



# T B Dunn & Co

Chartered Accountants and Registered Auditors  
308 Albert Drive  
Pollokshields  
GLASGOW  
G41 5RS

## Terms of Business

All engagements that we accept are subject to the following standard terms of business unless changes are expressly agreed in writing.

### 1. Professional obligations

1.1 We are a member of ICAS and in our conduct are subject to its Code of Ethics which can be found at [www.icas.org.uk/Ethics.aspx](http://www.icas.org.uk/Ethics.aspx). This is available in English.

1.2 Where we become aware of errors made by HM Revenue & Customs you give us authority to correct them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

1.3 We are a firm of statutory auditors registered to carry on audit work in the UK by ICAS. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number 887.

Our VAT registration number is 403 0899 67.

### Professional indemnity insurance

1.4 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Royal & Sun Alliance plc. 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.

### 2. Fees

2.1 Our fees are calculated on the basis of time spent on your affairs by the principals of the firm and our staff (including any sub-contractors or consultants that we may employ) and on the levels of skill and responsibility involved. In addition we may charge disbursements of travel, accommodation and other expenses incurred in dealing with your affairs.

2.2 If it is necessary for us to carry out work that is outside the scope of the engagement currently in place with you, we will advise you of this. Any additional work will result in additional fees being charged. We would therefore like to point out that it is in your interests to ensure that the information you provide us with is completed to the agreed stage.

2.3 Where we have agreed that you will pay on an invoice rendered basis, invoices are payable in full (including disbursements) in accordance with the terms set out on the invoice.

2.4 Where we have agreed that you will pay us on a standing order basis, we will discuss with you separately the amount and frequency of payments. These standing orders will be applied to fees arising from work agreed in our letter of engagement for the current and ensuing years. Where a scheduled monthly payment is not made any fees invoiced to you that are outstanding at that time will immediately become due for payment in entirety.

2.5 We reserve the right to charge interest on overdue accounts at the current rate under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed.

2.6 In the event that we cease to act for you then you agree to meet all reasonable costs of providing information to your new advisers.

### 3. Help us to give you the right service

3.1 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 one of our partners.

3.2 We undertake to look into any complaint carefully and promptly and 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 ICAS.

3.3 In order for us to continue to provide you with a high quality service 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 these terms of business and any associated engagement letters.

3.4 Should we resign or be requested to resign we will normally issue a disengagement letter to ensure that our respective responsibilities are clear. Should we have no contact with you for a period of 2 years or more we may issue to your last known address a disengagement letter and hence cease to act.

3.5 We 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.

#### 4. **Client monies**

4.1 We may at times hold money on your behalf. Any such money will be held on trust in a client bank account, which is held separately to funds that belong to us. The client bank account will be operated, and all funds dealt with, in accordance with the ICAS Clients' Money Regulations.

4.2 To avoid excessive amounts of administration, interest will only be paid to you if 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 our banker for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.

4.3 If the total sum of money held on your behalf exceeds £10,000 for a period of time of more than 30 days, 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.

4.4 We will exercise reasonable skill and care to ensure that a fair rate of interest is earned.

#### 5. **Retention of and access to records**

5.1 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 the preparation of your accounts and returns. You should retain these records for 6 years from the 31 January following the end of the tax year to which they relate. You should retain them for longer if HM Revenue & Customs enquire into your tax return.

5.2 Whilst 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 consider to be of continuing significance. If you require retention of any document you must notify us of that fact in writing.

#### 6. **Conflicts of interest and independence**

6.1 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. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you.

6.2 If a conflict of interest should arise, either between two or more of our clients, or in the provision of multiple services to a single client, we will take such steps as are necessary to deal with the conflict. In resolving the conflict, we would be guided by the ICAS Code of Ethics which can be viewed at [www.icas.org.uk/Ethics](http://www.icas.org.uk/Ethics)

#### 7. **Confidentiality**

7.1 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. We may on occasions subcontract work on your affairs to consultants or subcontractors who are, of course, bound by the same requirements of confidentiality as our principals and staff.

#### 8. **Quality control**

8.1 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.

#### 9. **Applicable law**

9.1 This engagement letter is governed by, and construed in accordance with, Scots law. The Courts of 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 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.

9.2 If any provision in these terms of business or any associated engagement letter, 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.

#### 10. **Internet communication**

10.1 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. Unless specifically stated, such communications should not be construed as an offer or acceptance, or to form part of a legally binding contract. Any views expressed in such communications are those of the individual sender, except where the sender specifically states them to be the views of T B Dunn & Co.

10.2 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 personal or 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.

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

#### 11. **Data Protection**

To enable us to discharge the services agreed in this engagement letter, comply with related legal and regulatory obligations and for other related purposes including updating and enhancing client records and analysis for management purposes, as a data controller, we may obtain, use, process and disclose personal data about you, your business, your company, your partnership, its shareholders, members, officers and employees as described in our privacy notice. We confirm when processing data on your behalf that we will comply with the provisions of all relevant data protection legislation and regulation.

