



SCHEDULE 1E

PREPARATION OF FINANCIAL STATEMENTS – UNINCORPORATED CHARITY / CHARITABLE INCORPORATED ORGANISATION (CIO)

This schedule of services should be read in conjunction with the engagement letter and the terms of business.

1 RESPONSIBILITIES AND SCOPE FOR FINANCIAL STATEMENTS PREPARATION SERVICES

1.1 Your responsibilities as trustees

1.1.1 As trustees of the charity, you are responsible for preparing financial statements which give a true and fair view, or if applicable, receipts and payments accounts of the charity, and which have been prepared in accordance with the Charities Act 2011 and regulations thereunder.

1.1.2 As trustees you must not approve the financial statements unless you are satisfied that they give a true and fair view of the state of affairs of the charity at the end of the financial period and of the incoming resources and application of resources of the charity in that period, or, if applicable, that they fairly represent the receipts and payments of the charity in the period and its assets and liabilities at the period end in accordance with the Charities Act 2011 and regulations thereunder.

1.1.3 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 that the activities of the charity will continue.

1.1.4 You are responsible for keeping adequate accounting records that set out, with reasonable accuracy, at any time, the charity's financial position.

1.1.5 You are 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.

1.1.6 You are responsible for safeguarding the assets of the charity and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

- 1.1.7 You have a duty to prepare an annual report for each financial year complying in its form and content with the Charities Act 2011 and regulations thereunder. If applicable, you are also required to have regard to the relevant Statement of Recommended Practice 'Accounting and Reporting by Charities', published jointly by the Charity Commissioners for England and Wales and the Office of the Scottish Charity Regulators, and any subsequent amendments or variations to this statement. By approving the financial statements you will be acknowledging this responsibility.
- 1.1.8 You are responsible for ensuring that the charity complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.
- 1.1.9 You are responsible for deciding whether, in each financial year, the charity meets the conditions for exemption from an audit, as set out in s144 of the Charities Act 2011, and for deciding whether the exemption can be claimed that year.
- 1.1.10 You are responsible for deciding whether, in each financial year, an independent examiner's report needs to be prepared, as set out in s145 of the Charities Act 2011. You are responsible for deciding whether that report shall be made and for appointing independent examiners to make that report to the trustees of the charity.
- 1.1.11 You are responsible for deciding whether, in each financial year, the charity meets the conditions for preparing financial statements on the receipts and payments basis and for making the appropriate election in accordance with s133 of the Charities Act 2011.
- 1.1.12 You have undertaken to make available to us, as and when required, all the charity's accounting records and related financial information, including minutes of management, members' and trustees' meetings, that we need to do our work.
- 1.1.13 If financial information is published on the charity'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 report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.1.14 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.

1.2 Our responsibilities as accountants

- 1.2.1 You have asked us to help you prepare the financial statements in accordance with the requirements of the Charities Act 2011. We will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give us and in accordance with the accounting framework agreed and applicable to you.
- 1.2.2 We will plan our work on the basis that no report on the financial statements is required by statute or regulation for the year, unless you inform us in writing to the contrary. 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 or reviews.

- 1.2.3 If you tell us that the charity is exempt from an audit or independent examination of the financial statements we will not check whether this is the case. However, if we find that the charity is not entitled to the exemption, we will inform you.
- 1.2.4 If you appoint us as independent examiners, this work will be subject to a separate schedule of services.
- 1.2.5 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK), 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.
- 1.2.6 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, or if applicable, fairly present the charity's receipts and payments and its assets and liabilities at the period end.
- 1.2.7 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 1.2.8 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. We will not compile financial statements if the accounting principles, or the accounting policies selected by management, are inappropriate.
- 1.2.9 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.
- 1.2.10 If we withdraw from the engagement in the circumstances set out in 1.2.8 or 1.2.9 you agree that we have a right to invoice you for our time spent preparing the financial statements and discussing them with you, and for time spent on any other work that is not completed as a result of our resignation.
- 1.2.11 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.

1.3 Form of the accountants' report

- 1.3.1 Unless we have been appointed as independent examiners, and if appropriate, we will

report to the trustees that in accordance with this engagement letter and to assist you to fulfil your responsibilities, we have not carried out an audit but have compiled the financial statements 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 the charity and the charity's trustees as a body, for our work or for this report. If you wish to share this report with third parties, before doing so, you must discuss this with us, receive our consent and follow any stipulated conditions.

1.4 Ad hoc and advisory work

- 1.4.1 The scope of our services provided to you will only be as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and terms of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services.

1.5 Limitation of liability

- 1.5.1 Our services as detailed above are subject to the limitations on our liability set out in the engagement letter. These are important provisions, which you should read and consider carefully.