

TERMS OF BUSINESS

Last updated 13 April 2018

1.0 Engagement terms

- 1.1 All engagements that we accept will be in accordance with the engagement letter, Service Description(s) and these terms of business, or any subsequent variations. All these documents should be read together. “We” / “Firm” refer to Approachable Accountants and “you” refers to its clients.

2.0 Your responsibilities

- 2.1 You will, at all times, retain full responsibility for the management of your business or personal tax affairs, including taking decisions about whether to follow any advice given by us. You will provide us with complete, accurate and timely information relevant to the services we will provide.

3.0 Our professional obligations

- 3.1 We will observe and act in accordance with the bye-laws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Tax (CIOT) and accept instructions on this basis. In particular you give us the authority to correct errors made by HMRC where we become aware of them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

- 3.2 You can see the ICAEW's requirements at www.icaew.com/membershandbook.

- 3.3 You can see the CIOT's requirements at www.tax.org.uk/Standards

4.0 Conflicts of interest and independence

- 4.1 We will inform you if we become aware of any conflict of interest in our relationship with you or in our relationships with you and another client.

- 4.2 If we can adopt safeguards to protect your interests where a conflict exists, we will do so; where possible, with your informed consent. We reserve the right to act for other clients whose interests may be different or adverse to yours subject of course to strict confidentiality.

- 4.3 Where conflicts are identified which we cannot manage in a way that protects your interests then we regret that we will be unable to provide further services. We would raise this with you and ensure that any transition was as smooth as possible.

5.0 Confidentiality and privacy

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

- 5.2 We may provide details to our professional body such as to facilitate a review under their practice assurance scheme, or so that they can help lobby on our behalf or on yours, for example, on issues with HMRC systems.

- 5.3 In line with professional guidance, an alternate will have access to your contact details to help ensure continuity of service in the event of serious business interruption such as incapacity or death. The alternate is bound by professional rules and guidance on confidentiality.
- 5.4 We reserve the right, for promotional activity, training or for other business purpose, to mention that you are a client. We reserve the right to quote your comments in testimonials and to attribute them to you by name and organisation unless you specifically ask us not to. We will not disclose any confidential information.
- 5.5 We will not disclose your details to any third party except for as in section 6. We will ask for no more information than we need to understand your situation as it affects your tax affairs, and we will keep information only as long as HMRC require, which is usually six years after the end of the tax year or three years for payroll. When we engage with you, it will be for a specific period and at the end of an engagement we write to you and will destroy your data in our next annual review.
- 5.6 Should we receive information about an ex-client, such as from HMRC, we will not be able to advise you as we will not keep your contact details but we will destroy the information.
- 5.7 Please keep out details for future reference should you need them as we will not keep your records for longer than the annual review following our disengagement or HMRC's limits of three or six years otherwise after our last advice or work for you.

6.0 Subcontracting and reliance on third parties

- 6.1 We may subcontract work to others or rely on third parties, in which case we:
- Perform a due diligence process to ensure that our partners meet high professional standards and that their abilities are commensurate with the work that we entrust to them
 - Have a written agreement to ensure that responsibilities are clear and that client confidentiality is respected
 - Require all subcontractors to meet strong standards in terms of storage and use of client data in line with our responsibilities under the Data Protection Act
 - Review subcontractor performance regularly to ensure a high quality client service.
- 6.2 The key areas where we may subcontract are:
- Software suppliers for our practice management, accounting, tax, and payroll software
 - Where specialist skills are required, such as on VAT or capital allowances
 - To complement our skills, where it is practical and cost effective to do so. For example, we have one or two bookkeepers who we tend to use should clients require this type of help.

