

# **1001 AUDIT LIMITED COMPANY (SUBSIDIARY REPORTING TO GROUP AUDITOR)**

## **SCHEDULE OF SERVICES**

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

### **ACTING AS AUDITORS UNDER THE COMPANIES ACT 2006**

#### **1.0 RESPONSIBILITIES AND SCOPE FOR AUDIT 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.
- 1.1.4 You are also 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.1.6 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.
- 1.1.7 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 directors' 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 audit evidence. Individually, directors are required to take all steps that they ought to take as a director 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 Director's responsibility statement along with acknowledgment that the financial statements have been prepared on an appropriate accounting basis.

1.1.8 If audited financial information — which includes a report written by us or otherwise associated with us — is published 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 of our report or the financial statements if they are to be published in an inappropriate manner.

1.1.9 You must 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 audited information after it is first posted.

## **1.2 Our responsibilities as statutory auditors**

1.2.1 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 strategic report and directors' report have been prepared in accordance with applicable legal requirements and whether the information given in them 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 our audit, we have identified any material misstatements in the strategic report or 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 a material uncertainty exists.

1.2.2 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 when in our opinion it is not entitled to do so we are required to state that fact in our report.

1.2.3 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.

1.2.4 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.

1.2.5 The Senior Statutory Auditor under s504 Companies Act 2006 is Carol Conyers.

- 1.2.6 As noted in 1.2.1 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 to them 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.
- 1.2.7 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.
- 1.2.8 If we are required to report on consolidated financial statements, we are required by ISA (UK) 600 to obtain sufficient appropriate audit evidence to express an opinion on the consolidated financial statements. We will be responsible for the direction, supervision and performance of the group audit. You agree that we may communicate with the component auditors without any further consent from you.
- 1.2.9 If we cease to act as statutory auditors for the company, we are required by paragraph 9(3) of schedule 10 to the Companies Act 2006, 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 that we may incur in fulfilling our statutory duty in making such information available.

### **1.3 Scope of audit**

- 1.3.1 We will carry out our audit in accordance with International Standards on Auditing (UK). 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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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.
- 1.3.2 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.
- 1.3.3 We will obtain an understanding of the accounting and internal control systems 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 will expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions. 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 attention during our normal audit work.

- 1.3.4 The nature and extent of our audit will vary according to our assessment of the company's accounting system and, if 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 in writing. 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.
- 1.3.5 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, if misstatements in the financial statements that we bring to your attention are not adjusted, you must state your reasons. 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.
- 1.3.6 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.
- 1.3.7 You are responsible for safeguarding the company's assets and for preventing and detecting fraud, error and non-compliance with laws 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 laws or regulations), but you cannot rely on us finding all such errors.
- 1.3.8 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).
- 1.3.9 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.
- 1.3.10 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 of the Companies Act 2006 which may affect the financial statements.
- 1.3.11 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
- before 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 year.

- 1.3.12 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, we understand that the directors are closely involved with the control of the company's transactions. In planning and performing our audit work we shall take account of this supervision.
- 1.3.13 The scope of the audit does not extend to providing assurance on the iXBRL tagging of the financial statements submitted with the company tax return as there is no such requirement in the International Standards on Auditing (UK). We therefore accept no responsibility for any tagging inaccuracies identified by HMRC.