## *PART 2 A-C INDEPENDENT EXAMINATION OF SCOTTISH CHARITY INCORPORATED UNDER COMPANIES ACT 2006*

## SCHEDULE OF SERVICES

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

The purpose of this schedule is to set out the basis on which we provide independent examination services to the charitable company in respect to the independent examination you have requested us to carry out under the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act) and The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations). It also clarifies our respective responsibilities in respect of that work.

Our firm will provide independent examination services with Click or tap here to enter text. acting as the independent examiner.

1. RESPONSIBILITIES AND SCOPE FOR INDEPENDENT EXAMINATION SERVICES
   1. **Your responsibilities as trustees**
      1. Our independent examination will be conducted on the basis that you acknowledge and understand that you have responsibility:
2. to prepare financial statements that give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its income and application of resources for that year in accordance with the 2005 Act, the 2006 Regulations and the Companies Act 2006. (CA 2006);

(b) in preparing the financial statements, to:

1. select suitable accounting policies and then apply them consistently
2. make judgments and accounting estimates that are reasonable and prudent; and
3. prepare the financial statements on the going concern basis, considering in particular the charitable company’s ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charitable company will continue.

(c) for keeping adequate and proper accounting records which are sufficient to show and explain the transactions of the charity and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the 2005 Act, the 2006 Regulations, CA 2006, the Statement of Recommended Practice Accounting and Reporting by Charities (the Charities SORP) and applicable accounting standards. 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; and

(d) for safeguarding the assets of the charitable company and hence for taking reasonable steps to ensure the charitable company’s activities are conducted honestly and for the prevention and detection of fraud and other irregularities.

* + 1. As trustees of the charitable company and its directors under company law, you have a duty to prepare a trustees’ annual report which complies with the 2005 Act and the 2006 Regulations and incorporates the directors’ report requirements of the CA 2006 for each financial year. You must also comply with trustees’ annual report requirements of the Charities SORP and any subsequent amendments or variations to this statement.
    2. In addition to the general duties of directors specified in CA 2006 s. 170-177, and the general duties of trustees in the 2005 Act s. 66, you are responsible for ensuring that the charitable company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
    3. You are also responsible for determining whether, in respect of the year, the charity meets the conditions for exemption from an audit set out in the 2006 Regulations and the CA 2006, namely that:

1. the trustees have not decided to audit the financial statements;
2. no notice has been received from the members requiring an audit;
3. the charity’s gross income in the current year is less than £500,000;
4. the gross assets of the charity are £3.26m or less; and
5. the charity’s constitution does not require an audit.
   * 1. The exemption from audit is available only if you, as director/trustees, sign a declaration on the balance sheet stating that:
6. for the year in question, the company is eligible to take advantage of the audit exemptions;
7. the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, s. 476; and
8. you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of financial statements.
   * 1. The availability of the exemption from an audit of the financial statements is conditional upon the trustees having an independent examiner’s report prepared in respect of the financial statements in accordance with the 2005 Act and Regulation 11 of the 2006 Regulations. You are responsible for appointing us as independent examiners to make that report to the trustees of the charity.
     2. You have undertaken to make available to us, as and when required, all of the charity's accounting records and related information, including minutes of trustees' meetings and of all appropriate management and members’ meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.
   1. **Our responsibilities as independent examiners**
      1. We shall plan our work on the basis that an independent examiner’s report is required for the year, unless you inform us in writing that the charity requires an audit of the financial statements.
      2. Should you instruct us to carry out an audit, then the terms of that assignment will be dealt with in a new engagement letter.
      3. In the independent examiner’s report to the trustees, the independent examiners, has a statutory responsibility to:
9. state whether or not any matter has come to the independent examiners attention which gives the independent examiner reasonable cause to believe that in any material respect -
10. adequate accounting records have not been kept, contrary to the requirements of the CA 2006.
11. the financial statements do not agree with those accounting records.
12. the financial statements do not comply with any of the accounting requirements specified in Regulation 4 of the 2006 Regulations and applicable accounting standards, except to the extent necessary to show a true and fair view.
13. state whether or not any matter has come to the independent examiner’s attention in connection with the examination to which, in the independent examiner’s opinion, attention should be drawn to in order that a proper understanding of the financial statements can be reached.
14. include a statement as to any of the following matters that have become apparent to the independent examiner during the course of the examination, namely, that:
15. there has been expenditure or action which appears not to be in accordance with the purpose of the charity
16. information or explanations to which we are entitled under Regulation 13 of the 2006 Regulations has not been provided; or
17. there is information within the financial statements which is inconsistent with a report of the trustees prepared under 2005 Act, s. 44 (which also incorporates the directors’ report prepared under the CA 2006).
    * 1. Should our work indicate that the charity is not entitled to exemption from an audit of the financial statements then we will inform you. In such circumstances, we will not issue any report and will withdraw from the engagement to prepare an independent examiner’s report, notifying you in writing of the reasons. In these circumstances, if appropriate, we will discuss with you the possibility of appointing us as auditors.
      2. We have a professional responsibility not to allow our name to be associated with financial statements that are, or 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 are, or may be, misleading, if the matter cannot be adequately dealt with by means of qualifying the independent examiner’s report, we will not issue any report. In such circumstances, we will withdraw from the engagement, and will notify you in writing of the reasons. In these circumstances you agree that we have a right to invoice you for our time spent examining the financial statements and for time spent on any other work that is not completed because of our resignation.
      3. Under the 2005 Act, s. 46(2), we have a statutory duty to make a report to the Office of the Scottish Charity Regulator (OSCR) on such matters (which relates to the activities or affairs of the charity or of any connected institution or body corporate) of which we become aware during the course of our examination and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by OSCR of its functions under s. 28, 30 or 31 of the 2005 Act. In addition, under s. 46(3) if we become aware of any matter which does not require to be reported under s. 46(2) but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by OSCR of any of its functions then we may make a report on the matter to OSCR. We may have to make this report without your knowledge and consent, and we cannot undertake to you to fetter this discretion in any manner.
    1. **Scope of independent examination**
       1. Our work as independent examiners will be carried out in accordance with guidance for such engagements issued by the OSCR. It will consist of comparing the financial statements with the accounting records kept by the charity and making such limited enquiries of the trustees and staff of the charity as we may consider necessary for the purpose of our report.
       2. As part of our normal procedures, we may request you to provide written confirmation of any information or explanations provided by you orally during our work.
       3. Our work as independent examiners will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any independent evidence relating to entries in the accounting records, or to the amounts or disclosures in the financial statements. Consequently, our work as independent examiners will not provide any assurance that the accounting records or the financial statements are free from material misstatement whether caused by fraud, other irregularity, or error.
       4. Because we will not carry out an audit, nor otherwise confirm the sufficiency of the accounting records maintained by the charity, we will be unable to provide any assurance as to whether the financial statements that we prepare from those records give a true and fair view.