7.0 Data Protection Act 1998 and General Data Protection Regulations

- 7.1 To enable us to discharge the services agreed, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you/your business/company/partnership/its officers and employees. When processing data on your behalf we will comply with the relevant provisions of the Data Protection Act 1998 and the General Data Protection Regulations.
- 7.2 Where we undertake the processing of personal data on your behalf (such as in processing your payroll) as a data processor, Sections 11 and 12 of the Data Protection Act 1998 place express obligations on you as the data controller. We confirm that we will at all times comply with the requirements of the Data Protection Act 1998 when processing data on your behalf. It is important to understand that you remain fully accountable for your data, regardless of who processes it.

8.0 Client identification, Proceeds of Crime Act 2002 and Money Laundering Regulations 2007

8.1 In common with all accountancy and legal practices, the firm is required by the Proceeds of Crime Act 2002 (POCA) and the Money Laundering Regulations 2007 to:

- have due diligence procedures for the identification of all clients;
- maintain appropriate records of evidence to support customer due diligence; and
- report in accordance with the legislation and regulations.

8.2 To fulfil our client identification responsibility, we may request from you, and retain, such information and documentation as we require and/or make searches of appropriate databases.

8.3 We must report to the National Crime Agency (NCA) if we know or suspect that you or anyone connected with your business is or has been involved in money laundering. Money laundering is widely defined in the POCA and includes such crimes as deliberate tax evasion, deliberate failure to inform the tax authorities of known underpayments or excessive repayments, fraudulent claims of benefits or grants or obtaining a contract through bribery.

8.4 We must make such a report to NCA without your knowledge or consent. We would not discuss such a report with you, as in doing so we may be guilty of the criminal offence of tipping off.

9.0 Investment advice

9.1 Investment business is regulated under the Financial Services and Markets Act 2000. If during our provision of services to you, you need advice on investments, we may have to refer you to someone who is authorised by the Financial Services Authority or licensed by a Designated Professional Body, as we are not.

10.0 Electronic and other communication

10.1 Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means including issuing electronic forms such as P60s. The recipient is responsible for virus checking emails and any attachments.

10.2 Please let us know if you would like to use a secure portal rather than email for all your documents or just for payslips.

10.3 With electronic communication there is a risk of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties. We use software to reduce the risk of viruses and similar damaging items being transmitted through emails or electronic storage devices. However electronic communication is not totally secure and we cannot be held responsible for damage or loss caused by viruses nor for communications corrupted or altered after despatch. We cannot accept any liability for problems or accidental errors relating to this means of communication especially in relation to commercially sensitive material. These are risks you must bear in return for greater efficiency and lower costs. If you do not wish to accept these risks please tell us and we will communicate by paper mail, except where electronic submission is mandatory.

10.4 Any communication by us with you sent through the postal system is deemed to arrive at your postal address two working days after the day that the document was sent.

11.0 Reliance on advice

11.1 We will endeavour to record all advice on important matters in writing. Advice given orally is not intended to be relied upon unless confirmed in writing. Therefore, if you wish to rely on oral

advice (e.g. from a meeting or telephone conversation), you must ask us to confirm the advice in writing.

12.0 Advisory services

12.1 We would be pleased to discuss other services where we may be able to help you. These include advice on:

- (a) tax including ad hoc advice or planning;
- (b) financial systems and controls and corporate governance;
- (c) financial control weaknesses – risks, identification, investigation and rectification;
- (d) business strategy and planning and profitability improvement;
- (e) managing organisational change; or
- (f) investigations and reports for special purposes, e.g. business acquisitions, funding applications, investment appraisal or examination of specific aspects of your business;

13.0 Tax compliance work and tax return filing positions

13.1 Tax compliance work is limited to advising on compliance, rather than on tax efficiency. Where it comes to our attention that a more efficient option might be available we will tell you. For compliance only clients, advisory work on tax efficiency will usually be subject to a separate engagement letter and a separate fee.

13.2 As well as having a duty to you, we have a duty to the tax system. Our duty to you includes to assist you to pay no more tax than is legally owed.

13.3 A self-assessment tax return remains primarily the taxpayer's representation of the facts, and you have final responsibility for positions taken on the return.

