

## Schedule of Professional Services: Management Accounts

The purpose of this schedule to our engagement letter is to set out the basis on which we are to prepare management accounts to assist you in monitoring the on-going trading position of your business and or in fulfilling financing conditions imposed by your bank.

### 1 Your responsibilities

1.1.

Unless we have also agreed to carry out a bookkeeping service you are responsible for all the day-to-day accounting work. This will include:

- a. keeping the record of receipts and payments;
- b. reconciling your records with the bank statement;
- c. maintaining records of debtors and creditors;
- d. carrying out or arranging for a valuation of the period-end stock levels; and
- e. preparing details of any period-end work-in-progress.

1.2.

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.

1.3.

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.

1.4.

You will approve and sign the management accounts to acknowledge responsibility for them, including providing us with all information and explanations necessary for their compilation.

1.5.

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.

1.7.

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 will prepare the management accounts for your approval based on the accounting records you maintain. We will also rely on any information and explanations you give us.

### 2.2.

We will not be carrying out an audit on the management accounts. This means that we will not produce a report that verifies the assets, liabilities, income or expenditure of your business. To carry out an audit would require us to carry out considerable additional work complying with International Standards on Auditing (UK).

### 2.3.

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

### 2.4.

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 management accounts.

### 2.5.

We have a professional responsibility not to allow our name to be associated with accounts 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 accounts may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the accounts. 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 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.

### 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.

Revised 1 July 2022