

TWP ACCOUNTING LLP: COMPILATION OF PENSION SCHEME 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 act as accountants to your pension scheme and the respective areas of responsibility of the trustees and of ourselves.

1 RESPONSIBILITIES OF TRUSTEES

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 You have undertaken to make available to us, as and when required, all the scheme's 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 make full disclosure to us of all relevant information.
- 1.6 Our work as the compilers of the annual financial statements will not be an audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Consequently our work cannot

be relied upon to confirm that the accounting records or the accounts are free from material misstatement, whether caused by fraud, other irregularities or error.

- 1.7 We shall report, with any variations that we consider may be necessary, that in accordance with your instructions, we have compiled without carrying out an audit, the accounts from the accounting records of the scheme and from the information and explanations supplied to us.
- 1.8 We have a professional duty to compile financial statements which conform to generally accepted accounting principles. Where we identify that the financial statements 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 financial statements.

We have a professional responsibility not to allow our name to be associated with financial statements which may be misleading. In extreme cases where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing.
- 1.9 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.
- 1.10 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.
- 1.11 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 RESPONSIBILITIES OF THE ACCOUNTANTS

- 2.1 As the scheme is exempt from the requirement for any external scrutiny, we have no statutory responsibilities to the scheme 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. We will compile the financial statements for your approval based on the accounting records maintained by you and the information and explanations you give us. 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 scheme is exempt from an audit of the financial statements and that no report is required by statute or regulation. We will not carry

out any work to determine whether or not the scheme is entitled to these exemptions. However, should our work indicate that the scheme is not entitled to any exemption, we will inform you of this.

- 2.4 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). 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 will not carry out an audit, nor confirm in any way the accuracy or reasonableness of the accounting records maintained by the scheme, 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. Where we identify that the financial statements do not conform to accepted accounting principles, or if the accounting policies adopted are not immediately apparent, this will need to be disclosed in the financial statements.
- 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.
- 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 In common with all accountancy and legal practices, we are required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations to:
- have due diligence procedures for the identification of all clients;
 - maintain appropriate records of evidence to support customer due diligence; and
 - report in accordance with the relevant legislation and regulations.

3 FORM OF THE ACCOUNTANTS' REPORT

- 3.1 We shall report to you the trustees, 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 and from the information and explanations supplied to us. The report should not be used for any purpose other than as set out in this engagement letter. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the trustees, as a body, for the whole of this report.

REPORTING TO THE PENSIONS REGULATOR

- 4.1 We have a statutory duty under section 70 of the Pensions Act 2004 to report immediately 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. In considering the need to make a report, we may decide to consult the scheme actuary. You hereby authorise us to communicate directly with the scheme actuary.

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.