You are also an independent controller responsible for complying with data protection legislation and regulation in respect of the personal data you process and, accordingly where you disclose personal data to us you confirm that such disclosure is fair and lawful and otherwise does not contravene relevant requirements. Nothing within this engagement letter relieves you as a data controller of your own direct responsibilities and liabilities under data protection legislation and regulation.

Data protection legislation and regulation places obligations on you as a data controller where we act as a data processor to undertake processing of personal data on your behalf, for instance where we operate a payroll service for you. We therefore confirm that we will at all times take appropriate measures to comply with relevant requirements 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.

Our privacy notice, which can be found at [www.tbdunn.co.uk/publications](http://www.tbdunn.co.uk/publications), explains how we process personal data in respect of the various services that we provide.

12. **The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007**

12.1 In common with all accountancy and legal practices, the firm is required by the Proceeds of Crime Act 2002 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 statutory obligation under the above legislation to report to National Crime Agency (NCA) any reasonable knowledge or suspicion of money laundering. Any such report must be made in strictest confidence. In fulfilment of our obligations neither the firm's partners or staff may enter into any correspondence or discussions with you regarding such matters.

12.2 The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act and includes concealing, converting, using or possessing the benefits of any activity that constitutes a criminal offence in the UK. It also includes involvement in any arrangement that facilitates the acquisition, retention, use or control of such a benefit.

12.3 We are obliged by law to report any instances of money laundering to NCA without your knowledge or consent. In consequence, neither the firms' principals nor staff may enter into any correspondence or discussions with you regarding such matters.

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

13. **Use of our name in statements or documents issued by you**

13.1 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.

14. **Draft/interim work or oral advice**

14.1 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.

15. **Internal disputes within a client**

15.1 If we become aware of a dispute between the parties who own or are in some way involved in the ownership and management of the business, 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.

16. **Investment services**

16.1 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 we are licensed by the Institute of Chartered Accountants of Scotland, 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.

16.2 We may therefore be able to:

- 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.

16.3 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 new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

16.4 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.

#### **Client money**

16.5 Please note that we are not authorised to hold client money in connection with our designated investment business.

16.6 If you have any questions regarding investment business or require any further information please contact us.

#### **17. Changes in the law**

17.1 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 or your circumstances.

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

## **Section A – Limited Companies**

Company law creates certain legal obligations on you as company directors which we can assist you to fulfil, but you cannot delegate. Some of these obligations, particularly where they relate to accounts, are highlighted in this letter, but may be unfamiliar to you. Please do not hesitate to contact us if you would like further explanation of any of the terms.

#### **1. Your legal accounting responsibilities as directors**

1.1 You are required, as directors, to prepare accounts that give a true and fair view and that are prepared in accordance with the Companies Act 2006. As directors, you must not approve the accounts 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.

1.2 In preparing the accounts, you are required by law to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

1.3 You are required to keep adequate accounting records that show with reasonable accuracy at any time the company's financial position. You are also responsible for ensuring that the accounts comply with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Companies Act 2006.

1.4 You are responsible for safeguarding the assets of the company and hence for taking reasonable steps to ensure the company's activities are conducted honestly and preventing and detecting fraud and other irregularities.

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

1.6 You are responsible for determining each year whether the company meets the conditions for exemption from an audit set out in section 477 of the Companies Act 2006. These conditions are that the company must:

- (a) qualify as a small company in relation to the year for the purposes of section 381;
- (b) have turnover in that year of not more than £6.5 million; and
- (c) have a balance sheet total for the year of not more than £3.26 million.

1.7 You are responsible for determining whether the company is not eligible for audit exemption because of one of the reasons set out in sections 478 and 479 of the Companies Act 2006. To summarise these sections, audit exemption is not available if at any time during the year the company was:

- (a) a public company;
- (b) an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company;
- (c) carrying out an insurance market activity;
- (d) a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 or an employers' association as defined in section 122 of that Act;
- (e) a member of a group that exceeded the small group exemption limits; or
- (f) a member of an ineligible group.

1.8 Audit exemption is only available if you, as directors, sign a declaration as required by section 475(3) of the Companies Act 2006 on the balance sheet. This declaration states 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 accounts for the year in accordance with section 476 of the Companies Act 2006; and
- (c) you acknowledge your obligations for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

#### **2. Accounts**

##### **Purpose**

2.1 The purpose of this work is for us to prepare your year-end accounts so as to assist you in meeting your obligations as company directors under the Companies Act 2006.

##### **What we agree to do and be responsible for**

2.2 You have told us that the company is exempt from an audit of the accounts. You have asked us to assist you in preparing accounts in accordance with the requirements of the Companies Act 2006. We have agreed to prepare the year-end accounts for your approval based on the accounting records you maintain. We will also rely on any information and explanations you give us.

