

Schedule of Professional Services: Cash Flow Forecasts

The purpose of this schedule to our engagement letter is to set out the basis on which we are to prepare a cash flow forecast to assist you in monitoring the on-going trading position of your business/ in raising finance from your bankers.

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 will approve and sign the forecast to acknowledge responsibility for it and the estimates and assumptions on which it is based.

1.3.

Our report is prepared solely for your confidential use and solely for the purpose set out above. You may not rely upon it for any other purpose whatsoever. Our report must not be made available, copied, or recited to any other party. We neither owe nor accept 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.]

1.4.

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.

2 Our responsibilities

2.1.

We agree to prepare a cash flow forecast ('the forecast') for the purpose stated above. The forecast will be for the exclusive use of you and the bank and must not be shown to any other party without our prior written consent.

2.2.

We will draw up the forecast from information and explanations provided by you. Our work will be limited to compiling the forecast from the information we are provided with and then presenting it in an appropriate manner.

2.3.

We will work with you to draw up any estimates or assumptions that are necessary, but these will be based upon information provided by you. Therefore, you will remain responsible for any estimates and assumptions.

2.4.

Since the forecast relates to expected future events, the actual results will almost inevitably differ from the forecast. Those differences may be significant. We will take due care to translate the information and explanations we are provided with into a meaningful forecast based on your assumptions. However, we cannot accept 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 forecast.

2.5.

Our work will not constitute an audit of the figures and information in the forecast. We will not express any opinion on the forecast. Our report will not extend to any accounts of your business taken as a whole.

2.6.

We will include a report in the forecast. This report will set out the scope of the work and point out that we have not carried out an audit but have compiled the forecast from the accounting records and information and explanations supplied to us.

2.7.

We would like to emphasise that we cannot undertake to discover any shortcomings in your systems or any 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.

2.8.

We have a professional responsibility not to allow our name to be associated with accounting work 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 information in the forecast may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the forecast. 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 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 preparing and discussing the forecast with you as well as time spent on any other work that is not completed as part of our resignation.

3 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.

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