

## RESPONSIBILITIES AND SCOPE FOR ACCOUNTING SERVICES

### Limited Liability Partnership Clients

#### 1.1 Your responsibilities as members

- 1.1.1 As members of the limited liability partnership, you are responsible for maintaining proper accounting records and 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 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 limited liability partnership.
- 1.1.2 In preparing the financial statements, you are required to:
- select suitable accounting policies and then apply them consistently;
  - make judgements and estimates that are reasonable and prudent; and
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.
- 1.1.3 You are responsible for keeping proper accounting records that set out with reasonable accuracy at any time the limited liability partnership's financial position, and for ensuring that the financial statements comply with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Companies Act 2006.
- 1.1.4 You are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.1.5 **If audit exemption is being taken** You are also responsible for deciding whether, in each financial year, the limited liability partnership meets the conditions for exemption from an audit, as set out in section 477 (or 480) of the Act, and for deciding whether the exemption cannot be claimed that year for any of the reasons set out in sections 476, 478, or 479.
- 1.1.6 You are responsible for ensuring that the limited liability partnership complies with laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.
- 1.1.7 You have undertaken to make available to us, as and when required, all the limited liability partnership's accounting records and related financial information, including minutes of management and members' meeting's, that we need to do our work. Each member is required to take all steps that he ought to take as a director in order to make himself aware of any relevant audit information and to establish that we are aware of that information.

- 1.1.7 If financial information is published, which includes a report by us or is otherwise connected to us, on the limited liability partnership's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information properly. We have the right to withhold consent to the electronic publication of the financial statements if they are to be published in an inappropriate manner.
- 1.1.8 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor 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.

## **ACCOUNTING**

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

- 1.2.1 You have asked us to help you prepare the financial statements [*.....Insert type of financial information, e.g. profit and loss account and balance sheet and relevant notes*] in accordance with the requirements of the Companies Act 2006 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 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 You have told us that the 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 limited liability partnership is not entitled to the exemption, we will inform you of this.
- 1.2.4 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.
- 1.2.5 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.
- 1.2.6 We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.

- 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.

Furthermore, as members you have a duty to prepare financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to us. Furthermore, as members you have a duty to prepare financial statements that comply with the Companies Act 2006 and applicable accounting standards. 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.

- 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, 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 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.

### **1.3 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 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 members 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 partnership and;
- (b) complete the postings to the nominal ledger.

#### **YOUR RESPONSIBILITIES**

1.4.2 You have agreed that [you]/[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 stocktakers]; 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.