

TERMS OF ENGAGEMENT

TO PREPARE FULL OR PART YEAR ACCOUNTS PRIOR TO SMSU APPOINTMENT

Based on the information you have supplied to us we will using all reasonable skill, care and due diligence compile a set of statutory accounts for the purposes of submission to Companies House and a set of service charge accounts for more informative distribution to lessees and to fulfil the recommendations of the Code of Practice for Residential Managing Agents compiled by the Royal Institution of Chartered Surveyors (RICS) and Association of Residential Managing Agents (ARMA).

Please note that this instruction is not to carry out any form of audit but from a bank statement to compile a balanced set of accounts to satisfy the filing requirements of Companies House and best practice for service charge accounts for lessees.

Unless you advise otherwise we will be preparing financial statements on the following basis:

1.1 We will rely on information you provide us with as correct

You as Client undertake to :

- 1.2 Supply us with the set of accounts for the previous accounting year from which we will take opening balances
- 1.3 Supply us with a list of service charge arrears as at the year end date to which we will reconcile cash movements for each leaseholder against the opening balances
- 1.4 Supply us with bank statements for all bank accounts covering the accounting period and the bank statement for the month immediately preceding the start of the financial year and the month following the year end
- 1.5 Unless we are already in possession of a full list of current owners you will supply this to us
- 1.6 Supply us with a list showing a trail of changes in ownership during the accounting period
- 1.7 Supply us with either
 - (a) supporting invoices and vouchers for all debit (payment) entries leaving the bank account or
 - (b) annotate the bank statement with the supplier and purpose of each debit entry (payment) and/or provide us with cheque book stubs to cover the period
 - (c) annotate each receipt with the number of the flat of each lessee's credit into the bank account
 - (d) provide us with the paying in book or schedule to show how credits into the account which represent combined receipts (several flats payments added together)

Any work arising from the Client not providing us the information we have requested that results in extra work will be charged on an hourly rate of £125 per hour.

In the absence of the critical information below we will take the following steps, the costs of which will be Client disbursements to be reimbursed to Ringley's Self Managed Support Unit on demand:

- 2.1 bank statements – write to the bank requesting copy statements,
- 2.2 copy of previous set of accounts – buy a copy set of accounts if lodged at Companies House
- 2.3 Unknown debits (payments) – record the cash movement as a miscellaneous payment
- 2.4 Unknown credits (receipts) – record the cash movement as a miscellaneous receipt