- 2.3 We will insert the inline Extensible Business Reporting Language (iXBRL) “tags” in accordance with the minimum tagging requirements specified by HM Revenue & Customs. 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 judgemental areas.
- 2.4 We will contact to you on or around your year-end date to request the information and records we will need to prepare the accounts.
- 2.5 We have no responsibility to report whether any shareholder of the company has notified the company that they require an audit. Therefore we have no responsibility to do any work in respect of this.
- 2.6 We will not check whether the company is exempt from audit. However, if our work indicates that the company is not entitled to an exemption from audit we will inform you. If this happens we will discuss with you the need to appoint auditors.
- 2.7 We have a professional duty to prepare accounts that conform to generally accepted accounting principles. As directors, you have a duty to prepare accounts that comply with the Companies Act 2006 and any accounting standards that apply. We will prepare the accounts so as to meet these requirements.
- 2.8 We will not specifically check the adequacy of your accounting records. However, if any issues arise during the course of our work then we will recommend improvements.
- 2.9 We shall plan our work on the basis that no report is required on the accounts from us by statute or regulation, unless you inform us in writing to the contrary. In carrying out our work we will make enquiries of you and undertake any procedures we judge appropriate, but we are under no obligation to perform procedures such as would be required for an audit or other type of assurance engagement.
- 2.10 Our work will not be an audit of the accounts in accordance with International Standards of Auditing (UK and Ireland). This means that our work will not provide any assurance that the accounting records or the accounts are free from material misstatement, whether caused by fraud or other irregularities or error. It also means that we are unable to provide any assurance as to whether the accounts present a true and fair view.
- 2.11 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us verbally during the course of our work.
- 2.12 We will provide a report with the accounts addressed to the Board of Directors. This will show that we have not carried out an audit but have compiled the accounts from the accounting records and from information and explanations supplied to us.
- What you agree to do and be responsible for**
- 2.13 Unless we have also agreed to carry out a bookkeeping service you will carry out all the day-to-day accounting work. This will include:
- (a) keeping the record of receipts and payments;
  - (b) reconciling your records with the bank statement;
  - (c) maintaining records of debtors and creditors;
  - (d) carrying out or arranging for a valuation of the year-end stock levels; and
  - (e) preparing details of any year-end work-in-progress.
- 2.14 You agree to make your accounting records and related financial information available to us in line with the request we will make on or around your year-end date. You recognise that a failure to do so could have an impact on the price or the speed of our work.
- 2.15 Even if we have not directly requested it, you agree to disclose to us in full any information that is relevant to the accounts and may have a bearing on the financial position of the company. You also agree to make available to us minutes of management, directors and shareholders meetings.
- 2.16 You will approve and sign the accounts thereby acknowledging responsibility for them.
- 2.17 Company accounts need to be completed and filed with Companies House within certain deadlines set out in the Companies Act 2006. Failure to submit on time will result in penalties. We will therefore plan our work so as to ensure sufficient time is allowed to meet the submission deadlines. However if you fail to provide your accounting records in line with our request as noted above or do not promptly answer any queries that we raise, you understand that we will not be responsible for any late filing penalties charged for a late submission.
- 2.18 We have a professional responsibility to not allow our name to be associated with accounts that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the accounts 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 accounts remain 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 as well as time spent on any other work that is not completed as part of our resignation.
- 2.19 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 accounts 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 which you must comply with. In every situation where we do grant consent you agree to ensure that the report remains attached to the accounts shown to the third party.
- 2.20 If financial information is published, which includes a report by us or is otherwise connected to us, on the company’s website or by other electronic means, you must:
- (a) inform us of the electronic publication and get our consent before it occurs; and
  - (b) ensure that it presents the financial information and our report properly.
- 2.21 We have the right to withhold consent to the electronic publication of our report or the accounts if they are to be published in an inappropriate manner.

- 2.22 You must set up controls to prevent or quickly detect any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of published information, and we accept no responsibility for changes made to any information after it is first posted.

### 3. Company tax

#### Purpose

- 3.1 The purpose of the work is to assist you in your legal obligation to file an annual company tax return with HM Revenue & Customs. This includes calculating and advising you of your tax payments or refunds.

