**Part 2 D – PREPARATION OF ACCOUNTS FOR SOLE TRADER OR PARTNERSHIP**

## SCHEDULE OF SERVICES

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

1. RESPONSIBILITIES AND SCOPE FOR ACCOUNTS PREPARATION SERVICES
   1. **Your responsibilities [as partners]**
      1. We will prepare your business accounts in accordance with [generally accepted accounting practice]\* [the cash-basis election that you have made]\* ***\*Delete as appropriate*** from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.
      2. The business accounts are prepared for the purposes of enabling profits to be calculated which meets the requirements of Section 25 of the Income Tax (Trading and Other Income) Act 2005. The business accounts must also provide sufficient and relevant information for the completion of [your]\* [the partnership]\* ***\*Delete as appropriate*** tax return.
      3. You are responsible for all the day-to-day accounting work. This will include:

(a) keeping the record of receipts and payments;

(b) reconciling your records with the bank statement;

(c) maintaining records of debtors and creditors;

(d) carrying out or arranging for a valuation of the year-end stock levels; and

(e) preparing details of any year-end work-in-progress.

***Delete where preparation and maintenance of accounting records service is also being provided***

* + 1. The business accounts need to be completed before [your]\* [the partnership]\* ***\*Delete as appropriate*** tax return is submitted. Failure to submit the tax return on time will result in penalties. [To avoid this you agree to let us have your accounting records by [date] – ***Delete where preparation and maintenance of accounting records service is also being provided***]. You agree to promptly answer any queries that we raise. You agree that we will not be responsible for any late filing penalties where we do not receive information from you in accordance with this paragraph.
    2. You will disclose to us in full any information that is relevant to the business accounts, even if we have not directly requested it
    3. You will approve and sign the business accounts thereby acknowledging responsibility for them, including providing us with all information and explanations necessary for their preparation.
    4. We have a professional responsibility to not allow our name to be associated with accounts that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the business accounts may be misleading we will discuss this with you so that appropriate adjustments or disclosures can be made. Where the adjustments or disclosures we consider appropriate are not made and we consider that the business accounts remain misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the business accounts with you as well as time spent on any other work that is not completed as part of our resignation.
    5. You are responsible for the following general business and financial matters:

(a) ensuring that, to the best of your knowledge and belief, financial information used by your business or for the accounts is accurate and complete;

(b) ensuring that the activities of your business are conducted honestly;

(c) safeguarding the assets of your business and taking reasonable steps for the prevention and detection of fraud; and

(d) ensuring your business complies with the laws and regulations that apply to its activities, as well as preventing non-compliance and detecting any that occurs.

* + 1. You are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your 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 you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.
    2. [If you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for VAT Mini One Stop Shop (MOSS) in the UK.]
    3. ***[If Applicable]***You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If your business does not meet the definition of a small business, you are responsible for assessing the tax status under the off-payroll working rules of any contractors providing services to your business and your 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.
  1. **Our responsibilities as accountants**
     1. We will prepare the business accounts for [your]\* [the partners]\* ***\*Delete as appropriate*** approval based on the business accounting records. We will also rely on any information and explanations you give us.
     2. We will not be carrying out an audit on the business accounts. This means that we will not be able to provide any assurance that the accounting records or the business accounts are free from material misstatement, whether caused by fraud, other irregularities or error, or to identify weaknesses in internal controls.
     3. We will include a report in the business accounts. This report will point out that we have not carried out an audit, but have compiled the accounts from the accounting records and 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]\* [the partners]\* ***\*Delete as appropriate*** 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.
     4. We would like to emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees. However we will advise you if we come across anything of this nature in the course of preparing the accounts.
     5. 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.