

LETTER OF ENGAGEMENT - TERMS OF BUSINESS

1. APPLICABLE LAW

Our engagement letter, the schedule of services and our standard terms and conditions of business are governed by, and should be construed in accordance with [English law/Scots law/other jurisdiction]. Each party agrees that the courts of England [Scotland] will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right 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.

2. CLIENT IDENTIFICATION

As with other professional services firms, we are required to identify our clients for the purposes of the UK anti-money laundering legislation. We may request from you, and retain, such information and documentation as we require for these purposes and/or make searches of appropriate electronic databases. Any reports obtained from such providers (e.g. Equifax) will be recorded on the providers file and used solely for AML purposes and will not affect your credit rating. Any such reports obtained will be securely held within our systems and retained for a period of 5 –years after our engagement ceases, before being securely destroyed in accordance with the provisions of the Data Protection Act -. [See also clause 18].

3. INVESTMENT ADVICE

Investment business is regulated under the Financial Services Act 2010. We are not authorised or licensed under that act.

4. PROFESSIONAL RULES AND PRACTICE GUIDELINES

In accepting the terms of this letter you recognise that we shall comply with our Institutes' ethical and practice guidelines to correct any Inland Revenue errors. You also accept that we reserve the right to terminate our engagement and cease acting if at any time you refuse us permission to make disclosure to the Inland Revenue or other governmental or statutory body of relevant matters.

5. CLIENT MONEY

We may, from time to time, hold money on your behalf. The money will be held in trust in a client bank account, which is segregated from the firm's funds. We will operate the account and deal with all funds in accordance with the Clients' Money Regulations of the Association of International Accountants.

All client money will be held in an interest-bearing account. To avoid excessive administration, interest will only be paid to you where the amount earned on the balances held on your behalf in any calendar year exceeds £25. 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 we will put the money in a designated interest-bearing client bank account. We will pay you all the interest subject to any tax legislation, interest will be paid gross.

6. FILE RETENTION AND DESTRUCTION

During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following preparation of your return (unless instructed otherwise). In case of an audit or enquiry by the Revenue – (a) where you have a business all accounting records and supporting documentation, and personal records should be retained for 70 months after the end of the tax year, (b) if you do not have a business all personal records and supporting documentation should be retained for 22 months after the end of the tax year.

While certain documents may legally belong to you unless you tell us not to we intend to destroy correspondence and other papers that we store which are more than seven years old other than documents which we think may be of continuing significance. You must tell us if you require retention of a particular document.

7. PROFESSIONAL RULES AND STATUTORY OBLIGATIONS

We will observe and act in accordance with the bye-laws, regulations and ethical guidelines of the Chartered Institute of Taxation, the Association of International Accountants and the Chartered Institute of Personnel and Development and will accept instructions to act for you on this basis. In particular you give us the authority to correct errors made by HMRC, 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. You can see copies of these requirements at our offices. The requirements are also available on-line at [insert relevant professional body web address].

8. RELIANCE ON ADVICE

We will endeavour to record all advice on important matters in writing. Advice given orally is not intended to be relied upon unless confirmed in writing. Therefore, if we provide oral advice (for example during the course of a meeting or a telephone conversation) and you wish to be able to rely on that advice, you must ask for the advice to be confirmed by us in writing.

9. QUALITY OF SERVICE

As part of our ongoing commitment to providing a quality service, our files are periodically reviewed by an independent regulator or quality controller. Our reviewers are highly experienced and professional people and, of course, are bound by the same rules of confidentiality as our partners and staff.

We wish to provide a high quality of service at all times. If at any time you would like to discuss with us how we could improve our service, or if you are dissatisfied with the service you are receiving, please let us know by contacting our Director [Michele Spencer]. We will look into any complaint carefully and promptly and do all we can to explain the position to you. If we have given you a less than satisfactory service, we undertake to do everything reasonable to put it right. If you are still not satisfied, you may of course refer the matter to our accountancy body.

10. FEES

Our fees may depend not only upon the time spent on your affairs but also on the level of skill and responsibility and the importance and value of the advice that we provide, as well as the level of risk. If we provide you with an estimate of our fees for any specific work, then the estimate will not be contractually binding unless we explicitly state that that will be the case.

Where requested we may indicate a fixed fee for the provision of specific services or an indicative range of fees for a particular assignment. It is not our practice to identify fixed fees for more than a year ahead as such fee quotes need to be reviewed in the light of events. If it becomes apparent to us, due to unforeseen circumstances, that a fee quote is inadequate, we reserve the right to notify you of a revised figure or range and to seek your agreement thereto.

