



WALTER WRIGHT

TERMS OF BUSINESS



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Terms of business for Walter Wright, Chartered Accountants and Walter Wright Consultancy Limited, Accountants and Taxation Advisers

1 General

1.1 Nominated Partner or Director

Our correspondence to you may be addressed to a nominated partner, director or such other authorised person who will be responsible for notifying any other partners, directors or other relevant persons as appropriate.

1.2 The firm's professional registrations

As required by the *Provision of Services Regulations 2009* (SI 2009/2999), details of the firm's professional registrations can be found on our website address at <http://www.walterwright.co.uk/contact.htm>

The firm is a member of the Institute of Chartered Accountants in England and Wales and its code of ethics can be found at <http://www.icaew.com/en/technical/ethics/icaew-code-of-ethics>.

1.3 Professional indemnity insurance

Our professional indemnity insurer is Manchester Underwriting Management Limited, of Link House, St. Mary's Way, Chesham HP5 1HR. The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim brought in any court in the United States of America or Canada.

1.4 Provision of probate-type services

We are not licensed or authorised for the reserved legal activity of non-contentious probate. Consequently, any work we do for you on closely aligned activities, such as estate administration or inheritance tax advice, will not be covered by the ICAEW Probate Compensation Scheme and you will not have access to the Legal Ombudsman.

1.5 Quality of service

We will observe and act in accordance with the bye-laws and regulations of the Institute of Chartered Accountants in England and Wales together with their code of ethics. We accept instructions to act for you on this basis. In particular you give us authority to correct errors made by HM Revenue & Customs where we become aware of them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

Walter Wright is registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at <http://www.auditregister.org.uk/> for the UK and www.cro.ie/auditors for Ireland, under reference number C006723688.

We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence or wilful default. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities. Further, we will not be liable to you for any delay or failure to perform our obligations if the delay or failure is caused by circumstances outside our reasonable control.

You will not hold us, our principals/directors and staff, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing. This applies equally to fraudulent acts, misrepresentation or wilful default on the part of any party to the transaction and their directors, officers, employees, agents or advisers. However, this exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry.

You have agreed that you will not bring any claim in connection with services we provide to you against any of our partners or employees personally.

In order for us to provide you with a high quality service on an on-going basis it is essential that you provide us with relevant records and information when requested, reply to correspondence in a timely manner and otherwise follow the terms of the agreement between us set out in this Terms of Business. We therefore reserve the right to cancel the engagement between us with immediate effect in the event of:

- your insolvency, bankruptcy or other arrangement being reached with creditors;
- failure to pay our fees by the due dates;
- either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.

Our work is not, unless there is a legal or regulatory requirement, to be made available to third parties without our written permission and we will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them. You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure by you or by any person for whom you are responsible of our advice and opinions, whether in writing or otherwise. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it.

We are committed to providing you with a high quality service that is both efficient and effective. If at any time you would like to discuss with us how our service to you could be improved or if you are dissatisfied with the service you are receiving please let us know by contacting the person dealing with your affairs. If, however, you are unable to deal with any difficulty through him and his team please contact our senior partner, David Simcox. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may of course take up the matter with the Institute of Chartered Accountants in England and Wales.

1.6 External review

As part of our ongoing commitment to providing a quality service, our files are periodically subject to an independent regulatory or quality review. Our reviewers are highly experienced and professional people and are, of course, bound by the same requirements of confidentiality as our principals and staff.

1.7 Third party service providers

You agree that we may use third parties to process the information for your accounts and tax return where we consider that this is necessary in order to provide you with the desired level of service. All our third party service providers have been checked to ensure that they have appropriate systems in place to safeguard the confidentiality and security of your data and records. The subcontractors will be bound by our client confidentiality terms.

1.8 Dealing with HM Revenue & Customs

When dealing with HMRC on your behalf we are required to be honest and to take reasonable care to ensure that your returns are correct. To enable us to do this, you are required to be honest with us and to provide us with all necessary information in a timely manner. For more information about 'Your Charter' for your dealings with HMRC, see www.hmrc.gov.uk/charter/index.htm. To the best of our abilities, we will ensure that HMRC meet their side of the Charter in their dealings with you.

1.9 General Anti-Abuse Rule

Since 17 July 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HMRC to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.

1.10 Client monies

We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds. The account will be operated,

and all funds dealt with, in accordance with the Clients' Money Regulations of the Institute of Chartered Accountants in England and Wales.

In order to avoid an excessive amount of administration, interest will only be paid to you where the amount of interest that would be earned on the balances held on your behalf in any calendar year exceeds £25. Any such interest would be calculated using the prevailing rate applied by Barclays Bank Plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.

If the total sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.

We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. In the unlikely event of us holding any unclaimed monies we reserve the right to pay such monies to a registered charity in line with the guidelines set out in the Clients' Money Regulations referred to above. We will not do this unless we have been unable to contact you for at least five years and we have taken reasonable steps to trace you and return the monies.

1.11 Fees

Our fees are computed on the basis of time spent on your affairs by the principals and our staff and sub-contractors or consultants, and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs. Our fees will be billed at appropriate intervals during the course of the year.

If it is necessary to carry out work outside the responsibilities outlined in these terms of business it will involve additional fees. Accordingly we would like to point out that it is in your interests to ensure that your records etc. are completed to the agreed stage.

Unless specifically agreed, payment of our invoices (fees and disbursements) is due within 30 days from the date of the invoice. If payment is not received within 30 days we reserve the option to charge interest on the outstanding balance, at a rate not exceeding 3% per annum over the relevant base rate of Barclays Bank plc, for the period from 30 days after the relevant invoice date up to the date of payment. Any decision to charge interest will be notified to you in writing. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed.

If a client company, trust or other entity is unable or unwilling to settle our fees, we reserve the right to seek payment from the individual (or parent company) giving us instructions on behalf of the client, and we shall be entitled to enforce any sums due against the group company or individual nominated to act for you.

Insofar as we are permitted to do so by law or by professional guidelines, we reserve the right to exercise a lien over all funds, documents and records in our possession relating to all engagements for you until all outstanding fees and disbursements are paid in full.

We accept settlement of fees by certain credit cards.

In the event that we cease to act in relation to your affairs you agree to meet all reasonable costs of providing information to your new advisors. In particular you agree to meet these costs where we are required by law to provide information to a successor firm.

If you do not accept that an invoiced fee is fair and reasonable you must notify us within 30 days of receipt, failing which you will be deemed to have accepted that payment is due.

1.12 Retention of papers and access to records

You have a legal responsibility to retain documents and records relevant to your financial affairs. During the course of our work we may collect information from you and others relevant to your tax and financial affairs. We will return any original documents to you if requested.

Documents and records relevant to your tax affairs are required by law to be retained as follows:

Individuals, trustees and partnerships:

- with trading or rental income: five years and 10 months after the end of the tax year;
- otherwise: 22 months after the end of the tax year.

Companies, Limited Liability Partnerships, and other corporate entities:

- six years from the end of the accounting period.

Although certain documents may legally belong to you, we may destroy correspondence and other papers that we store electronically or otherwise that are more than seven years old, except documents we think may be of continuing significance. Current correspondence and documents will be retained in electronic format. If you require retention of any document you must notify us of that fact in writing.

HM Revenue & Customs penalties of up to £3,000 may be imposed for non-compliance with these provisions.

1.13 Conflicts of interest and independence

We reserve the right during our engagement with you to deliver services to other clients whose interests might compete with yours or are or may be adverse to yours, subject to the section below concerning confidentiality. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you unless we are unable to do so because of our confidentiality obligations. We have safeguards that can be implemented to protect the interests of different clients if a conflict arises. Where conflicts are identified which cannot be managed in a way that protects your interests then we regret that we will be unable to provide further services.

During and after our engagement, you agree that we reserve the right to act for other clients whose interests are or may compete with or be adverse to yours, subject, of course, to our obligations of confidentiality and the safeguards set out in the paragraph on confidentiality below.

1.14 Confidentiality

We confirm that where you give us confidential information, we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional statements relevant to our engagement.

You agree that, if we act for other clients who are or who become your competitors, to comply with our duty of confidentiality it will be sufficient for us to take such steps as we think appropriate to preserve the confidentiality of information given to us by you, both during and after this engagement. These may include taking the same or similar steps as we take in respect of the confidentiality of our own information.

In addition, if we act for other clients whose interests are or may be adverse to yours, we will manage the conflict by implementing additional safeguards to preserve confidentiality. Safeguards may include measures such as separate teams, physical separation of teams, and separate arrangements for storage of, and access to, information.

You agree that the effective implementation of such steps or safeguards as described above will provide adequate measures to avoid any real risk of confidentiality being impaired

We may, on occasions, subcontract work on your affairs to other tax or accounting professionals. The subcontractors will be bound by our client confidentiality terms.

If we use external or cloud based systems, we will ensure confidentiality of your information is maintained.

1.15 Applicable law

These terms are governed by, and construed in accordance with, English law. The Courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning these Terms of Business and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

If any provision in this Terms of Business, or its application, are found to be invalid, illegal or otherwise unenforceable in any respect, the validity, legality or enforceability of any other provisions shall not in any way be affected or impaired.

1.16 Changes in the law, in practice or in public policy

We will be pleased to assist you generally in tax matters if you advise us in good time of any proposed transactions and request advice. We would, however, warn you that because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.

We will not accept responsibility if you act on advice previously given by us without first confirming with us that the advice is still valid in light of any change in the law, public policy or your circumstances.

We will accept no liability for losses arising from changes in the law or the interpretation thereof, practice, or public policy that are first published after the date on which the advice is given.

1.17 Internet communication

Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means. However, internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their despatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

It is the responsibility of the recipient to carry out a virus check on any attachments received.

1.18 Provision of cloud-based services

We provide a secure cloud based document exchange and digital approval service, to enable you to receive, sign and electronically approve documents. Where you use this service, you are responsible for safeguarding the log on security information details. Please note that receipt of a digitally signed document will be taken to be your formal approval to submission of such documents to the relevant authorities on your behalf.

The secure cloud based document exchange and digital approval service provided by a third party (the 'Cloud Supplier') is compliant with the relevant clauses in these terms of business - Confidentiality, Internet Communication and Data Protection Act 1998.

