



PREPARATION OF ACCOUNTS AND CORPORATION TAX RETURN

1. RESPONSIBILITIES AND SCOPE FOR FINANCIAL STATEMENTS PREPARATION SERVICES

1.1. Your responsibilities as directors

- 1.1.1. 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 or loss of the company.
- 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 company will continue in business.
- 1.1.3. 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 applicable accounting standards and with the Companies Act 2006 and give a true and fair view. By approving the financial statements you will be acknowledging this responsibility.
- 1.1.4. You are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.1.5. You are also responsible for deciding whether, in each financial year, the company meets the conditions for exemption from an audit, as set out in section 477, 479A or 480 of the Companies Act 2006, and for deciding whether the exemption can be claimed that year.
- 1.1.6. You are responsible for ensuring that the company complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.
- 1.1.7. You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information and explanations, including minutes of management and shareholders' / directors' meetings, that we need to do our work. This is required to be confirmed in the directors' report along with an acknowledgement that the financial statements have been prepared on an appropriate accounting basis.
- 1.1.8. If financial information is published on the 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 chartered accountants 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.
- 1.1.9. 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 Companies Act 2006, to enable profits to be calculated to meet the requirements of current tax legislation and to 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.



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- 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. You have told us that the 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 company is not entitled to the exemption, we will inform you.
 - 1.2.4. 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.
 - 1.2.5. 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.
 - 1.2.6. We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements on anything we come across during the course of our work.
 - 1.2.7. 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. The accounting policies on which the financial statements have been compiled will be disclosed in the notes to the financial statements. We will not compile financial statements if the accounting principles, or the accounting policies selected by management, are inappropriate.
 - 1.2.8. 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 is misleading, we will withdraw from the engagement.
 - 1.2.9. 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.
 - 1.2.10. You have instructed us to convert the financial statements into the iXBRL (inline eXtensible Business Reporting Language) format which is required by HMRC. We will use professional software to create the tagged financial statements and you therefore agree that we can process any standard data tags without your prior approval, only referring back to you for any non-standard or judgemental areas.
- 1.3. Form of the accountants' report.**
- 1.3.1. We will report to the Board of Directors as appropriate 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 company and the company's Board of Directors, 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.





SCHEDULE 2

2. RESPONSIBILITIES AND SCOPE FOR CORPORATION TAX SERVICES

2.1. Recurring compliance work

- 2.1.1. For the purpose of the delivery of the company's tax return, we will use commercial software to apply iXBRL tags to items in the accounts as we consider appropriate for the purposes of submission of the accounts in iXBRL via the Government Gateway for tax purposes.
- 2.1.2. 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.
- 2.1.3. We will, on request, provide you with detailed information about the tagging applied for your approval.
- 2.1.4. We will prepare the company's corporate tax self-assessment (CTSA) return. After obtaining your approval and signature, we will submit it to HM Revenue & Customs (HMRC). We shall not accept liability for any financial penalty or loss or other damage arising from any rejection of the iXBRL return by HMRC or otherwise as a result of incorrect or inappropriate tagging.
- 2.1.5. 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.
- 2.1.6. We will tell you how much tax the company should pay and when. Where appropriate, we will initiate repayment claims when tax has been overpaid.
- 2.1.7. We will inform you if instalment payments of corporation tax are due for an accounting period, and the dates they are payable. By the date agreed, we will calculate the quarterly instalments which should be made on the basis of information supplied by you.
- 2.1.8. We will advise you on possible tax-return-related claims and elections arising from information supplied by you. If instructed by you, we will make such claims and elections in the form and manner required by HMRC.
- 2.1.9. 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 letter of engagement. This will also be subject to an additional fee, which must be paid personally.

2.2. Excluded, ad hoc and advisory work

- 2.2.1. The scope of our services provided to you will be only 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 taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:
 - a) 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;
 - b) advising you on, and preparing analyses of, expenditure and detailed capital allowance claims for renovation of buildings;
 - c) dealing with any enquiry opened into the company's tax return by HMRC; and
 - d) preparing any amended returns which may be required and corresponding with HMRC as necessary.
- 2.2.2. If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

2.3. Changes in the law, in practice or in public policy





- 2.3.1. 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, practice, public policy or in your circumstances.
- 2.3.2. We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.
- 2.4. Your responsibilities**
- 2.4.1. Even though you are engaging us to help you meet your corporation tax obligations, the directors on behalf of the company are legally responsible for:
- a) ensuring that the CTSA return (including XBRL tags and iXBRL file) is correct and complete;
 - b) filing any returns by the due date; and
 - c) paying tax on time.
- Failure to do any of the above may lead to penalties and/or interest.
- 2.4.2. The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are correct and complete before approving them.
- 2.4.3. To enable us to carry out our work, you agree:
- a) to provide us with approved accounts for the company;
 - b) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - c) 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;
 - d) 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;
 - e) to provide us with information in sufficient time for the company's CTSA return to be completed and submitted by the due date following the end of the tax year;
 - f) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment; this information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
 - g) 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 within nine months of the end of the relevant accounting period.
- 2.4.4. You 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, please tell us so that we can assess its significance.
- 2.4.5. HMRC may send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.
- 2.4.6. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC, in sufficient 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 an agent authorisation 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.
- 2.4.7. 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 turnover exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the company's obligation to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of



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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.

- 2.4.8. You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers. 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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