Independent Accountant's Report (IAR) Example Template

NOTE

THIS TEMPLATE MAY BE USED BY A FIRM OF ACCOUNTANTS; HOWEVER, THE INDEPENDENT ACCOUNTANT'S REPORT (IAR) MAY ALSO BE PREPARED IN THE FIRM'S OWN FORMAT.

THE FOLLOWING INFORMATION MUST BE INCLUDED:

- **Project title, reference number, awardee (company name), and start and end dates of the project**
- **This report must be sent by the Firm of Accountants directly to the Henry Royce Institute at grants@royce.ac.uk, with the Awardee copied in at the time of submission**
- **A cost log table (an example is provided in Section 2)**

Independent Accountant’s Report (IAR)

Project Title: [Project Title] (“the Project”)
Project Ref. Number: [Ref]
Awardee: [Company Name]
Date of award letter: [Date]
For the project period [xx xxxx 20xx] to [xx xxxx 20xx] (“the Period”)

To the directors of [Company Name] (“the **Awardee**”) and the Henry Royce Institute.

Section 1

This independent accountant’s report (“the Report”) is produced in accordance with the terms of the Award Letter dated [Date] for the purpose of reporting to the directors of [Company Name] (“the Awardee”) on the grant claim submitted by the Awardee for monies receivable for the Period, as required by the terms and conditions of the Award Letter. We hereby confirm that this Report has been prepared in accordance with the Henry Royce Institute’s standard terms of engagement as set out in the Award Letter.

Our Report is prepared solely for the confidential use of the directors of [Company Name], the Awardee, and the Henry Royce Institute, and solely for the purpose of facilitating the grant claim. This Report is released to the directors of [Company Name] and **is sent directly to the Henry Royce Institute email** grants@royce.ac.uk by [Name of Firm of Accountants], on the basis that it shall not be copied, referred to, or disclosed, either in whole or in part (except as otherwise permitted under agreed written terms), without our prior written consent, unless another party demonstrates a statutory right of access.

Without assuming or accepting any responsibility or liability, in respect of this Report, to any party other than the directors of [Company Name] of the Awardee and the Henry Royce Institute, we acknowledge that the directors of [Company Name] or the Henry Royce Institute (either individually or jointly) may be required to disclose this Report to parties demonstrating a statutory right of access.

This Report is designed specifically to satisfy the engagement requirements agreed by the Awardee and the Henry Royce Institute, and is not deemed suitable for use, or to be relied upon, by any other party wishing to acquire any rights against [Name of Firm of Accountants] for any purpose or in any context.

Any party, other than the Awardee or the Henry Royce Institute, that accesses this Report (or a copy thereof) and chooses to rely upon it (or any part of it) will do so at its own risk.

To the fullest extent permitted by law, [Name of Firm of Accountants] will accept no responsibility or liability with regard to this Report to any other party besides the Henry Royce Institute, directors of [Company Name] of the Awardee, and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this Report.

Respective responsibilities of the Awardee and [Name of Firm of Accountants]

As directors of [Company Name] of the Awardee, you are responsible for ensuring that the Awardee maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Awardee and, in respect of grant claims, as the Awardee's project lead (PI), you are responsible for compiling claims in accordance with grant offer letters, ensuring that only eligible items are included in each grant claim and for ensuring that all terms of such offer letters have been complied with, or have been varied in writing with the Henry Royce Institute's approval. It is also the directors of [Company Name]'s responsibility to extract relevant financial information from the accounting records, to make any calculations specified in the Award Letter, and to provide relevant financial information to the Henry Royce Institute.

Our approach

We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised).

For the purpose of the engagement, we have been provided by the directors of [Company Name] of the Awardee with a cost log, prepared by the Awardee, detailing its eligible expenditure incurred and defrayed during the Period, in compliance with the terms of the Award Letter ("the Cost Log"). The consolidated Cost Log for [Company Name], is included at **Section 2**, and the directors of [Company Name], remain solely responsible for the information contained therein.

The objective of a reasonable assurance engagement is to perform such procedures, on a sample basis, as to obtain information and explanations we consider necessary to provide us with sufficient, appropriate evidence to express a positive conclusion on the information provided at the consolidated Cost Log.

In conducting this engagement, we established a materiality level of [*x%*] and we tested [number] of transactions representing [x%] of expenditure.

We carried out specific tests on the calculation of overheads and the receipt of grant monies from other sources as required in the terms of engagement.

Inherent limitations

Our audit work on the financial statements of the directors of [Company Name] is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as the Awardee's external auditors. Our Report on the financial statements is made solely to the Awardee's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Awardee's members those matters we are required to provide them in this Report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Awardee and its members as a body, for our work, for our reports, or for the opinions we have formed.

Conclusion

In our opinion, the Cost Log has been prepared, in all material respects, in accordance with the terms and conditions of the Award Letter of the Henry Royce Institute.

… or …

Except for **any errors or reservations noted hereunder**, in our opinion the cost log has been prepared, in all material aspects, in accordance with the terms and conditions of the Award Letter of the Henry Royce Institute.

Such errors and reservations include:

[Please state all errors and reservations here]

… or …

In our opinion, the cost log in **Section 2** has not been prepared in all material respects in accordance with the terms and conditions of the Award Letter of the Henry Royce Institute:

Please state reasons why, in your professional opinion, eligible costs have not been reported by the Awardee, in accordance with the cost log in Section 2 to comply with acceptable professional standards.

This Report is released to the directors of [Company Name] and is sent directly to the Henry Royce Institute email grants@royce.ac.uk by [Name of Firm of Accountants] on [date]

Firm of Accountants

Office

Date

Section 2

Cost Categories

This table should match the company's cost log (Column C and D) submitted with this report. Please note that all the costs included in this table must be after the funding intensity applied.

Types of costs	Grant Value (£)	Costs incurred (£)
Total staffing costs		
Total overheads		
Total consumables costs		
Total travel and subsistence costs		
Total capital usage/equipment usage costs		
Total subcontracting costs		
TOTAL		

<u>**Additional Requirements**</u>

In reviewing those costs stated in the table above, and further to any such instructions in our 'Standard Terms of Engagement of Accountants', please be aware of the following:

(i) Administrative support costs for the purposes of this award, should not exceed 15% of labour costs and shall be recorded as **overheads**;

(ii) **Overheads** are not calculated to include any profit; and

(iii) Costs incurred recorded by the Awardee exclude input VAT and interest and service charges arising from hire purchase, contract hire, leasing and credit arrangements.