The service provided by the Cloud Supplier will be a discrete web based hosted facility, and you agree that access will also be provided to the firm and the third party.

The firm cannot be held liable for any interruption of service provided by the Cloud Supplier. However, we will liaise with them to help ensure that normal service is resumed as soon as possible.

The name of the Cloud Supplier is IRIS Software Limited
Their address: Riding Court House, Riding Court Road, Datchet, SL3 9JT
Their telephone number(s): 0844 844 9644
Location of server: Ireland
E-mail for further information: info@walterwright.co.uk

1.19 Data Protection

To enable us to discharge the services agreed under these Terms of Business, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you/your business/company/partnership/its officers and employees. We confirm when processing data on your behalf that we will comply with the relevant provisions of the Data Protection Act

1998. You will also ensure that any disclosure of personal data to us complies with the *Data Protection Act 1998*.

You have a right of access, under data protection legislation, to the personal data that we hold about you. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is Kevin Brown.

Sections 11 and 12 of the Data Protection Act 1998 place express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. An example would be where we operate a payroll service for you. We therefore confirm that we will at all times comply with the requirements of the Data Protection Act 1998 when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will comply with any obligations equivalent to those placed on you as a data controller.

We will notify you within 10 working days if an individual asks for copies of their personal data, makes a complaint about the processing of personal data or serves a notice from a relevant Data Protection Authority. You and we will consult and cooperate with each other when responding to any such request, complaint or notice.

We will answer your reasonable enquiries to enable you to monitor compliance with this clause.

1.20 Limitation of third party rights

Persons who are not party to this agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.

The advice we give you is for your sole use and is confidential to you and will not constitute advice for any third party to whom you may communicate it, unless we have expressly agreed in writing that a specified third party may rely on our work. We will accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, for any aspect of our professional services or work that is made available to them.

1.21 Client identification

In common with other professional services firms, we are required by the *Proceeds to Crime Act 2002* and the *Money Laundering Regulations 2017* to:

- maintain identification procedures for clients, beneficial owners of clients, and persons purporting to act on behalf of clients;
- maintain records of identification evidence and the work undertaken for the client; and
- report, in accordance with the relevant legislation and regulations.
- We have a statutory obligation under the above legislation to report to the National Crime Agency (NCA) any reasonable knowledge or suspicion of money laundering. Any such report must be made in the strictest confidence. In fulfilment of our legal obligations, neither the firm's principals nor may staff enter into any correspondence or discussions with you regarding such matters.

If we are not able to obtain satisfactory evidence of your identity and where applicable that of the beneficial owners, we will not be able to proceed with the engagement.

1.22 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards

Unless agreed specifically in a separate engagement letter, we are not responsible for your compliance with the International Tax Compliance (United States of America) Regulations 2013, produced as a result of FATCA. In particular, we are not responsible for the categorisation of any UK entity into either a Financial Institution (FI) or an active or passive Non-Financial Foreign Entity (NFFE) nor, if a Financial Institution, for its registration with the US Internal Revenue Service (IRS) and subsequent submission of the required annual returns to HM Revenue & Customs.

However, if requested to do so we can provide advice on the completion of the forms supplied by Financial Institutions under these Regulations, or under Common Reporting Standards, and used by them to determine the status of an entity. We can also provide advice on setting

up the appropriate systems to identify and report on your clients or beneficiaries who are foreign citizens affected by FATCA or Common Reporting Standards

1.23 Intellectual property rights and use of our name

We will retain all intellectual property rights in any document prepared by us during the course of carrying out the engagement except where the law specifically states otherwise.

You are not permitted to use our name in any statement or document that you may issue unless our prior written consent has been obtained. The only exception to this restriction would be statements or documents that in accordance with applicable law are to be made public.

1.24 Draft/interim work or oral advice

In the course of our providing services to you we may provide advice or reports or other work products in draft or interim form, or orally. However, final written work products will always prevail over any draft, interim or oral statements. Where you request it, we will provide you with written confirmation of matters stated orally.

1.25 Internal disputes within a client

If we become aware of a dispute between the parties who own the business, or who are in some way involved in its ownership and management, it should be noted that our client is the business and we would not provide information or services to one party without the express knowledge and permission of all parties. Unless otherwise agreed by all parties, we will continue to supply information to the registered office/normal place of business for the attention of the directors/proprietors. If conflicting advice, information or instructions are received from different directors/principals in the business, we will refer the matter back to the board of directors/the partnership and take no further action until the board/partnership has agreed the action to be taken.

1.26 Agreement of Terms

Once agreed, these terms of business will remain effective, from one appointment to another, until they are replaced or amended. We shall be grateful if you could let us know if they are not in accordance with your understanding of our terms of engagement.

2 Tax Investigations Service

The Walter Wright Tax Investigations Service is fully backed by an Insurance Policy, which the firm has taken out with Abbey Tax Protection. We are able to make a claim in respect of the fees, which we accrue when we defend a client who is under investigation by the Revenue Authorities in respect of HMRC Enquiries and Disputes, Employer Compliance (PAYE/P11D/NIC/IR35) and VAT Disputes

We will be responsible and have the discretion for making claims under our Policy and there is a maximum Limit of Indemnity of £75,000 in respect of our professional fees for any one claim. Clients will be responsible for any fees that we cannot recover from our insurers.

You should advise us immediately of any correspondence received from the tax authorities and this correspondence together with our files and supporting information may be reviewed by our Insurers in the event of a claim.

We cannot claim for any investigation where it is shown that the business has wilfully or fraudulently dealt with its tax affairs, or where returns are filed with HMRC after the due date.

A charge will be made for this service at a cost notified in writing from time to time.

Please let us know in writing if you do not require this service.

We are not authorised by the Financial Conduct Authority. However, we are included on the Register maintained by the Financial Conduct Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Institute of Chartered Accountants in England and Wales. The register can be accessed via the Financial Conduct Authority website at www.fca.org.uk/register.

3 Accounts preparation

The following terms will apply where we act as accountants and advisors with regard to the production of the entity's financial statements in accordance with applicable accounting standards, and to clarify our respective responsibilities in respect of that work. All accounts preparation work is carried out by Walter Wright

3.1 Your responsibilities

You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the entity or for the financial statements, is accurate and complete. You are also responsible for ensuring that the activities of the entity are conducted honestly, and for safeguarding the assets of the entity and for taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

You are responsible for ensuring that the entity complies with the laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

You have agreed to make available to us, as and when required, all the accounting records and related financial information, including minutes of management (and shareholder) meetings, necessary to carry out our work. You have agreed to make full disclosure to us of all relevant information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full.

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, and for providing us with all information and necessary explanations necessary for their compilation.

3.2 Additional directors' responsibilities where you operate as a limited company

Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:

- to prepare financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- in preparing those financial statements, to:
 - a) select suitable accounting policies and then apply them consistently;
 - b) make judgments and estimates that are reasonable and prudent; and
 - c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 2006 (CA 2006) and applicable accounting standards. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and
- for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company's activities are conducted honestly for the prevention and detection of fraud and other irregularities.

You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in CA 2006, s. 477, namely that it qualifies as a small company in relation to that year for the purposes of s. 381.

You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in section 478 and 479 of the Act; a list can be supplied upon request. If you are in any doubt as to the eligibility to audit exemption please contact us to discuss this.

The exemption is available only if you, as directors, sign a declaration as required by section 475(3) of the Act on the balance sheet stating that:

- a) for the year in question, the company is eligible to take advantage of the audit exemptions;
- b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, S476; and
- c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.

3.3 Our responsibilities as accountants

You have asked us to assist you in the preparation of the financial statements. We will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give us. We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate, but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.

We will not be carrying out an audit and accordingly will not verify the assets and liabilities of the entity, nor the items of expenditure and income. To carry out an audit would require additional work to comply with International Standards on Auditing (UK) so that we could report on the truth and fairness of the accounts.

We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees, although we will advise you of any such circumstances that we encounter in preparing your accounts.

We have a professional duty to compile financial information that conforms with the generally accepted accounting principles selected by management as being appropriate for the purpose for which the information is prepared. The accounting basis on which the information has been compiled, its purpose and limitations will be disclosed in an accounting policy note to the financial information and will be referred to in our accountants' report

We also have a professional responsibility not to allow our name to be associated with financial information, which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial information may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial information. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial information is misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the accounts with you and for time spent on any other work that is not completed as a result of our resignation.

As part of our normal procedures when preparing the financial statements, we will attach an accountant's report to them. This report will state that they have been prepared from the books and records of the entity and from information supplied by the management. This report should not be used for any other purpose than as set out in our terms of business.

Our report will be made solely to you. Our work will be undertaken so that we might compile the financial statements that we have been engaged to compile and report to you that we have done so, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work or for the report. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, the report must remain attached to the financial statements shown to the third party.

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

3.4 Our additional responsibilities as accountants where you operate as a limited company

You have told us that the company is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of CA 2006 and to issue an accountant's report on those financial statements. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.

As a small entity, the company qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the company wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.

We do not have any responsibility to report whether any shareholder of the company has notified the company that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.

We will not check whether the company is exempt from audit. However, should our work indicate that the company is not entitled to exemption from an audit of the financial statements, then we will inform you. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors.

Should you instruct us to carry out an audit then the additional terms noted in the company audit work section of these terms of business will apply.

We have a professional duty to prepare financial statements that conform with general accepted accounting principles. Furthermore, as directors, you have a duty to prepare financial statements that comply with CA2006 and applicable accounting standards. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.

We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.

We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.

Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with CA 2006, s. 386, and we will not address this point unless you specifically request us in writing to do so.

Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records present a true and fair view.

We shall report, with any variations that we consider may be necessary, that in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from the accounting records of the company and from the information and explanations supplied to us. This report should not be used for any other purpose than as set out in our terms of business.

Our report will be made solely to the company's directors, as a body. Our work will be undertaken so that we might compile the financial statements that we have been engaged to compile and report to the company's directors that we have done so, and for no other purpose.

To the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the company and the company's directors, as a body, for our work or for the report attached to the accounts. If you wish, or are asked, to provide a copy of the financial statements to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then the accountant's report must remain attached to the financial statements shown to the third party.

