

TWP ACCOUNTING LLP: AUDIT SERVICES AND CASS REASONABLE ASSURANCE REPORT

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 act as auditors of the company and the respective areas of responsibility of the directors and of ourselves.

1 RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 the 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 these financial statements, you are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business; and
- (*large companies only*) state whether applicable UK Accounting Standards or International Reporting Standards (*if adopted*) have been followed, subject to any material departures disclosed and explained in the financial statements.

You also have a responsibility not to approve these financial statements unless you are satisfied that they give a true and fair view.

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 directors of the company you should also consider the impact of new accounting standards on the business, including the impact on going concern.

1.4 You are also 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

1.5 You are responsible for making available to us, as and when required, all the company's accounting records and all other relevant records and related information, including minutes of all directors', management and shareholders' meetings and additional information that we may request. You will also provide us with unrestricted access to persons within the company from whom we determine it is necessary to obtain audit evidence.

1.6 You are required to confirm in the directors' report that so far as you are aware, there is no relevant audit information of which we, as the company's auditors, are unaware and that you have taken all the steps that you ought to take as directors in order to make yourselves aware of any relevant audit information and to establish that we are aware of that information. We are entitled to require from the company's officers and employees such other information and explanations as we think necessary for the performance of our duties as auditors.

You are also responsible for ensuring that you comply fully with the requirements of the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012.

You undertake to disclose to us fully all correspondence with the Financial Conduct Authority (FCA) (and formerly with the Financial Services Authority), all complaints records and internal and/or external compliance visits and any other information in your possession.

1.7 We have a statutory responsibility to report to the members whether in our opinion the financial statements:

- give a true and fair view of the state of affairs of the company at the year end and profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We also have a statutory responsibility to state in our report whether in our opinion the information given in the strategic report (if any) and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the strategic report (if any) and the directors' report have been prepared in accordance with applicable legal requirements. In light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we will also report whether any material misstatements are identified in the strategic report (if any) and the directors' report. In addition, we have a statutory responsibility to report by exception if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us;
- the company's financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations which we consider necessary for the purposes of our audit; or
- you have prepared financial statements in accordance with the small companies' regime or have taken advantage of the small companies' exemption in preparing your directors' report and take advantage of the small companies' exemption to prepare a strategic report and we are of the opinion that you were not entitled to do so.

If we have nothing to report in respect of the above matters we will include a statement in our report confirming this.

Where the financial statements do not disclose details of directors' benefits: remuneration, pensions and compensation for loss of office, the Companies Act 2006 also requires us, so far as we are reasonably able to do so, to include a statement in our report giving the required particulars.

1.8 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
- whether adequate disclosure has been made concerning the departure.

- 1.9 As noted above, our report will be made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work will be undertaken so that we might state to the company's members 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 company and the company's members 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.
- 1.10 The partner responsible for the auditor's report, and is the Senior Statutory Auditor for the purpose of s504 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), and will sign the auditor's report in his own name on behalf of the firm.
- 1.11 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
 - whether adequate disclosure has been made concerning the departure.
- 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.
- 1.14 In the event that we cease to act as statutory auditors for the company we are required by paragraph 9(3) of schedule 10 of the Companies Act 2006 to make available, if requested, all relevant information concerning the audit of the company to our successors as statutory auditors. You agree to cover any reasonable costs of making such information available that we may incur in fulfilling our statutory duty.

2 SCOPE OF STATUTORY AUDIT

- 2.1 Our audit will be conducted in accordance with the International Standards on Auditing (UK) (ISAs (UK)). Those standards require that we plan and perform our audit in order to obtain reasonable assurance about whether the company's 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 not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' 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 company'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 company 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 We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether adequate accounting records have been maintained by the company. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.
- 2.5 The nature and extent of our procedures will vary according to our assessment of the company's accounting system and, where we wish to place reliance on it, the internal control system, and may cover any aspect of the business's operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the company'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 company in mind and that we accept no duty or responsibility to any other party as concerns the reports.

