

RESPONSIBILITIES AND SCOPE FOR AUDIT, ACCOUNTS AND TAXATION SERVICES

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the accompanying engagement letter (which also details the standard terms and conditions).

Responsibilities of directors

- 1.1 As directors of the company, 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). As directors 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 and 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 that 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 financial position of the company 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.
- 1.4 You are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.5 You are also responsible for such for such internal controls as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.
- 1.6 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 to carry out our work. You have also undertaken to provide us with unrestricted access to any persons from whom we deem it necessary to obtain audit evidence. Each director is required to take all steps that they ought to take as a director in order to make themselves aware of any relevant audit information and to establish that we are aware of that information. This is required to be confirmed in the Directors' responsibilities statement along with acknowledgement that the financial statements have been prepared on an appropriate accounting basis.
- 1.7 You are responsible for ensuring that the company complies with laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs. This is in addition to the general duties required by directors under s.170-177 of the Companies Act 2006.
- 1.8 If audited financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and auditor's report properly. We have the right to withhold consent to the electronic publication if that information is to be published in an inappropriate manner. You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor 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 audited information after it is first posted.

Our responsibilities as statutory auditors

- 2.1 We have a statutory responsibility to report to the members as a body, whether in our opinion the financial statements have been properly prepared in accordance with applicable accounting standards, whether they have been prepared in accordance with the Companies Act 2006 and whether they give a true and fair view. In arriving at our opinion, we are required to comply with the International Standards on Auditing (UK) and to consider the following matters, reporting on any that we are not satisfied with:
 - (a) whether the company has kept adequate accounting records, and whether branches that we have not visited have sent in returns adequate for our audit;
 - (b) whether the company's individual accounts are in agreement with the accounting records and returns;

- (c) whether certain disclosures of directors remuneration specified by law are made: and
- (d) whether we have obtained all the information and explanations which we consider necessary for the purposes of our audit.

We also have a statutory responsibility to report:

- whether the company's directors' report has been prepared in accordance with applicable legal requirements and whether information given in it, is consistent with the financial statements;
- whether, in the light of the knowledge and understanding of the company and its environment that we have obtained in the course of the audit, we have identified and material misstatements in the directors' report, giving an indication of the nature of any such misstatements; and
- on the appropriateness of the directors' use of the going concern basis of accounting and whether material uncertainty exists.

- 2.2 We may also need to deal with certain other matters in our report. For example, if the financial statements do not give certain details of directors' remuneration specified by law, the Companies Act 2006 requires us to disclose such matters in our report. If the company prepares accounts and reports in accordance with the small companies regime or takes advantage of the small company exemption from the requirement to prepare a strategic report or in preparing the directors' report, when in our opinion, it is not entitled to do so, we are required to state that fact in our report.
- 2.3 We have a professional responsibility to report if the financial statements do not significantly comply with applicable financial reporting standards, unless we believe there is a good reason for the non-compliance. In deciding whether or not this is the case, we consider:
- (a) whether the non-compliance is necessary for the financial statements to give a true and fair view; and
 - (b) whether the non-compliance has been clearly disclosed.
- 2.4 We also have a professional responsibility to consider whether other information in documents containing audited financial statements is consistent with those financial statements and our knowledge acquired during the course of the audit.
- 2.5 As noted in 2.1 above, our report is made solely to the company's members, as a body, in accordance with Part 3 of Chapter 16 of the Companies Act 2006. Our audit work will be undertaken so that we might state to the company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, the audit report, or for the opinions we will form. The audit of the financial statements does not relieve you of your responsibilities.
- 2.6 The Senior Statutory Auditor under s504 Companies Act 2006 is Peter N B Cunningham.
- 2.7 If the company is a subsidiary, we are required by ISA (UK) 600 to cooperate with the group auditor, providing them with information, explanations and, where necessary, copies of our working papers to allow them to form an opinion on the group financial statements as a whole. You agree that we may communicate with the group auditors and respond to any reasonable requests without any further consent from you.
- 2.8 We will inform you on a timely basis of all significant facts and matters that may bear upon our integrity, objectivity and independence.
- 2.9 In the event that we cease to act as statutory auditors for the company we are required by paragraph 9(3) of schedule 1 of statutory instrument 2016/649 Statutory Auditors and Third Country Auditors Regulations 2016, to make available, if requested, all relevant information concerning the audit of the company to our successors as statutory auditors. You agree to cover any reasonable costs of making such information available that we may incur in fulfilling our statutory duty.

Scope of audit

- 3.1 We will carry out our audit in accordance with the International Standards of Auditing (UK and Ireland). These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements whether due to fraud or error. An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to

fraud or error. An audit also includes evaluating the appropriateness of accounting policies and whether they have been consistently applied and adequately disclosed. The reasonableness of accounting estimates made by management will be reviewed, and the overall presentation of the financial statements along with adequate disclosure of the applicable financial reporting framework will be evaluated. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well

as providing adequate disclosures and appropriate terminology. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