We will insert the inline Extensible Business Reporting Language (iXBRL) "tags" in accordance with the tagging requirements specified by HMRC. This allows the data to be read by a computer. In most cases, we will use professional software to undertake the "tagging" and it is therefore agreed that you authorise us to process all normal/standard data tags without reference to you. However, as it is your legal responsibility to provide the information in iXBRL format, we will refer to you on any non-standard or judgmental areas.

3.5 Transition to new accounting basis

Your responsibility for preparation of the financial statements extends to the application of exemptions and options on transition to, and application of, new accounting standards. As directors of the company you should also consider the impact of new accounting standards on the business, including the impact on going concern.

Transition services

When the financial statements are transitioned from Old UK GAAP to the new accounting basis, where you ask us to assist you, we will:

- Where there is more than one applicable accounting basis, advise you on the key elements of the different bases available to you and the impacts they may have on your accounts;
- Advise on the impact of the various transitional exemptions on moving to the new accounting basis and the factors to consider in reaching a decision on which to take advantage of;
- Advise you of the options available for presentation of the financial statements to assist you in making a choice;
- Prepare the transitional adjustment, based on the information provided by you, as at the start of the comparative period, and the related adjustments in the comparative and current period;
- Prepare the transitional disclosures as required or encouraged by the new accounting basis; and
- Advise on the taxation impact of the changes to the new accounting basis and how this may interact with the choices of policy and transitional exemptions available.

3.6 Dormant companies

Where the company is dormant you are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in section 480 of the Act, namely that:

- it has been dormant since its formation, or
- it has been dormant since the end of the previous financial year and the following conditions are met:

for its individual accounts for the financial year in question the company:

- is entitled to prepare accounts in accordance with the small companies regime as per sections 381 to 384 of the Act, or
- would be so entitled but for having been a public company or a member of an ineligible group, and

the company is not required to prepare group accounts for that year.

You are responsible for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in section 481 of the Act. If you are in any doubt as to the eligibility to audit exemption please contact us to discuss this.

The exemption is available only if you, as directors, sign a declaration as required by section 475(3) of the Act on the balance sheet stating that:

- a) for the year in question, the company is eligible to take advantage of the audit exemptions;
- b) the members have not required the company to obtain an audit of its financial statements for the year in accordance with CA 2006, S476; and
- c) you acknowledge your obligations for complying with the requirements of CA 2006 with respect to accounting records and preparation of accounts.

As a small entity, the company qualifies under CA06, s. 444(1), to file only the balance sheet and associated notes at Companies House. It is assumed that the company wishes to file the minimum of information at Companies House, and therefore the financial statements for filing purposes will be prepared on that basis unless you inform us otherwise.

You are responsible for informing us if the company undertakes any transactions. Once this happens the company will cease to be dormant.

3.7 Practice assurance where you operate as a limited company

We are able to report to you on a limited assurance basis on the unaudited financial statements of the company. In carrying out this engagement we would make enquiries, perform analytical procedures and assess the consistency of application of your accounting policies in accordance with applicable accounting standards.

Please contact us to discuss this if you would like more information concerning this service. Should you ask us to perform this service this will be the subject to a separate terms of business letter.

4 Company audit work

The following terms will apply where we act as auditors and to clarify our respective responsibilities in respect of the audit. All audit work is carried out by Walter Wright.

We are bound by the ethical guidelines of our professional Institute, and accept instructions to act for you on the basis that we will act in accordance with those ethical guidelines.

Auditing Standards require us to appoint an engagement partner who shall take overall responsibility for the planning and conduct of the audit, and for the report that is issued on behalf of the firm. We have assessed the professional requirements of this assignment and have nominated a Senior Statutory Auditor.

Under the Companies Act 2006 (CA 2006), the audit report in the signed copy of the financial statements provided to you must be signed by the Senior Statutory Auditor in their own name on behalf of the firm. The audit report in all other copies of the financial statements must state the name of the Senior Statutory Auditor, but may be signed in the name of the firm. The audit report in the financial statements filed at Companies House must state the name of the Senior Statutory Auditor and the name of the firm but does not need to be signed.

4.1 Your responsibilities as directors

Our audit will be conducted on the basis that you acknowledge and understand that you have responsibility:

- (a) To prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. As directors you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.
- (b) In preparing those financial statements to:
 - select suitable accounting policies and then apply them consistently;

- make judgments and estimates that are reasonable and prudent; and
 - prepare the financial statements on the going concern basis, in particular, other than already disclosed, there are no significant doubts about the company's ability to continue in business for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the company will continue in business;
- (c) For keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable you to ensure that the financial statements comply with CA 2006 and applicable accounting standards. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.
- (d) For safeguarding the assets of the company and hence for taking reasonable steps to ensure the company's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.

In addition to the general duties of directors specified in sections 170 to 177 of CA 2006 you are responsible for ensuring that the company complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

You have agreed to provide us with:

- (a) Access to all information of which you are aware that is relevant to the preparation of the financial statements such as company's books of account and all other relevant records and documentation, including minutes of all management and shareholders' meetings and other matters;
- (b) additional information that we may request from you for the purpose of the audit, including access to information relevant to disclosures;
- (c) Unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence; and
- (d) additional information that may include when applicable, matters related to other information in accordance with ISA (UK) 720. If such information is not expected until after the date of the auditor's report, you should note that we still have a responsibility to take appropriate action if we consider a material misstatement exists in this other information.

You are required to confirm in the directors' report that:

- (e) an appropriate accounting basis was used to prepare the financial statements; and
- (f) in so far as you are aware, there is no relevant audit information of which we, the company's auditors, are unaware and that you have taken all the steps that you ought to take as directors in order to make yourselves aware of any relevant audit information and to establish that we are aware of that information.

Where audited information is published on the company's website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report if it or the financial statements are to be published in an inappropriate manner.

It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are not required to review such controls or to carry out ongoing reviews of the information after it is first published. The maintenance and integrity of the company's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

In connection with representations and the supply of information to us generally as part of the audit, we draw your attention to CA 2006, s.501 under which it is an offence for an officer or employee of the company to knowingly or recklessly make misleading, false or deceptive statements to the auditors.

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 which may affect the financial statements. We are entitled to receive details of all written resolutions that are to be circulated to members, to attend all general meetings of the company, and to receive notice of all such meetings.

4.2 Our responsibilities as Auditors

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK) as to whether:

- the financial statements give a true and fair view of the state of the company's affairs, and of its profit or loss for the year then ended;
- the financial statements have been properly prepared in accordance with applicable accounting standards;
- the financial statements have been prepared in accordance with CA 2006,
- the financial statements have been appropriately prepared on the going concern basis;
- the financial statements have disclosed any identified material uncertainties that may cast significant doubt on the company's ability to continue to adopt the going concern basis for at least the next twelve months from the date they are approved;
- the directors' report and, if relevant, the strategic report or any other information included in the annual report:
 - have been prepared in accordance with applicable legal requirements;
 - include information that is consistent with the financial statements; and
 - in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified any material misstatements in the directors' report and, if relevant, the strategic report or any other information included in the annual report, give an indication of the nature of such misstatements.

In respect of the following matters specified in CA 2006 we will also report to you on whether or not in our opinion:

- adequate accounting records have been kept by the company and returns adequate for our audit have been received from branches not visited by us; or
- the financial statements are in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have received all the information and explanations we require for our audit; or
- where the company has prepared financial statements in accordance with the small company regime, whether it is entitled to do so; or
- where the company has taken advantage of the small companies' exemption in preparing the directors' report and, if relevant, taken advantage of the small companies exemption from the requirement to prepare a strategic report, whether it is entitled to do so.

In arriving at that opinion those standards require us to comply with ethical requirements.

It is not sufficient for us as auditors to conclude that the financial statements give a true and fair view solely on the basis that the financial statements were prepared in accordance with accounting standards and any other applicable legal requirements. We are therefore required to consider whether additional disclosure will be necessary in the financial statements when compliance with an accounting standard is insufficient to give a true and fair view. If you are unwilling to make such additional disclosures, we will have to consider the effect on our report.

If the financial statements have been prepared in accordance with the micro-entities regime and FRS 105, which is not considered a fair presentation framework but a compliance framework, we reserve the right to include an 'other matter' paragraph in our report to mitigate any potential misunderstanding.

Our report will be made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of CA 2006. Our audit work will be undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for the audit report, or for the opinions we form. The audit of the financial statements does not relieve you of your responsibilities.

There are certain other matters, which according to the circumstances, may need to be dealt with in our report. For example, where the financial statements do not give details of directors' remuneration or of their transactions with the company, the CA 2006 requires us to disclose such matters in our report. Although only auditors of listed companies are required to include key audit matters in their report, there may be rare occasions when we believe it necessary to communicate key audit matters in our report.

In addition, we have a professional duty to report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion non-compliance is justified in the circumstances. In determining whether or not any departure is justified we will consider:

- whether the departure is required in order for the financial statements to give a true and fair view; and
- whether adequate disclosure has been made concerning the departure.

Our professional duties also include:

- including in our report a description of the directors' responsibilities for the financial statements, where the financial statements or accompanying information do not include such a description; and
- considering whether other information in documentation containing the financial statements is consistent with the audited financial statements and our knowledge acquired during the course of the audit.

In the event that we cease to act as statutory auditors for the company, we are required by CA 2006 to make available, if requested, all relevant information concerning the audit of the company to our successors as statutory auditors. You agree to cover any reasonable costs of making such information available that we may incur in fulfilling our statutory duty.

4.3 Group audits

Where the company is a subsidiary of a group, the audited accounts of this company are included in the group accounts of the parent company. We are required by auditing standards to cooperate with the auditors of the parent company and to provide them with representations and confirmations concerning the conduct of the audit of this company. You agree that we may correspond with the auditors of the parent and respond to their reasonable requests for information (which may include granting them access to our working papers) concerning the preparation and audit of the group accounts without further authority from you.

Where the company is the parent of a group and all components are audited by the same firm, the audited accounts of this company are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the audit work on all subsidiary companies. Therefore, whilst as auditors of each subsidiary company the firm already has access to the management of those companies concerning their individual audited accounts, you agree that we may also correspond with the management of the subsidiary companies and request reasonable information concerning the preparation and audit of the group accounts without further authority from you.

