

APPENDIX TO LETTER

TERMS AND CONDITIONS OF THIS ENGAGEMENT

Implementing FRS 102

You accept that you are responsible for arranging training for your board and staff in the new Irish GAAP financial reporting framework. You also accept responsibility for the following:

- The choice of the most appropriate financial reporting framework;
- Preparation of financial statements under FRS 102, including comparative figures;
- Choosing the most appropriate accounting policies and estimates and disclosing them in the financial statements;
- Making the necessary judgments regarding facts and figures in the financial statements and disclosing appropriate elements of those judgements in the financial statements;
- Deciding on the entity's 'functional' and 'presentation' currencies within the definitions in section 30 of FRS 102;
- Assessing any impact on the going concern assessment;
- Choosing the most appropriate disclosures necessary to give a true and fair view under company law and FRS 102;
- Maintaining a record of the company's distributable reserves in accordance with the requirements of company law;
- Choosing the appropriate fair value specialists or experts who have a specialism or expertise in determining fair values;
- Choosing other experts in areas that may be required from time to time e.g. valuations.

You are also responsible for:

- providing us with access to all relevant accounting records and financial information to enable us to meet our responsibilities, which will include, where relevant, valuations and the details of any valuation method used from yourselves or third parties;
- communications with third parties, such as lenders, suppliers, regulators, grant aid and Governmental agencies, investors and employees, regarding the impact of the new accounting basis, including whether and how it might impact on any bank covenants, profit related pay or earn-outs on business combinations;
- ensuring that your systems are capable of capturing the information necessary for the preparation of the financial statements under the new accounting basis; and
- ensuring that, to the best of your knowledge and belief, the financial information supplied to us as auditors is accurate and complete.

You accept that you will approve and sign the financial statements thereby acknowledging responsibility for them, including the appropriateness of the accounting basis on which they

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are compiled, the policies selected and the disclosures given, and for providing us with all information and necessary explanations to complete our audit responsibilities.

You appreciate that FRS 102 will require more extensive use of 'fair value' measurements in certain circumstances when determining appropriate amounts to recognise in the financial statements e.g. in the valuation of non-basic financial instruments, the valuation of intangible assets or the valuation of biological assets and agricultural produce where the fair value model is chosen.

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 all meetings of Board of Directors as well as the minutes of the general meetings of the company. We are entitled to request from the company's board such other information and explanations as we think necessary for the performance of our duties as auditors.

You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the company internally or for the financial statements, is reliable. You are also responsible for ensuring that the activities of the company are conducted honestly, that it complies with the laws and regulations applicable to its activities, that its assets are safeguarded, and for establishing arrangements designed to deter fraudulent or other dishonest conduct and to detect any that occurs.