- 3.2 We will review any other information to be presented with the financial statements to identify material misstatements or inconsistencies with the audited financial statements or based on our understanding of the company. If any such material misstatements or inconsistencies remain unchanged, we will need to consider amending our audit report.
- 3.3 We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether adequate accounting records have been maintained by the company. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions there from. In addition to our report on the financial statements, we will provide you with a separate letter concerning any significant deficiencies in accounting and internal control systems which come to our notice during our normal audit work.
- 3.4 The nature and extent of our audit will vary according to our assessment of the company's accounting system and, where we wish to rely on it the internal control system, and may cover any aspect of the business's operations that we consider appropriate. Our audit is not designed to identify all significant deficiencies in the company's systems and internal controls but, if we detect significant deficiencies we will report them to you. You may not show this report to third parties without our prior written consent. We will grant consent on the basis that the report is only prepared in the sole interests of the company and that we accept no duty or responsibility to any other party as concerns the report.
- 3.5 As part of our normal audit procedures, we may ask you to confirm in writing representations you have made to us during the audit. In particular, where misstatements in the financial statements that we bring to your attention are not adjusted, you must state your reasons in writing. In connection with representations and the supply of information to us generally, we draw your attention to section 501 of the Companies Act 2006 under which it is an offence for anyone to recklessly or knowingly supply information to the auditors that is false or misleading and to fail to promptly provide information requested.
- 3.6 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 receive details of all written resolutions that are to be circulated to members, to attend all the company's general meetings and to receive notice of them all.
- 3.7 You are responsible for safeguarding the company's assets and for preventing and detecting fraud, error and non-compliance with law or regulations. We will plan our audit so that we can reasonably expect to detect significant misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with law or regulations), but you cannot rely on us finding all such errors.
- 3.8 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit (for example information provided in connection with accounting, taxation and other services).
- 3.9 In respect of the expected form and content of our report, we refer you to the most recent bulletin on auditors' reports published by the Financial Reporting Council. The form and content of our report may need to be amended in the light of our findings.
- 3.10 Once we have issued our report, we have no further responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the date the financial statements are sent out in accordance with section 423 Companies Act 2006 which may affect the financial statements.
- 3.11 To ensure that there is effective two-way communication between us and to comply with the requirements of International Standards on Auditing (UK) we will contact you:
 - prior to the audit to discuss any relevant matters, the planned scope and timing of the audit and to agree any required action; and
 - after the audit to discuss any matters arising from the audit and to confirm any agreed action.

We will of course contact you more frequently and regularly about audit and other matters during the course of the audit.

- 3.12 We appreciate that the present size of your business makes it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the business. In the running of your company's internal control system, we also understand that the directors are closely involved with the control of the company's transactions and in planning and performing our audit work we shall take account of this supervision.

Limitation of liability

Our services as set out above are subject to the limitations on our liability set out in the standard terms and conditions of business in our engagement letter.

Taxation

Recurring compliance work

- 4.1 We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf. We will prepare the company's corporate tax self assessment (CTSA) return as agent for the company. After obtaining evidenced approval of an authorised nominated director, we will submit it to HM Revenue & Customs (HMRC).
- 4.2 For the purpose of the delivery of the company's tax return, we will use commercial software to apply XBRL tags to items in the accounts as we consider appropriate for the purposes of submission of the account in iXBRL via the Government Gateway for tax purposes.
- 4.3 We will, to the extent we consider necessary, manually amend or apply tags if the software has not applied automatic tagging or if we consider any automatic tagging to have been inappropriate.
- 4.4 We will tell you how much tax the company should pay and when. If appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.
- 4.5 We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

Ad hoc and advisory work

- 5.1 Where you have instructed us to do so, we will also provide such other taxation advisory and ad hoc services as may be agreed between from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
- Advising you when corporation tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid; and
 - Dealing with any enquiry opened into the company's tax return by HMRC;
 - Preparing any amended returns which may be required and corresponding with HMRC as necessary.
- 5.2 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Changes in the law

- 6.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances.
- 6.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof that are first published after the date on which the advice is given

Your responsibilities

7.1 The Directors, on behalf of the company, are legally responsible for:

- (a) Ensuring that all returns are correct and complete;
- (b) Filing any returns by the due date; and
- (c) Making payment of tax on time.

Failure to do this may lead to automatic penalties, surcharges and/or interest.

Legal responsibility for approval of the return cannot be delegated to others. You agree to check that returns that we have prepared for the company are complete before approving them.

You are no less responsible for errors in unapproved returns, submitted on the basis of information provided to and processed by us, than if you had confirmed your approval of the returns.

7.2 To enable us to carry out our work the Directors agree:

- (a) That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- (b) To provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- (c) To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
- (d) To provide us with information in sufficient time for the company's returns to be completed and submitted by the due dates. In order that we can do this we need to receive all relevant information by 6 weeks before the return is due. Where feasible we may agree to complete your return within a shorter period;
- (e) To provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write offs authorised at least within three months of the end of the relevant accounting period.

7.3 The Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance.

7.4 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been signed and submitted it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you.

7.5 The work carried out within this engagement will be in respect of the company's tax affairs. Any work to be carried out for the directors on a personal basis will be set out in a separate schedule to the letter of engagement.

7.6 You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If you do not understand what you need to do, please ask us. If the company exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the company's liability to be VAT registered we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.

7.7 Where you are importing relevant goods into the EU to be supplied to non-taxable persons (final destination of the goods being within the EU), the IOSS can be used by both EU and non-EU established suppliers. If you are importing goods into the EU to be supplied to non-taxable persons but do not or cannot use the IOSS then you will probably have to VAT register in the Member State of importation.

7.8 If you are making distance supplies of goods within the EU, eg France to Germany (B2C), you can use the Union One Stop Shop (OSS). The non-Union OSS can be used for **any** services where the place of the supply of the service is in the EU and the supplier is non-EU established (B2C again).

- 7.9 There may be other circumstances where the Union or non-Union OSS can be used, eg domestic supplies of goods by deemed suppliers, but, broadly, If you are not within any of the above, you may need to VAT-register in the Member State in which you make the supply of the goods or services.
- 7.10 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the employment status of your workers including domestic staff. If your business is not small, you are responsible for assessing the employment status under the off-payroll working rules of any contractors providing services to your business and for employment taxes if they are deemed employees. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

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