

TWP ACCOUNTING LLP: PENSION SCHEME NON STATUTORY AUDIT SERVICES

This schedule should be read in conjunction with the engagement letter, other schedules of services and our standard terms and conditions. The schedule sets out the basis on which we/are to act as non statutory auditor of the pension scheme and the respective areas of responsibility of the trustees and of ourselves.

1 RESPONSIBILITIES OF TRUSTEES AND AUDITOR

1.1 The respective duties of trustees and scheme auditor in regard to financial statements are contained in the Trust Deed and Scheme Rules ("The Trust Deed").

The requirement for an audit is contained within the Trust Deed and not statute. Accordingly the audit is non statutory, but in all other respects will be conducted as if it was an audit under the Pensions Act 1995.

1.2 As trustees of the pension scheme (the scheme), you are responsible for maintaining adequate accounting records and an appropriate system of internal control. You are also responsible for ensuring that the scheme prepares financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) which:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension.

1.3 In discharging the above responsibilities, you are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will not be wound up. You are also responsible for making available certain other information about the scheme in the form of an annual report.

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 trustees of the scheme you should also consider the impact of new accounting standards on the scheme, including the impact on going concern.

1.5 You are responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. Additionally, you are responsible for taking such steps as are reasonably open to you to safeguard the assets of the scheme, comply with laws and regulations and prevent and detect fraud and other irregularities, including maintenance of an appropriate system of financial control.

1.6 You are responsible for making available to us, as and when required, all of the accounting records and all other relevant records and related information, including minutes of all trustees' and management meetings and additional information that we may request. You will also provide us with unrestricted

access to any persons from whom we determine it is necessary to obtain audit evidence.

Where you as trustees have delegated functions to third parties such as a scheme administrator, investment manager, investment custodian, sponsoring employer or a scheme actuary you agree to allow us access, through you, to those third parties and for them to pass information to us where necessary for the purposes of our audit.

(where applicable) In view of the importance of the scheme actuary's work in relation to the annual report, you agree to allow us to communicate direct with the scheme actuary regarding the affairs of the scheme where we consider this necessary for the purposes of our audit.

- 1.7 Sponsoring employers and their auditors also have statutory obligations to disclose information to both you as trustees and ourselves. Regulations made under the Pensions Act 1995 and the Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("Scheme Administration Regulations") require any sponsoring employer to notify the trustees of events relating to the employer which they believe to be of material significance to the trustees, managers or professional advisers. You hereby undertake to notify us of matters which may be relevant to the financial affairs of the scheme which have been notified to you by the sponsoring employers or have otherwise come to your attention.
- 1.8 We have a statutory responsibility to report to you as trustees whether in our opinion the financial statements:
- show a true and fair view of the financial transactions of the scheme during the scheme year, and of the amount and disposition at the year-end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.
- 1.9 We have a professional responsibility to report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider whether:
- the departure is required in order for the financial statements to give a true and fair view; and
 - adequate disclosure has been made concerning the departure.
- 1.10 As noted above, our report will be made solely to the scheme's trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work will be undertaken so that we might state to the scheme's trustees those matters we are required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the scheme's trustees as a body, for our audit work, for the audit report, or for the opinions we form. The audit of the financial statements does not relieve you of your responsibilities.

- 1.11 We confirm that we are a Statutory Auditor, eligible to conduct audits under the Scheme Administration Regulations. We confirm that we will notify you immediately we become aware of the existence of any conflict of interest to which we are subject in relation to the scheme.
- 1.12 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.
- 1.13 The provision of audit services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, partners and staff in audit 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 audit 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 SCOPE OF AUDIT

- 2.1 Our audit will be conducted in accordance with the International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Those standards require that we plan and perform our audit in order to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 2.2 As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the scheme's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Read all financial and non-financial information (other information) included in the annual report other than the financial statements and identify whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears materially misstated. You are responsible for the preparation of the other information and where, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report this fact.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- 2.3 Our work will be planned in advance and incorporated into an audit plan. This may be varied on the basis of our findings during the course of an audit from year to year. Accordingly, we may modify our audit scope, rotate our audit emphasis and propose matters of special audit emphasis, as circumstances dictate.
- 2.4 The nature and extent of our procedures will vary according to our assessment of the scheme's accounting system and, where we wish to place reliance on it, the internal control system, and may cover any aspect of the scheme's operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the scheme's systems but, if such weaknesses come to our notice during the course of our audit which we think should be brought to your attention, we shall report them to you. Any such report may not be provided to third parties without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the scheme in mind and that we accept no duty or responsibility to any other party as concerns the reports.
- 2.5 The information used by you in preparing the financial statements will invariably include facts or judgements which are not themselves recorded in the accounting records. As part of our normal audit procedures, we will ask you to provide written confirmation each year of such facts or judgments and any other oral representations that we have received from you during the course of the audit on matters having a material effect on the financial statements. In particular, where we bring misstatements in the financial statements to your attention that are not adjusted, we shall require written representation as to whether you believe the effects of the uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole.