#### What we agree to do and be responsible for

- 3.2 Profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. Where necessary we will prepare the computations for this adjustment from any accounts work we have done, or accounting records we are holding, as well as information and explanations provided by you.
- 3.3 We will prepare the company tax return together with any supplementary pages that are required from the information and explanations you provide to us.
- 3.4 It is mandatory for the company tax return to be delivered electronically to HM Revenue & Customs using the Inline Extensible Business Reporting Language (iXBRL) format, a type of computer language. After obtaining the written approval and signature of an appropriately authorised person we will file the return, computation and accounts online in the iXBRL format.
- 3.5 We will calculate any tax the company tax return shows the company to have. We will tell you how much to pay and when. We will advise on the interest and penalty implications if any payments are made late. Where we become aware that tax has been overpaid we will initiate a repayment claim.
- 3.6 We will inform you if instalment payments of tax are due for an accounting period and the dates they are payable. We will calculate the quarterly instalment amounts based on the information supplied by you and advise you of these amounts.
- 3.7 We will advise you as to possible claims and elections arising from information supplied by you. Where you instruct us to, we will make such claims and elections in the form and manner required by HM Revenue & Customs.
- 3.8 We will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:
- Advising you when company tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid.

- Dealing with any enquiry opened into the company's tax return by HM Revenue & Customs.
- Preparing any amended returns that may be required and corresponding with HM Revenue & Customs as necessary.

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

#### Payments under deduction of tax

- 3.10 If applicable, 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 CT61 form to you for approval, signature and submission by you to HM Revenue & Customs. We will advise you of the amounts of tax that are due, and the due date for payment and submission of the form. You must inform us immediately if the company pays or receives any interest or similar amounts under deduction of tax.

#### Personal service companies (IR35)

- 3.11 We will advise, based on information supplied by you, on a contract by contract basis whether the company is subject to the personal services legislation. You authorise us to seek an opinion from HM Revenue & Customs where we consider it appropriate.
- 3.12 Where we consider that contracts are within the personal services legislation we will calculate the deemed salary, prepare the computations using the prescribed method, prepare and submit the supplementary P35 and P14 and advise you how much tax and national insurance to pay and by when. We will also advise whether to pay any actual salary before the year-end and if so how much.

#### Managed service companies

- 3.13 We will advise on whether the company is subject to the managed service legislation. You authorise us to seek an opinion from HM Revenue & Customs where we consider it appropriate. If we deem the legislation to apply we will prepare the 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.
- 3.14 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.

#### What you agree to do and be responsible for

- 3.15 You as directors, on behalf of the company, are legally responsible for:
- (a) ensuring that the company tax return is correct and complete;
  - (b) ensuring that the information in the return is provided in Extensible Mark-Up (XML) format;
  - (c) filing any returns by the due date; and
  - (d) making payment of tax on time. Failure to do this may lead to automatic penalties and interest.
- 3.16 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 complete before they approve and sign them.

- 3.17 As noted earlier in this letter, it is mandatory for the company tax return to be delivered electronically using the Inline Extensible Business Reporting Language (iXBRL) format, a type of computer language. It is your responsibility to ensure that the accounts have been accurately tagged.
- 3.18 To enable us to carry out our work you agree:
- (a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
  - (b) 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;
  - (c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs;
  - (d) to provide us with information in sufficient time for the company tax return to be completed and submitted by its due date.
  - (e) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment. This information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
  - (f) to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write offs authorised at least within three months of the end of the relevant accounting period.
- 3.19 You will keep us informed of changes in the company's circumstances that could affect its tax liability. If you are unsure whether a change would affect your tax position then we will be happy to advise you.
- 3.20 You agree to forward to us any communications you receive from HM Revenue & Customs in time for us to deal with them as necessary within any time limits. Although HM Revenue & Customs have the authority to deal with us directly, it is still possible for them to contact you without us being aware.
- 1.4 We will prepare and send to you the following documents by the statutory due dates at the end of the payroll year:
- A P45 for each leaver
  - A report showing your PAYE and NIC liability and due date for payment.
- 1.5 We will submit your year end return after it has been approved by you.
- 1.6 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 Governments Code of Practice "Preventing Illegal Working" and section 8 of the Asylum and Immigration Act 1996.
- 1.7 We will also provide such other taxation ad hoc and advisory services linked to your payroll 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 such work when it is commissioned by you. Examples of such work include:
- dealing with any enquiry opened into the payroll returns by HM Revenue & Customs
  - preparing any amended returns which may be required and corresponding with HM Revenue & Customs as necessary.
- Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.
- P11D benefits for directors earning over £8,500**
- 1.7 We will carry out the following in respect of forms P11D, P9D and P11D(b)
- We will prepare/review forms P11D and P9D as may be required for each employee including directors, from the accounts, information and explanations provided to us on your behalf.
  - We will submit the forms P11D and P9D 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.
- We will calculate your Class 1A NIC liability on the benefits returned in forms P11D that you are obliged to pay HM Revenue & Customs by the due date and send payment instructions to you or your bank as agreed to action payment.
- 1.8 To avoid penalties, you agree to supply us with complete and accurate details of all benefits and reimbursed expenses for the tax year (not the accounts year) within 14 days of the end of the tax year.

