

statutory financial statements

This schedule should be read in conjunction with your engagement letter and the [terms of business](#).

1. Your responsibilities

- 1.1. You are responsible for preparing financial statements which give a true and fair view and which have been prepared in accordance with the Companies Act 2006 (the Act). You must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.
- 1.2. In preparing the financial statements, you are required to:
 - a) select suitable accounting policies and then apply them consistently;
 - b) make judgements and estimates that are reasonable and prudent; and
 - c) prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business.
- 1.5. You are responsible for keeping adequate accounting records that set out with reasonable accuracy at any time the company's financial position, and for ensuring that the financial statements comply with applicable accounting standards and with the Companies Act 2006 and give a true and fair view. By approving the financial statements you will be acknowledging this responsibility.
- 1.6. You are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.7. When applicable, you are also responsible for deciding whether, in each financial year, the company meets the conditions for exemption from an audit, as set out in section 477, 479A or 480 of the Companies Act 2006, and for deciding whether the exemption can be claimed that year.
- 1.8. You are responsible for ensuring that the company complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.
- 1.9. You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information and explanations, including minutes of management, shareholders' and directors' meetings, that we need to do our work. This is required to be confirmed in the directors' report along with an acknowledgement that the financial statements have been prepared on an appropriate accounting basis.
- 1.10. If financial information is published on the company's website or by other electronic means, which includes a report by us or otherwise associated with us, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and accountants report properly. We have the right to withhold consent to the electronic publication of the financial statements if they are to be published in an inappropriate manner.
- 1.11. It is your responsibility to set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls or for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.

2. Our responsibilities

- 2.1. We will prepare and submit to Companies House your annual statutory financial statements (including iXBRL tagging), prepared under the accounting standard as specified in the services summary. We will provide one draft for review before completion of a final version.
- 2.2. You have asked us to help you prepare the financial statements in accordance with the requirements of the Companies Act 2006, to enable profits to be calculated to meet the requirements of current tax legislation and to provide sufficient and relevant information to complete a tax return. We will compile the financial statements for your approval based on the accounting records that you maintain (where we are not engaged to maintain on your behalf) and the information and explanations that you give us.

- 2.3. If you have told us that the company is exempt from an audit of the financial statements, we will not check whether this is the case. However, if we find that the company is not entitled to the exemption, we will inform you.
- 2.4. Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland), so we will not be able to provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error, or to identify weaknesses in internal controls.
- 2.5. Since we will not carry out an audit, or confirm in any way the accuracy or reasonableness of the accounting records, we cannot provide any assurance whether the financial statements that we prepare from those records will present a true and fair view.
- 2.6. We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements on anything we come across during the course of our work.
- 2.7. 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. The accounting policies on which the financial statements have been compiled will be disclosed in the notes to the financial statements. We will not compile financial statements if the accounting principles, or the accounting policies selected by management, are inappropriate.
- 2.8. 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, if 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 the adjustments and/or disclosures that we consider appropriate are not made, or if 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.
- 2.9. As part of our normal procedures, we may ask you to confirm in writing any information or explanations given to us orally during our work.
- 2.10. You have instructed us to convert the financial statements into the iXBRL (inline eXtensible Business Reporting Language) format which is required by HMRC. We will use professional software to create the tagged financial statements and you therefore agree that we can process any standard data tags without your prior approval, only referring back to you for any non-standard or judgmental areas. It remains your legal responsibility to provide the information in the iXBRL format and we will therefore issue a tagging report for your approval.

3. Out of scope

- 3.1. The transition to any newly adopted accounting standards or accounting framework is excluded from the scope of these services.
- 3.2. Disclosures and additional work required in more complex accounting areas, which are not covered under other services such as bookkeeping and payroll services provided, are excluded from the scope of these services. Examples include but are not limited to:
 - a) Share based payment calculations;
 - b) Share option valuations; and
 - c) Convertible loan debt and equity split calculations.