

## APPENDIX TO LETTER

### TERMS AND CONDITIONS OF THIS ENGAGEMENT

#### Transition to and Implementation of FRS 105

Auditors are required to follow the Ethical Standard for Auditors (Ireland) (April 2017) laid down by the IAASA which requires us to maintain an appropriate level of independence. These requirements mean that we are not allowed to give bookkeeping advice nor process specific accounting entries, where these go beyond the technical, mechanical or informative nature mentioned in Section 5 Ethical Standard for Auditors Ireland (April 2017) 'Non-audit – Additional services', because this work creates potential self-review threats to the auditor's independence. Accordingly, we are not permitted to make recommendations about the many policy and practice choices that might arise in the process of moving to 'The Financial Reporting Standard applicable to the Micro-entities Regime'.

We are allowed assist you in identifying the many accounting policy choices that need to be made and discuss these with you along with the implications of the twenty plus exemptions that are available at the transition date. We are not allowed to make any of the choices for you as the management of the company.

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 105, 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;
- Analysing the impact of the introduction of FRS 105 on the business;
- Assessing any impact on the going concern assessment;
- Maintaining a record of the company's distributable reserves in accordance with the requirements of company law; and
- Choosing other experts in areas that may be required from time to time e.g. pensions liabilities or legal claims.

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;

#### DIRECTORS

**DECLAN MURRAY** B.Comm, FCA

**PATRICK DONNELLAN** BBS, FCA

+353 91 75 82 82

info@candor.ie

www.candor.ie

Registered to carry on audit work and authorised to carry on investment business by Chartered Accountants Ireland

Candor is a registered business name for Candor Chartered Accountants Limited. A limited liability company registered in Ireland. Company Number 654266

- telling us if you intend to apply the 'undue cost or effort' exemption for any items in the financial statements and the rationale for so doing;
- 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 our 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 reporting accountants 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 are compiled, the policies selected, and the disclosures given, and for providing us with all information and necessary explanations to complete your accounting responsibilities.

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 reporting accountants.

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.