

MANAGEMENT ACCOUNTS

1. YOUR RESPONSIBILITIES

- 1.1 We understand that you require us to prepare the monthly /quarterly management accounts of your business for the month /quarter ended and subsequent months /quarters. These will comply with the measurement principles of UK Generally Accepted Accounting Practice, applicable to Smaller Entities, International Financial Reporting Standards as adopted by the UK.
- 1.2 You have undertaken to make available to us, as and when required, all of your accounting records and related financial information, including minutes of management meetings necessary for the compilation of the financial information. You will provide us with all information and explanations relevant to the purpose and compilation of the financial information and you will make full disclosure to us of all relevant information.
- 1.3 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the financial statements, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.4 You are responsible for ensuring that the organisation complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs
- 1.5 We understand that you have agreed that your staff will be responsible for:
 - (a) maintaining records of all receipts and payments of cash;
 - (b) reconciling cash book balances monthly /quarterly with the bank statements;
 - (c) posting and balancing the purchase and sales ledgers;
 - (d) extracting a detailed list of ledger balances; and
 - (e) providing stock figures, estimates of the value of stock at the end of each period.

2. OUR RESPONSIBILITIES

- 2.1 We will prepare management accounts as stated in paragraph 1.1 above, which involves us in completing the writing up of your books and records, insofar as they are incomplete when presented to us, from the information and explanations supplied to us and preparing draft financial information therefrom for your approval.
- 2.2 You understand that we will not be carrying out an audit in accordance with International Standards on Auditing (UK) and accordingly will not verify the assets and liabilities of your organisation, nor the items of expenditure and income. To carry out an audit would require additional work to comply with generally accepted auditing standards so that we could report on the truth and fairness of the financial statements.
- 2.3 We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will

advise you of any such circumstances that we encounter in preparing your financial information.

- 2.4 The financial information is not suitable for submission with the self-assessment tax return, or for summary thereon.

EITHER

- 2.5 Our involvement in the management accounts production process is constrained by the need to process and produce the accounts on your computer system, so preventing the operation of certain of our quality control procedures. The management accounts are prepared for your exclusive use within your business and you undertake not to represent to any third party that the management accounts have been prepared by us.

OR

- 2.5 The management accounts are prepared solely for the confidential use of you and solely for your purpose, if applicable. It may not be relied upon by you for any other purpose whatsoever. The management accounts must not be recited or referred to in whole or in part in any other document. The management accounts must not be made available, copied or recited to any other party without our express written permission. We neither owe nor accept any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on the management accounts.

OR

- 2.5 We will report to you, as appropriate, that in accordance with this letter of engagement, we have not carried out an audit but have compiled the management accounts 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 you for the work or for the report which we provide, which will provide an appropriate disclaimer of liability. Although we are aware that the management accounts will be made available to third parties, we neither owe nor accept any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on the management accounts.