service company provider and are not involved with the company under the terms of the legislation. We will not be made responsible for any unrecovered PAYE debt from the company.

Groups and consortia

2.14 If relevant, in relation to groups and consortia of which your company/society is a member, and in respect of which you have instructed us to act, we will provide the following additional services:

- In respect of claims for group and consortium relief:
 - (a) We will advise as required on claims for group and consortium relief and the interaction with other reliefs.
 - (b) We will prepare and submit to HMRC appropriate claims.
 - (c) We will adjust corporation tax computations to reflect the surrender and receipt of group and consortium reliefs.
 - (d) We will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group.
 - (e) We will advise on claiming eligible unrelieved foreign tax (EUFT) or the surrender of any amount of EUFT.
- Where relevant, we will advise on the application of transfer pricing rules.

Other tax advice

2.15 Where applicable, we will need to be authorised to contact other group member accountants to ensure that all necessary information and explanations are available. It is the responsibility of the parent company directors to ensure that such information and explanations are correct and complete.

2.16 We will be pleased to assist the company/society generally in tax matters if you advise us in good time of any proposed transactions and request advice. We would, however, warn you that because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.

2.17 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement

letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:

- advising you on ad hoc transactions (for example the sale or purchase of assets);
- advising you when corporation tax is due on loans by the company/society to directors/officers or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid;
- advising you on and preparing enhanced expenditure claims and reliefs, including those relating to research and development;
- advising you on, and preparing analyses of, expenditure and detailed capital allowance claims for renovation of buildings;
- preparation and submission of a group allocation allowance statement;
- preparation and submission of a corporate interest restriction return;
- assistance with country-by-country reporting notifications, senior accounting officer reporting obligations, and the company tax strategy document;
- dealing with any enquiry, information request, inspection, compliance check or other intervention opened into the company/society's corporate tax affairs by HMRC;
- advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities; and
- preparing any amended returns that may be required, calculating any related tax liabilities and corresponding with HMRC as necessary.

2.18 We will be pleased also to advise the directors/officers and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned.

6.04 SELF-ASSESSMENT (PARTNERSHIPS AND LLPs)

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the partnership/LLP's tax self assessment and to clarify our respective responsibilities in respect of that work.

In this schedule, in the case of an LLP, references to 'the partners' are to be taken as being a reference to or including the members of the LLP, and references to 'the partnership' are to the LLP.

1 Your responsibilities

1.1 The partners are legally responsible for:

- (a) ensuring that the partnership self-assessment tax returns (and related partnership statements and supplementary pages) are correct and complete;
- (b) filing all such returns by the relevant due date; and
- (c) reporting their allocation of the partnership profit or loss on their own self-assessment tax returns and paying any associated 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. The partners agree to check that returns and partnership statements prepared for the partnership are accurate and complete in all respects before you or the Nominated Partner (below) approve(s) and sign(s) them.

1.2 To enable us to carry out our work you agree:

- (a) that all tax returns are to be made on the basis of full disclosure of all sources of income, profits and gains, all charges and allowances and all capital transactions;

- (b) to maintain accurate and complete accounting and other records of all income, expenses and outgoings of the partnership, and of the results of all transactions of the partnership of a capital nature.
- (c) to provide full information and documents necessary for dealing with the partnership's tax affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- (d) to provide us with the name of the partner nominated to deal with the partnership's tax affairs (the Nominated Partner), and to authorise us to take instructions from such Nominated Partner in relation to the preparation, and submission to HMRC, or partnership tax returns (with supporting statements and pages);
- (e) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the partnership's tax affairs; and
- (f) to provide us with information in sufficient time for the partnership tax returns to be completed and submitted by the due date as stated in **Key Facts**. In order that we can do this, we need to receive all relevant information by the date stated in **Key Facts**. If for any reason we do not receive all relevant information by this date we may, at our discretion and depending on our work capacity, still endeavour to complete the relevant tax return so that it can be submitted on time. We reserve the right to make an additional charge for such rush work and will advise you of the amount prior to carrying out the work.

1.3 You will keep us fully and promptly informed of events or material changes in circumstances that could affect the tax liabilities of the partners including, by way of examples, changes in the partners in the partnership or, where a partner in the partnership becomes or ceases to be partner as trustee for a beneficiary who is absolutely entitled to the partner's share of the profits of the partnership, that change. If you are unsure whether an event or the change in circumstances is material or not, please let us know so that we can assess the significance or otherwise.

1.4 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you must still take 'reasonable care' over your tax affairs.

1.5 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 may have the authority to communicate with us, if relevant 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.

1.6 You are responsible for monitoring the partnership's monthly turnover to establish whether the partnership is liable to register for VAT if it is not already registered. In certain circumstances, there can be registration obligations with respect to other member states of the European Union. If you do not understand what you need to do, please ask us. If your turnover exceeds the UK VAT registration threshold and you 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 your turnover exceeds the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur

a late registration penalty. The same applies for equivalent non-UK taxes.

1.7 You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If your business is not small, you are responsible for assessing the tax status under the off-payroll working rules of any contractors providing services to your business and for employment taxes if they are deemed employees. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

2 Our responsibilities as accountants

2.1 Profit from accounts prepared under UK GAAP or the cash basis (see **Key Facts** for selected option) may require adjustment to arrive at the profit figure assessable for tax. We will prepare computations of taxable profits and capital gains based on the partnership financial statements from the accounting records and other information and explanations provided by you.

2.2 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. For the avoidance of doubt, this obligation does not extend to any VAT returns, or tax returns which may be required to be made in any country or jurisdiction outside the United Kingdom.

2.3 After obtaining the approval and signature of the Nominated Partner we will submit these to HMRC. If required, you authorise us to file the return electronically.

2.4 If instructed by you 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 own self-assessment tax returns.

2.5 If instructed by you, we will advise you as to possible claims and elections arising from information supplied by the partnership. Where subsequently instructed by you we will make such claims and elections in the form and manner required by HMRC.

2.6 We will deal with all communications relating to your return that are addressed to us directly by HMRC or passed to us by you. However if HMRC choose the partnership tax return for enquiry this work may need to be the subject of a separate assignment. In this event we will seek further instructions from you.

2.7 We are able to offer fee protection insurance to cover the cost of our fees arising from HMRC investigations. If you would like further details of this service please let us know.

2.8 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded (see also 2.9 below). If you instruct us to do so, we will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:

- advising on preparing accounts (including preparation on the cash basis and helping you to make the requisite election);
- dealing with any enquiry opened into the partnership's tax return by HMRC; and
- preparing any amended returns which may be required and corresponding with HMRC as necessary.

