

PREPARATION OF FINANCIAL STATEMENTS – UNINCORPORATED ENTITY

[SOLE TRADER][PARTNERSHIP][TRUST] – PREPARATION OF FINANCIAL INFORMATION

The purpose of this Appendix is to set out the basis on which we are to act as your accountants and the respective areas of responsibility of you and ourselves.

1 YOUR RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL INFORMATION

- 1.1 You are responsible for ensuring that the [business][partnership][trust] maintains adequate accounting records. You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the [business][partnership][trust] or for the compilation of the financial information prepared by us, is reliable, accurate and complete. You are also responsible for ensuring that the activities of the [business][partnership][trust] are conducted honestly, and for safeguarding the assets of the [business][partnership][trust] and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 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 will approve and sign the financial information to acknowledge responsibility for it, including the appropriateness of the accounting basis and for providing us with all information and explanations necessary for its compilation.
- 1.4 You are responsible for ensuring that the [business / partnership / trust] complies with the law and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.

2 SCOPE OF ACCOUNTANT'S WORK

- 2.1 You have asked us to assist you in the preparation of information required e.g. a Profit and Loss Account and Balance Sheet and relevant notes for the purpose of e.g. to enable profits to be calculated such as to meet the requirements of current tax legislation and which provides sufficient and relevant information to enable the completion of a tax return. We will compile the financial information based on the accounting records maintained by you and the information and explanations given to us by you.
- 2.2 We shall plan our work on the basis that no report is required by statute or regulation for each 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 and reviews.
- 2.3 Our work will not be an audit of the financial information in accordance with International Standards on Auditing (UK). Consequently, our work will not provide any assurance that

the accounting records or the financial information are free from material misstatement, whether caused by fraud, other irregularities or error and cannot be relied on to identify weaknesses in internal controls.

- 2.4 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the [business / partnership / trust], we are unable to provide assurance as to whether the financial information we prepare from those records presents a true and fair view.
- 2.5 We have a professional duty to compile financial information that conform with the generally accepted accounting principles selected by management as being appropriate for the purpose for which the information is prepared. The accounting basis on which the information has been compiled, its purpose and limitations will be disclosed in an accounting policy note to the financial information and will be referred to in our accountants' report.
- 2.6 We have a professional responsibility not to allow our name to be associated with financial information 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 information may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and /or additional disclosures that we consider appropriate. If an agreement cannot be reached, and as a result we consider that the financial information is misleading, we will withdraw from the engagement.
- 2.7 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.
- 2.8 We will use reasonable skill and care in the preparation of your financial information but will not be responsible for errors arising from incorrect information supplied by you.

3 FORM OF THE ACCOUNTANT'S REPORT

- 3.1 We shall report to you, with any modifications that we consider may be necessary, that in accordance with this letter of engagement and in order to assist you to fulfil your responsibilities, that we have compiled, without carrying out an audit, the financial information from the accounting records of the [business / partnership / trust] 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 our work or for this report.

4 LIMITATION OF LIABILITY

- 4.1 We will perform our engagement with reasonable skill and care. The total aggregate liability to you, of whatever nature, whether in contract, tort or otherwise, of Boni Accountants LLP for any losses whatsoever and howsoever caused from or in any way connected with this engagement shall not exceed total amount of this engagement.