

ENGAGEMENT LETTER

This document defines the terms associated with the instruction provided to act as accountant for your company.

The purpose of this document, together with the terms and conditions, is to set out our terms for carrying out the work and to clarify our respective responsibilities.

We are bound by the ethical guidelines of ACCA, and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines. A copy of these guidelines can be viewed at our offices on request or at www.accaglobal.com.

Period of engagement

This document is effective for the dates as defined in your Engagement Letter provided to you direct.

We will deal with matters arising in respect of periods prior to the provided dates as appropriate.

Scope of services to be provided

Our responsibility to you

We have set out the agreed scope and objectives of your instructions within this letter of engagement. Any subsequent changes will be discussed with you and where appropriate a new letter of engagement will be agreed. We shall proceed on the basis of the instructions we have received from you and will rely on you to tell us as soon as possible if anything occurs which renders any information previously given to us as incorrect or inaccurate. We shall not be responsible for any failure to advise or comment on any matter that falls outside the specific scope of your instructions. We cannot accept any responsibility for any event, loss or situation unless it is one against which it is the expressed purpose of these instructions to provide protection.

Your responsibility to us

The advice that we give can only be as good as the information on which it is based. In so far as that information is provided by you, or by third parties with your permission, your responsibility arises as soon as possible if any circumstances or facts alter, as any alteration may have a significant impact on the advice given. If the circumstances change therefore or your needs alter, advise us of the alteration as soon as possible in writing.

Statutory responsibilities

As directors of the company, you are required by statute to prepare accounts (financial statements) for each financial year, which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts you must:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. Prepare the accounts on the going concern basis unless it is not appropriate to presume that the company will continue in business.

You have engaged us to prepare the accounts on your behalf.

It is your responsibility to keep proper accounting records that disclose with reasonable accuracy at any particular time the financial position of the company. It is also your responsibility to safeguard the assets of the company and to take reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.

You are responsible for determining whether, in respect of the year concerned, the company meets the conditions for exemption from an audit set out in section 477 of the Companies Act 2006, and for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in section 478 of the Companies Act 2006.

You are also responsible for making available to us, as and when required, all the company's accounting records and all other relevant records and related information, including minutes of management and shareholders' meetings.

Our work will not be an audit of the accounts in accordance with International Standards on Auditing (UK and Ireland). Accordingly we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error.

As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.

We have a professional duty to compile accounts that conform with generally accepted accounting principles. The accounts of a limited company are required to comply with the disclosure requirements of the Companies Act 2006 and applicable accounting standards. Where we identify that the accounts do not conform to accepted accounting principles or standards, we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.

Should you instruct us to carry out any alternative report it will be necessary for us to issue a separate letter of engagement.

Our service to you

We will not be carrying out any audit work as part of this assignment and accordingly will not verify the assets and liabilities of the company, nor the items of expenditure and income. To carry out an audit would entail additional work to comply with International Standards on Auditing so that we could report on the truth and fairness of the financial statements. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.

If an audit of the accounts is required, you will need to notify us in writing. Should our work indicate that the company is not entitled to exemption from an audit of the accounts, we will inform you. If we decide to undertake an audit assignment at your request, a separate engagement letter will be required.

We will attach to the accounts a report developed by the Consultative Committee of Accountancy Bodies (CCAB) which explains what work has been done by us, the professional requirements we have to fulfil and the standard to which the work has been carried out. Web links are provided in the report so that you can obtain further information from the Association of Chartered Certified Accountants about:

1. The technical guidance for the work, and
2. The related ethical and other professional requirements.

To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.

The intended users of the report are the directors. The report will be addressed to the directors.

Once we have issued our report we have no further direct responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.

Limitation of liability

We specifically draw your attention to the limitation of liability paragraphs in our standard terms and conditions which set out the basis on which we limit our liability to you and to others. You should read this in conjunction with the limitation of third party rights paragraphs in our standard terms and conditions which exclude liability to third parties. These are important provisions which you should read and consider carefully.

There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter.

Other services

In addition to the standard scope of work, we may also have engaged with you to provide the following services for which the scope of work is defined in the schedule of services provided within the document Definition of Scope of Services.

- Bookkeeping recurring compliance work
- Taxation recurring compliance work
- Director personal tax return

You may request that we provide other services from time to time. If these services will exceed £1,000, we will issue a separate letter of engagement and scope of work to be performed accordingly.

Because rules and regulations frequently change you must ask us to confirm any advice already given if a transaction is delayed or a similar transaction is to be undertaken.

Agreement of terms

You or we may vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

If this letter is not in accordance with your understanding of the scope of our engagement or your circumstances have changed, please let us know.

This letter should be read in conjunction with the firm's standard terms and conditions, and definition of Scope of Services document, and the Engagement Letter upon which your services has been instructed.

Yours sincerely,

Azoth Solutions Ltd