2.9 In particular (in relation to the scope of our services to you), our services do not extend to advising you or carrying out any work on or in connection with, or arising out of:

- the partnership being a partner (including an indirect partner) in any other partnership; or

- any other partnership being a partner (including an indirect partner) in the partnership.

This relates to provisions enacted by the Finance Act 2018. These provisions can require, for example, the preparation of partnership statements on four alternative bases. Where the partnership's circumstances are within either of these two bullet points, we will be happy to discuss the additional work that may be required, and to make this the subject of a separate engagement letter.

2.10 Since 17 July 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.

2.11 Where specialist advice in certain areas is required on occasions we may need to seek this from or refer you to appropriate specialists.

2.12 It is our policy to confirm in writing advice upon which the partnership may wish to rely.

2.13 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.

6.06 SUBCONTRACTORS CIS

Client operated for online submission by firm

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the operation of the Construction Industry Scheme (CIS) for the subcontractors, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

1.1 You will be responsible for carrying out verification procedures with HMRC for the subcontractors you use. You will provide us with the verification references given to you by HMRC. You will confirm for each subcontractor whether HMRC have advised that payment should be made gross, after standard rate deduction, or after higher rate deduction.

It is important to note that verification procedures must be carried out before any payment can be made to the subcontractor. They can however carry out work prior to verification.

You will provide us with the verification reference for subcontractors paid before the date of this letter, along with the deduction rate as advised by HMRC. You must also verify subcontractors you have used before but have not included on a CIS return in the current or last two tax years.

1.2 If you receive a notice of change from HMRC with regard to a change in deduction status for one of your subcontractors you undertake to forward it to us immediately. We will not be responsible for failure to effect a change where we do not receive the notice in time.

1.3 We will advise you of the net payment and deduction amounts for each subcontractor. In order for us to do this you will provide us with the following by the day of each month stated in **Key Facts**:

- (a) the amount of gross payment (excluding VAT) due to each subcontractor.
- (b) the amount of own materials cost included within the gross payment. In providing this to us you confirm that you have either obtained direct

confirmation from the subcontractor of the amount or you consider the amount not to be excessive.

- 1.4 You will be responsible for preparing the statements of deduction to support each payment and providing them to each of your subcontractors electronically or by hard copy by the 19th of the month following payment.
- 1.5 You will maintain the record of payments as required by HMRC.
- 1.6 You will be responsible for confirming the self-employment status of all your subcontractors. We will ask you for written confirmation of this prior to confirming the monthly return, including the status declaration, on your behalf. From 2017-18, the information for verifying subcontractor status must be delivered to HMRC electronically. We can provide advice on a case by case basis, should you so require.
- 1.7 If relevant, we will apply for authority using the online agent authorisation procedure (see 2.5 below). This will result in you being sent an authorisation code by HMRC. Once you receive this it needs to be provided to us to complete the registration.

2 Our responsibilities as accountants

- 2.1 We will advise you of the net payment and deduction amounts for each subcontractor, subject to the terms of paragraph 1.3 above.
- 2.2 On the basis of the above calculations, we will complete the HMRC monthly returns on your behalf electronically. The monthly returns are due by the 19th of each month. Failure to meet this deadline will result in financial penalties being levied, for which you will remain liable. Returns are not mandatory where no subcontractors have been paid since the last return. However, HMRC will still issue a penalty notice if a return is not received by the due date which will have to be appealed. To avoid this, we will complete nil returns on your behalf where no subcontractors have been paid since the last return.
- 2.3 We will send you a copy of the monthly return submitted on your behalf.
- 2.4 We will calculate and advise you of the amount of tax deducted from your subcontractors that needs to be paid over to HMRC each month. Note that payments need to reach HMRC by the 19th of the month following payment for postal payments and by the 22nd where electronic payment methods are used.
- 2.5 We will submit your CIS information online where possible. Accordingly, we will apply for authority using the online agent authorisation procedure. We may also write to HMRC to ensure that we are provided with all paper CIS output. HMRC do sometimes overlook the authority to send information to us and therefore you should always send us the originals or copies of all communication you receive from them.

6.07 SUBCONTRACTORS CIS – firm operated

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the operation of the Construction Industry Scheme (CIS) for the subcontractors, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 We will carry out verification procedures with HMRC for any new subcontractors you use. To enable us to do this you will provide us with the following once a contract has been signed or a tender agreed:
 - where the subcontractor is a sole trader you will provide their full name, unique tax reference (UTR) and national insurance number.
 - where the subcontractor is a partnership you will provide the firm's name and unique tax reference, as well as the individual partner's name, unique tax reference (UTR), and national insurance number. If the partner is a company

you will provide the company's unique tax reference (UTR) and registration number.

- where the subcontractor is a limited company you will provide the company's name, unique tax reference (UTR) and registration number.

It is important to note that verification procedures must be carried out before any payment can be made to the subcontractor. They can however carry out work prior to verification.

You will provide us with the verification reference for subcontractors paid before the date of this letter, along with the deduction rate as advised by HMRC. You must also verify subcontractors you have used before but have not included on a CIS return in the current or last two tax years.

- 1.2 If you receive a notice of change from HMRC with regard to a change in deduction status for one of your subcontractors you undertake to forward it to us immediately. We will not be responsible for failure to effect a change where we do not receive the notice in time.

- 1.3 We will advise you of the net payment and deduction amounts for each subcontractor. In order for us to do this you will provide us with the following by the day of each month stated in **Key Facts**:

- (a) the amount of gross payment (excluding VAT) due to each subcontractor.
- (b) the amount of own materials cost included within the gross payment. In providing this to us you confirm that you have either obtained direct confirmation from the subcontractor of the amount or you consider the amount not to be excessive.

- 1.4 You will provide to each of your subcontractors by the 19th of the month following payment the written statements of deductions (which we will provide – see 2.5 below) to support each payment.

- 1.5 You will be responsible for confirming the self-employment status of all your subcontractors. We will ask you for written confirmation of this prior to signing/confirming the monthly return, including the status declaration, on your behalf. From 2017-18, the information for verifying subcontractor status must be delivered to HMRC electronically. We can provide advice on a case by case basis, should you so require.

- 1.6 We will apply for authority using the online agent authorisation procedure (see 2.8 below). This will result in you being sent an authorisation code by HMRC. Once you receive this it needs to be provided to us to complete the registration.

2 Our responsibilities as accountants

- 2.1 We will carry out verification procedures with HMRC for any new subcontractors you use, subject to the terms of paragraph 1.1 above.