Where the company is the parent of a group and not all component auditors are from the same firm, the audited accounts of this company are the group accounts. As the group engagement auditors, we are required by auditing standards to coordinate the work of the auditors of the subsidiary companies and to provide them with guidance concerning the conduct of the audit of the group. You agree that we may correspond with the management of the subsidiary companies, and their auditors, and request reasonable information (which may include access to the subsidiary auditor's working papers) concerning the preparation and audit of the group accounts without further authority from you.

4.4 Scope of the Audit

Our audit will be conducted in accordance with the ISAs (UK) issued by the Financial Reporting Council (FRC). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors;
- whether there is adequate disclosure of the applicable financial reporting framework; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and, if relevant, the Strategic Report and state whether in our opinion the information given in the strategic report (if any) and the directors' report is consistent with the accounts; whether the report(s) have been prepared in accordance with applicable legal requirements and whether, in the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified any material misstatements in the report(s). If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK).

We will obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether the company has maintained adequate accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.

The nature and extent of our tests will vary according to our assessment of the company's accounting and internal control systems, and may cover any aspects of the business's operations. We shall report to the management any significant deficiencies in, or observations on, the company's systems that come to our attention of which we believe the directors should be made aware. Any such report may not be provided to any third party without our prior written consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of any party other than the members in mind and that we therefore neither have nor accept any duty or responsibility to any other party as concerns the reports.

The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the management. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations, but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist.

As part of our normal audit procedures, we may request you to provide formal representations concerning certain information and explanations we receive from you during the course of our audit. In particular, where we bring misstatements in the financial statements to your attention that are not adjusted, we shall require written representation of your reasons.

In connection with representations and the supply of information to us generally as part of the audit, we draw your attention to CA2006, s.501 under which it is an offence for an officer or employee of the company to knowingly or recklessly make misleading, false or deceptive statements to the auditors.

To enable us to conduct a review of your financial statements, which constitutes part of our audit, we will request sight of any documents or statements, which will be issued with the financial statements.

Once we have issued our report we will have no further direct responsibility in relation to the financial statements 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 which may affect the financial statements.

The company accounts and audit report should not be filed at Companies House until we have signed the audit report.

We appreciate that the present size of many companies renders it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the business. In the running of the company where we understand that the director(s) is/(are) closely involved with the control of the company's transactions, in planning and performing our audit work we shall take account of this supervision.

HMRC do not require the auditor to provide assurance on the XBRL tagging of the financial statements submitted to it with the Company Tax Return. In addition, the ISAs (UK) do not require the auditor to confirm the accuracy of the tagging as part of the audit. Accordingly, our audit does not cover the accuracy of the iXBRL tagging in the financial statements, and we accept no responsibility for any inaccuracies identified by HMRC.

A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK), together with other legal and regulatory requirements, is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>

4.5 Communication

In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications.

- We shall contact you prior to each year-end for preliminary discussions concerning the audit.
- We will contact you to discuss the forthcoming audit prior to the expected start date.
- We will discuss any matters arising from the audit with you after completing the on-site work.
- The formal communications set out above are the minimum required to comply with auditing standards.
- We shall of course contact you on a more frequent and regular basis regarding both audit and other matters. Communications will be via telephone, letter, internet communication or a meeting as appropriate.

We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit, for example information provided in connection with accounting, taxation and other services).

5 Corporation tax

The following terms will apply where we act as accountants and advisors with regard to your corporation tax affairs and clarify our respective responsibilities in respect of that work.

5.1 Your responsibilities as directors

The Directors, on behalf of the company, are legally responsible for:

- ensuring that the company/society tax return (including XBRL tags and iXBRL file) is correct and complete;
- filing any returns by the due date; and
- making payment of tax on time. Failure to do this may lead to automatic penalties, and/or interest.

The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are accurate and complete before he/she approves and signs them.

It is mandatory for the company/society tax return to be delivered electronically using the Extensible Business Reporting Language (XBRL) format, a type of computer language. A parent company may be required to file both individual and group accounts as part of its online company tax return. It is the company's responsibility to ensure that the accounts have been accurately tagged. The statutory audit does not provide assurance on this matter.

To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions; in accepting these terms of business you recognise that we will observe the professional rules and practice guidelines of

the Institute of Chartered Accountants in England and Wales. In particular you give us authority to correct HMRC's errors, even if doing so results in correction of an error made in your favour;

- to provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
- to provide us with information in sufficient time for the company's tax returns to be completed and submitted by the due date of 12 months following the end of the accounting period;
- to provide us with information on advances or loans made to directors/officers, shareholders or their associates during an accounting period and any actual or planned repayments or write offs after the accounting period;
- to forward to us on receipt copies of all HMRC statements of account, notices of assessment, letters and other communications received from HMRC to enable us to deal with them as may be necessary within the statutory time limits; although HMRC have the authority to communicate with us, if relevant through the form 64-8, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication; and
- to keep us informed about significant transactions or changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
- HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.
- You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.
- You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

5.2 Our responsibilities as accountants

Profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the company's tax return, the computation with these adjustments and supporting schedules required from the accounts and information and explanations you provide to us.

We will send you the tax return and supporting schedules for you to approve and sign, and by signing the return you will take responsibility for its content. We will then submit the return, computation and accounts online to HMRC and, if relevant, Companies House, in the required Extensible Business Reporting Language (XBRL) format, a type of computer language.

You have asked us to be responsible for the generation of the iXBRL accounts to be submitted electronically to HMRC.

We will advise the amounts of corporation tax to be paid and the dates by which the company should make the payments. Where appropriate we will initiate repayment claims when tax

has been overpaid. Please ensure that no payments are made to HMRC before we have confirmed that the Statements of Account are correct.

If the company's/group's profits exceed £1.5 million a year, you must pay quarterly instalments of tax due starting six and a half months into the accounting period. Interest will be charged on instalments paid late and credited on those paid early. If you provide appropriate management information on time, we will tell you whether you should make quarterly tax payments.

We will advise you as to possible claims and elections arising from information supplied by you including, where relevant, industry-specific claims for additional deductions and payable tax credits, and claims relating to research and development expenditure. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC. Specialist claims may be the subject of a separate engagement schedule.

We will advise you when additional corporation tax is due on loans by the company to directors or shareholders or their associates, and calculate the payments due or the amount repayable when the loans are repaid.

We will deal with all communications relating to the company's return addressed to us by HMRC or passed to us by the company. However, if HMRC choose the tax return for enquiry we will discuss the position with you and agree the basis on which we will deal with such enquiries on your behalf.

We will be pleased also to advise the directors and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned.

We will be pleased to advise on any other taxation matters that may be referred to us and would strongly encourage you to approach us before entering into any complex or unusual transactions in order that we can assess their tax implications.

Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

If relevant, it is our policy to confirm in writing advice upon which the company may wish to rely.

5.3 Payments under deduction of tax

You must inform us immediately if the company pays or receives any interest or similar amounts under deduction of tax. If requested to assist you, we will complete, using information provided by you, return form CT61 regarding payments made to and by the company under deduction of tax. We will send the form CT61 to you for approval and signature, advising you of the amounts of income tax that are due, and the due date for payment and submission of the form.

5.4 Groups and consortia

If relevant, in relation to groups and consortia of which your company is a member, and in respect of which you have instructed us to act, we will provide the following additional services:

In respect of claims for group and consortium relief:

- We will advise as required on claims for group and consortium relief and the interaction with other reliefs.
- We will prepare and submit to HMRC appropriate claims.
- We will adjust corporation tax computations to reflect the surrender and receipt of group and consortium reliefs.
- We will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group.
- We will advise on claiming eligible unrelieved foreign tax (EUFT) or the surrender of any amount of EUFT.

5.5 Annual tax on enveloped dwellings (ATED)

The following terms will apply where we act as accountants and advisors with regard to your ATED returns (potentially required for any residential dwelling with an April 2012 value in excess of £500,000), and to clarify our respective responsibilities in respect of that work.

Your responsibilities

The Directors are responsible for providing us with a complete list of all relevant properties and their valuations, along with any other information we may require. The list should incorporate any UK dwelling with a 1 April 2012 (or acquisition date if later) value in excess of £500,000 and we will advise as and when each property needs to be reported on an ATED return.

The Directors agree to inform us of any impending purchases of properties that will need to be declared on an ATED return. In some cases an ATED return and payment is required just 30 days after the purchase date and so prompt communication is required.

The Directors, on behalf of the company, are legally responsible for:

- ensuring that the ATED return(s) for each year to 31 March is/are correct and complete;
- filing the ATED return(s) by the due date of April following the start of the ATED return period*; and
- making payment of the ATED by 30 April following the start of the ATED return period*. Failure to do this may lead to penalties and/or interest.

* In some cases and in particular in the years where ATED first applies, the filing and payment deadline may be extended. We will advise you where this is the case.

The signatory to the return(s) cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are complete before he/she approves and signs them.

To enable us to carry out our work the Directors agree:

- that all returns are to be made on the basis of full disclosure of all UK dwellings and their uses;
- to provide full information necessary for dealing with the ATED return(s) (including sales and acquisitions and changes in use of relevant dwellings). We will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to take any necessary steps to agree the open market value of each property on 1 April 2012, or the date of acquisition if later, to be declared on the ATED return(s), and revalued every five years (from 1 April 2012) thereafter;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the ATED return(s); and
- to provide us with information in sufficient time for the company's ATED return(s) to be completed and submitted by the due date outlined above. In order that we can do this we need to receive all relevant information by 15 April each year. Where feasible we may agree to complete your ATED return(s) within a shorter period but may charge an additional fee for so doing.

The Directors will keep us informed of material changes in circumstances that could affect the ATED liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess its significance.

You will forward to us relevant HMRC statements of account, copies of notices of assessment, letters and other communications in time to enable us to deal with them as may be necessary within the statutory time limits. Our existing form 64-8 (agent authority) does not cover the ATED return(s) and HMRC may be unprepared to deal with us on your behalf until after the time that the first return(s) have been filed, listing us as your agent.

Our responsibilities as accountants

We will prepare the company's ATED return(s) based on the information and explanations you provide to us.

We will advise you as to any reliefs that can be claimed against the ATED. Where instructed by you, we will claim such reliefs on the ATED return(s).

After obtaining the written approval and signature of the proper officer or other person authorised to act for the company in this regard, we will submit the return(s) online to HMRC.

