

SERVICE DESCRIPTION
CORPORATE CLIENT, AUDIT EXEMPTION
Last updated 13 April 2018

Please read this document with our engagement letter and the terms of business. It covers:

- A. Accounting services
- B. Taxation services
- C. Intermediaries Legislation (IR35) – important for contractors
- D. Corporate secretarial services
- E. PAYE services
- F. Limitation of liability
- G. Period of engagement
- H. Tax investigation fee protection service

1. ACCOUNTING SERVICES

Your responsibilities as directors

1. As directors of the company, you are responsible for preparing accounts which give a true and fair view and which have been prepared in accordance with the Companies Act 2006 (the Act). 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.
2. In preparing the accounts, you are required to:
 - select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent; and
 - prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.
3. You are responsible for keeping adequate accounting records that set out with reasonable accuracy at any time the company's financial position, and for ensuring that the accounts comply with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Companies Act 2006. This responsibility usually includes keeping records of all receipts and payments, reconciling cash balances monthly with bank statements, balancing the sales and purchase ledgers and ensuring that postings to the nominal ledger are complete.
4. You are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.
5. You are also responsible for deciding whether, in each financial year, the company meets the conditions for exemption from an audit, as set out in section 477 (or 480) of the Companies Act 2006, and for deciding whether the exemption cannot be claimed that year for any of the reasons set out in sections 476, 478 or 479.
6. You are responsible for ensuring that the company complies with relevant laws and regulations, and for preventing and detecting any breaches. You must tell us immediately if the company receives or pays any interest other than bank and hire purchase interest.
7. You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and shareholders', directors' or members' meetings, that we need to do our work. You have agreed that you will extract a detailed list of ledger balances in the form of a year-end trial balance from which the accounts and supporting information can be prepared.

8. 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 inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants report properly. 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.
9. You must set up controls to prevent or detect quickly 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 electronically published information, and we accept no responsibility for changes made to any information.

Our responsibilities as accountants

10. You have asked us to help you prepare the accounts for the company in accordance with the Companies Act 2006. We will compile the accounts for your approval based on the accounting records that you maintain and the information and explanations that you give us.
11. We shall plan our work on the basis that no report on the financial information or statements is required by statute or regulation for the year, unless you inform us in writing to the contrary. We will make enquiries of management and undertake any procedures that we judge appropriate but we are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.
12. You have told us that the company is exempt from an audit of the accounts. We will not check whether this is the case. However, if we find that the company is not entitled to the exemption, we will inform you of this.
13. Our work will not be an audit in accordance with UK / International Standards of Auditing. So we will not be able to provide any assurance that the accounting records, financial information or accounts are free from material misstatement, whether caused by fraud, other irregularities or error nor to identify weaknesses in internal controls.
14. Since we will not carry out an audit, nor confirm in any way the accuracy or reasonableness of the accounting records, we cannot provide any assurance whether the financial information or accounts that we prepare from those records will present a true and fair view.
15. We will advise you on whether your records are adequate for preparing the company's accounts and recommend improvements if need be.
16. We have a professional duty to compile accounts that conform with UK GAAP from the records and information given to us. Furthermore, as directors you have a duty to prepare accounts that comply with the Companies Act 2006 and applicable accounting standards. If we find that the accounts do not conform to UK GAAP, or if the accounting policies adopted are not immediately apparent, we must disclose this in the accounts.
17. We also have a professional responsibility not to allow our name to be associated with accounts that we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware for any reason, that the accounts may be misleading, we will discuss it with you with a view to agreeing appropriate adjustments and/or disclosures. If adjustments and/or disclosures that we consider appropriate are not made or we are not provided with appropriate information, and as a result we consider that the accounts are misleading, we will withdraw from the engagement.
18. As part of our normal procedures we may ask you to confirm in writing any information or explanations given to us verbally.
19. Once you have approved the company accounts and we have obtained the relevant signatures, we will submit the full company accounts to Companies House on your behalf. Submission of abbreviated company accounts must be specifically requested. You will distribute copies of the accounts to all shareholders.

Form of the Chartered Accountants' Report

20. We will report to the Director(s) that in accordance with this engagement letter and to assist you to fulfil your responsibilities, we have not carried out an audit but have compiled the accounts from the accounting records and from the information and explanations supplied to us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Director(s) for our work or for this report.

A. TAXATION SERVICES

Corporation Tax Compliance

1. We will prepare the company's corporate tax self assessment (CT) return. After obtaining the approval and signature of an authorised nominated director, we will submit it to HM Revenue & Customs (HMRC).
2. We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf. We will send details to you for your review and approval before we submit the return to HMRC on your behalf.
3. We will tell you how much tax the company should pay and when. If appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.
4. We will inform you if instalment payments of corporation tax are due for an accounting period and the dates they are payable. We will calculate any quarterly instalments which should be made on the basis of information supplied by you by the date agreed.
5. We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.
6. We will advise when tax is payable as a result of the company making a loan to a participator such as a shareholder.