- 2.2 We will advise you of the net payment and deduction amounts for each subcontractor, subject to the terms of paragraph 1.3 above.

- 2.3 On the basis of the above calculations, we will complete the HMRC monthly returns on your behalf electronically. The monthly returns are due by the 19th of each month. Failure to meet this deadline will result in financial penalties being levied, which you remain liable for. Returns are not mandatory where no subcontractors have been paid since the last return. However, HMRC will still issue a penalty notice if a return is not received by the due date which will have to be appealed. To avoid this, we will complete nil returns on your behalf where no subcontractors have been paid since the last return.

- 2.4 We will compile the monthly return as your agent and submit it electronically, based on the information provided by you. We will provide you with a summary of the declared information and it is your responsibility to inform us without delay if you believe an error has been made.

- 2.5 We will prepare written statements of deduction to support each payment, which you will provide to each of your subcontractors by the 19th of the month following payment (see 1.4 above).
- 2.6 We will maintain the record of payments as required by HMRC.
- 2.7 We will calculate and advise you of the amount of tax deducted from your subcontractors that needs to be paid over to HMRC each month. Note that payments need to reach HMRC by the 19th of the month following payment for postal payments and by the 22nd where electronic payment methods are used.
- 2.8 We will apply for authority using the online agent authorisation procedure. We will submit your CIS information online where possible. HMRC do sometimes overlook the authority to send information to us and therefore you should always send us the originals or copies of all communication you receive from them.

6.08 VAT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to Value Added Tax and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

1.1 You are legally responsible for:

- (a) ensuring that your returns are correct and complete;
- (b) if you are subject to the requirements of Making Tax Digital for VAT (MTD) that digital VAT records are kept in functional compatible software as required by HM Revenue & Customs (HMRC);
- (c) filing any returns by the due date; and
- (d) paying tax on time.

Failure to do so may lead to penalties, interest and default surcharges.

If you have an exemption from MTD or online filing and submit a paper VAT return, although it is possible under the VAT rules for you to delegate signing the return to us, it is our policy not to accept such a delegation.

1.2 You are entirely responsible for paying any VAT, including interest, surcharges or other penalties or default surcharges. Where your return is submitted via MTD software or submitted online you must make payment by electronic means. We will advise you of the amounts due for payment and the due dates; however, it is your responsibility to arrange and make the payment. Please note that penalties, interest and default surcharges may apply where payments are not made by the due date.

1.3 Where we are keeping your digital records (as specified in **Key Facts**) for MTD, you are responsible for providing us with the following information required for us to prepare the return:

- (a) sales invoice;
- (b) purchase invoices;
- (c) bank statements;
- (d) details of bank and cash receipts and payments;
- (e) stock and work-in-progress details;
- (f) access to your accounting records;
- (g) any other information as agreed separately in writing.

1.4 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) If you require us to upload your VAT return calculations in accordance with the MTD requirements you must provide us with digital records, in a format which is compliant with the law and our systems, together with confirmation that your digital records are complete and accurate. If your software is incompatible with ours, we will agree with you an appropriate solution, and an additional fee may be required.

(d) that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns;

(e) to provide us with all the records relevant to the preparation of your VAT returns as soon as possible after the return period ends. We would ordinarily need, as stated in **Key Facts**, a minimum number of 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 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; and

(f) to check that returns that we have prepared for you are complete before approving them.

1.5 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the entity. If you are unsure whether the change is material please let us know so that we can assess the significance or otherwise.

1.6 You will need to authorise us as an agent on the HMRC portal using your Business Tax Account (if we are not already authorised). This is completed online and you will need your Government Gateway ID. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

1.7 You will forward to us all relevant HMRC VAT correspondence in time to enable us to deal with matters arising as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

1.8 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.

1.9 If you are involved with any other business which is not registered for VAT you are responsible for monitoring your turnover to establish whether you are liable to register for VAT. If you exceed a VAT registration threshold, and wish us to assist you in notifying HMRC of the requirement 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. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

1.10 If you provide digital services to customers in the EU, and are over the registration limits you are responsible either for registering for VAT in that member state, or for registering for the VAT Mini One Stop Shop (MOSS) in the UK.

1.11 If EC Sales Lists need to be completed you are responsible for obtaining all of your customers' VAT registration numbers in other EU member states and to check any that you are not completely satisfied with, with HMRC.

1.12 If relevant, we will ensure that all reliefs and exemptions available to the charity are claimed and notified to you.

2 Our responsibilities as accountants

2.1 If you are not yet registered, we will register you for MTD for VAT. By instructing us to sign up on your behalf, you are agreeing to HMRC's terms of participation. This may result in certain changes that may include changes to deadlines. You will need to complete HMRC's sign-up process to enable submission of your tax return.

2.2 If stated in **Key Facts**, we will keep all accounting records to meet the digital record keeping requirements of MTD for VAT. You must ensure that the data provided to us is complete and accurate.

2.3 If stated in **Key Facts**, you are keeping the digital records required for MTD, we will not check these for completeness and accuracy.

2.4 We will advise you of any relaxations applicable in relation to the digital records for supplies made and received.

2.5 We will prepare/review your UK VAT returns/Intrastat returns/EC sales lists/mini one-stop shop (MOSS) returns, where applicable, on the basis of the documents, information and explanations supplied by you.

2.6 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, penalty and default surcharge implications if UK VAT is paid late.

2.7 Where appropriate we will calculate the partial exemption annual adjustment.

2.8 Where appropriate we will calculate the annual Capital Goods Scheme adjustment.

2.9 We will forward to you the completed return calculations for you to review, before you approve the UK VAT return for onward transmission to HMRC by the party stated in **Key Facts**.

2.10 You authorise us to file the return electronically once we have received your approval of the figures. When we submit the return, whether it is submitted online or using the MTD compliant software, we are doing this on your behalf as your agent. We will not submit the return until we have received confirmation from you that you have reviewed the entries to be made on the return and that you consider the return to be complete, accurate and ready for online submission. We will agree with you any supplementary information to be submitted on a voluntary basis with the MTD returns prior to submission.

2.11 Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.