## **Section B - Payroll and Year End Returns**

- 1.1 This engagement will commence with the start of your payroll being prepared.
- 1.2 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
  - 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
  - Calculating other statutory and non statutory deductions.
- 1.3 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
  - A payslip for each employee unless not required

## **Section C - Value Added Tax (VAT)**

- 1.1 We will prepare your quarterly VAT returns on the basis of the information and explanations supplied by you.
- 1.2 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 VAT is paid late.
- 1.3 Where appropriate we will calculate the partial exemption annual adjustment.
- 1.4 We will forward to you the completed return calculations for you to review, before you approve the VAT return for onward transmission by us to HM Revenue & Customs.
- 1.5 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.
- 1.6 We will also 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 VAT returns addressed to us by HM Revenue & Customs or passed to us by you
  - making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
  - 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 the advice is provided in writing, the information provided and the query raised will be set out with our response to you.
- 1.7 Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

### **Your responsibilities**

- 1.8 You are legally responsible for:
- (a) ensuring that your returns are correct and complete;
  - (b) filing any returns by the due date; and
  - (c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
- Where we have agreed that you may delegate signing the VAT return to us, you agree that this does not waive your legal responsibilities for the return outlined above.
- 1.9 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.

- 1.10 To enable us to carry out our work you agree:
- (a) that all returns are to be made on the basis of full disclosure;
  - (b) 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 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;
  - (c) that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
  - (d) to provide us with all the records relevant to the preparation of your quarterly VAT returns as soon as possible after the return period ends. We would ordinarily need a minimum of ten days before submission to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation and submission of the VAT return, we accept no responsibility for any "default surcharge" penalty that may arise.
- 1.11 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
- 1.12 You will forward to us all relevant HM Revenue & Customs VAT correspondence in time to enable us to deal with matters arising as may be necessary within the statutory time limits. Although HM Revenue & Customs have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HM Revenue & Customs to avoid any breakdown in communication.
- 1.13 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.
- 1.14 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 HM Revenue & Customs 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.
- 1.15 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 HM Revenue & Customs.

## **Section D - Company Secretarial**

### **Purpose**

- 1.1 The purpose of the work is to assist you fulfil your company secretarial responsibilities under company law.

### **What we agree to do and be responsible for**

- 1.2 We have agreed to deal with the following company secretarial matters:
- (a) submit the accounts to the Registrar of Companies.
  - (b) complete and submit the company's annual return.
  - (c) complete and submit any other forms required by law to be filed at Companies House on the basis of information provided by you.
  - (d) maintain the statutory books.
- 1.3 A private company is required to file its accounts at Companies House within 9 months of the year end. The company will be liable to a fine if it fails to meet this deadline. We accept no responsibility for fines or regulatory action taken against the directors where the statutory accounts are not available for filing.

### **What you agree to do and be responsible for**

- 1.4 You agree to keep us fully informed of any relevant changes or events that require notification to Companies House, within one week of the change or event.
- 1.5 You have agreed to complete all the returns required by law. This includes, for example, the annual return and notification of director changes. You have also agreed to maintain the statutory books.

## **Section E - Sole Trader**

### **1. Accounts**

#### **Purpose**

- 1.1. The purpose of the accounts we will prepare is to enable profits to be calculated in a way that meets the requirements of Section 25 of the Income Tax (Trading and Other Income) Act 2005. The accounts must also provide sufficient and relevant information to complete a tax return.

#### **What we agree to do and be responsible for**

- 1.2. We will prepare the year-end accounts for your approval based on the accounting records you maintain. We will also rely on any information and explanations you give us.
- 1.3. We have a professional duty to prepare accounts that conform to generally accepted accounting principles and will prepare your accounts on that basis and to meet the purpose of the accounts detailed above.
- 1.4. We will write to you on or around your year-end date to request the information and records we will need to prepare the accounts.
- 1.5. We will not be carrying out an audit on the accounts. This means that we will not produce a report that verifies the assets, liabilities, income or expenditure of your business. To carry out an audit would require us to carry out considerable additional work to comply with International Standards on Auditing (UK & Ireland).
- 1.6. We will include a report in the accounts. This report will point out that we have not carried out an audit, but have

compiled the accounts from the accounting records and information and explanations supplied to us.

- 1.7. We would like to emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees. However we will advise you if we come across anything of this nature in the course of preparing the accounts.