We will tell you how much ATED the company should pay and when. We will advise on the interest and penalty implications if ATED is paid late.

We will deal with the recovery of any overpaid ATED, following a change in circumstances (e.g. the disposal of a relevant dwelling).

5.6 Ad hoc and advisory work

Where you have instructed us to do so, we will also provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities;
- Dealing with any enquiry opened into your tax return by HMRC;
- Preparing any amended returns which may be required and corresponding with HMRC as necessary; and
- Advising on the rules relating to and assisting with VAT registration.
- advising you on, and preparing analyses of, expenditure and detailed capital allowance claims for renovation of buildings.

6 Partnership tax returns

The following terms will apply where we act as accountants and advisors with regard to partnership tax self assessment and clarify our respective responsibilities in respect of that work.

6.1 Your responsibilities

The partners are legally responsible for:

- ensuring that the partnership self assessment tax returns are correct and complete;
- filing any returns by the due date; and
- reporting their allocation of the partnership profit or loss on their self assessment tax returns and paying any associated tax on time. Failure to do this may lead to automatic penalties, and/or interest.

Taxpayers who sign their returns cannot delegate this legal responsibility to others. The Nominated Partner agrees to check that returns and partnership statements we have prepared for the partnership are complete before you approve and sign them.

You must read and approve the declaration statement contained in question 11 box 11.3 of the Partnership Tax Return before your return can be submitted to HMRC. Confirmation that you have done so will suffice.

When filed online the Tax Return will contain the following declaration from us to HMRC: "I confirm that my client has received a copy of the information contained in this return and approved the information as being correct and complete to the best of their knowledge and belief".

To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions; in accepting these terms of business you recognise that we will observe the professional rules and practice guidelines of the Institute of Chartered Accountants in England and Wales. In particular you give us authority to correct HMRC's errors, even if doing so results in correction of an error made in your favour.

- to provide full information necessary for dealing with the partnership's affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the partnership affairs; and
- to provide us with information in sufficient time for the partnership tax returns to be completed and submitted by the due date following the end of the tax year.

Key dates for filing returns

Filing date 31 October - Information to be received by 31 August.

Manual filing of return

For all other cases the final deadline is 31 January - Information to be received by 30 November.

If you think you need or want a filing date of 31 October, please indicate clearly the date you wish to achieve. If for any reason we do not receive all relevant information by this date we may, at our discretion and depending on our work capacity, still endeavour to complete your tax return so that it can be submitted on time. We reserve the right to make an additional charge for such work.

You will keep us informed of material changes in circumstances that could affect the tax liabilities of the partners including, by way of example, changes in the partners in the partnership. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us, if relevant through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

You are responsible for monitoring the partnership's monthly turnover to establish whether the partnership is liable to register for VAT if it is not already registered. If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.

You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

6.2 Our responsibilities as accountants

Profit from accounts prepared under UK GAAP or the cash basis may require adjustment to arrive at the profit figure assessed for tax. We will prepare computations of taxable profits and capital gains based on the partnership financial statements from the accounting records and other information and explanations provided by you.

We will prepare the partnership self assessment tax returns and the annual partnership statements together with any supplementary pages required from the information and explanations that the partnership provides to us.

We will send you the computations of taxable profits and capital and the tax return and supporting schedules for you to approve and sign, and by signing you will take responsibility for its content. We will then submit it to HMRC. The return will be filed electronically unless you instruct us otherwise.

If instructed we will provide each partner or their agent with details of the partner's allocations from the return to enable partners to fill in their self assessment tax returns.

We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

We will deal with all communications relating to the partnership return addressed to us by HMRC or passed to us by you. However, if HMRC choose the tax return for enquiry we will discuss the position with you and agree the basis on which we will deal with such enquiries on your behalf.

When dealing with HMRC, or the Contributions Agency, we shall be doing so as your agents.

It is our policy to confirm in writing advice upon which the partnership may wish to rely.

Under self-assessment payment of tax is strictly an individual responsibility for each partner. We will calculate the tax due for each partner for whom we have been instructed to act and advise them accordingly. The preparation of Partners' personal returns is dependent on first preparing the partnership return for each year.

We will prepare the tax return in future years under the same conditions as above.

6.3 Ad hoc and advisory work

Where you have instructed us to do so, we will also provide such other taxation advisory and ad hoc services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Dealing with any enquiry opened into the Partnership tax return by HMRC; and
- Preparing any amended returns which may be required and corresponding with HMRC as necessary

Where specialist advice in certain areas is required on occasions we may need to seek this from or refer you to appropriate specialists.

7 Personal tax returns

The following terms will apply where we act as accountants and advisors with regard to your personal tax affairs and to clarify our respective responsibilities in respect of that work.

7.1 Your Responsibilities: Provision of Information by You

You are legally responsible for:

- ensuring that your self-assessment tax returns are correct and complete;
- filing any returns by the due date; and
- making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.

Taxpayers who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are complete before you approve and sign them.

You authorise us to file your tax return online.

To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions; in accepting these terms of business you recognise that we will observe the professional rules and practice guidelines of the Institute of Chartered Accountants in England and Wales. In particular you give us authority to correct HMRC errors, even if doing so results in correction of an error made in your favour.
- to provide full information necessary for dealing with your affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to keep us informed of any specific conditions that have been imposed on you by HMRC – for example: to provide more detailed accounts or to have a qualified accountant prepare your tax returns and/or certify that they are accurate;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- to provide us with information in sufficient time for your tax return to be completed and submitted by the due date following the end of the tax year.

Key dates for filing returns

Filing date 31 October - Information to be received by 31 August.

Employees where PAYE underpayment under £3,000 to be collected through tax code.

Revenue guarantee to send completed statement of liability.

Manual filing of return

For all other cases the final deadline is 31 January - Information to be received by 30 November.

If you think you need or want a filing date of 31 October, please indicate clearly the date you wish to achieve. If for any reason we do not receive all relevant information by this date we may, at our discretion and depending on our work capacity, still endeavour to complete your tax return so that it can be submitted on time. We reserve the right to make an additional charge for such work.

You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

In particular, you may be liable to a 'high income child benefit charge' if, at any time during a tax year, you are entitled to child benefit or you have a partner who is entitled to child benefit. Please note that, for this purpose, 'partner' is wide ranging and includes not only spouses and civil partners (who are not separated) but a person (male or female) with whom you are living together as husband and wife or as civil partners. Where this applies, you will keep us informed of child benefit entitlement amounts and, where applicable, any changes to your relationship status with your partner.

HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs

You will forward to us HMRC statements of account, PAYE coding notices, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us, if relevant through the form 64-8, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

If a sole trader, you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceed the VAT registration threshold in force

at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.

You are also responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

You and your spouse/partner, if relevant

If you have a spouse or partner, to enable us to work in your best interests, we shall advise you and your spouse/partner on the basis that you are a family unit. On this basis you both agree that in all matters relating to you or your spouse's/partner's tax and financial affairs we may deal directly with either of you, and discuss these matters with either of you. If you are not happy with these arrangements at any time, please let us know.

In order for us to act for you as a family unit, you undertake that all instructions, information or explanations either of you gives us will be on behalf of both of you, unless you specifically tell us otherwise. Similarly, if one of you signs a document, it will be on behalf of you both unless you instruct us to the contrary.

If a conflict of interest should arise between you in relation to any matter to do with your joint claim or entitlement, we reserve the right to cease acting for both of you, or to advise one or other of you to obtain independent advice.

7.2 Our responsibilities as accountants

Where you have a profit or loss share from the accounts of an unincorporated business, the profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the income tax computations based on the accounts of your business from the accounting records and other information and explanations provided by you. We will advise you as to the adequacy of your records for this purpose.

We will prepare your self assessment tax return together with such supplementary schedules that are required from the information and explanations that you provide to us.

Once we have obtained your approval and signature, we will submit your returns to HMRC

You must read and approve the declaration statement contained on the final page of the Tax return TR8 before your return can be submitted to HMRC. Confirmation that you have done so will suffice.

Where your Tax Return contains a claim for repayment and you require the repayment to be sent to your bank, building society or other nominee, the relevant question within the return must be completed. Please note the receipt of these nomination details included with the other return information received using the Online Service will be taken to be your formal approval to such a nomination for repayment purposes.

When filed online the Tax Return will contain the following declaration from us to HMRC: "I confirm that my client has received a copy of the information contained in this return and approved the information as being correct and complete to the best of their knowledge and belief".

We will either calculate or check HMRC's calculation of your income tax, national insurance contributions, and any capital gains tax liabilities and advise you how much you should pay and when. We will advise on the interest and penalty implications if tax or national insurance contributions are paid late. If appropriate we will initiate repayment claims when tax has been overpaid.

With the exception of credits and universal credit (see below) we will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

We will deal with all communications relating to your return addressed to us by HMRC or passed to us by you. However, if HMRC choose your tax return for enquiry we will discuss the position with you and agree the basis on which we will deal with such enquiries on your behalf.

When dealing with HMRC, or the Contributions Agency, we shall be doing so as your agents.

We will check PAYE notices of coding where such notices are forwarded to us.

If relevant, it is our policy to confirm in writing advice upon which the business may wish to rely.

We will prepare your tax return in future years under the same conditions as above.

You and your spouse/partner if relevant

To enable us to work in your best interests, we shall advise you and your spouse/partner on the basis that you are a family unit.

If a conflict of interest should arise between you, we reserve the right either to cease acting for both of you, or to advise one of you to obtain independent advice.

7.3 Ad hoc and advisory work

Where you have instructed us to do so, we will also provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities;
- Dealing with any enquiry opened into your tax return by HMRC;
- Preparing any amended returns which may be required and corresponding with HMRC as necessary; and
- Advising on the rules relating to and assisting with VAT registration.

Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

7.4 Personal Tax credits

The government has used the tax system to introduce a number of Social Security benefits, including child and working tax credits. Tax credits need to be claimed. They are not paid automatically. Furthermore, a claim cannot be backdated by more than three months. Accordingly, even if your income is normally over the threshold it may be sensible to put in a protective claim in case your circumstances change unexpectedly.

It is your responsibility to decide if you wish to make a claim. Our taxation department will be pleased to assist you if you advise us in good time that you wish to make a claim.