2.12 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation ad hoc advisory services in relation to VAT 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 this work when it is commissioned by you. Examples of such work include:

- reconciling VAT outputs with turnover;
- reviewing and advising a suitable partial exemption method to use in preparing the return;
- dealing with all communications relating to your MTD for returns/Intrastat returns/EC Sales List returns/MOSS returns addressed to us by HMRC or passed to us by you;
- dealing with any enquiry opened into the VAT returns by HMRC;

- making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT;
- making recommendations to you about the use of MOSS (mini one-stop shop) if you supply digital services to customers in the EU;
- conducting VAT health checks;
- providing you with advice on VAT, Excise Duty, Customs Duty, Landfill Tax, Insurance Premium Tax, Aggregates Levy and Climate Change Levy as and when requested; and
- advising on ad hoc transactions; and
- reviewing your record keeping processes and providing advice on potential improvements to enable compliance with the MTD for VAT requirements, including digital links for the transfer of data between different software.

2.13 Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

6.09 PERSONAL TAX (INDIVIDUAL, SOLE TRADER & COUPLES)

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to your personal tax affairs, including your sole trader business if applicable, and to clarify our respective responsibilities in respect of that work.

This contract for our services to you was agreed as stated in **Key Facts**, which also specifies whether the *Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013* (SI 2013/3134) (Consumer Contracts Regulations 2013) apply.

Where the contract was agreed at our business premises then cancellation rights given to consumers under the Consumer Contracts Regulations 2013 do not apply.

As you fall within the legal definition of a consumer, the location where our contract was made or the communication method used in making the contract may mean that you have a right to cancel our contract within a set cancellation period under the *Consumer Contracts Regulations 2013*. If so, we provided you with a written notice of these rights and the set cancellation period at our meeting.

Because of the requirements of the *Consumer Contracts Regulations 2013*, it is our policy to not commence any work for you until the set cancellation period has expired, or we have received from you your express written agreement for us to start early.

In providing you with this schedule, our standard terms of business and, where applicable, the written notice of your right to cancel, we have complied with the provisions of regulations 9 to 14 and 16 of the *Consumer Contracts Regulations 2013*, as applicable.

Key Facts specifies whether or not the firm is licensed or authorised for non-contentious probate services by the ICAEW and consequently there is access to the Legal Ombudsman and the ICAEW Probate Compensation Scheme. If the firm is not licensed or authorised for probate then there is no such access to the Scheme or Ombudsman.

1 Your responsibilities

1.1 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 penalties, surcharges and/or interest.

Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns we have prepared for you are correct and complete before approving them.

You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and

- processed by us, than if you had confirmed your approval of the returns.
- 1.2 You authorise us to file your tax return online.
- 1.3 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 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 keep us informed of any specific conditions that have been imposed on you by HMRC – for example: to provide more detailed accounts or to have a qualified accountant prepare your tax returns and/or certify that they are accurate;
 - (d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
 - (e) 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. To do this, we need to receive all relevant information by the date stated in **Key Facts**. If for any reason we do not receive all relevant information by this date we may, at our discretion and depending on our work capacity, still endeavour to complete your tax return so that it can be submitted on time. We reserve the right to make an additional charge for such rush work and will advise you of the amount prior to carrying out the work.
- 1.4 You must inform us in advance of any planned UK residential property sales and provide us with the information we require such as associated costs and valuations, to ensure that any capital gains tax liability can be calculated and reported to HMRC within the 30 days of completion of the disposal. Where you consider that you will be non-UK resident in the tax year of disposal, full details of all UK property disposals, included disposals of shares in property rich companies, must be advised prior to exchange of contracts on any property disposal.
- It is your responsibility to pay any capital gains tax due to HMRC by this 30 day deadline.
- 1.5 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 please let us know so that we can assess the significance.
- In particular, you may be liable to a 'high income child benefit charge' if, at any time during a tax year, you are entitled to child benefit or you have a partner who is entitled to child benefit. Please note that, for this purpose, 'partner' is wide ranging and includes not only spouses and civil partners (who are not separated) but a person (male or female) with whom you are living together as husband and wife or as civil partners. Where this applies, you will keep us informed of child benefit entitlement amounts and, where applicable, any changes to your relationship status with your partner.
- 1.6 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs
- 1.7 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, if relevant through the form 64-8, it is essential that you let us have copies of any correspondence received from HMRC because HMRC are not obliged to send us copies of all communications issued to you.
- 1.8 If a sole trader, you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold and you 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 exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.
- 1.9 If you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for VAT Mini One Stop Shop (MOSS) in the UK.
- 1.10 You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If your business is not small then you are responsible for assessing the tax status, under the off-payroll working rules, of any contractors providing services to your business, and for employment taxes if they are deemed employees. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.
- 2 Our responsibilities as accountants**
- 2.1 Where you have a profit or loss share from the accounts of an unincorporated business, the profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the income tax computations based on the accounts of your business from the accounting records and other information and explanations provided by you. We will advise you as to the adequacy of your records for this purpose.
- 2.2 Where you have property letting income, we will compute this income and expenditure on a cash or accruals basis as relevant (depending on whether an accruals elections has been made), from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.
- 2.3 We will prepare your self assessment tax return (including if you have been treated as a deemed employee under the IR35 off payroll working rules) together with such supplementary pages that are required from the information and explanations that you provide to us. 2.4 Once we have obtained your evidenced approval, we will submit your returns to HMRC.
- 2.5 We will either calculate or check HMRC' calculation of your income tax, national insurance contributions (NICs), and any capital gains tax liabilities and tell you how much you should pay and when. We will advise on the interest and penalty implications if tax or NICs are paid late. If appropriate we will initiate repayment claims when tax or NICs has been overpaid.
- 2.6 Based on information you provide to us, we will calculate the capital gains tax liability on the disposal of any qualifying residential property, and will report this to HMRC, as well as informing you how much you should pay and by when.
- 2.7 With the exception of tax credits and universal credit (see Schedule 6.10 if relevant) we will advise you on possible claims and elections arising from the tax returns and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

