

# PARTNERSHIP ACCOUNTS AND TAXATION

## SCHEDULE OF SERVICES

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

### Accounting

#### 1. Your responsibility for the preparation of financial statements

- 1.2 You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full.
- 1.3 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the financial statements is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.4 You will approve and sign the financial statements to acknowledge responsibility for it, including the appropriateness of the accounting basis and for providing us with all information and explanations necessary for its compilation.
- 1.5 You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.

#### 2. Our responsibilities as accountants

- 2.1 You have asked us to assist you prepare the financial statements profit and loss account and where required balance sheet and relevant notes [to enable profits to be calculated to meet the requirements of section 42 of the Finance Act 1998, as amended by the Finance Act 2002 and that 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 and the information and explanations that you give us.
- 2.2 We shall plan our work on the basis that no report on the financial statements is required by statute or regulation for the year. 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.
- 2.3 Our work will not be an audit of the financial statements in accordance with International Standards of 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 nor to identify weaknesses in internal controls. Since we will not carry out an audit, nor 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.
- 2.4 We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.5 We have a professional duty to compile financial statements that conform with generally. We will not compile financial statements where the accounting principles, or accounting policies selected by management are inappropriate.
- 2.6 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, 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. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements is misleading, we will withdraw from the engagement.

- 2.7 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.

#### **Form of the accountants' report.**

3. We will report to you, as appropriate, that in accordance with this engagement letter, 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 you for our work or for this report.

#### **Preparation and maintenance of accounting records**

##### **Your responsibilities**

4. You have agreed that you or your staff will:
- (a) keep the records of receipts and payments;
  - (b) reconcile the balances monthly with the bank statements;
  - (c) provide a record of amounts owed to you and owing by you at the year end;
  - (d) where appropriate prepare details of the annual stocktaking and or the work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.

##### **Our responsibilities**

5. We have agreed, where appropriate, to provide you with closing journals to agree your accounting records to the financial statements.

#### **Taxation**

##### **Recurring compliance work**

- 6.1 We will prepare the Partnership self assessment tax returns and the annual Partnership Statements together with any supplementary pages required from the information and explanations that the Partnership provides to us. After obtaining the evidenced approval of the Partner nominated to deal with the Partnership's tax affairs we will submit these to HM Revenue & Customs (HMRC).
- 6.2 We will prepare the income tax and capital gains tax computations based on the Partnership's business accounts for inclusion in the Partnership tax return.
- 6.3 If instructed we will provide each partner or their agent with details of the partner's allocations from the return to enable partners to fill in their self assessment tax returns.
- 6.4 We will advise you as to possible tax return related claims and elections arising from information supplied by the Partnership. Where instructed by you we will make such claims and elections in the form and manner required by HMRC.

##### **Ad hoc and advisory work**

- 7.1 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:
- Dealing with any enquiry opened into the Partnership tax return by HMRC; and
  - Preparing any amended returns which may be required and corresponding with HMRC as necessary
- 7.2 Where specialist advice in certain areas is required on occasions we may need to seek this from or refer you to appropriate specialists.

##### **Changes in the law**

- 8.1 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.

8.2 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**

9.1 The Partners are legally responsible for:

- (a) Ensuring that the Partnership self assessment tax 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 returns cannot be delegated to others. You agree to check that returns and partnership statements that we have prepared for the partnership 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.

9.2 To enable us to carry out our work you 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 Partnership 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 Partnership affairs; and
- (d) To provide us with information in sufficient time for the Partnership tax return to be completed and submitted by the due date. In order that we can do this, we need to receive all relevant information by 31<sup>st</sup> July following the end of the tax year. Where feasible we may agree to complete your return within a shorter period.

9.3 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the partners including, by way of example, changes in the partners in the Partnership and profit shares. If you are unsure whether the change is material or not please let us know so that we can assess the significance.

9.4 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.

9.5 The work carried out within this engagement will be in respect of the Partnership's tax affairs. Any work to be carried out for the individual partners will be set out in a separate letter of engagement.

9.6 You are responsible for monitoring the Partnership's monthly turnover to establish whether it 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 it exceeds the VAT registration threshold, and wishes us to assist in notifying HMRC of its liability to be VAT registered we will be pleased to assist in the VAT registration process. You should notify us of your instructions to assist in the 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 VAT registration threshold in force at that time was exceeded. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

### **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.