- 2.6 In order to assist us with the examination of your financial statements, we shall request sight of all other information due to be issued with the financial statements, including the trustees' report, the actuarial statements, summary of contributions, the compliance statement and the investment report.
- 2.7 The responsibility of safeguarding the assets of the scheme and for the prevention and detection of fraud, error and non-compliance with laws and regulations rests with yourselves. However, we shall plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with laws and regulations), but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.
- 2.8 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm other than those engaged on the audit (for example information provided in connection with accounting and other services).
- 2.9 In respect of the expected form and content of our report, we refer you to the most recent bulletin on auditor's reports published by the Financial Reporting Council at www.frc.org.uk. The form and content of our report may need to be amended in the light of our findings.
- 2.10 Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year.
- 2.11 Where audited information is published on the scheme's, or a related, website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's 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 scheme's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

3 AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS

- 3.1 The trustees of the scheme are responsible for ensuring that there is prepared, maintained and from time to time revised a [Schedule of Contributions / Payment Schedule] ("the Schedule") showing the rates of contributions payable to the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid.

The trustees are also responsible for obtaining an auditor's statement about contributions.

- 3.2 As auditors appointed under the Pensions Act 1995 we have and shall have a statutory responsibility to report to the trustees on whether in our opinion the contributions payable to the scheme have been made, in all material respects, at least in accordance with the Schedule ("our Statement"). In arriving at our opinion,

we shall be required to consider whether we have obtained all the information and explanations which we consider necessary for the purposes of our work.

- 3.3 Our work will include examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments. Our work in relation our Statement will be separate from the audit of the scheme. We will plan and perform our work so as to obtain all the information and explanations which we consider necessary in order to give reasonable assurance that contributions paid to the scheme under the Schedule have been paid, in all material respects, at least in accordance with that Schedule.
- 3.4 As noted above, our Statement will be made solely to the scheme's trustees, as a body in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our work will be undertaken so that we might state to the scheme's trustees those matters we are required to state to them in an Auditor's Statement about Contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the pension scheme's trustees as a body, for our work, for this Statement, or for the opinions we have formed.

4 REPORTING TO THE PENSIONS REGULATOR

- 4.1 We have a statutory duty under section 70 of the Pensions Act 2004 to report to The Pensions Regulator ("TPR") if we have reasonable cause to believe that there is or has been some failure to comply with any duty relevant to the administration of the scheme imposed by any enactment or rule of law on the trustees or managers, the employer, any professional adviser or any prescribed person acting in connection with the scheme and that the failure to comply is likely to be of material significance to TPR. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.
- 4.2 Section 70 does not require us to undertake work for the sole purpose of identifying breaches likely to be of material significance to TPR. We shall fulfil our duty under this section in accordance with the requirements and guidance published by the Auditing Practices Board. In considering the need to make a report, we may decide to consult the scheme actuary or other scheme advisers. You hereby authorise us to communicate directly with the scheme actuary or other scheme advisers.

5 COMMUNICATION

- 5.1 In order to promote effective two-way communication between us we set out below the expected form and timing of such communications.
- We shall contact you prior to the audit to discuss any relevant matters, the planned scope and timing of the audit and to agree any required action; and
 - contact you after the audit to discuss the significant findings from the audit and to confirm any agreed action.

We shall of course contact you more frequently and regularly about audit and other matters during the course of the audit.

6 ACCOUNTING SERVICES

- 6.1 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:

- prepare the financial statements based on accounting records maintained by yourselves.
- investigate irregularities and fraud upon receiving specific instructions.

7 TERMINATION OF APPOINTMENT

7.1 Our appointment as scheme auditor may only be terminated, by you or by us, by notice in writing. The notice shall state the date with effect from which the appointment terminates. In the case of a notice of resignation given by us, the notice shall contain either:

- a statement specifying any circumstances connected with our resignation which, in our opinion, significantly affect the interests of the members or prospective members of, or beneficiaries under, the scheme; or
- a declaration that we know of no such circumstances.

7.2 In the case of a notice of termination given by you, we shall provide you with the aforementioned statement or declaration within 14 days of our receiving the written of termination of our appointment. You are required by the Scheme Administration to provide a copy of the statement or declaration to our successors or proposed successors as scheme auditors.

8 DATA PROTECTION

8.1 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.

9 LIMITATION OF LIABILITY

9.1 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.