#### **What you agree to do and be responsible for**

- 1.8. Unless we have also agreed to carry out a bookkeeping service you are responsible for all the day-to-day accounting work. This will include:
- (a) keeping the record of receipts and payments;
  - (b) reconciling your records with the bank statement;
  - (c) maintaining records of debtors and creditors;
  - (d) carrying out or arranging for a valuation of the year-end stock levels; and
  - (e) preparing details of any year-end work-in-progress.
- 1.9. You agree to make your accounting records and related financial information available to us in line with the request we will make on or around your year-end date. You recognise that a failure to do so could have an impact on the price or the speed of our work.
- 1.10. Even if we have not directly requested it, you agree to disclose to us in full any information that is relevant to the accounts.
- 1.11. You will approve and sign the accounts thereby acknowledging responsibility for them, including providing us with all information and explanations necessary for their preparation.
- 1.12. The accounts need to be completed before your tax return is submitted. Failure to submit the tax return on time will result in penalties. You also agree to promptly answer any queries that we raise. You understand that we will not be responsible for any late filing penalties where we do not receive the accounting records or responses from you in accord with this paragraph.
- 1.13. We have a professional responsibility to not allow our name to be associated with accounts that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the accounts 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 accounts remain 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 as well as time spent on any other work that is not completed as part of our resignation.
- 1.14. 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 accounts 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 which you must comply with. In every situation where we do grant consent you agree to ensure that the report remains attached to the accounts shown to the third party.

- 1.15. You are responsible for the following general business and financial matters:
- (a) ensuring that, to the best of your knowledge and belief, financial information used by your business or for the accounts is accurate and complete;
  - (b) ensuring that the activities of your business are conducted honestly;
  - (c) safeguarding the assets of your business and taking reasonable steps for the prevention and detection of fraud; and
  - (d) ensuring your business complies with the laws and regulations that apply to its activities, as well as preventing non-compliance and detecting any that occurs.

## 2. Personal tax

### Purpose

- 2.1. The purpose of the work is to assist you in your legal obligation to file an annual tax return with HM Revenue & Customs. This includes calculating and advising you of your tax payments or refunds.

### What we agree to do and be responsible for

- 2.2. Profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. Where necessary we will prepare the computations for this adjustment from our accounts work, the accounting records and other information and explanations provided by you.
- 2.3. We will prepare your personal tax return together with any supplementary pages that are required from the information and explanations you provide to us.
- 2.4. We will take account of the steps and checks suggested by HM Revenue & Customs in their "Agent Toolkits." While use of the Toolkits is voluntary, we will ensure that our quality control procedures match or enhance the suggestions in the Toolkits. In the unlikely event that HM Revenue & Customs consider your return to be inaccurate, we will therefore be able to help you demonstrate that reasonable care has been taken in preparing your return. This will significantly reduce the possibility of an inaccuracy penalty being imposed.
- 2.5. Once we have obtained your approval and signature, we will submit your return to HM Revenue & Customs.
- 2.6. We will calculate any income tax, national insurance contributions and capital gains tax liabilities your tax return shows you to have. We will tell you how much to pay and when. We will advise on the interest and penalty implications if any payments are made late. We will also check HM Revenue & Customs' calculation of your tax liabilities and initiate repayment claims if you have overpaid.
- 2.7. With the exception of tax credits we will advise you as to possible claims and elections arising from the tax return and from information supplied by you. Where you instruct us to, we will make such claims and elections in the form and manner required by HM Revenue & Customs.
- 2.8. We will deal with all communications relating to your return that are addressed to us directly by HM Revenue & Customs or passed to us by you. However if HM Revenue & Customs choose your return for enquiry this work may need to be the subject of a separate assignment. In this event we will seek further instructions from you.

- 2.9. We will check PAYE notices of coding where they are forwarded to us.

- 2.10. We will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:

- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities.
- Preparing any amended returns that may be required and corresponding with HM Revenue & Customs as necessary.
- Advising on the rules relating to and assisting with VAT registration.

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

### What you agree to do and be responsible for

- 2.12. You are legally responsible for:
- (a) ensuring that your tax returns are correct and complete;
  - (b) filing any returns by the due date; and
  - (c) making payment of tax on time. Failure to do this may lead to automatic penalties and interest.
- 2.13. 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.
- 2.14. You authorise us to file your tax return online.
- 2.15. To enable us to carry out our work you agree:
- (a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
  - (b) 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;
  - (c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
  - (d) to provide us with information in sufficient time for your tax return to be completed and submitted by its due date.
- 2.16. You will keep us informed of changes in your circumstances that could affect your tax liability. If you are unsure whether a change would affect your tax position then we will be happy to advise you.
- 2.17. You agree to forward to us any communications you receive from HM Revenue & Customs in time for us to deal with them as necessary within any time limits. Such communications would include statements of account, notices of assessment and letters. Although HM Revenue & Customs have the authority to deal with us directly, it is still possible for them to contact you without us being aware.

## **Section F - Personal Tax**

### **Purpose**

1.1 The purpose of the work is to assist you in your legal obligation to file an annual tax return with HM Revenue & Customs. This includes calculating and advising you of your tax payments or refunds.

### **What we agree to do and be responsible for**

1.2 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. Where necessary we will prepare the computations for this adjustment from the accounting records and other information and explanations provided by you.

