



SCHEDULE 4D

INDEPENDENT EXAMINATION – CHARITABLE COMPANIES

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

1 RESPONSIBILITIES AND SCOPE FOR INDEPENDENT EXAMINATION SERVICES

1.1 Your responsibilities as directors/trustees

- 1.1.1 As directors/trustees of the charitable company, you are responsible for preparing financial statements which give a true and fair view and which have been prepared in accordance with the Charities Act 2011 and regulations thereunder. As directors/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 charitable company at the end of the financial period and of the incoming resources and application of resources of the charitable company in that period.
- 1.1.2 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 that the activities of the charitable company will continue.
- 1.1.3 You are responsible for keeping adequate accounting records that set out, with reasonable accuracy, at any time, the charitable company's financial position and to enable them to ensure that the financial statements comply with the relevant Statement of Recommended Practice, the Companies Act 2006 and applicable accounting standards as agreed with you.
- 1.1.4 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.
- 1.1.5 You are responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.1.6 You have a duty under the Companies Act 2006 to prepare a directors' report for each financial year and also an annual report for each financial year complying in its form and content with the Charities Act 2011 and regulations thereunder. 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.

- 1.1.7 You are responsible for ensuring that the charitable company complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.
- 1.1.8 You are responsible for deciding whether, in each financial year, the charitable company meets the conditions for exemption from an audit, as set out the Charities Act 2011, and the Companies Act 2006, and for deciding whether the exemption can be claimed that year.
- 1.1.9 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.
- 1.1.10 You have undertaken to make available to us, as and when required, all the charitable company's accounting records and related financial information, including minutes of management, members' and directors'/trustees' meetings, that we need to do our work. You have also undertaken to provide us with unrestricted access to any persons from whom we deem it necessary to obtain relevant information.
- 1.1.11 If financial information is published on the charitable 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 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.
- 1.1.12 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 independent examiners

- 1.2.1 We shall plan our work on the basis that an independent examiner's report is required for the year, unless you inform us in writing that either:-
 - (a) the charitable company requires an audit of the financial statements; or
 - (b) the charitable company requires neither an audit nor an independent examiner's report.
- 1.2.2 Should you instruct us to carry out an audit, then the terms of that assignment will be dealt with in a separate schedule. Should you inform us that the charitable company requires neither an audit nor an independent examiner's report, then we shall have no

responsibilities to the charitable company, except those specifically agreed upon between us in respect of other professional services.

- 1.2.3 As independent examiners, we have a statutory responsibility to report to the trustees of the charity whether, in our opinion, there is reasonable cause to believe that, in any material respect:-
- (a) adequate accounting records have not been kept, contrary to the requirements the Companies Act 2005;
 - (b) the financial statements do not agree with those accounting records; or
 - (c) the financial statements do not comply with any of the accounting requirements specified in the Charities (Accounts and Reports) Regulations 2008 (SI 2008/629), Regulation 4 (or 5 for common investment funds or common deposit funds), and applicable accounting standards as agreed with you, except to the extent necessary to show a true and fair view.
- 1.2.4 If you tell us that the charitable 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 charitable company is not entitled to exemption from an audit of the financial statements then we will inform you. In such circumstances, we will not issue any report and will withdraw from the engagement to prepare an independent examiner's report, notifying you in writing of the reasons. In these circumstances, if appropriate, we will discuss with you the possibility of appointing us as auditors.
- 1.2.5 We 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, 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 disclosures in the financial statements. If the matter cannot be adequately dealt with by means of qualifying our opinion (or by other appropriate modifications of the report), we will not issue any report. In such circumstances, we will withdraw from the engagement, and will notify you in writing of the reasons.
- 1.2.6 If we withdraw from the engagement in the circumstances set out in 1.2.4 or 1.2.5 you agree that we have a right to invoice you for our time spent examining the financial statements and for time spent on any other work that is not completed as a result of our resignation.
- 1.2.7 Under s156(2) of the Charities Act 2011 we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charitable company or of any connected institution or body) of which we become aware during the course of our examination and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under s156(3) of the Charities Act 2011. In addition under s156(4) if we become aware of any matter which is not required to be reported under s156(2) but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions, then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.

1.3 Scope of independent examination

- 1.3.1 Our work as independent examiners will be carried out in accordance with guidance for such engagements issued by the Charity Commission. It will consist of comparing the financial statements with the accounting records kept by the charitable company, and making such limited enquiries of the directors/trustees and staff of the charitable company as we may consider necessary for the purpose of our report. In certain circumstances we may look for independent evidence to support entries in the accounting records or in the presentation of the accounts.
- 1.3.2 As part of our normal procedures, we may request you to provide written confirmation of any information or explanations provided by you orally during the course of our work.
- 1.3.3 To help us examine your financial statements, we will ask to see all documents or statements that are due to be issued with the financial statements. We are also entitled to attend all the charitable company's general meetings and to receive notice of them all.
- 1.3.4 Our work as independent examiners will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any independent evidence relating to entries in the accounting records, or to the amounts or disclosures in the financial statements. Consequently our work as independent examiners will not provide any assurance that the accounting records or the financial statements are free from material misstatement whether caused by fraud, other irregularity or error.
- 1.3.5 Because we will not carry out an audit, nor otherwise confirm the sufficiency of the accounting records maintained by the charitable company, we will be unable to provide any assurance as to whether the financial statements that we prepare from those records give a true and fair view.
- 1.3.6 We may charge you an additional fee if the scope of the independent examination work varies, for example in respect of:-
- going concern issues;
 - a change in delivery timescales;
 - a need to perform additional work as a result of events arising outside our control which were not known at the time of our appointment;
 - a deficiency in documentation;
 - non-provision or late provision of information; and
 - additional ad hoc work.

1.4 Excluded, 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.