

CASH FLOWS / PROFIT FORECASTS

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as accountants and advisors with regard to the preparation of your cash flows/profit forecasts and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 You agree to make available to us the information we need to prepare the forecast. You agree to make full disclosure to us of all relevant information that may affect the forecast.
- 1.2 You will approve and sign the forecast thereby acknowledging responsibility for it and the estimates and assumptions on which it is based.
- 1.3 We have a professional responsibility to not allow our name to be associated with accounting work that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the forecast 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 forecast remains misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent in preparing and discussing the forecast with you as well as time spent on any other work that is not completed as a result of our resignation.
- 1.4 Our report is prepared solely for the confidential use of yourselves and, if relevant, the third party named in **Key Facts**, and solely for the purpose as stated in **Key Facts**. It may not be relied upon by yourselves or, if relevant, the third party for any other purpose whatsoever. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission. We, your accountants 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 our report.
- 1.5 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 forecast is accurate and complete;
 - (b) maintaining the accounting records of your business;
 - (c) ensuring that the activities of your business are being conducted honestly;
 - (d) safeguarding the assets of your business and taking reasonable steps for the prevention and detection of fraud; and
 - (e) 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.

If relevant, further responsibilities for company directors/designated members

- 1.6 You are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company/LLP and for ensuring that the financial statements comply with the Companies Act 2006 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.
- 1.7 You are responsible for safeguarding the assets of the company/LLP and hence for taking reasonable steps to ensure the entity's activities are conducted honestly for the prevention and detection of fraud and other irregularities.

- 1.8 You are responsible for ensuring that the company/LLP 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.

2 Our responsibilities as accountants

- 2.1 You have instructed us to prepare a business plan/cash flow forecast (hereafter referred to as 'the projections') for your business for the period as stated in **Key Facts**, for the purpose stated therein. The projections will be for the exclusive use of you and, if relevant, the bank, and should not be shown to any other party without our prior written consent.

- 2.2 The projections will be drawn up from information and explanations provided by you, either directly or by way of discussions with you. The work carried out on your behalf will be limited to compiling the projections from the information so provided and presenting it in the appropriate manner to support your application for finance. We will work with you to draw up the appropriate estimates and assumptions necessary, but these will be based on the information provided by you. You will remain solely responsible for such estimates and assumptions and hence for the resulting business plan/cash flow forecast.

As agreed, the business plan/cash flow forecast will include the items listed in **Key Facts**.

- 2.3 As the projections relate to expected future events the actual results will almost inevitably differ from the projections. Those differences may be material. Accordingly, whilst care will be taken to translate the information and explanations provided into meaningful forecasts based on your assumptions, we cannot accept any responsibility for any loss occasioned to any person acting or refraining from action as a result of any material or statements included in, or omitted from, the projections.
- 2.4 You understand that our work will not constitute an audit of the figures and information in the projections and we will not express any opinion thereon. Our report will not extend to any financial statements of the entity taken as a whole.
- 2.5 To ensure that anyone reading the projections is aware of the scope of our work and the fact that we have not carried out an audit, we will annex to the projections a short report explaining these facts. If you wish, or are asked, to provide a copy of the projections to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions. However, in every situation where we grant consent, then this report must remain attached to any copy shown to the third party.
- 2.6 We would like to emphasise that we cannot undertake to discover any shortcomings in your systems or 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 forecast.