- 2.8 We will deal with all communications relating to your returns addressed to us by HMRC or passed to us by you. However, if HMRC choose any of your returns for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from you.
- 2.9 We will check PAYE notices of coding where such notices are forwarded to us and advise accordingly.
- 2.10 We are able to offer fee protection insurance to cover the cost of our fees arising from HMRC investigations. If you would like further details of this service please let us know.
- 2.11 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of such work would include:
- advising on the extraction of cash/dividends from your personal service company if you have been treated as a deemed employee under the IR35 off-payroll working rules.
 - advising on ad hoc transactions, for example pre-sale advice on the sale of assets;
 - advising on preparing accounts on the cash basis and/or property letting income and expenditure computation on the accruals basis and helping you to make the requisite election(s);
 - dealing with any enquiry opened into any of your tax returns by HMRC;
 - advising on tax credits and universal credit, in effect social security benefit, your entitlement to which depending not only on your own circumstances but also on those of your household, and therefore we would require all relevant information to advise in this area;
 - preparing any amended returns that may be required and corresponding with HMRC as necessary; and
 - advising on the rules relating to, and assisting with registration for VAT or equivalent non-UK taxes.
- 2.12 Since 2013, a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.
- 2.13 Where specialist advice is required we may need to seek this from or refer you to appropriate specialists.
- 2.14 If relevant, it is our policy to confirm in writing advice upon which you may wish to rely.
- You and your spouse/partner if relevant (see Key Facts)***
- 3.1 We will advise you and your spouse/partner on the basis that you are a family unit. On this basis you both agree that in all matters relating to you 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 changes to these arrangements at any time then please let us know.
- 3.2 In order for us to act for you as a couple in respect of a joint claim, you undertake that all instructions, information or explanations either of you gives us will be on behalf of both of you, unless you specifically tell us otherwise. Similarly, if one of you signs a document, it will be on behalf of you both unless you instruct us to the contrary. If a conflict of interest should arise between you in relation to any matter to do with your joint claim or entitlement, we reserve the right to cease acting for both of you, or to advise one or other of you to obtain independent advice.

6.11 TRUST TAX

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the trust's tax affairs and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

1.1 You are legally responsible for:

- a) ensuring that the trust's self assessment tax returns are correct and complete;
- b) filing all such returns by the relevant due date; and
- c) making payment of tax on time.

Failure to meet the deadlines may result in automatic penalties, surcharges and/or interest.

Legal responsibility for returns cannot be delegated to others. You agree to check the tax returns we have prepared for the trust are accurate and complete in all respects before you approve them.

You are no less responsible for errors in unapproved returns, submitted on the basis of information provided to and processed by us, than if you had confirmed your approval of the returns.

1.2 You authorise us to file the trust's self-assessment tax returns online.

1.3 To enable us to carry out our work you agree:

- (a) that all trust tax returns are to be made on the basis of full disclosure of all sources of income, profits and gains, all charges and allowances and all capital transactions;
 - (b) to maintain accurate and complete accounting and other records of all income, expenses and outgoings, and of the results of all transactions of a capital nature;
 - (c) to provide full information and documents necessary for preparing the trust's financial statements and dealing with the trust's tax affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - (d) to advise us of distributions, advances or appointments made out of, or in respect of, trust funds, in each case within 30 days of such an event;
 - (e) to keep us informed of any specific conditions that have been imposed on the trust by HMRC – for example: to provide more detailed accounts or to have a qualified accountant prepare the trust's tax returns and/or certify that they are accurate;
 - (f) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the trust's tax affairs; and
 - (g) to provide us with information in sufficient time for the trust's 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 the date specified in **Key Facts**. Where feasible we may agree to complete the trust's tax return within a shorter period, but may charge an additional fee for so doing; and
 - (h) to take such steps and provide such information to us and to HMRC as may be necessary for the trust to register with HMRC under the Trusts Registration Service.
- 1.4 You must inform us in advance of any planned UK residential property sales by the trust, and provide us with the information we require such as associated costs and valuations, to ensure that any capital gains tax liability can be calculated and reported to HMRC within the 30 days of completion of the disposal.

It is your responsibility to pay any capital gains tax due to HMRC by the trust by this 30 day deadline.

- 1.5 You will keep us fully and promptly informed of events or material changes in circumstances that could affect the trust's tax liability. If you are unsure whether an event or change is material please let us know so that we can assess the significance.
- 1.6 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you must still take 'reasonable care' over your tax affairs.
- 1.7 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 may have the authority to communicate with us, if relevant through form 64-8, it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you.
- 1.8 If stated in Key Facts, you will be responsible for registering the trust with HMRC under the Trust Registration Service (if it is not already registered), and for maintaining the Trust Register information. For the purposes of the completion of the self-assessment return, you undertake to provide us with confirmation each year that either the registration has been completed or is not required.
- 1.9 If you carry on a business as trustees and make supplies for VAT purposes, you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. In certain circumstances, there can be registration obligations with respect to other Member states of the European Union. If you do not understand what you need to do, please ask us. If your turnover exceeds the UK VAT registration threshold and you 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 your turnover exceeds the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.
- 1.10 You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. If your business is not small, you are responsible for assessing the tax status under the off-payroll working rules of any contractors providing services to your business and for employment taxes if they are deemed employees. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.
- 1.11 You are reminded that, under the Trustee Act 2000, it is your responsibility to regularly review the trust investments and to have a clear and appropriate investment policy.
- Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards**
- 1.12 As a result of the USA Foreign Account Tax Compliance Act (FATCA), the International Tax Compliance (United States of America) Regulations 2013 (the Regulations) require the trust to determine whether it is a Financial Institution (FI) or a Non-Financial Foreign Entity (NFFE) and, if the latter, whether it is passive or active. If it is a Financial Institution, it must register with the US Internal Revenue Service (IRS) and file annual returns with HMRC. Over the next few years similar arrangements will come into force with more than 70 other countries. This is or will be based on a single agreement called Common Reporting Standards.
- 1.13 If stated in **Key Facts**, you will be responsible for compliance with these Regulations and any obligations arising from Common Reporting Standards, both in terms of the initial categorisation and, if necessary, the subsequent registration of the trust with the IRS (or other applicable authority) and the filing of annual returns with HMRC.
- 1.14 If stated in **Key Facts**, you have agreed to provide sufficient information to enable the annual return to HMRC to be accurately completed. However, you must provide us with all the information that we may require from time to time to enable us to advise you properly, and the provision of adequate systems shall always remain your ultimate responsibility.
- 2 Our responsibilities as accountants**
- 2.1 Unless you request otherwise, we will prepare the financial statements of the trust from the accounting records and other information and explanations provided by you, or by others on your behalf, and will obtain your approval of the financial statements. We will advise you as to the adequacy of the trust's records for this purpose.
- 2.2 Based on the accounts or information and explanations provided by you, we will prepare the self assessment tax returns for the trust which are required to be filed with HMRC, together with such supplementary schedules as are required. For the avoidance of doubt:
- (a) this does not extend to inheritance tax returns that may be required either when the trustees make a distribution from the trust on each ten year anniversary from commencement. If required this will be subject of a separate engagement letter (see para 2.11).
- (b) this obligation does not extend to any VAT return, Inheritance tax returns, or tax returns which may be required to be made in any country or jurisdiction outside the United Kingdom.
- 2.3 Once we have obtained your approval and signature, we will submit the relevant return to HMRC. You authorise us to file the return electronically.
- 2.4 We will either calculate or check HMRC' calculation of the trust's income tax and any capital gains tax liabilities and advise you how much tax the trust should pay and when. We will advise on the interest and penalty implications if tax is paid late. If appropriate we will initiate repayment claims when tax has been overpaid.
- 2.5 Based on information you provide to us, we will calculate the trust's capital gains tax liability on the disposal of any qualifying residential property, and will report this to HMRC, as well as informing you how much the trust should pay and by when.
- 2.6 We will advise as to possible claims and elections arising from the trust's tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.
- 2.7 We will deal with all communications relating to the trust's tax return addressed to us by HMRC or passed to us by you. However, if HMRC choose the return for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from you.
- 2.8 If under terms of the trust require income or capital payments are made to the trust's beneficiaries, we will assist you in preparing form R185 (statement of income from trusts)
- 2.9 If stated in Key Facts, we will be responsible for registering the trust with HMRC under the Trust Registration Service (if it is not already registered), and for maintaining the Trust Register information. You will provide us with all necessary information at least 30 days before the registration or update deadline (or contact us immediately should a change occur which would need to be reported within that 30 day period before the deadline.)

