

# Schedule of Professional Services: Compilation of Statutory Financial Statements (Annual Accounts) – Limited Company

The purpose of this schedule to our engagement letter is to set out the basis on which we compile or are to compile the statutory financial statements for your company.

## 1 Your responsibilities

### 1.1.

As directors of the above company, in addition to your general duties specified in sections 170 to 177 of the Companies Act 2006, you are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 the Companies Act 2006. You are also responsible for preparing financial statements which give a true and fair view, have been prepared in accordance with [United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006 and regulations made under it.

### 1.2.

In preparing these financial statements, you are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

### 1.3.

You also have a responsibility not to approve these financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit and loss of the company.

### 1.4.

You have instructed us to prepare abridged accounts under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as amended by The Small Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. Your responsibilities as directors are to obtain the necessary consents and ensure the required statement is delivered to the Registrar.

### 1.5.

You are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 1.6.

You are also responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit of the financial statements set out in section 477 [or 479A or 480] of the Companies Act 2006, and for determining whether, in respect of the

year, the exemption is not available for any of the reasons set out in sections 476, 478 and 479 [479B or 481].

1.7.

You are responsible for ensuring that the company complies with the laws and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.

1.8.

You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and shareholders' meetings, necessary for the compilation of the financial statements and you will make full disclosure to us of all relevant information.

1.9.

You have agreed that your staff/bookkeeper will be responsible for:

- keeping the record of receipts and payments;
- reconciling the balances monthly with the bank statements;
- keeping posted and balanced the purchase and sales ledgers;
- preparing a detailed list of ledger balances;
- preparing details of the annual stocktaking suitably priced and extended.]

1.10.

Where financial information is to be published, which includes a report by us or is otherwise connected to us, 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 our 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. It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are not required to review such controls nor to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the company's website is your responsibility, and we accept no responsibility for changes made to such information after it is first posted.

1.11.

In the case of Community Interest Companies, in addition to your responsibilities under the Companies Act 2006, you are also responsible for compliance with the Companies (Audit, Investigations and Community Enterprise) Act 2004 and regulations made under it as applicable to community interest companies. These responsibilities include ensuring that the company is run in such a way that it will continue to satisfy the community interest test and for compliance with the provisions in respect of:

- asset lock;
- caps on interest and dividends; and
- the preparation and delivery to Companies House of the annual Community Interest Company Report.

## 2 Our responsibilities

2.1.

As the company is totally exempt from audit, we have no statutory responsibilities to the company at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services.

2.2.

You have asked us to help you compile the statutory financial statements in accordance with the requirements of the Companies Act 2006, and for preparing accounts for filing with the Registrar of Companies as required. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations given to us by you and in accordance with FRS 102 / FRS 102 Section 1A / FRS 105 / the accounting framework agreed and applicable to you.

2.3.

We shall plan our work on the basis that no report on the financial statements 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.

2.4.

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

2.5.

Our work will not be an audit of the financial statements in accordance with the International Standards on Auditing (UK). 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, other irregularities or error and cannot be relied on to identify weaknesses in internal controls. However, we are registered to carry out Audit work in the UK by the Institute of Chartered Accounts in England and Wales for which separate terms and charges apply.

2.6.

Since we will not carry out an audit, nor confirm 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 present a true and fair view. We will, however, advise you on whether your records are adequate for the preparation of financial statements and recommend improvements.

2.7.

We have a professional duty to compile financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to us. Furthermore, as directors, you have a duty to prepare financial statements that comply with the Companies Act 2006, regulations made under that Act and [United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)) / International Financial Reporting Standards (IFRS)]. Where we identify that the financial statements do not conform to [UK GAAP / IFRS] or if the accounting policies

adopted are not immediately apparent, this will need to be disclosed in the financial statements.

2.8.

We also have a professional responsibility not to allow our name to be associated with financial statements 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 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 remain misleading, we will withdraw from the engagement.

2.9.

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

### **3 Form of the accountants' report**

3.1.

We shall report to the Board of Directors, with any modifications that we consider may be necessary, that in accordance with this engagement letter and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the financial statements from the accounting records of the company and from the information and explanations supplied to us. 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 the work or for this report.

### **4 Other accounting services**

4.1.

We will also carry out the following services as your agents on the basis that you will make full disclosure to us of all relevant information:

- providing assistance in preparing and lodging returns with the Registrar of Companies; including confirmation statements and company secretarial compliance work
- investigating irregularities and fraud upon receiving specific instructions.

## 5 Limitation of liability

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). Having considered both your circumstances and our own, we have reached a mutual agreement that £2.75 million represents a fair maximum limit to our liability.

In reaching this agreement it is also agreed that:

- In the event of any claim for loss or damage arising from the professional services, you have agreed that the sum of £2.75 million represents the maximum total liability to you in respect of the firm, its principles, and staff. This maximum total liability applies to any and all claims made on any basis and therefore includes any claims in respect of breaches of contract, tort (including negligence) or otherwise in respect of the professional services and shall also include interest; and
- We confirm 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 principles, or employees.

Revised 1 July 2022