

# ***1E – PREPARATION OF SERVICE CHARGE ACCOUNTS***

## **SCHEDULE OF SERVICES**

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

### **1. RESPONSIBILITIES AND SCOPE FOR SERVICE CHARGE ACCOUNTS PREPARATION SERVICES**

#### **1.1. Your responsibility for the provision of information**

- 1.1.1. You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the preparation of the service charge statement, and you will disclose to us all relevant information in full.
- 1.1.2. You are responsible for ensuring that, to the best of your knowledge and belief, financial information is accurate and complete.
- 1.1.3. You will approve and sign the service charge statement to acknowledge responsibility for the statement.
- 1.1.4. You are responsible for ensuring that the property is maintained in accordance with the terms of the lease and that service charge monies are safeguarded as held on trust for the leaseholders in accordance with section 42, Landlord and Tenant Act 1987

#### **1.2. Our responsibilities**

- 1.2.1. We will prepare the service charge accounts for your approval based on the accounting records you maintain. We will also rely on any information and explanations you give us.
- 1.2.2. We will not be carrying out an audit on the service charge accounts. This means that we will not produce a report that verifies the assets, liabilities, income or expenditure of your business. To carry out an audit would require us to carry out considerable additional work complying with Auditing Standards.
- 1.2.3. We will include a report in the accounts. This report will point out that we have not carried out an audit but have compiled the service charge accounts from the accounting records and information and explanations supplied to us.
- 1.2.4. We would like to emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of you or your staff. However, we will advise you if we come across anything of this nature in the course of preparing the service charge accounts.

1.2.4. The Accountant accepts that, whether or not the Landlord meets the applicable obligations under the lease, the Accountant remains under an obligation to perform the work with reasonable care. The failure by the Landlord to meet its obligations under the lease or to provide such assistance as the Accountant requires may cause the Accountant to be unable to provide the report in the agreed terms. In circumstances where the Accountant is unable to provide a report the Accountant may withdraw from the engagement.

### **1.3. Your responsibilities**

1.3.1. Even if we have not directly requested it, you agree to disclose to us in full any information that is relevant to the service charge accounts.

1.3.2. 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 service charge 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 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 accounts with you as well as time spent on any other work that is not completed as part of our resignation.

### **1.4. Form of the accountants' report.**

1.4.4. We will report to you as appropriate that, in accordance with this engagement letter, 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.

1.4.5. Our report and the management accounts are prepared solely for your confidential use. They must not be made available, copied or recited to any other party without our express written permission. Hugh Davies & Co neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on them.

1.5. 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. 28 TECH 03/11