- 2.10 We are able to offer fee protection insurance to cover the cost of our fees arising from HMRC investigations. If you would like further details of this service please let us know.
- 2.11 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:
- advising on ad hoc transactions, for example the sale of assets held by the trust or the advancement or appointment of trust cash or other assets to or for the benefit of trust beneficiaries;
 - any inheritance tax returns required to be made; and
 - dealing with any enquiry opened into the trust's tax returns by HMRC.
- 2.12 Since 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.
- 2.13 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.
- Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards**
- 2.14 If stated in **Key Facts**, we will assist with the categorisation of the trust into either an FI or an NFFE (passive or active). If the trust is determined to be a Financial Institution, we will assist where required to ensure that the trust has adequate systems to identify foreign citizens (whether US citizens or those of other countries who have signed up for the Common Reporting Standards), who are or who may become beneficiaries to whom payments may be made. We can also assist you with the initial online registration with the IRS.

7. OTHER SERVICES

7.01 PAYROLL, REAL TIME INFORMATION (RTI) REPORTING, YEAR END RETURNS AND AUTO-ENROLMENT

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to operating your payroll, including in respect of deemed employment under the 'off-payroll working' legislations (IR35) and ongoing auto-enrolment pension services if applicable, and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 You are legally responsible for:
- (a) ensuring that the data in your payroll submissions is correct and complete;
 - (b) complying with auto-enrolment obligations;
 - (c) comply with the 'off payroll working' (IR35) legislation, if applicable please (see Key Facts);
 - (d) making any submissions by the due date; and
 - (e) paying tax, NIC student loan deductions and Apprenticeship Levy (if applicable) on time.
- Failure to do any of the above may lead to penalties and/or interest.

- 1.2 Employers cannot delegate these legal responsibilities to others. You agree to check that submissions we have prepared for you are correct and complete before approving them.
- 1.3 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.
- 1.4 Our payroll team will provide you with specific details of the information we require and when we need to have this information from you. You agree to provide the information they request. You recognise that where information is not provided to us within the timeframe we outline, we are not responsible for any delays for payments to employees or HMRC. Similarly, we are not responsible for any penalties imposed by HMRC.
- 1.5 If we do not hear from you by the deadline, subject to any other agreement between us, we will take your silence as your approval for us to submit the return.
- 1.6 If the information required to complete the payroll services set out above is received later than the dates agreed with us, we will still endeavour to process the payroll and returns to meet the filing deadlines; but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.
- 1.7 You will be responsible for managing any childcare scheme operated for the benefit of your employees and for contacting us where you require advice as to available exemption levels.
- 1.8 You will be responsible for completing the checks on a new employee's eligibility to live and work in the UK in accordance with the Governments Code of Practice *Preventing Illegal Working* and the *Asylum and Immigration Act 1996*, s. 8.
- 1.9 You will be responsible for monitoring the annual leave entitlement of your employees and dealing with all aspects, legal or otherwise, of being an employer. In particular, you will be responsible for ensuring that your workers are paid at least the National Minimum Wage, or National Living Wage (depending on which applies).
- 1.10 HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.
- 1.11 You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with matters arising as may be necessary within the requisite time limits. Although HMRC have the authority to communicate with us, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
- 1.12 Regarding auto-enrolment on workplace pensions if applicable, you will provide all new staff with the required auto-enrolment information. In addition, as stated in **Key Facts** you will provide us with complete and accurate information regarding:
- (a) your employees and pension contributions due from them;
 - (b) details of your employer contributions;
 - (c) information of all new staff, including their auto-enrolment status, before you first pay them;
 - (d) if an employee changes their status regarding auto-enrolment, or details of any changes in employee working so that we can determine whether the employment status has changed in relation to auto-enrolment; and
 - (e) the performance of spot-checks on the information that we hold in order to monitor its accuracy.

1.13 Regarding 'off-payroll working' (IR35) obligations (unless separate terms of engagement have been agreed – see 2.11), as stated in **Key Facts** you will be responsible -

If you are an end client, for:

- (a) determining whether you meet the conditions to be regarded as 'small';
- (b) if you are 'small', notifying the worker and (if appropriate) the fee-payer accordingly;
- (c) if you are not 'small', assessing the deemed employment status of any worker engaged via an intermediary;
- (d) issuing a Status Determination Statement to the worker and (if appropriate) the fee-payer; and
- (e) dealing with the client-led disagreement procedure in respect of Status Determination Statements.

If you are a fee payer, for:

- (f) notifying the end client (if different) that a Status Determination Statement is required in respect of any worker engaged via a relevant intermediary;
- (g) providing us with complete and accurate information regarding each worker assessed as having deemed employment status; and
- (h) providing us with complete and accurate information regarding payments to be made in respect of each worker assessed as having deemed employment status, exclusive of the cost of direct materials (if any) they have supplied and of any VAT.

If you are a Personal Service Company (PSC) or other intermediary of the worker, for:

- (i) notifying the end client (or fee-payer, if different) that a Status Determination Statement is required in respect of any worker supplied;
- (j) assessing the deemed employment status of any worker you supply to a client who is 'small';
- (k) providing us with complete and accurate information regarding each worker assessed as having deemed employment status;
- (l) providing us with complete and accurate information in respect of gross receipts from each contract under which you have assessed the worker as having deemed employment status, to enable calculation of the deemed employment payment; and
- (m) providing us with complete and accurate information in respect of any payments received net of PAYE and NICs from a fee-payer (where the end-client has assessed the worker as having deemed employment status), to enable the correct exclusion of subsequent salary payments to the worker from PAYE and NICs and facilitate the submission of appropriate real time information returns to HMRC.