8 Payroll, real time information (RTI) reporting, year end returns and auto-enrolment

The following terms will apply where we act as accountants and advisors with regard to operating your payroll, including ongoing auto-enrolment pension services if applicable, and to clarify our respective responsibilities in respect of that work.

8.1 Your responsibilities

You are legally responsible for:

- ensuring that the data in your payroll submissions is correct and complete;
- complying with auto-enrolment obligations;
- making any submissions by the due date; and
- paying tax and NIC on time.
- paying tax, NIC and Apprenticeship Levy (if applicable) on time

Failure to do any of the above may lead to penalties and/or interest.

Employers cannot delegate these legal responsibilities to others. You agree to check that submissions we have prepared for you are correct and complete before approving them.

You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

Our payroll team will provide you with specific details of the information we require and when we need to have this information from you. You agree to provide the information they request. You recognise that where information is not provided to us within the timeframe we outline, we are not responsible for any delays for payments to employees or HMRC. Similarly, we are not responsible for any penalties imposed by HMRC.

If we do not hear from you by the deadline, subject to any other agreement between us, we will take your silence as your approval for us to submit the return.

If the information required to complete the payroll services set out above is received later than the dates agreed with us, we will still endeavour to process the payroll and returns to meet the filing deadlines; but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.

We will require from you the following information by the relevant date each month as agreed with our payroll department.

- personal details of all employees (i.e., name, NI number, home address, date of birth, etc);
- all P45 forms received by you;
- any changes to the employees' bank accounts (if applicable);
- if any casual labour is taken on, you are required to operate P46 procedures. The completed P46 form should be passed to us for processing;
- notification immediately of any employee who is ill for four or more calendar days, including weekends, bank holidays, etc. Please also advise any other absences. This will enable us to operate statutory procedures for you;
- notification of any employee who becomes pregnant, to enable us to operate statutory maternity pay for you;
- notification of any employee who is to become a father, to enable us to operate statutory paternity pay for you;
- notification of any employee who is to become an adoptive parent, to enable us to operate statutory adoption pay for you;
- details of any money or benefits made available to employees by you or by a third party through you;
- hours worked, rates of pay, bonuses, etc;
- notification of employees engaged by you and of those leaving your employment;
- any notice of coding received by you;
- notification of statutory deductions; and
- details of voluntary deductions authorised by the employee.

We will assume that the business is entitled to claim the National Insurance Employment Allowance and is entitled to claim the Apprenticeship Levy exemption in full unless you instruct us otherwise. You will inform us if you have a related business that may result in these allowances being restricted.

You will be responsible for managing any childcare scheme operated for the benefit of your employees and for contacting us where you require advice as to available exemption levels.

You will be responsible for completing the checks on a new employee's eligibility to live and work in the UK in accordance with the Government's Code of Practice "Preventing Illegal Working" and section 8 of the Asylum and Immigration Act 1996.

You will be responsible for monitoring the annual leave entitlement of your employees and dealing with all aspects, legal or otherwise, of being an employer. In particular, you will be

responsible for ensuring that your workers are paid at least the National Minimum Wage or National Living Wage (depending on which applies).

HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with matters arising as may be necessary within the requisite time limits. Although HMRC have the authority to communicate with us, it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

Regarding auto-enrolment on workplace pensions if applicable, you will provide all new staff with the required auto-enrolment information. In addition, you will provide us with complete and accurate information regarding:

- your employees and pension contributions due from them;
- details of your employer contributions;
- information of all new staff, including their auto-enrolment status, before you first pay them;
- it will be your responsibility to provide them with the required auto-enrolment information;
- if an employee changes their status regarding auto-enrolment, or details of any changes in employee working so that we can determine whether the employment status has changed in relation to auto-enrolment; and
- the performance of spot-checks on the information that we hold in order to monitor its accuracy.

Regarding the Apprenticeship Levy applicable from April 2017, you will be responsible for:

- determining whether you are liable to pay the levy based on your previous and expected annual pay bill (both at the start of the tax year, and should the expected pay bill change during the year); and
- setting up and managing the digital apprenticeship service account, into which any levy paid is recorded and held by the Government.

8.2 Our responsibilities as accountants

We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:

- Calculating the pay as you earn (PAYE) deductions including, if applicable, at the Scottish rate of income tax;
- Calculating the employees' National Insurance Contributions (NIC) deductions
- Calculating the employer's NIC liabilities
- Calculating statutory payments, for example Statutory Sick Pay and/or Statutory Maternity Pay
- Where applicable, calculating the pension contributions (employer and employee)
- Calculating the Apprenticeship Levy, if applicable;
- Calculating other statutory and non statutory deductions; and
- submitting information online to HMRC under Real Time Information (RTI) for PAYE.

We will prepare and send to you the following documents for each payroll period at or before the time of payment:

- Payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals. This summary will also show, where relevant, the other details that will be submitted online to HMRC on or before the employee payment dates
- the data included within each Full Payment Submission (FPS) for taxable pay and, if relevant, payrolled benefit-in-kind and expenses, for each employee;
- a payslip for each employee unless not required
- a form P45 for each leaver
- a report showing your PAYE, NIC and Apprenticeship Levy liability, student loan repayments and due date for payment, and

- where applicable, a report showing your pension contributions payable in respect of each employee so as to meet the requirements of the workplace pension automatic enrolment scheme(s) of which they are members, and the due date(s) for payment.

You must let us know, immediately and prior to the employee payment dates and HMRC reporting dates (see below), if you believe any of the data shown in these documents is incorrect.

We will prepare your FPS reports including all details required and based on the information provided by you. We will submit FPS online to HMRC prior to or at the time that employees are paid. Where you have no payments to make to HMRC in a particular month (or the payment you are making to HMRC has been reduced by statutory payments, employment allowance or construction industry scheme deductions suffered), or the Apprenticeship Levy is being paid, we will prepare and submit the required Employer Payment Summary (EPS) by the 19th of the month following the tax month to which they relate. If an error is made with regard to an earlier tax year, an Earlier Year Update (EYU) report may be required.

If you operate within the construction industry you agree to provide us with details of construction industry scheme (CIS) deductions suffered that you wish to offset against your PAYE payments to HMRC (company subcontractors only). This information must be received for each "tax month" (tax months run from the 6th of the calendar month to the 5th of the following calendar month) and by the 19th of the month in which the tax month ends. In addition, if you are a contractor within the construction industry but we are not providing services in regard to the operation of your CIS scheme (see section 8.5), you agree to provide us with details of the CIS deductions you have withheld in each tax month, if you wish us to advise you of the total amount due to HMRC (CIS and PAYE taxes combined).

As you are legally responsible for the accuracy of these returns, you must review the payroll summaries that we send to you and inform us if any of the information that we hold is incorrect:

- If we don't hear from you before the FPS (or EPS) submission date, we will take that as your approval for us to submit the return.
- If you require us to make a correction after the FPS (or EPS) has been submitted, you will let us know as soon as possible and, ideally, before the next payroll run.

At the end of each tax year, we will:

- prepare the final FPS (or EPS) and submit this to HMRC after the data to be included therein has been approved by you; (the due date for submitting final FPS is on or before the last contractual payday of the tax year, failing which, the final EPS for the year must reach HMRC by 19 April following the end of the tax year); and
- prepare and send to you Form P60 for each employee on the payroll at the year-end so you can give them to employees by the statutory due date of 31 May following the end of the tax year.

If payrolling benefits-in-kind and/or expenses, at the end of the tax year we will:

- prepare and send to you a statement for every employee for whom benefits-in-kind have been payrolled, identifying every benefit provided to each employee during the tax year and the cash equivalent of each benefit treated as PAYE income so you can give them to employees by the statutory due date of 31 May following the end of the tax year;
- give you details of the Class 1A NIC on payrolled benefits-in-kind which will need to be accounted for on form P11D(b), and the due date for payment;
- give you details of the Class 1A NIC on expenses accounted for in the payroll which will need to be accounted for on form P11D(b), and the due date for payment; and
- give you the figures that need to be included on forms P11D to account for income tax in respect of expenses for which Class 1 NIC has been accounted for in the payroll.

We will deal with and, where necessary, process any adjustments to your payroll communicated to us by HMRC via online secure messages, for example, code number notifications, student loan repayment notices, and generic notification notices. We will submit National Insurance Number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.

Where required, we will assist you in calculating an employee's weekly exemption limit for childcare benefit purposes.

Regarding the ongoing work on auto-enrolment on workplace pensions if applicable, whilst we accept no responsibility for errors or omissions that arise as a result of incorrect data supplied to us, we will:

- deduct from each payroll period the pension contributions as instructed by you;
- advise you to pay over the pensions contributions deducted and your employer pension contributions to your approved pension provider;
- maintain and preserve the records required for auto-enrolment based on the information you supply to us;
- maintain information and records that will highlight when the triennial enrolment processes must occur. We will inform you in advance of this date so that you can make the necessary communications with the staff member and so that the firm can re-enrol as required;
- assist you in monitoring the status of these employees to determine whether 'non-eligible' or 'entitled workers' become 'eligible workers' and thus require auto enrolment, this review will take place at the start of each payroll period;
- ensure that new staff are incorporated into the scheme in accordance with your instructions; and
- process any opt-out and opt-in requests and ensure that repayments are made to employees in accordance with your instructions.

If the information required to complete the payroll services set out above is received later than the dates agreed with you we will still endeavour to process the payroll and returns to meet the agreed payroll date and filing deadlines but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.

8.3 Benefits-in-kind (P11D) Returns

The following terms will apply where we act as accountants and advisors with regard to your P11D affairs and to clarify our respective responsibilities in respect of that work.

Your responsibilities

You are legally responsible for:

- ensuring that your declaration on form P11D(b) is true to the best of your knowledge and belief and therefore that the entries on the related forms P11D and, if relevant, amounts of benefits-in-kind and expenses in the payroll, are correct and complete;
- filing any returns by the due date after the end of the tax year; and
- making payment of Class 1A NIC on time.

Failure to do any of the above may lead to penalties and/or interest.

The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that the forms that we have prepared for you are correct and complete before approving and signing them.