1.3 We will prepare your personal tax return together with any supplementary pages that are required from the information and explanations you provide to us.

1.4 Once we have obtained your approval and signature, we will submit your return to HM Revenue & Customs.

1.5 We will calculate any income tax, national insurance contributions and capital gains tax liabilities your tax return shows you to have. We will tell you how much to pay and when. We will advise on the interest and penalty implications if any payments are made late. We will also check HM Revenue & Customs' calculation of your tax liabilities and initiate repayment claims if you have overpaid.

1.6 With the exception of tax credits, we will advise you as to possible claims and elections arising from the tax return and from information supplied by you. Where you instruct us to, we will make such claims and elections in the form and manner required by HM Revenue & Customs.

1.7 We will deal with all communications relating to your return that are addressed to us directly by HM Revenue & Customs or passed to us by you. However, if HM Revenue & Customs choose your return for enquiry this work may need to be the subject of a separate assignment. In this event we will seek further instructions from you.

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

1.9 We will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:

- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities.
- Preparing any amended returns that may be required and corresponding with HM Revenue & Customs as necessary.

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

### **What you agree to do and be responsible for**

1.11 You are legally responsible for:

- (a) ensuring that your tax returns are correct and complete;
- (b) filing any returns by the due date; and
- (c) making payment of tax on time. Failure to do this may lead to automatic penalties and interest.

1.12 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.

1.13 You authorise us to file your tax return online.

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

- (a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- (b) 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;
- (c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- (d) to provide us with information in sufficient time for your tax return to be completed and submitted by its due date.

1.15 You will keep us informed of changes in your circumstances that could affect your tax liability. If you are unsure whether a change would affect your tax position then we will be happy to advise you.

1.16 You agree to forward to us any communications you receive from HM Revenue & Customs in time for us to deal with them as necessary within any time limits. Such communications would include statements of account, notices of assessment and letters. Although HM Revenue & Customs have the authority to deal with us directly, it is still possible for them to contact you without us being aware.

1.17 We are able to offer advice and assistance in all these areas so if you would like any help then please do not hesitate to contact us.

1.18 We are also able to offer assistance in many other areas and would be glad to discuss any matters with you. These other services include:

- (a) reports in support of returns or claims, e.g. insurance company certificates, government claims;
- (b) advice on financial matters;
- (c) management accounting, including cash flow statements and advice to management;
- (d) advice on the selection and implementation of computer systems;
- (e) investigations for special purposes, e.g. business performance analysis or business acquisitions; and
- (f) advice on the selection and recruitment of staff.

## **Section G - Partnership**

### **Accounts**

#### **1.1 Purpose**

The purpose of the accounts we will prepare is to enable profits to be calculated in a way that meets the requirements of Section 25 of the Income Tax (Trading and Other Income) Act 2005. The accounts must also provide sufficient and relevant information to complete a partnership tax return.

#### **What we agree to do and be responsible for**

1.2 We will prepare the year-end accounts for the partners' approval based on the accounting records maintained by the partnership. We will also rely on any information and explanations you give us.

1.3 We have a professional duty to prepare accounts that conform to generally accepted accounting principles and will prepare your accounts on that basis and to meet the purpose of the accounts detailed above.

1.4 We will contact you on or around your year-end date to request the information and records we will need to prepare the accounts.

1.5 We will not be carrying out an audit on the accounts. This means that we will not produce a report that verifies the assets, liabilities, income or expenditure of your business. To carry out an audit would require us to carry out considerable additional work to comply with International Standards on Auditing (UK & Ireland).

1.6 We will include a report in the accounts. This report will point out that we have not carried out an audit, but have compiled the accounts from the accounting records and information and explanations supplied to us.

1.7 We would like to emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees. However we will advise you if we come across anything of this nature in the course of preparing the accounts.

#### **What you agree to do and be responsible for**

1.8 Unless we have also agreed to carry out a bookkeeping service you are responsible for all the day-to-day accounting work. This will include:

- (a) keeping the record of receipts and payments;
- (b) reconciling your records with the bank statement;
- (c) maintaining records of debtors and creditors;
- (d) carrying out or arranging for a valuation of the year-end stock levels; and
- (e) preparing details of any year-end work-in-progress.

1.9 You agree to make the partnership accounting records and related financial information available to us in line with the request we will make on or around your year-end date. You recognise that a failure to do so could have an impact on the price or the speed of our work.

1.10 Even if we have not directly requested it, you agree to disclose to us in full any information that is relevant to the accounts.

1.11 You will approve and sign the accounts thereby acknowledging responsibility for them, including providing us with all information and explanations necessary for their preparation.

1.12 The accounts need to be completed before the partnership tax return is submitted. Failure to submit the tax return on time will result in penalties. To avoid this you agree to provide us with your records on a timely basis. You also agree to promptly answer any queries that we raise. You understand that we will not be responsible for any late filing penalties where we do not receive the accounting records or responses from you in accordance with this paragraph.