- 2.6 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 judgements 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 accounts 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 or in aggregate, to the financial statements as a whole. In connection with representations and the supply of information generally, we draw your attention to section 501 of the Companies Act 2006 under which it is an offence for an officer or employee of the company to knowingly or recklessly make misleading, false or deceptive statements to auditors.
- 2.7 In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the chairman's statement, operating and financial review, the strategic report and the directors' report, which are due to be issued with the financial statements. We are also entitled to attend all general meetings of the company and to receive notice of all such meetings, as well as to receive details of all written resolutions that are to be circulated to members.
- 2.8 The responsibility of safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with yourselves. However, we shall endeavour to 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 law or 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.
- 2.9 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, taxation and other services).
- 2.10 In respect of the expected form and content of our report, we refer you to the most recent bulletin on auditors' 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.
- 2.11 Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the Annual General Meeting which may affect the financial statements in accordance with section 423 Companies Act 2006 which may affect the financial statements.
- 2.12 Where audited information is published on the company's 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 company's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.
- 2.13 We assist in preparing iXBRL-tagged financial statements for submission to HMRC with the company's tax return. We are not currently required by auditing standards to verify the

iXBRL tagging or the underlying data as part of our statutory audit. We therefore accept no responsibility for any tagging inaccuracies identified by HMRC.

- 2.14 (*where applicable*) We appreciate that the present size of your business renders it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the business. In the running of your company we understand that the directors are closely involved with the control of the company's transactions. In planning and performing our audit work we shall take account of this supervision.

3 SCOPE OF CASS REPORT

- 3.1 We are required to report to the firm in accordance with the Financial Conduct Authority's (FCA) rules within four months of the end of the period to which the report related.
- 3.2 To the extent to which you hold client money or safe custody assets on behalf of clients, our report (which in this respect is a 'reasonable assurance' report) considers whether:
- you maintained systems adequate to enable you to comply with the custody rules, the collateral rules, the mandate rules and the client money rules throughout the period since the last date as at which a report was made;
 - you complied with the custody rules, the collateral rules, the mandate rules and the client money rules at the date as at period end date;
 - nominee companies (if applicable) in whose name custody assets are registered maintained adequate systems for custody, identification and control of custody assets and included reconciliations between the records maintained and the statements from custodians at appropriate intervals; and whether
 - if applicable, you complied with the rules in CASS 7A in relation to the secondary pooling event during the period.
- 3.3 We are required include in our draft report a schedule of all breaches of the CASS regulations which have come to our attention during the period. You are required by SUP 3.11 to provide us with an explanation of the circumstances that gave rise to these breaches, together with any remedial actions undertaken to correct them, for inclusion in our final report.
- 3.4 In connection with the duties above, we have a duty to carry out such investigations as we consider necessary to form an opinion on the above matters. If you use Third Party Administrators (TPAs) in connection with holding client money and/or custody assets, you must ensure that your contractual arrangements with such TPAs grant us rights of access to all relevant books and records that we consider necessary for the purposes of preparing our report.
- 3.5 Our report is solely for use by the FCA. It is not intended for use by third parties such as your customers/potential customers or shareholders and the report shall not be provided by you to anyone other than the FCA.

4 RESPONSIBILITIES TO THE FCA

- 4.1 The primary responsibility for keeping the FCA informed about the affairs of the business rests with you. Under the Financial Services and Markets Act 2000 (Communications by Auditors) Regulations 2001 we have both a right and a duty to report on any circumstances in which we have reasonable cause to believe that the matter is likely to be of material significance for determining whether:

- a person is a fit and proper person to carry on regulated business; or
- disciplinary action should be taken, or powers of intervention exercised, in order to protect investors from significant risk or loss; or
- there are any other circumstances which would be relevant to the functions of the Secretary of State.

Such reports must be made in writing direct to the FCA and may be without your knowledge or consent. By virtue of the Financial Services and Markets Act 2000 (Communications by Auditors) Regulation 2001, our duty of confidentiality is not contravened by reason of such communication in good faith.

- 4.2 We have a duty to provide further information or verification if requested to do so by the FCA and to assist and co-operate with any other auditor or specialist person appointed under the FCA's rules by the FCA or by yourselves at the direction of the FCA.
- 4.3 If, to our knowledge, we become disqualified or ineligible to act as auditors of the company in accordance with the FCA's rules, we shall forthwith resign office and notify you and the FCA in writing that we have vacated by reason of disqualification or ineligibility.
- 4.4 If we resign or are removed from office or are not reappointed at the end of our term of office, we shall prepare a statement to the effect that there are no circumstances with our ceasing to hold office which we consider should be brought to the FCA's attention, or a statement specifying all such circumstances.

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 any matters arising 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 DATA PROTECTION

- 6.1 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.

7 LIMITATION OF LIABILITY

- 7.1 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.