1.14 Regarding the Apprenticeship Levy applicable from April 2017, you will be responsible for:

- (a) determining whether you are liable to pay the levy based on your previous and expected annual pay bill (both at the start of the tax year, and should the expected pay bill change during the year); and
- (b) setting up and managing the digital apprenticeship service account, into which any levy paid is recorded and held by the Government.

1.15 You are responsible for enquiries from individual employees regarding their pay or payroll details. Any

such enquiries reviewed by us will be referred back to you.

2 Our responsibilities as accountants

2.1 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 including, if applicable, at the Scottish rate of income tax;
- (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) where applicable (see **Key Facts**), calculating the pension contributions (employer and employee);
- (f) calculating the Apprenticeship Levy, if applicable;
- (g) calculating other statutory and non statutory deductions; and
- (h) submitting information online to HMRC under Real Time Information (RTI) for PAYE.

2.2 We will prepare and send to you the following documents for each payroll period at or before the time of payment:

- (a) a payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals. This summary will also show, where relevant, the other details that will be submitted online to HMRC on or before the employee payment dates – see below;
- (b) the data included within each Full Payment Submission (FPS) for taxable pay and, if relevant, payrolled benefit-in-kind and expenses, for each employee;
- (c) a payslip for each employee unless not required;
- (d) a form P45 for each leaver;
- (e) a report showing your PAYE, NIC and Apprenticeship Levy liability, student loan repayments and due date for payment, and
- (f) where applicable (see **Key Facts**), a report showing your pension contributions payable in respect of each employee so as to meet the requirements of the workplace pension automatic enrolment scheme(s) of which they are members, and the due date(s) for payment.

You must let us know, immediately and prior to the employee payment dates and HMRC reporting dates (see below), if you believe any of the data shown in these documents is incorrect.

2.3 We will prepare your FPS reports including all details required and based on the information provided by you. We will submit FPS online to HMRC prior to or at the time that employees are paid. Where you have no payments to make to HMRC in a particular month (or the payment you are making to HMRC has been reduced by statutory payments, employment allowance or construction industry scheme deductions suffered), or the Apprenticeship Levy is being paid, we will prepare and submit the required Employer Payment Summary (EPS) by the 19th of the month following the tax month to which they relate. If an error is made with regard to an earlier tax year, an Earlier Year Update (EYU) report may be required.

2.4 If you operate within the construction industry you agree to provide us with details of construction industry scheme (CIS) deductions suffered that you wish to offset against your PAYE payments to HMRC (company subcontractors only). This information must be received for each "tax month" (tax months

- run from the 6th of the calendar month to the 5th of the following calendar month) and by the 19th of the month in which the tax month ends. In addition, if you are a contractor within the construction industry but we are not providing services in regard to the operation of your CIS scheme (see Schedules **6.06** to **6.07** if applicable), you agree to provide us with details of the CIS deductions you have withheld in each tax month, if you wish us to advise you of the total amount due to HMRC (CIS and PAYE taxes combined).
- 2.5 As you are legally responsible for the accuracy of these returns, you must review the payroll summaries that we send to you and inform us if any of the information that we hold is incorrect:
- If we don't hear from you **before** the FPS (or EPS) submission date, we will take that as your approval for us to submit the return.
 - If you require us to make a correction **after** the FPS (or EPS) has been submitted, you will let us know as soon as possible and, ideally, before the next payroll run.
- 2.6 At the end of each tax year, we will:
- (a) prepare the final FPS (or EPS) and submit this to HMRC after the data to be included therein has been approved by you; (the due date for submitting final FPS is on or before the last contractual payday of the tax year, failing which, the final EPS for the year must reach HMRC by 19 April following the end of the tax year); and
 - (b) prepare and send to you Form P60 for each employee on the payroll at the year-end so you can give them to employees by the statutory due date of 31 May following the end of the tax year;
- 2.7 If payrolling benefits-in-kind and/or expenses (see **Key Facts**), at the end of the tax year we will:
- (a) prepare and send to you a statement for every employee for whom benefits-in-kind have been payrolled, identifying every benefit provided to each employee during the tax year and the cash equivalent of each benefit treated as PAYE income so you can give them to employees by the statutory due date of 31 May following the end of the tax year;
 - (b) give you details of the Class 1A NIC on payrolled benefits-in-kind which will need to be accounted for on form P11D(b), and the due date for payment;
 - (c) give you details of the Class 1A NIC on expenses accounted for in the payroll which will need to be accounted for on form P11D(b), and the due date for payment; and
 - (d) give you the figures that need to be included on forms P11D to account for income tax in respect of expenses for which Class 1 NIC has been accounted for in the payroll.
- 2.8 We will deal with and, where necessary, process any adjustments to your payroll communicated to us by HMRC via online secure messages, for example, code number notifications, student loan repayment notices, and generic notification notices. We will also submit national insurance number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.
- 2.9 Where required, we will assist you in calculating an employee's weekly exemption limit for childcare benefit purposes.
- 2.10 Regarding the ongoing work on auto-enrolment on workplace pensions if applicable, whilst we accept no responsibility for errors or omissions that arise as a result of incorrect data supplied to us, we will as stated in **Key Facts**:
- (a) deduct from each payroll period the pension contributions as instructed by you;
 - (b) advise you of the amount to pay for the pensions contributions deducted and your employer pension contributions to your pension provider (see **Key Facts**);
- (c) maintain and preserve the records required for auto-enrolment based on the information you supply to us;
 - (d) maintain information and records that will highlight when the triennial enrolment processes must occur. We will inform you in advance of this date so that you can make the necessary communications with the staff member and so that the firm can re-enrol as required;
 - (e) assist you in monitoring the status of these employees to determine whether 'non-eligible' or 'entitled workers' become 'eligible workers' and thus require auto enrolment. This review will take place at the start of each payroll period;
 - (f) ensure that new staff are incorporated into the scheme in accordance with your instructions; and
 - (g) process any opt-out and opt-in requests and ensure that repayments are made to employees in accordance with your instructions.
- 2.11 The scope of our services provided to you will be only as set out above, and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation ad hoc and advisory services linked to your payroll as may be agreed from time to time. These services 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:
- work in connection with workplace pension schemes other than that detailed above;
 - agreeing with you which employer-provided benefits-in-kind will be processed through the payroll and for which employees, processing through the payroll cash equivalent notional amounts on employee benefits-in-kind, notifying HMRC of in-year changes, advising you on the payment of associated Class 1A NIC, preparing and submitting return P11D(b) and notifications to employees;
 - preparing and submitting returns P11D and P11D(b) for employee benefits-in-kind and expenses and advising on the payment of associated Class 1A NIC (such work, if undertaken, is covered in a separate schedule of services, see **6.5**);
 - dealing with any compliance check or enquiry by HMRC into the payroll data submitted;
 - preparing and submitting any amended returns or data for previous tax years, and corresponding with HMRC as necessary;
 - assisting you in the operation of the Construction Industry Scheme (CIS) for subcontractors (such work, if undertaken, is covered in separate schedules of services, see **6.6** to **6.7**);
 - conducting PAYE and benefit and expenses health checks; and
 - assisting you in connection with the Apprenticeship Levy, including determining whether you are liable to pay this, and assisting with the allocation of the Apprenticeship Levy allowance between PAYE schemes or between connected companies or charities.
- 2.12 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