1.13 We have a professional responsibility to not allow our name to be associated with accounts that we believe may be misleading. We are not required to search for such matters, but if we become aware that information in the accounts 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 accounts remain 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 as well as time spent on any other work that is not completed as part of our resignation.

1.14 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 accounts 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 which you must comply with. In every situation where we do grant consent you agree to ensure that the report remains attached to the accounts shown to the third party.

1.15 You are responsible for the following general business and financial matters:

- (a) ensuring that, to the best of your knowledge and belief, financial information used by your business or for the accounts is accurate and complete;
- (b) ensuring that the activities of your business are conducted honestly;
- (c) safeguarding the assets of your business and taking reasonable steps for the prevention and detection of fraud; and
- (d) ensuring your business complies with the laws and regulations that apply to its activities, as well as preventing non-compliance and detecting any that occurs.

### **2. Income tax**

#### **2.1 Purpose**

The purpose of the work is to assist you in your legal obligation to file an annual partnership tax return with HM Revenue & Customs.

#### **What we agree to do and be responsible for**

2.2 Profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. Where necessary we will prepare the computations for this adjustment from the accounting records and other information and explanations provided by you.

- 2.3 We will prepare the partnership tax return together with any supplementary pages that are required from the information and explanations you provide to us.
- 2.4 We will take account of the steps and checks suggested by HM Revenue & Customs in their "Agent Toolkits." While use of the Toolkits is voluntary, we will ensure that our quality control procedures match or enhance the suggestions in the Toolkits. In the unlikely event that HM Revenue & Customs consider your return to be inaccurate, we will therefore be able to help you demonstrate that reasonable care has been taken in preparing your return.
- This will significantly reduce the possibility of an inaccuracy penalty being imposed.
- 2.5 Once we have obtained the approval and signature of the nominated partner, we will submit the return to HM Revenue & Customs.
- 2.6 If we do not also prepare the personal tax return of a partner we will provide to them, or their agent, details of their allocations from the partnership tax return.
- 2.7 We will advise you as to possible claims and elections arising from the partnership tax return and information you supply us with. Where you instruct us to, we will make any such claims and elections in the form and manner required by HM Revenue & Customs.
- 2.8 We will deal with all communications relating to your return that are addressed to us directly by HM Revenue & Customs or passed to us by you. However if HM Revenue & Customs choose the partnership tax return for enquiry this work may need to be the subject of a separate assignment. In this event we will seek further instructions from you.
- 2.9 We will also provide such other taxation ad hoc advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you. Examples of ad hoc work would include:
- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities.
  - Preparing any amended returns that may be required and corresponding with HM Revenue & Customs as necessary.
  - Advising on the rules relating to and assisting with VAT registration.
- 2.10 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.
- 2.12 To enable us to carry out our work you agree:
- (a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
  - (b) 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;
  - (c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the partnership's affairs; and
  - (d) to provide us with information in sufficient time for your partnership tax return to be completed and submitted by the due date following the end of the tax year. In order that we can do this, we need to receive all relevant information on a timely basis. If for any reason we do not receive all relevant information, 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 rush work and will advise you of the amount prior to carrying out the work.
- 2.13 You will keep us informed of changes in your circumstances that could affect the tax liabilities of the partners. By way of example this would include changes of partners, profit sharing ratios etc. If you are unsure whether a change would affect partners' tax liabilities then we will be happy to advise you.
- 2.14 You agree to forward to us any communications you receive from HM Revenue & Customs in time for us to deal with them as necessary within any time limits. Such communications would include statements of account, notices of assessment and letters. Although HM Revenue & Customs have the authority to deal with us directly, it is still possible for them to contact you without us being aware.
- 2.15 We are able to offer advice and assistance in all these areas so if you would like any assistance then please do not hesitate to contact us.
- 2.16 We are also able to offer assistance in many other areas and would be glad to discuss any matters with you. These other services include:
- (a) reports in support of returns or claims, e.g. insurance company certificates, government claims;
  - (b) advice on financial matters;
  - (c) management accounting, including cash flow statements, costing systems and advice to management;
  - (d) advice on the selection and implementation of computer systems;
  - (e) investigations for special purposes, e.g. business performance analysis or business acquisitions; and
  - (f) advice on the selection and recruitment of staff.

#### What you agree to do and be responsible for

The partners are legally responsible for:

- (a) ensuring that the partnership tax returns are correct and complete;
  - (b) filing any returns by the due date; and
  - (c) making payment of tax on time. Failure to do this may lead to automatic penalties and interest.
- 2.11 Taxpayers who sign their returns cannot delegate this legal responsibility to others. The nominated partner agrees to check that the partnership tax returns prepared by us are complete before approving and signing them.