13.4 In accordance with the professional standards issued by the CIOT, we will only recommend a tax return filing position where we are satisfied that it has a realistic possibility of being sustained on its merits if challenged by the relevant tax authority.

13.5 Should we recommend a tax return filing position that we believe is tenable (i.e. that may be advanced in good faith and is supported by reasoned technical argument) we will advise you as to the appropriate disclosure and associated risks.

13.6 When advising on a filing position we will advise you on potential penalty consequences when relevant, and on the opportunity, if any, to reduce the risk of such penalties through disclosure.

13.7 When recommending a filing position, we have both the right and responsibility to be your advocate with respect to that position.

13.8 The preparation and filing of VAT returns involves only basic compliance checks to ensure that the returns are correctly compiled from your records. In some cases VAT advisory work may also be needed to confirm the correct VAT treatment or options; this work would be separately distinguished in our engagement letter.

14.0 Tax Advice, Planning, Avoidance and Evasion

- 14.1 We provide tax advice to help ensure that you pay no more tax than you need to. Taxpayers are entitled to enter into transactions and to structure their affairs or to interpret legislation in ways that HMRC may disagree with.
- 14.2 In providing tax advice we promote legitimate tax planning that we consider to be reasonable taking account of all of the circumstances, and promote “pro purposive” planning, that is planning in line with the intention of relevant legislation, so far as we can reasonable determine. We do not promote aggressive tax planning or the deliberate exploitation of loopholes for purposes which we do not believe were intended by the legislation.
- 14.3 HMRC regards tax planning as using reliefs for the purpose, extent and parties for which they were intended by Parliament. Where it is difficult to determine the intention of parliament, we will use our best judgement in providing advice and will highlight risks that a treatment may be interpreted differently such as by HMRC.
- 14.4 HMRC regards tax avoidance as bending the rules of the tax system to gain a tax advantage that was never intended and which often involves contrived arrangements, and is without the spirit of the law. HMRC has set out typical characteristics of tax avoidance including:
- If it sounds too good to be true, it probably is
 - Tax results out of proportion to commercial or economic risk or reality
 - Overcomplicated or artificial steps.
- 14.5 Tax evasion is the illegal non-payment or underpayment of tax due. We are obliged to report this in line with our responsibilities under the

15.0 Commissions or other benefits

- 15.1 We sometimes use third party services to help clients, such as in our recommendations for third party software or specialist work such as VAT or IR35 contract reviews. We never seek to profit from these arrangements but we do accept standard terms which sometimes involve a commission arrangement.
- 15.2 We recommend software based on a client's needs and not on the basis of commission that we may receive. We do not manage our business according to commission receipts.
- 15.3 Suppliers of accountancy software often offer a discount to accountants compared to the price that they quote to the public. We will only disclose such discounts in response to a specific request. This is a matter of practicality because discount rates change from time to time and differ between suppliers and because we sometimes invoice these services to clients with a premium or discount of our own or include software as part of a bundled offering.
- 15.4 In invoicing you for a service provided to us by a third party, we take account of the time and service that we supply in setting the inclusive fee, always aiming for the fee to fairly reflect our work in dealing with the matter at hand or in maintaining the relationship with the third party.
- 15.5 If we receive a commission or other benefit other than as described in this section, such as for introductions to other professionals or for transactions that we arrange for you, we will notify you in writing of the amount, the terms and receipt of any such commissions or benefits. The fees you would otherwise pay will not be reduced by such amounts. You agree that we can retain the commission or other benefits in line with usual industry practice.

