

RESPONSIBILITIES AND SCOPE FOR ACCOUNTING SERVICES

Non Corporate Clients

1.1 Your responsibility for the preparation of financial statements

1.1.1 You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full.

1.1.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the financial statements, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.

1.1.3 You will approve and sign the financial statements to acknowledge responsibility for it, including the appropriateness of the accounting basis and for providing us with all information and explanations necessary for its compilation.

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

1.2 Our responsibilities as accountants

1.2.1 You have asked us to help you prepare the financial statements [e.g. profit and loss account and balance sheet and relevant notes] to enable profits to be calculated to meet the requirements of section 42 of the Finance Act 1998, as amended by the Finance Act 2002 and that 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 and the information and explanations that you give us.

1.2.2 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. 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. Where an assurance or agreed upon procedures engagement is to be undertaken, then the full details of what is to be undertaken and the result of that work needs to be agreed in writing.

1.2.3 Our work will not be an audit of the financial statements in accordance with International Standards of Auditing (UK and Ireland). 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 nor to identify weaknesses in internal controls.

1.2.4 Since we will not carry out an audit, nor 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.

1.2.5 We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.

1.2.6 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. If we find that the financial statements do not conform to generally accepted accounting principles, or if the accounting policies adopted are not immediately apparent, we must disclose this in the financial statements. We have a professional duty to compile financial information that conforms to the generally accepted accounting principles selected by management as being appropriate for the purpose for which the information is prepared.

1.2.7 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 are misleading, we will withdraw from the engagement.

1.2.8 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.

1.3 Form of the accountants' report.

1.3.1 The accountants' report helps users derive comfort from the involvement of chartered accountants who are subject to the ethical and other guidance issued by the Institute in relation to the preparation of the financial information or statements. It also helps prevent users from deriving unwarranted assurance from the financial information or statements where no audit or assurance work has been performed and no opinion is expressed by the accountants.

1.3.2 We will report to you, as appropriate, that in accordance with this engagement letter, 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 you for our work or for this report.

1.4 Preparation and maintenance of accounting records

OUR RESPONSIBILITIES

1.4.1 We have agreed to carry out the following accounting and other services on your behalf:

- (a) review, balance, summarise and analyse the accounting records of the [business]/[partnership] and;
- (b) complete the postings to the nominal ledger.

YOUR RESPONSIBILITIES

1.4.2 You have agreed that you and your staff will:

- (a) keep the records of receipts and payments;
- (b) reconcile the balances monthly with the bank statements;
- (c) post and balance the purchases and sales ledgers;
- (d) extract a detailed list of ledger balances;
- (e) [prepare details of the annual stocktaking, suitably priced and extended in a form which will enable us to verify the prices readily by reference to suppliers' invoices] [provide us with a copy of the valuation report produced by your independent stock takers]; and
- (f) prepare details of work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.