In some cases, you may be entitled to assistance with your professional fees, particularly in relation to any investigation into your tax affairs by HMRC. Assistance may be provided through insurance policies you hold or via membership of a professional or trade body. Other than where such insurance was arranged through us you will need to advise us of any such insurance cover that you have. You will remain liable for our fees regardless of whether all or part are liable to be paid by your insurers.

We will bill monthly, or as agreed, and our invoices are due for payment within 14 days of issue. Our fees are exclusive of VAT which will be added where it is chargeable. Any disbursements we incur on your behalf and expenses incurred in the course of carrying out our work for you will be added to our invoices where appropriate.

Unless otherwise agreed to the contrary our fees do not include the costs of any third party, counsel or other professional fees.

It is our normal practice to ask clients to pay by monthly Standing Order, when dealing with continuous or recurring work, and to periodically adjust the monthly payment by reference to actual billings.

We reserve the right to charge interest on overdue fees at the rate of 3% above bank base rates. We also reserve the right to suspend our services or to cease to act for you on giving written notice if payment of any fees is unduly delayed. We intend to exercise these rights only where it is fair and reasonable to do so.

If you do not accept that an invoiced fee is fair and reasonable you must notify us within 21 days of receipt, failing which you will be deemed to have accepted that payment is due.

In the event of termination of this engagement, all sums payable to us under the Terms of Engagement including unbilled fees at the time of termination, shall become due and immediately payable upon termination, notwithstanding any other provisions contained within these Terms of Engagement. This condition is without prejudice to any right to claim interest in accordance with the above interest clause.

11. INTELLECTUAL PROPERTY RIGHTS

We will retain all copyright in any document prepared by us during the course of carrying out the engagement save where the law specifically provides otherwise.

12. LIMITATION OF LIABILITY

We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses directly caused by our negligence or wilful default.

Exclusion of liability for loss caused by others

We will not be liable if such losses, penalties, surcharges, interest or additional tax liabilities are caused by the acts or omissions of any other person or due to the provision to us of incomplete, misleading or false information or if they are caused by a failure to act on our advice or a failure to provide us with relevant information.

Exclusion of liability in relation to circumstances beyond our control

We will not be liable to you for any delay or failure to perform our obligations under this engagement letter if the delay or failure is caused by circumstances outside our reasonable control.

Limitation of Liability: Changes in the law

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

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

Exclusion of liability relating to the discovery of fraud etc

We will not be responsible or liable for any loss, damage or expense incurred or sustained if information material to the service we are providing is withheld or concealed from us or misrepresented to us. 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.

Cont. Overleaf/

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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 beyond that which it would have been reasonable for us to have carried out in the circumstances.

Indemnity for unauthorised disclosure

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.

Limitation of aggregate liability

Where the Engagement Letter specifies an aggregate limit of liability, then that sum shall be the maximum aggregate liability of this company, its directors or member, agents and employees, to all persons to whom the engagement letter is addressed and also any other person that we have agreed with you may rely on our work. By signing the engagement letter you agree that you have given proper consideration to this limit and accept that it is reasonable in all the circumstances. If you do not wish to accept it you should contact us to discuss it before signing the engagement letter. You have agreed that you will not bring any claim of a kind that is included within the subject of the limit against any of our directors, members, or employees; on a personal basis

13. LIMITATION OF THIRD PARTY RIGHTS

The advice and information we provide to you as part of our service is for your sole use and not for any third party to whom you may communicate it unless we have expressly agreed in the engagement letter that a specified third party may rely on our work. We accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, for any advice, information or material produced as part of our work for you which you make available to them. A party to this agreement is the only person who has the right to enforce any of its terms and no rights or benefits are conferred on any third party under the Contracts (Rights of Third Parties) Act 1999.

14. THE PROVISION OF SERVICES REGULATIONS 2009 ('SERVICES DIRECTIVE')

In accordance with our professional body rules, we are required to hold professional indemnity insurance. Details about the insurer and coverage can be found at our offices, or upon request.

15. ELECTRONIC COMMUNICATION

We may communicate with you by e-mail. As with other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. The recipient is responsible for carrying out a virus check on attachments. As Internet communications are capable of data corruption we do not accept any responsibility for changes made to such communications after their despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. All risks connected with sending commercially sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication. Any communication by us with you sent through the post is deemed to arrive at your postal address two working days after the day that the document was sent.

