CHARTERED ACCOUNTANTS,
TAX & BUSINESS ADVISERS

Lamont Pridmore

UNINCORPORATED CHARITY / CHARITABLE INCORPORATED ORGANISATION (CIO) – RECEIPTS & PAYMENTS: INDEPENDENT EXAMINATION

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountant and advisors to the unincorporated charity/CIO (the charity) in respect to the independent examination you have requested us to carry out under the *Charities Act* 2011 (ChA 2011) and to clarify our respective responsibilities in respect of that work.

Our firm will act as independent examiners with the person listed acting as the independent examiner.

1 Your responsibilities as trustees

1.1 Our independent examination will be conducted on the basis that you acknowledge and understand that you have responsibility:

(a) to prepare an account and statement for each financial year which fairly presents the receipts & payments of the charity for the period and its assets & liabilities at the period end in accordance with the ChA 2011 and regulations thereunder;

(b) in preparing the account and statement, to:

(i) select suitable accounting policies and then apply them consistently;

(ii) make judgments and accounting estimates that are reasonable and prudent; and

(iii) prepare the account and statement on the going concern basis unless it is inappropriate to presume that the activities of the charity will continue.

(c) for ensuring that the charity maintains sufficient accounting records which disclose with reasonable accuracy at any time the financial position of the charity. 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 charity and hence for taking reasonable steps to ensure the charity's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.

1.2 In accordance with ChA 2011, s. 133, the charity's trustees may elect to prepare a receipts and payments account and a statement of assets and liabilities as its annual statement of accounts. You have elected to prepare such an account and statement. For CIOs, the following additional information must be provided by way of notes to the statement of assets and liabilities:

(a) particulars of any guarantee given by the CIO; and

(b) particulars of any debt outstanding at the date of the statement which is owed by the CIO and which is secured by an express charge on any of the assets of the CIO.

1.3 You are responsible for ensuring that the charity 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.

1.4 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 ChA 2011, s. 144, namely that:

(a) the charity's gross income in the current year is more than £25,000, but not more than £500,000 in the current year for years ending before 31 March 2015, or £1m for years ending on or after this date;

(b) the gross assets of the charity are less than £3.26m; or where they exceed £3.26m, gross income is less than £250,000; and

(c) no notice has been received from the Charity Commission requiring an audit.

1.5 If, in respect of the year, the charity satisfies the above criteria, the availability of the exemption from an audit of the financial statements is conditional upon your causing an independent examiners' report to be prepared in respect of the financial statements in accordance with ChA 2011, s. 145. You are responsible for deciding whether that report shall be made and for appointing us as reporting accountants to make that report to the trustees of the charity.

1.6 If gross income falls to £25,000 or less for the year, then, provided the other criteria set out above are met, you will need neither an audit nor an independent examiner's report. However, if the charity is a CIO it will still need to file financial statements with the Charity Commission.

1.7 You are also responsible for determining whether, in respect of the year, the charity meets the conditions for preparing its financial statements on the receipts and payments basis, namely that the charity's gross income in the current year is no more than £250,000.

1.8 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 meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.

2 Our responsibilities as independent examiners

2.1 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 either:

(a) the charity requires an audit of the financial statements; or

(b) the charity requires neither an audit nor an independent examiner's report.

2.2 Should you instruct us to carry out an audit, then the terms of that assignment will be dealt with in a new engagement letter. Should you inform us that the charity requires neither an audit nor an independent examiner's report then we shall have no responsibilities to the charity, except those specifically agreed upon between us in respect of other professional services.

2.3 As independent examiners, we have a statutory responsibility to report to the trustees of the charity whether, in our opinion, there is reasonable cause to believe that, in any material respect:

(a) sufficient accounting records have not been kept, contrary to the requirements of ChA 2011, s. 130; or

(b) the account and statement do not agree with those accounting records.

2.4 Should our work indicate that the charity is not entitled to exemption from audit 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.

2.5 We have a professional responsibility not to allow our name to be associated with an account and statement 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 account and statement are, or may be, misleading, if the matter cannot be adequately dealt with by means of qualifying our opinion (or by other appropriate modifications of the 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.

2.6 Under ChA 2011, s. 156(2), we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) 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 the Commission of its functions under ChA 2011, s. 156(3). In addition under s. 156(4) if we become aware of any matter which does not require to be reported under s. 156(2) but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions then we may make a report on the matter to the Commission. 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.

Scope of independent examination

2.7 Our work as independent examiners will be carried out in accordance with guidance for such engagements issued by the Charity Commission. It will consist of comparing the account and statement 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.

2.8 As part of our normal procedures, we may request you to provide written confirmation of any information or explanations provided by you orally during the course of our work.

2.9 Our work as independent examiners will not be an audit of 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 account and statement. Consequently our work as independent examiners will not provide any assurance that the accounting records or the account and statement are free from material misstatement whether caused by fraud, other irregularity or error.

2.10 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 account and statement that we prepare from those records present fairly the charity's receipts and payments and its assets and liabilities at the year end.