

## 4.06 UNINCORPORATED CHARITY/CIO

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:
  - (a) select suitable accounting policies and then apply them consistently;
  - (b) make judgments and accounting estimates that are reasonable and prudent; and
  - (c) 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:
  - (a) no notice has been received from the Charity Commission requiring an audit; and
  - (b) 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:
  - (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 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 of this. 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.