

## **TWP ACCOUNTING LLP: COMPILATION OF STATUTORY FINANCIAL STATEMENTS**

This schedule should be read in conjunction with the engagement letter, other services schedules and our standard terms and conditions. The schedule sets out the basis on which we/are to compile the statutory financial statements of the company and the respective areas of responsibility of the directors and of ourselves.

### **1 YOUR RESPONSIBILITIES**

- 1.1 As directors of the company, in addition to your general duties specified in sections 170 to 177 of the Companies Act 2006, you are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable you to ensure that the financial statements comply with the Companies Act 2006. You are also responsible for preparing financial statements which give a true and fair view, have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006 and regulations made under it.
- 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 company will continue in business.
- 1.3 You also have a responsibility not to approve these financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit and loss of the company.
- 1.4 Your responsibility for preparation of the financial statements extends to the application of exemptions and options on transition to, and application of, new accounting standards. As directors of the company you should also consider the impact of new accounting standards on the business, including the impact on going concern.
- 1.5 You are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.6 You are also responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit of the accounts set out in section 477 [or 479A or 480] of the Act, and for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in sections 476, 478 and 479 [479B or 481].
- 1.7 You are responsible for ensuring that the company complies with the laws and regulations that apply to its' activities, and for preventing non-compliance and for detecting any that occurs.
- 1.8 You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and shareholders' meetings necessary for the compilation of the accounts. You will make full disclosure to us of all relevant information.
- 1.9 Where financial information is to be published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, it is your responsibility to advise us of the intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and our report. We reserve the right to withhold consent to the electronic publication of our report if it, or the financial statements, are to be published in an inappropriate manner. It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are not required to review such controls nor to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the company's website is your responsibility and we accept no responsibility for changes made to such information after it is first posted.

## **2 OUR RESPONSIBILITIES**

- 2.1 As the company is totally exempt from audit, we have no statutory responsibilities to the company at all. Our only responsibilities arise from those specifically agreed upon between us in respect of other professional services.
- 2.2 You have asked us to assist you in the preparation of the financial statements in accordance with the requirements of the Companies Act 2006. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations given to us by you. We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement 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.
- 2.3 You have advised us that the company is exempt from an audit of the financial statements. We will not carry out any work to determine whether or not the company is entitled to audit exemption. However, should our work indicate that the company is not entitled to the exemption; we will inform you of this.
- 2.4 Our work will not be an audit of the financial statements in accordance with the International Standards on Auditing (UK) issued by the Auditing Practices Board. Consequently, our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error and cannot be relied on to identify weaknesses in internal controls.
- 2.5 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records present a true and fair view. We will however, advise you on whether your records are adequate for the preparation of financial statements and recommend improvements.
- 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. Furthermore, as directors, you have a duty to prepare financial statements that comply with the Companies Act 2006, regulations made under that Act and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)). Where we identify that the financial statements do not conform to UK GAAP or if the accounting policies adopted are not immediately apparent this will need to be disclosed in the financial statements.
- 2.7 We have a professional responsibility not to allow our name to be associated with financial statements which 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.
- 2.8 As part of our normal procedures, we may request you to provide written confirmation of any information or explanations given by you orally during the course of our work.
- 2.9 As with other professional firms, we are required to implement due diligence procedures to identify our clients for the purposes of UK anti-money laundering legislation and maintain appropriate records of evidence to support our customer due diligence. We are likely to request from you, and retain, some information and documentation for these purposes and/or to make searches of appropriate databases. If we are not able to obtain satisfactory evidence of your identity within a reasonable time, there may be circumstances in which we are not able to proceed with the appointment.

- 2.10 The provision of compilation services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, partners and staff in accountancy firms have to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our compilation work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the 'tipping off' provisions of the legislation.
- 2.11 In certain instances we may consider it appropriate to outsource some of your accounting work. In such circumstances the outsourcing providers will be subject to a confidentiality agreement and any additional steps as we, in good faith, consider appropriate to maintain confidentiality.

### **3 FORM OF THE ACCOUNTANTS' REPORT**

- 3.1 We shall report to the Board of Directors, with any modifications that we consider may be necessary, that in accordance with this engagement letter and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the financial statements from the accounting records of the company 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, for the work or for this report.

### **4 ACCOUNTING SERVICES**

- 4.1 It is agreed that we should carry out the following services as your agents on the basis that you will make full disclosure to us of all relevant information. We shall:
- provide assistance to the company secretary by preparing and lodging returns with the Registrar of Companies; and
  - investigate irregularities and fraud upon receiving specific instructions.

### **5 DATA PROTECTION**

- 5.1 We are committed to ensuring the protection of the privacy and security of any personal data which we process. Your attention is drawn to paragraph 21 of our standard terms and conditions of business which details how we treat personal data received by us in the provision of our services during our engagement with you

### **6 LIMITATION OF LIABILITY**

- 6.1 Our services as set out above are subject to the limitations on our liability set out in paragraph 13 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.