To enable us to carry out our work, you agree:

- that all returns are to be made on the basis of full disclosure;
- to provide full information necessary for dealing with your benefits-in-kind; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to notify us within 14 days of the end of the tax year of all transactions or events which may need to be reflected in the forms P11D for the period, including details of all employees during the year and details of their remuneration packages;
- to authorise us to approach such third parties as may be appropriate that we consider necessary to deal with completing the benefits-in-kind returns; and
- to approve the returns as soon as possible so they can be submitted on or before the filing deadline of 6 July after the end of the tax year.

If we do not hear from you by the above deadline, subject to any other agreement between us, we will take your silence as your approval for us to submit the returns.

You are no less responsible for errors in unapproved returns submitted on the basis of the information provided to and processed by us than if you had confirmed your approval of the returns.

If the information required to complete the benefits-in-kind returns set out above is received later than 14 days after the end of the tax year, we will still endeavour to process the information onto the relevant P11D returns to meet the submission date but we will not be liable for any costs or other losses arising if submission is late. In such circumstances, we may charge an additional fee.

Our responsibilities as accountants

We will carry out the following in respect of forms P11D and P11D(b):

- We will prepare/review forms P11D as may be required for each employee including directors, from the accounts, information and explanations provided to us on your behalf.
- We will prepare/review forms P11D(b) to include, if relevant, the Class 1A NIC on benefits-in-kind and expenses, both on forms P11D and included in the payroll;
- We will submit the forms P11D for any benefits/employees for whom benefits are provided but not payrolled, with the form P11D(b) after the form P11D(b) has been signed by you.
- We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date of 6 July following the end of the tax year.
- We will calculate your Class 1A NIC liability on the benefits and expenses, both returned in forms P11D and included in payroll, that you are obliged to pay HMRC of 6 July following the end of the tax year.

8.4 Personal service companies (IR35)

The following terms will apply where you instruct us to advise you in connection with personal services legislation.

We will discuss with you whether the company is subject to the personal services legislation on a contract by contract basis. You authorise us to seek an opinion from HMRC (or an independent, external IR35 contract specialist) where we consider it appropriate. If the opinion of an external specialist is sought then the cost of this will be fully payable by you. We will discuss this with you in full, prior to an opinion being sought, where such a situation arises. If there are contracts that are considered to be within the personal services legislation we will calculate the deemed salary, prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll reports for any "deemed payments" and advise you how much tax and national insurance to pay and by when and whether to pay any actual salary before the year end and, if so, how much.

8.5 Subcontractors

The following terms will apply where we act as accountants and advisors with regard to the operation of the Construction Industry Scheme (CIS) for the subcontractors, and to clarify our respective responsibilities in respect of that work.

Your responsibilities

We will carry out verification procedures with HMRC for the subcontractors you engage. To enable us to do this you will provide us with the following once a contract has been signed or a tender agreed:

- where the subcontractor is a sole trader you will provide their full name, unique tax reference (UTR) and national insurance number.
- where the subcontractor is a partnership you will provide the firm's name and unique tax reference, as well as the individual partner's name, unique tax reference (UTR), and national insurance number. If the partner is a company you will provide the company's unique tax reference (UTR) and registration number.
- where the subcontractor is a limited company you will provide the company's name, unique tax reference (UTR) and registration number.

It is important to note that verification procedures must be carried out before any payment can be made to the subcontractor. They can however carry out work prior to verification.

You will provide us with the verification reference (or details of other documentation seen for subcontractors first paid before 6 April 2008) for subcontractors paid before the commencement of these terms, along with the deduction rate as advised by HMRC.

If you receive a notice of change from HMRC with regard to a change in deduction status for one of your subcontractors you undertake to forward it to us immediately. We will not be responsible for failure to effect a change where we do not receive the notice in time.

We will advise you of the net payment and deduction amounts for each subcontractor. In order for us to do this you will provide us with the following by the relevant day each month as agreed with our payroll department:

- the amount of gross payment (excluding VAT) due to each subcontractor.
- the amount of own materials cost included within the gross payment. In providing this to us you confirm that you have either obtained direct confirmation from the subcontractor of the amount or you consider the amount not to be excessive.

You will provide to each of your subcontractors by the 19th of the month following payment the written statements of deductions (which we will provide – see below) to support each payment.

You will be responsible for confirming the self-employment status of all your subcontractors. We will ask you for written confirmation of this prior to signing/confirming the monthly return, including the status declaration, on your behalf. We can provide advice on a case by case basis, should you so require.

We will apply for authority using the online agent authorisation procedure (see below). This will result in you being sent an authorisation code by HMRC. Once you receive this it needs to be provided to us to complete the registration.

Our responsibilities as accountants

We will carry out verification procedures with HMRC for any new subcontractors you use, subject to the terms of the paragraphs above.

We will advise you of the net payment and deduction amounts for each subcontractor, subject to the terms of the paragraphs above.

On the basis of the above calculations, we will complete the HMRC monthly returns on your behalf electronically. The monthly returns are due by the 19th of each month, **even if no subcontractors have been paid since the last return**. Failure to meet this deadline will result in financial penalties being levied, for which you will remain liable.

We will compile the monthly return as your agent and submit it electronically, based on the information provided by you. We will provide you with a summary of the declared information and it is your responsibility to inform us without delay if you believe an error has been made.

We will prepare the written statements of deduction to support each payment, which you will provide to each of your subcontractors by the 19th of the month following payment.

We will maintain the record of payments as required by HMRC.

We will calculate and advise you of the amount of tax deducted from your subcontractors that needs to be paid over to HMRC each month. Note that payments need to reach HMRC by the 19th of the month following payment for postal payments and by the 22nd where electronic payment methods are used.

We will apply for authority using the online agent authorisation procedure. We will submit your CIS information online where possible.

8.6 Managed service companies

We are able to discuss with you whether the company is subject to the managed service company legislation. You authorise us to seek an opinion from HMRC where we consider it

appropriate. If we deem the legislation to apply we will prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll documentation and advise you how much tax and national insurance to pay and by when.

As a firm of accountants, we are not a managed service company provider and are not involved with the company under the terms of the legislation. We will not be made responsible for any unrecovered PAYE debt from the company.

8.7 Ad hoc and advisory work

We will also provide such other taxation ad hoc and advisory services linked to your payroll and/or P11D benefits as may be agreed from time to time. These services may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Work in connection with workplace pension schemes other than that detailed above;
- dealing with any enquiry opened into the payroll returns by HMRC;
- agreeing with you which employer-provided benefits-in-kind will be processed through the payroll and for which employees, processing through the payroll cash equivalent notional amounts on employee benefits-in-kind, notifying HMRC of in-year changes, advising you on the payment of associated Class 1A NIC, preparing and submitting return P11D(b) and notifications to employees;
- dealing with any compliance check or enquiry opened into the payroll or benefits-in-kind returns by HMRC;
- dealing with any compliance check or enquiry by HMRC into the payroll data submitted;
- preparing and submitting any amended returns or data for previous tax years, and corresponding with HMRC as necessary;
- advising on PAYE settlement arrangements and/or approved expenses scale rates;
- conducting PAYE and benefit health checks;
- assisting you in connection with the Apprenticeship Levy, including determining whether you are liable to pay this, and assisting with the allocation of the Apprenticeship Levy allowance between PAYE schemes or between connected companies or charities.

Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

9 Preparation of VAT returns

The following terms will apply where we act as accountants and advisors with regard to Value Added Tax and to clarify our respective responsibilities in respect of that work.

Your responsibilities

You are legally responsible for:

- ensuring that your returns are correct and complete;
- filing any returns by the due date; and
- making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.

Although it is possible under the VAT rules for you to delegate signing the VAT return to us, it is our policy not to accept this. Signing the VAT return will remain your responsibility.

You are entirely responsible for the payment of any VAT, including interest, surcharges or other penalties. Where your return is submitted online you are required to make payment by electronic means. We will advise you of the amounts due for payment; however, it is your responsibility to arrange and make the payment. Please note that penalties may apply where payments are not made by the due date.

To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure;
- that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared/reviewed solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you

provide which may lead to a misdeclaration on which penalties and interest may arise;

- that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
- to provide us with all the records relevant to the preparation of your VAT returns as soon as possible after the return period ends. We would ordinarily need the books and records to be available to us within a minimum of 10 days after the return period ends to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation/review and submission of the VAT return, we accept no responsibility for any “default surcharge” penalty that may arise. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.

You have undertaken that you/your staff will ensure that:

- valid VAT invoices are received for all payments where VAT is being reclaimed;
- the VAT rating of supplies is correctly dealt with, i.e., between positive and zero rates and exempt supplies;
- we are notified in writing of any positive-rated own consumption;
- any input VAT on non-business expenditure is clearly marked on supporting invoices;
- we are notified of the vehicles used by directors or staff if any input VAT has been claimed on the purchase of road fuel during the period of the VAT return; and
- all supplies made by the business are shown in the records made available to us.

You will keep us informed of material changes in circumstances that could affect the VAT liabilities of the business. If you are unsure whether the change is a material one that could do this please let us know so that we can assess the significance or otherwise.

HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC, and authorises HMRC to communicate with us as your agent, although they consider that you should still take ‘reasonable care’ over your tax affairs.

You will forward to us all relevant HMRC VAT correspondence in time to enable us to deal with matters arising as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns which you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.

If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your requirement to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

If you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for VAT Mini One Stop Shop (MOSS) in the UK.

If EC Sales Lists need to be completed you are responsible for obtaining all of your customers’ VAT registration numbers in other member states and to check any that you are not completely satisfied with, with HMRC.

Our responsibilities as accountants

We will prepare/review your UK VAT returns/Intrastat returns/EC sales lists, where applicable, from the records of the business. You will provide details of the income and expenditure of the business (which may include invoices, vouchers, bank statements and details of other

transactions). From this information we will prepare a summary of your business transactions for the period.

We will tell you how much you should pay and when. If appropriate we will initiate repayment claims where tax has been overpaid. We will advise on the interest and penalty implications if UK VAT is paid late.

Where appropriate we will calculate the partial exemption annual adjustment.

Where appropriate we will calculate the annual Capital Goods Scheme adjustment.

We will forward to you the completed return calculations for you to review, before you approve the UK VAT return for onward transmission to HMRC.