7.02 SECRETARIAL SERVICES – COMPANIES / LIMITED LIABILITY PARTNERSHIPS

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to your secretarial affairs and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 A private company or limited liability partnership is required to file accounts at Companies House within nine months of the period end. The company/LLP will be liable to a fine if it fails to do so. Though we have agreed to file the accounts on your behalf (see 2.1 below), we accept no responsibility for fines or regulatory action taken against the directors/members where the statutory financial statements are not available for filing.
- 1.2 Where the entity applies the small company/LLP regime, based on the accounts prepared for members, you agree we will file the minimum accounting information at Companies House unless you inform us otherwise in writing.
- 1.3 In addition, you are required to complete the annual confirmation statement confirming various information held by Companies House about the company/LLP. For us to complete this confirmation on your behalf, you need to supply us with the relevant details, including:
- (a) the names, dates of birth and contact details for each director, and secretary if applicable, or changes thereto;
- (b) the address of the registered office, or changes thereto; and
- (c) if relevant, details of the shareholders.
- 1.4 From 6 April 2016, under *Schedule 1A* to the *Companies Act 2006*, the company/LLP is required to maintain a register of People with Significant Control (the PSC register). In essence, these are individuals (or companies) that directly or indirectly hold more than 25% of the shares/voting rights, or can appoint or remove a majority of directors. For us to maintain the PSC register, you need to supply us with written confirmation from the individual/company concerned that they are a PSC, what conditions for being a PSC are met, from which date if after 6 April 2016, together with other relevant information depending on whether they are an individual or a company.

2 Our responsibilities

- 2.1 We have agreed (see **Key facts**) to act as your agent and to:
- (a) submit the financial statements to the Registrar of Companies;
- (b) complete online the company's annual confirmation statement;
- (c) complete online any other changes required by law to be filed at Companies House, provided that such changes can be filed online and that you keep us fully informed of any relevant changes or events which are required to be notified to Companies House within one week of the change or event;
- (d) maintain the statutory books, including the new Register of People with Significant Control required from 6 April 2016; and
- (e) act as your registered office.
- 2.2 We will, of course, be pleased to advise you on these and any other secretarial matters if requested.

8. SPECIALIST REPORTING REQUIREMENTS

8.11 PROVISION OF PROBATE SERVICES BY LICENSED FIRM

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act for you in your capacity as personal representative (we are not acting on behalf of the beneficiaries of the estate) in obtaining probate or letters of administration and, if required as stated in **Key Facts**, administer the estate, and to clarify our respective responsibilities in respect of that work.

As the firm is licensed or authorised for non-contentious probate services, there is access to the Legal Ombudsman and there may be access to the ICAEW Probate Compensation Scheme, depending on the authorising professional body (see **1.01** Standard Terms of Business, section 24).

Details of our probate accreditation (reference number CO1119333) can be viewed by following the link to the Register of ICAEW accredited probate firms at www.icaew.com/probate

The name of the client is as stated in **Key Facts**, the authorised individual is stated in **Key Facts**, and the manager providing this service is stated in **Key Facts**.

1 Your responsibilities

- 1.1 You will provide us with all papers, information and explanations relevant to the purpose and compilation of the probate/administration application and the administration of the estate and you will disclose to us all relevant information in full.
- 1.2 You will provide us with a brief family tree and up to date names and contact details for all beneficiaries.
- 1.3 You are responsible for ensuring that, to the best of your knowledge and belief, the financial information you provide us with, is accurate and complete.
- 1.4 You are responsible for informing us of anything that might indicate that there is any contentious probate action to be taken. If a matter becomes contentious you may need to employ a solicitor to deal with the contentious matter. We will not be able to work on the estate until the contention has been cleared.
- 1.5 You will provide us with a copy of the deceased's last will and any codicils or confirm that as far as you are aware the deceased did not leave a will, as stated in **Key Facts**.
- 1.6 You have agreed that you will:
- (a) register the death and obtain the number of copies of the death certificate as stated in **Key Facts**;
- (b) arrange the funeral; and
- (c) send notifications of death to family members and friends.

2 Our responsibilities

- 2.1 We have agreed to carry out the following services on your behalf, as listed in **Key Facts**:
- (a) send notifications of death to financial institutions, Government organisations, utilities and household contacts;
- (b) ascertain whether there is any entitlement to bereavement allowances or benefits;
- (c) finalise the income tax and capital gains tax position of the deceased at the date of death. This work to commence from the date of commencement of tax year stated in **Key Facts**;
- (d) review the will, codicils and legacies to ensure that they are valid and prepare affidavits where

- necessary. This will include a search of the Certainty National Will Register;
- (e) ascertain who the beneficiaries are;
 - (f) identify the composition of the estate and ascertain whether a grant is needed;
 - (g) value the estate;
 - (h) prepare the inheritance tax return;
 - (i) prepare the papers for application for a grant of probate/grant of administration;
 - (j) place statutory notices of death in the London Gazette and the local paper stated in **Key Facts**;
 - (k) ensure the legal statement is signed by all probate applicants;

- (l) obtain the grant;
- (m) take control of and gather in the assets of the estate;
- (n) pay the debts of the estate including tax liabilities;
- (o) finalise the estate tax;
- (p) pay legacies and transfer the balance to the residuary beneficiaries; and
- (q) prepare estate accounts.

2.2

Due to the nature of the work, and dependent on the complexity of the estate and the requirements of the will, it may take up to two years to complete and in more complicated circumstances longer. In all cases you will be informed of what is going on and we will ensure you are updated on progress.