

TERMS OF ENGAGEMENT: Preparation of Accounts for a Partnership

We are bound by the ethical guidelines of The Institute of Chartered Accountants in England & Wales and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines.

- 1.1. You have instructed us to prepare your financial statements. It was agreed that we should carry out the following accounting and other services:
 - (a) write up your accounting records insofar as they are incomplete when presented to us;
 - (b) complete the postings to the nominal ledger; and
 - (c) prepare the accounts for approval by yourselves.
- 1.2. You have agreed that you will:
 - (a) keep the records of receipts and payments;
 - (b) reconcile the balances monthly with the bank statements;
 - (c) post and balance the purchase and sales ledgers;
 - (d) produce extract a detailed list of ledger balances;
 - (e) prepare details of the annual stocktaking, which is suitably priced or provide us with a copy of the valuation produced by your independent stocktakers;
 - (f) prepare details of work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.
- 1.3. You acknowledge your responsibility for the reliability, accuracy and completeness of the accounting records.
- 1.4. You have agreed to make available to us, as and when required, all your accounting records and related financial information, including any minutes of partnership meetings, necessary to carry out our work. You will provide us with all information and explanations relevant to the purpose and compilation of the financial information.
- 1.5. You understand that we will not be carrying out an audit and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would require additional work to comply with Auditing Standards so that we could report on the truth and fairness of the accounts.
- 1.6. We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees, although we will advise you of any such circumstances that we encounter in preparing your accounts.
- 1.7. We have a professional duty to compile financial information that conforms with the generally accepted accounting principles selected by the partners 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 the accountants' report.
- 1.8. We also 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 disclosures in the financial information. 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 information is misleading, we will withdraw for the engagement.
- 1.9. To ensure that anyone reading the financial statements is aware that we have not carried out an audit we will annex to the financial statements a short report. This report must remain attached to any accounts shown to any other parties.
- 1.10. You will approve and sign the financial information thereby acknowledging responsibility for it, including the appropriateness of the accounting basis on which it is compiled, and for providing us with all information and necessary explanations.
- 1.11. Accounts need to be completed prior to submission of the self-assessment tax return. Failure to submit the return on time will result in penalties and is likely to result in interest and surcharges. In order to avoid this, we must have your accounting records within six months of the year end, and queries raised on those accounting records must be answered promptly, otherwise we cannot guarantee the completion of the accounts to ensure the tax return's timely submission.