

Appendix 2a – Appendix of professional services supplied by SMB Professional Services Ltd

PREPARATION OF STATUTORY FINANCIAL STATEMENTS – LIMITED COMPANY

The purpose of this Appendix is to set out the basis on which we act as your accountant in regard to the preparation of your statutory financial statements and your responsibilities as directors. If we undertake bookkeeping services for you then this work will be covered in a separate appendix.

We will communicate with the person who has signed the Letter of Engagement in relation to this assignment having agreed with you that they will represent you.

This is a continuing engagement and this Appendix replaces our previous Letter of Engagement

1. Directors' responsibilities

- 1.1 You are responsible for preparing financial statements which give a true and fair view and 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:
 - select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent; and
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.
- 1.3 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)) and with the Act and give a true and fair view.
- 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.
- 1.5 You are responsible for determining whether, in respect of each financial period, the company meets the conditions for exemption from an audit as set out in section 477 or 479A or 480 of the Act and for determining whether, in respect of each financial period, the exemption is not available for any of the reasons set out in sections 478, 479 and 479B of the Act.
- 1.6 You are responsible for ensuring that the company assets are safeguarded, and for establishing arrangements designed to deter fraudulent or other dishonest or irregular conduct, and detect any that occurs.
- 1.7 You are responsible for ensuring that the company complies with applicable law and

regulations, and for establishing arrangements designed to prevent any non-compliance with law and regulations and to detect any that occur.

- 1.8 You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and shareholders' meetings necessary for the compilation of the financial statements. You will make full disclosure to us of all relevant information that we need to do our work.

2. Scope of our work

- 2.1 You have asked us to assist you in the preparation of the financial statements in accordance with the requirements of the Act. We will compile the annual financial statements based on the accounting records maintained by you and the information and explanations given to us by you. We shall prepare draft annual financial statements for your approval. We shall plan our work on the basis that no audit report on the financial statements is required by statute or regulation for the period, 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 other assurance assignments.
- 2.2 We have a professional duty to compile financial statements, which conform to generally accepted accounting principles. You have advised us that the financial statement should be prepared under the provisions of FRS 102/FRS 102 Section 1A or less frequently, FRS 105. We will not carry out work to determine whether or not the company is entitled to adopt the micro company/small company financial reporting regime; however, should our work indicate that the company is not entitled, we will inform you of this.
- 2.3 You have advised us to follow the formats as set out in our software.
- 2.4 You have advised us to abridge the balance sheet for Companies House filing as permitted under Companies Act 2006.
- 2.5 You have advised us to take advantage of the small company filing regime which is applicable to both small and micro companies.
- 2.6 You have advised us that the company is exempt from an audit of the financial statements. We will not carry out any work to determine whether or not the company is entitled to audit exemption, however, should our work indicate that the company is not entitled we will inform you of this.
- 2.7 Our work as the compilers of the annual financial statements will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Consequently, our work will not provide audit assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error.
- 2.8 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide assurance as to whether the financial statements we prepare from those records present a true and fair view.

- 2.9 We have a professional responsibility not to allow our name to be associated with financial statements which may be misleading. Therefore, although we are not required to search for such matters, should 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 additional disclosures that we consider appropriate. If an agreement cannot be reached and as a result we consider that the financial statements are misleading, we will withdraw from the engagement.
- 2.10 We will advise you as to the adequacy of your records for preparation of the statutory financial statements and make recommendations for improvements, which we consider necessary.
- 2.11 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.

3. Form of the accountant's report

- 3.1 We shall report to the directors, with any modifications that we consider may be necessary, that in accordance with this engagement and in order to assist you to fulfil your responsibilities, that we have compiled, without carrying out an audit nor any other assurance service, the financial statements from the accounting records of the company 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 the company and the company's board of directors as a body for our work or for this report.