16. CONFIDENTIALITY

Communication between us is confidential and we shall take all reasonable steps to keep confidential your information except where we are required to disclose it by law, by regulatory bodies, by our insurers or as part of an external peer review. Unless we are authorised by you to disclose information on your behalf this undertaking will apply during and after this engagement.

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

We reserve the right, for the purpose of promotional activity, training or for similar business purpose, to mention that you are a client. As stated above we will not disclose any confidential information.

17. CONFLICTS OF INTEREST

We will inform you if we become aware of any conflict of interest in our relationship with you or in our relationship with you and another client. 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. If this arises, we will inform you promptly. If there is a conflict of interest that is capable of being addressed successfully by the adoption of suitable safeguards to protect your interests then we will adopt those safeguards. Where possible this will be done on the basis of your informed consent. We reserve the right to act for other clients whose interests are not the same as or are adverse to yours subject of course to the obligations of confidentiality referred to above.

18. DATA PROTECTION ACT 1998 (& AMENDMENT ORDER 2003)

To enable us to discharge the services agreed under this engagement, 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. 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 (& Amendment Order 2003), the Data Controller in relation to personal data supplied about you is the Director (Michele Spencer).

19. APPLICABLE LAW

This engagement letter is governed by, and constructed in accordance with, English law. The courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter 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.

This firm is required under the Proceeds of Crime Act 2002 (POCA) & Amendment Order 2008 and the Money Laundering Regulations 2007 to:-
Maintain identification procedures for clients and beneficial owners 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 duty under section 330 of POCA 2002 to make a report to the Serious Organised Crime Agency (SOCA), or its successors, if we become aware during the course of our professional work, of any circumstances, which gives rise to knowledge or suspicion or reasonable grounds for suspicion of a money laundering offence.

Failure on our part to make a report that where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence. The offence of money laundering (defined by section 340(11) POCA) may be committed by concealing, converting, arranging or acquiring, using or possessing the benefits of any activity that constitutes a criminal offence in the UK.

The definition is wide and proceeds of any criminal conduct include the proceeds of deliberate tax evasion, failure to inform the tax authorities of known under payments or excessive repayments, fraudulent claiming of benefit grants, or obtaining a contract through bribery.

We are obliged by law to report any instances of money laundering without your knowledge or consent. Consequently neither the firm's principal nor staff will enter into any discussion with you regarding such matters.

We are not required to undertake work for the sole purpose of identifying suspicions of money laundering. We shall fulfil our obligations under POCA 2002 in accordance with the guidance published by the Consultative Committee of Accountancy Bodies.

20. TERMINATION

Subject to any professional obligations, this agreement and our relationship overall may be terminated immediately by either party, if:
the other party commits a material breach of any of the terms of the Engagement Terms and, (if such a breach is remediable) fails to remedy that breach within 30 days of that party being notified in writing of the breach; or
an order is made or a resolution is passed for the winding up of either party, or circumstances arise which entitle a court of competent jurisdiction to make a winding-up order of the other party; or
an order is made for the appointment of an administrator to manage the affairs, business and property of either party, or documents are filed with a court of competent jurisdiction for the appointment of an administrator of the other party, or notice of intention to appoint an administrator is given by the other party or its directors or by a qualifying floating charge holder (as defined in paragraph 14 of Schedule B1 to the Insolvency Act 1986); or
a receiver is appointed of any of either party's assets or undertaking, or circumstances arise which entitle a court of competent jurisdiction or a creditor to appoint a receiver or manager of the other party, or if any other person takes possession of or sells the other party's assets; or
either party makes any arrangement or composition with its creditors, or makes an application to a court of competent jurisdiction for the protection of its creditors in any way; or
either party ceases, or threatens to cease, to trade; or
either party takes or suffers any similar or analogous action in any jurisdiction in consequence of debt; or
you use abusive, threatening, impolite, sexually explicit, racially explicit, discriminatory, unsavoury or disrespectful language either verbally (in person or on the telephone) or in writing (including email or electronic communications) towards us during the course of this engagement. Either party may terminate this agreement at any time upon giving one month's written notice to the other party. Immediately upon termination of this agreement (howsoever occurring):
(a) you shall pay us all of the our outstanding unpaid invoices and interest and, in respect of Services supplied but for which no invoice has been submitted, we may submit an invoice, which shall be payable immediately on receipt;
(b) you shall, within a reasonable time, return all of our materials that you hold on your premises; and
(c) the accrued rights of the parties as at termination and the continuation of any provision expressly stated to survive or implicitly surviving termination, shall not be affected.