Ad hoc and advisory work

7. Where you have instructed us to do so, we will also provide such other taxation advisory and ad hoc services as may be agreed between from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when you commission it. Examples of such work include:
8. Advising you when corporation 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;
9. Dealing with any enquiry opened into the company's tax return by HMRC; or
10. Preparing any amended returns that may be required and corresponding with HMRC as necessary.
11. Where specialist advice is required on occasions we may need to seek this or refer you to appropriate specialists.

Changes in the law

12. 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.
13. 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.

Your responsibilities

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

- Ensuring that the CTSA return is correct and complete;
- Filing any returns by the due date; and
- Paying tax and other payments on time.

Failure to do this may lead to automatic penalties, surcharges and/or interest.

15. 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 he/she approves and signs them.

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

- That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- To provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
- To provide us with information in sufficient time for the company's CTSA return to be completed and submitted by the due date of nine months after the company's accounting period end. In order that we can do this we need to receive all relevant information a minimum of one month beforehand. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing;
- To provide information on matters affecting the company's tax liability for the accounting period in respect of which any 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
- 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 during or since the end of the relevant accounting period.

17. The Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material please let us know so that we can assess the significance.

18. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Even when you have authorised HMRC to communicate with us it is essential that you let us have copies of any correspondence you receive because HMRC are not obliged to send us copies of all the communications they issue to you.

19. The work carried out within this engagement will be in respect of the company. Any work to be carried out for the directors on a personal basis will be set out in a separate letter of engagement.
20. You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If you do not understand what you need to do, please ask us. If the company exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the company's liability to be VAT registered we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.
21. Unless we are specifically engaged to provide a PAYE service you are responsible for the company's PAYE system and compliance.

B. INTERMEDIARIES LEGISLATION (IR35)

1. IR35 is tax avoidance legislation that seeks to counter a potential tax advantage where someone contracts through a company but their relationship with the end client would otherwise amount to employment. Where IR35 applies, a deemed payment must be calculated before the tax year end and treated as employment income subject to tax and national insurance, so as to remove the tax advantage of a payment instead being taken as a dividend.
2. The test of whether a relationship would otherwise amount to employment is a grey area and it is often not possible to be definitive. Clients are often in the best position to decide themselves whether IR35 applies, as they are directly aware of the exact circumstances of each arrangement.
3. In the first instance we advise clients to consider on a case-by-case basis whether their contracts fall within IR35, based on the relationship and contract with the particular client, and taking account of HMRC's guidance which can be found at <http://www.hmrc.gov.uk/ir35/index.htm> and of HMRC's employment status indicator <http://www.hmrc.gov.uk/calcs/esi.htm>. If there is significant doubt we advise obtaining an independent review of the contract; please let us know if you would like us to arrange such a review on your behalf.
4. You must tell us if any of your contracts falls under IR35 or if you have any significant doubt about it. We will then advise on calculating the deemed payment or will calculate it for you if we run PAYE for the company.

C. REGISTERED OFFICE SERVICE

1. We will provide a registered office for the company at our business address. We will open all the post that is addressed to the company there and will forward onto you any items that are important for the company's records.
2. If you become aware that a county court or other judgement is pending for the company, you must make us aware immediately and we will usually resign the registered office service. If a county court or other judgement is received where we provide a registered office service we may withdraw the service with immediate effect. We may resign the service in any other circumstance with a notice period of two weeks. In the event of us resigning the registered office service for whatever reason you agree to either change or to authorise us to change the registered office with Companies House to the previous registered office, to the home address of any director or to a new address that you will advise, and we will tell you about the change if we make it.
3. Where the registered office service is the only corporate secretarial service that we provide you will need to register a different address as the Single Alternative Inspection Location (SAIL) with Companies House.

Company Annual Confirmation Statement

4. We will file the annual confirmation statement and annual accounts with Companies House on your behalf. We will register with Companies House, any changes to the statutory records as advised by you.
5. You will maintain the statutory records for the company and must advise us of any change to those records or to the registered office as soon as possible within at least seven days of the change so that we can notify Companies House to their deadline of 14 days. The statutory records comprise the company's registers of members, persons with significant control (holding over 25% of ordinary shares), directors, mortgages and charges and of the secretary where a company secretary is registered.

Company minutes

6. We will prepare the minute recording your approval of the annual accounts and will provide it with our post engagement letter for the year end work.
7. If you would like to pay a dividend when we do our year end work we will provide the minute and dividend vouchers with the post engagement letter and will bill our time together with our other work for the year end. Otherwise we will provide you with a template for the minute and voucher of request, If you would like us to prepare the minute and vouchers from the information that you provide we will do so for a flat fee of £100 per dividend.
8. You will advise us without delay of any change to members, directors (and secretary where there is a registered secretary) or registered office, as well as of changes to mortgages and charges for the company. You will also advise of intended Board or members meetings and of intended dividends and we will advise meeting and other notice requirements upon request.