16.0 Fees

- 16.1 Our fees are determined by reference to:
- the estimated and actual time spent
 - the levels of skill, expertise, risk or responsibility involved
 - the nature and complexity of the client's business and the work to be performed; and
 - the priority and importance of the work to the client
 - the software provided and the cost to us or supplier's usual rate at the time we supply the software.
- 16.2 If we provide you with an estimate of our fees for any specific work, then the estimate will not be contractually binding unless we explicitly state that that will be the case.
- 16.3 Our fee estimates assume that we receive good quality data in good time and that you respond promptly to any queries we should have. It can take a lot of extra time to work with data that is of poor quality or when queries are not answered promptly. Where we issue a fixed fee estimate but data is of poor quality or queries are not answered promptly, we reserve the right to charge in line with extra time taken at our usual rates. We will usually seek to agree any such charge in advance in writing before completing the work.
- 16.4 Where we have not been able to work within a fee estimate such as because of an unusually heavy workload in the first year, year on year growth in the business or record keeping issues, we reserve the right for our fee estimates to seek to recover fee write-offs that we have suffered from previous engagements, which is common practice for many accountants. We apply this policy to help keep our fees reasonably consistent from one year to the next.
- 16.5 We strive to maintain client service at all times including during our busiest period, which is between 1 October and 31 January each year. To help us maintain service levels we may specify a delivery date for information that we need from you. Where this is the case and information is delivered late for work to be completed by 31 January we reserve the right to add a late delivery charge to your bill at the rate to be agreed between us.
- 16.6 We will bill our fees as work progresses and our invoices will be due for payment when issued. Our fees are exclusive of VAT, which will be added where it is chargeable. Our rates are £150 / £80 / £60 for director / manager / assistant manager respectively. We charge disbursements such as cost of mileage, postage or Companies House fees at cost. Our fees for work involving third party specialists comprise the cost to us plus our time in liaising on your behalf, providing information and carrying out our own quality control reviews. We do not charge our travel time but charge mileage at HMRC approved rates.
- 16.7 Clients may opt to pay our estimated fee by standing order through twelve equal monthly instalments instead of being invoiced as work proceeds. In this case our work will commence only following receipt of the third instalment. Should additional fees or costs be incurred a separate invoice will be raised which will be payable separately on receipt.
- 16.8 We invoice for software costs 6-monthly in advance until you no longer need it and we have finished the work for the least year end, after which we reimburse any unused months. We invoice payroll costs annually in arrears. We take supplier commission at their usual rates which tend to vary between 5% and 20%.
- 16.9 If we need to do work outside the responsibilities outlined in our engagement letter, we will advise you in advance. Unless otherwise agreed to the contrary our fees do not include the costs of any third party, counsel or other professional fees.

16.10 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.

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

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

16.13 Where fees are not received in accordance with the agreed payment terms, we reserve the right to suspend work, claim interest and take legal action to recover outstanding fees.

17.0 Internal disputes within a client

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

18.0 Working papers and retention of papers for tax purposes

18.1 We retain copyright in all material provided to you or otherwise generated in the course of our engagement. You shall keep confidential any methodologies used by us in the engagement.

18.2 You have a legal responsibility to retain documents and records relevant to your tax affairs. During the course of our work we may collect information from you and others relevant to those affairs. We will return any original documents to you if requested. Documents and records relevant to your tax affairs are required by law to be retained for the following minimum periods, and for longer if HMRC enquire into your tax affairs:

- Personal and company tax – 6 years
- PAYE records – 3 years

18.3 Whilst certain documents may legally belong to you we may destroy correspondence and other papers that we store, electronically or otherwise in line with the earlier of HMRC requirements or sooner if you disengage our services as above. You must tell us if you require the return or retention of any specific documents for a longer period.

19.0 Quality control

19.1 As part of our ongoing commitment to providing a quality service, an independent regulatory or quality control body will periodically review our files. These reviewers are experienced professionals and are bound by the same rules for confidentiality as our employees.

20.0 Help us give you the best service

20.1 We wish to provide a high quality of service at all times. If at any time you feel that our service to you could be improved please let us know by contacting us as soon as possible.

21.0 Dissatisfaction or complaints

21.1 We are committed to providing you with a high quality service that is both efficient and effective. However, sometimes things go wrong and you may not feel we have provided the service you expected. Should there be any concern or cause for complaint in relation to any aspect of our service, please let us know as soon as possible and we will do our best to put things right.