You authorise us to file the return electronically once we have received your approval of the figures. When we submit the return online we are doing this on your behalf as your agent. We will not submit the return online until we have received confirmation from you that you have reviewed the entries to be made on the online return and that you consider the return to be complete, accurate and ready for online submission.

If you consider the return to be incorrect please consult us immediately.

The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation ad hoc advisory services in relation to VAT as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for this work when it is commissioned by you. Examples of such work include:

- reviewing and advising a suitable partial exemption method to use in preparing the return;
- dealing with all communications relating to your UK VAT returns/Intrastat returns/EC Sales List returns/MOSS returns addressed to us by HMRC or passed to us by you;
- dealing with any enquiry opened into the VAT returns by HMRC;
- making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT;
- making recommendations to you about the use of MOSS (mini one-stop shop) if you supply digital services to consumers in the EU;
- conducting VAT health checks; and
- providing you with advice on VAT, Excise Duty, Customs Duty, Landfill Tax, Insurance Premium Tax, Aggregates Levy and Climate Change Levy as and when requested.

Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

10 Investment services

Since we are not authorised by the Financial Conduct Authority then we may have to refer you to someone who is authorised if you need advice on investments. However, as Walter Wright are licensed by our professional body, we may be able to provide certain investment services that are complementary to, or arise out of, the professional services we are providing to you.

Such advice may include:

- advise you on investments generally, but not recommend a particular investment or type of investment;
- refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but not make alternative recommendations). The PTP will issue you with his own terms and conditions letter, will be remunerated separately for his services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000;

- advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
- advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
- assist you in making arrangements for transactions in investments in certain circumstances; and
- manage investments or act as trustee (or donee of a power of attorney) where decisions to invest are taken on the advice of an authorised person.

For corporate clients, we may also, on the understanding that the shares or other securities of the company are not publicly traded:

- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
- arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- arrange for the issue of the new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

In the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the Chartered Accountants' Compensation Scheme in respect of exempt regulated activities undertaken.

If you are dissatisfied in any way about our services described in this section, you should follow the procedures set out in the 'Quality of service' section of these terms of business.

11 Preparation of monthly management accounts summaries and cash flow/profit forecasts

The following terms will apply where we act as accountants and advisors with regard to the preparation of monthly summaries or cash flow/ profit forecasts from your management accounts and to clarify our respective responsibilities in respect of that work.

11.1 Your responsibilities

You agree to disclose to us in full any information that is relevant to the management accounts or forecast.

You will approve and sign the management accounts summaries or forecast thereby acknowledging responsibility for them including providing us with all information and explanations necessary for their preparation or the estimates and assumptions on which this is based.

We have a professional responsibility to not allow our name to be associated with accounting work that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the management accounts or forecast may be misleading we will discuss this with you so that appropriate adjustments or disclosures can be made. Where the adjustments or disclosures we consider appropriate are not made and we consider that the management accounts or forecast remains misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent in preparing and discussing the management accounts or forecast with you as well as time spent on any other work that is not completed as a result of our resignation.

The management accounts or cash flow/profit forecast are prepared solely for your confidential use. They may not be relied upon by any third party for any other purpose whatsoever. The management accounts or forecast must not be recited or referred to in whole or in part in any other document. The management accounts or forecast must not be made available, copied or recited to any other party without our express written permission. We, your accountants neither owe nor accept any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on the management accounts or forecast.

11.2 Our responsibilities as accountants

You have instructed us to prepare monthly summaries or cash flow/ profit forecasts from your management accounts. The monthly summaries or cash flow/ profit forecasts will be for your exclusive use, and should not be shown to any other party without our prior written consent.

Any projections included on the monthly summaries or cash flow/profit forecasts will be drawn up from information and explanations provided by you, either directly or by way of discussions with you. The work carried out on your behalf will be limited to compiling the summaries or forecasts from the information so provided and presenting it in the appropriate manner. We will work with you to draw up the appropriate estimates and assumptions necessary, but these will be based on the information provided by you. You will remain solely responsible for such estimates and assumptions and hence for the resulting monthly summaries or cash flow forecast.

As the projections relate to expected future events the actual results will almost inevitably differ from the projections. Those differences may be material. Accordingly, whilst care will be taken to translate the information and explanations provided into meaningful forecasts based on your assumptions, we cannot accept any responsibility for any loss occasioned to any person acting or refraining from action as a result of any material or statements included in, or omitted from, the projections.

You understand that we will not be carrying out an audit and accordingly will neither verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would require additional work to comply with International Standards on Auditing (UK) so that we could report on the truth and fairness of the financial statements.

We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will advise you of any such circumstances that we encounter in preparing your monthly summaries or cash flow/profit forecasts.

The accounts are not suitable for submission with the self-assessment tax return, or for summary thereon.

To ensure that anyone reading the monthly summaries or cash flow/ profit forecasts is aware of the scope of our work and the fact that we have not carried out an audit, we will annex to the monthly summaries or cash flow/ profit forecasts a short report explaining these facts. If you wish, or are asked, to provide a copy of the projections to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions. However, in every situation where we grant consent, then this report must remain attached to any copy shown to the third party.

12 Share and business valuations

The following terms will apply where we are to act as accountants and advisors with regard to share and business valuations and to clarify our respective responsibilities in respect of that work.

Your responsibilities

You have agreed to make available to us, as and when required, all the company's accounting records and related financial information necessary to carry out our work. You will make full disclosure to us of all relevant information. You recognise that a failure to do so could have an impact on the price or the speed of our work.

Our responsibilities

Where you instruct us to prepare a share or business valuation the following terms will apply.

We will use one or more of the following methods which are most relevant to the nature of your holding to value your shares or business. We may use other methods if appropriate.

Price: earnings ratio

This is the most frequently used method of valuing a controlling interest in an entity and the use of this method has generally been well supported by the courts. We will use the price: earnings ratio to assess a value which represents the number of years' earnings (assuming a constant level of profitability) it would take the shares to earn an amount equal in money terms to their current price. We will therefore assess future maintainable earnings and an

appropriate rate of capitalisation, or price: earnings ratio. This will be determined by reviewing in detail the results of comparable companies in a relevant sector of the quoted securities market.

Dividend yield

If the holding concerned does not constitute a controlling interest, we will use this method which recognises that the main value of a minority shareholding is generally restricted to the right to receive dividends. We will use a reasonable dividend yield based on the yield from a comparable listed investment, with a discount for the fact that there are restrictions on the transferability of such shares and the absence of a ready market for the shares. This dividend yield will then be used to compute a capital value for the shares, which will represent the present value of the expected future dividend stream further discounted to reflect the illiquid nature of the investment.

Net asset value

In certain cases it may be appropriate to value a business on its net asset value according to the latest balance sheet, adjusted for revaluation of assets as necessary.

As part of our valuation procedures, we may as part of our work:

- review the business' results for the last three years and comment on trends and other factors underlying the results which appear to be significant, identifying any points considered to be critical to the performance of the business;
- review the cash flow projections and profit forecasts of the business and comment on any significant factors arising and assess the sensitivity of the cash flow projections and profit forecasts to risks arising from uncertain future events and the underlying assumptions;
- consider whether accounting policies comply with accepted accounting principles and, if applicable, company law requirements; have been consistently applied during the period under review; are appropriate to the business; affect the valuations presented in our report. This will include adjusting for policies which are unsound, misleading or inapplicable to the company's circumstances;
- ascertain and evaluate the management's strategic plans for future development of the business; and
- assess the adequacy of the accounting systems (including internal controls) and the quality and reliability of the financial information produced.

We will produce a report summarising our findings together with a brief commentary on the nature of the business, its historical development, and a description of its management and organisational structure. Any such report may not be provided to third parties without our prior written consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of anyone other than the person or entity to whom our report is addressed in mind and that we accept no duty or responsibility to any other party as concerns the reports.

Our report is prepared solely for the confidential use of yourselves. It may not be relied upon by you for any other purpose whatsoever. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission. We, your accountants, neither owe nor accept any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.

13 Company secretarial

The following terms will apply where we act as accountants and advisors with regard to your secretarial affairs and to clarify our respective responsibilities in respect of that work.

13.1 Your responsibilities

A private company or limited liability partnership is required to file their accounts at Companies House within nine months of the period end. The company/LLP will be liable to a fine if it fails to do so. Though we have agreed to file the accounts on your behalf we accept no responsibility for fines or regulatory action taken against the directors/members where the statutory financial statements are not available for filing.

Where the entity applies the small company/LLP regime, based on the accounts prepared for members, you agree we will file the minimum accounting information at Companies House unless you inform us otherwise in writing.

In order to avoid this we will produce statutory accounts, suitable for filing, within the required period, provided all your records are complete and presented to us in a timely manner, and all subsequent queries are promptly and satisfactorily answered

In addition, you are required to complete the annual confirmation statement confirming various information held by Companies House about the company/LLP. For us to complete this confirmation on your behalf, you need to supply us with the relevant details, including:

- the names, dates of birth and contact details for each director, and secretary if applicable, or changes thereto;
- the address of the registered office, or changes thereto; and
- if relevant, details of the shareholders.

From 6 April 2016, under *Schedule 1A* to the *Companies Act 2006*, the company/LLP is required to maintain a register of People with Significant Control (the PSC register). In essence, these are individuals (or companies) that directly or indirectly hold more than 25% of the shares/voting rights, or can appoint or remove a majority of directors. For us to maintain the PSC register, you need to supply us with written confirmation from the individual/company concerned that they are a PSC, what conditions for being a PSC are met, from which date if after 6 April 2016, together with other relevant information depending on whether they are an individual or a company.

13.2 Our responsibilities

We have agreed to act as your agent and to:

- submit online the accounts to the Registrar of Companies;
- complete online the company's annual confirmation statement;
- complete online any other changes required by law to be filed at Companies House, provided that such changes can be filed online and that you keep us fully informed of any relevant changes or events which are required to be notified to Companies House within one week of the change or event; and
- maintain the statutory books, including the new Register of People with Significant Control required from 6 April 2016.

13.3 Registered Office

Where the company uses our office address as its registered office, a charge will be made for this service at a cost notified in writing from time to time.

We are not able to provide this service should you cease to be a client. In such an event you will arrange to transfer the registered office to another address.

If we have been asked to provide our office for this purpose we will accept formal communications on the company's behalf and forward these on to you. We will retain the statutory records of the company.