D. PAYE SERVICE

1. We offer a monthly or annual PAYE service for employers for whom we provide a service for the annual accounts or tax return. The PAYE service includes:
 - registering as your agent for PAYE
 - taking account of any PAYE coding notices issued by HMRC
 - agreeing a salary plan for each employee at the start of the tax year
 - advising you of the cut off dates for our monthly payroll runs
 - calculating the PAYE and NIC deductions
 - providing payslips in good time for you to make payments on the last day of each month (March for annual schemes)
 - making a Full Payment Submission (FPS) online to HMRC on or before the relevant pay date in line with the salary plan unless you tell us otherwise
 - submitting an Employer Payment Submission (EPS) to HMRC where appropriate (e.g. to confirm that no payments are made)
 - advising you of PAYE and NIC that is due
 - advising you of amounts payable for auto enrolment
2. At the end of the year we will:
 - prepare the final FPS (or EPS) and P11Db including employer annual declarations and submit this after you have confirmed the data to be included
 - prepare and send to you form P60 (and P11D if required) for each employee
3. For auto enrolment clients we will:
 - guide you through the requirements and your initial timetable
 - set up a scheme on your behalf with NEST, the workplace pension set up by the government, or with another scheme by arrangement
 - review your payroll data and advise on the status of your employees as you approach your staging date and on request ongoing, from the data that you supply to us
 - provide you with template letters to help you to comply with the requirements for you to communicate with employees

- process employee and employer auto enrolment contributions according to data provided by you and by your staff
 - update NEST (or other scheme by arrangement) with details of pension contributions
 - provide you with detail of employee and employer contribution payments that you will need to make
4. You are responsible for:
- providing initial information on request and agreeing the initial salary plan
 - providing full and accurate information – we will not check what you give to us
 - advising us promptly of changes such as of a new employee or new benefits provided (including telling us within one month of any change to a company car)
 - seeking our advice on any change that may affect the payroll, where you are unsure
 - giving us as much notice as possible of any changes to the salary plan
 - telling us about any expenses payments that the company makes including where the company pays for any business entertainment expenses and any benefits that it provides to employees such as making a company asset available for private use by a director or other employee or paying private medical insurance
 - making such PAYE payments for the company as we advise are due, by the due date (failure to do so may incur penalties and interest)
 - reconciling your employer PAYE account with HMRC.
5. Auto enrolment clients remain responsible for:
- Providing The Pensions Regulator with a named contact from your organisation, to be responsible for auto enrolment
 - All communications with employees
 - Selecting a pension scheme suitable for the needs of your employees
 - Making all pension contribution payments.
6. You authorise us to communicate with HMRC on your behalf including to notify them of any errors that we become aware of.
7. We will only check the accuracy of employee PAYE codes if you so request.

E. LIMITATION OF LIABILITY

1. Our services as set out above are subject to the limitations on our liability set out in the engagement letter and in paragraph 19 and 20 of our terms of business.

F. PERIOD OF ENGAGEMENT

1. The period of engagement is stated in the engagement letter and explained in our terms of business. We will not be responsible for earlier periods. The company or its previous advisers will deal with outstanding matters relating to earlier periods.
2. This document supersedes any previous Service Description agreed for the period covered. Once agreed, this document will remain effective from the date of signature of the engagement letter until it is replaced. You or we may agree to vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

G. TAX INVESTIGATION FEE PROTECTION SERVICE

1. We strongly recommend our clients to take out our tax investigation fee protection scheme, if this is not already covered by your business insurance. This cover can significantly reduce your financial burden if you are subject to an investigation by HMRC. The scheme includes a business support helpline.
2. Since the Finance Act 2008 passed into law, HMRC has far greater powers and has increased the number and scope of its investigations. If HMRC should make an enquiry or investigate your affairs we will work hard on your behalf to secure a favourable outcome. But this typically takes a lot of time and even if no extra tax is due, our fees can be very significant.

3. For a small annual subscription, the scheme will provide you with the equivalent of up to £75,000 worth of our time in the event of a written intervention by HMRC. This means we can spend as much time as necessary to get the best result for you without you needing to worry about the expense.
4. The scheme includes a business support helpline providing telephone access to specialists in employment and health and safety law. We provide you with a scheme number to access this service.
5. If you receive notice that HMRC intends to look into any aspect of your financial affairs, please contact us immediately. If you have taken out the fee protection scheme, we will communicate with HMRC on your behalf and do whatever we can to ensure the outcome is as favourable to you as possible. We will not bill you for the professional fees of dealing with your investigation as they will be covered under the scheme. A leaflet and summary of service explain more detail including exclusions; please familiarise yourself with the exclusions before accepting the cover.
6. Unless you decline, we will take out the scheme on your behalf and will add the cost to our fee note. The cost and an explanation of how to decline the service are described in our covering engagement letter. Our cover runs annually from May but we will renew to ensure continuous cover for a period of one year from the date that you accept the terms of our engagement.
7. The company scheme covers investigations into directors' personal tax affairs where we are the agent for personal tax so long as the director's additional rental or business income is less than £50,000.

This document supersedes any previous Service Description agreed for the period covered.

Approachable Accountants Ltd