

## SCHEDULE B

### PREPARATION OF STATUTORY FINANCIAL STATEMENTS IN COMPLIANCE WITH THE COMPANIES ACT 2006

This schedule should be read in conjunction with the engagement letter and the terms of business.

#### 1. RESPONSIBILITIES AND SCOPE FOR FINANCIAL STATEMENTS PREPARATION SERVICES

##### 1.1. Your responsibilities as directors or members

1.1.1. As directors or members of the company or limited liability partnership, you are responsible for preparing financial statements which give a true and fair view and which have been prepared in accordance with the Companies Act 2006 (the Act). As directors or 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 company or limited liability partnership.

1.1.2. **For companies where appropriate** [You have instructed us to prepare abridged accounts under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as amended by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. As directors you are responsible for obtaining the necessary consents from all shareholders or members and for delivering the required statement to the registrar.]

1.1.3. **For LLPs where appropriate** [You have instructed us to prepare abridged accounts under The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended by The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016. As designated members, you are responsible for obtaining the necessary consents from all members and for delivering the required statement to the registrar.]

1.1.4. In preparing the financial statements, you are required to:

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

1.1.5. You are responsible for keeping adequate accounting records that set out with reasonable accuracy at any time the company's or limited liability partnership's financial position, and for ensuring that the financial statements comply with applicable accounting standards and with the Companies Act 2006 and give a true and fair view. By approving the financial statements you will be acknowledging this responsibility.

1.1.6. You are also responsible for safeguarding the assets of the company or limited liability partnership and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

1.1.7. You are also responsible for deciding whether, in each financial year, the company or limited liability partnership meets the conditions for exemption from an audit, as set out in section 477, 479A or 480 of the Companies Act 2006, and for deciding whether the exemption can be claimed that year.

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

## SCHEDULE B

### PREPARATION OF STATUTORY FINANCIAL STATEMENTS IN COMPLIANCE WITH THE COMPANIES ACT 2006

1.1.9. You have undertaken to make available to us, as and when required, all the company's limited liability partnership's accounting records and related financial information and explanations, including minutes of management and shareholders' or directors' or members' meetings, that we need to do our work. This is required to be confirmed in the directors' report along with an acknowledgement that the financial statements have been prepared on an appropriate accounting basis.

1.1.10. If financial information is published - on the company's or limited liability partnership's website or by other electronic means - which includes a report by us or otherwise associated with us, 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.

1.1.11. It is your responsibility to set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls or 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.

#### **1.2. Our responsibilities as accountants**

1.2.1. You have asked us to help you prepare the financial statements in accordance with the requirements of the Companies Act 2006, and for preparing accounts for filing with the Registrar of Companies as well as to enable profits to be calculated to meet the requirements of current tax legislation and to provide sufficient and relevant information to complete a tax return. We will compile the financial statements for your approval based on the accounting records that you maintain, the information and explanations that you give us and in accordance with FRS 102, FRS102 Section 1A, FRS 105 or the accounting framework agreed and applicable to you.

1.2.2. We will 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. 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.

1.2.3. You have told us that the company or limited liability partnership is exempt from an audit of the financial statements. We will not check whether this is the case. However, if we find that the company or limited liability partnership is not entitled to the exemption, we will inform you.

1.2.4. Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK), so we will not be able to provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error, or to identify weaknesses in internal controls.

## SCHEDULE B

### PREPARATION OF STATUTORY FINANCIAL STATEMENTS IN COMPLIANCE WITH THE COMPANIES ACT 2006

- 1.2.5. Since we will not carry out an audit, or confirm in any way the accuracy or reasonableness of the accounting records, we cannot provide any assurance whether the financial statements that we prepare from those records will present a true and fair view.
- 1.2.6. We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements on anything we come across during the course of our work.
- 1.2.7. 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. The accounting policies on which the financial statements have been compiled will be disclosed in the notes to the financial statements and will be referred to in our accountants' report. We will not compile financial statements if the accounting principles, or the accounting policies selected by management, are inappropriate.
- 1.2.8. 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, if 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 the adjustments and/or disclosures that we consider appropriate are not made, or if we are not provided with appropriate information and, as a result, we consider that the financial statements is misleading, we will withdraw from the engagement.
- 1.2.9. As part of our normal procedures, we may ask you to confirm in writing any information or explanations given to us orally during our work.
- 1.2.10. **Where appropriate,** [You have instructed us to convert the financial statements into the iXBRL (inline eXtensible Business Reporting Language) format which is required by HMRC. We will use professional software to create the tagged financial statements and you therefore agree that we can process any standard data tags without your prior approval, only referring back to you for any non-standard or judgemental areas. It remains your legal responsibility to provide the information in the iXBRL format and we will therefore issue a tagging report for your approval.]

#### 1.3. Form of the accountants' report

- 1.3.1. We will report to the Board of Directors or members as appropriate that, in accordance with this engagement letter 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. 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 or the members for our work or for this report. If you wish to share this report with third parties, before doing so, you must discuss this with us, receive our consent and follow any stipulated conditions.