21.2 Should you feel you need to complain, please help us by contacting us as soon as possible (preferably within 15 days of an invoice, if the complaint is about a fee), and by summarising the problem and the resolution you expect. We will look into any complaint carefully and promptly and do everything we reasonably can to deal with it fairly and put it right.

21.3 If you are still not satisfied you can refer your complaint to our professional body, the ICAEW. Information about the complaints process can be found on the ICAEW website. Complaints may be addressed to psocomp@icaew.com or Assessment Section, ICAEW, Metropolitan House, 321 Avebury Boulevard, Milton Keynes, MK9 2FZ.

22.0 Lien

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

23.0 Limitation of liability

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

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

23.3 We will not be responsible or liable for any loss, damage or expense incurred or sustained if information material to the service we are providing is withheld or concealed from us or misrepresented to us. This applies equally to fraudulent acts, misrepresentation or wilful default on the part of any party to the transaction and their directors, officers, employees, agents or advisers.

23.4 This exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry.

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

23.6 Should you or any person for whom you are responsible disclose our advice or opinions, in writing or otherwise, without our express authority, which disclosure gives rise to any claim (including for negligence) against us or our agents, you agree to indemnify us (and our agents) in respect of

that claim. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it.

- 23.7 You agree that the fair extent of our liability to you in respect of the professional services described within this engagement letter (the professional services) should be limited as set out in the engagement covering letter. In agreeing that figure with you, we have taken into account the size and nature of your business and the services that we will provide to you. By signing the engagement letter you agree that you have given proper consideration to this limit and accept that it is reasonable in all the circumstances. If you do not wish to accept it you should contact us to discuss it before signing the engagement letter.
- 23.8 You agree that you will not bring any claim against any of our employees on a personal basis, for any matter pursuant to your contractual relationship with the firm.

24.0 Limitation of Third Party rights and Contracts (Rights of Third Parties) Act 1999

- 24.1 The advice we give you is for your sole use and is confidential to you and will not constitute advice for any third party to whom you may communicate it. We will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.
- 24.2 Only someone who is a party to this agreement has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms. This clause does not affect any right or remedy that exists independently of the Act.

25.0 Period of engagement and termination

- 25.1 Unless otherwise agreed in the engagement letter our work will begin when we receive your implicit or explicit acceptance of that letter and will be with regard to the period(s) stated in the engagement letter. Except as stated in that letter we will not be responsible for work in relation to earlier periods.
- 25.2 Each of us may terminate this agreement by giving 21 days notice in writing to the other except where you fail to cooperate with us or we have reason to believe that you have provided us or HMRC with misleading information, in which case we may terminate this agreement immediately. Termination will be without prejudice to any rights that may have accrued to either of us.
- 25.3 In the event of termination of this contract, we will endeavour to agree with you the arrangements for the completion of work in progress at that time, unless we are required for legal or regulatory reasons to cease work immediately. In that event, we shall not be required to carry out further work and shall not be responsible or liable for any consequences arising from termination.

26.0 Confirmation of your agreement of terms and your right to cancel

- 26.1 We request that you confirm your agreement to the engagement letter, the relevant Service Description and these terms of business by signing and returning a copy of the engagement letter.
- 26.2 If the engagement letter, Service Description and terms of business are not in accordance with your understanding of our terms of appointment, please let us know.
- 26.3 If you fail to return a signed copy of the engagement letter but proceed with any of the services offered, then this will be taken to indicate your agreement of all the terms therein and they will take immediate effect.

26.4 If you would like to cancel the engagement you have the right to do so by notifying us within seven days of your acceptance of these terms. We will not start work during the seven-day cancellation period unless you specifically agree to compensate us for any work done during that period, should you cancel the contract.

27.0 Disengagement

27.1 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 two years or more we may issue to your last known address a disengagement letter and hence cease to act.

28.0 Applicable law

28.1 Our engagement with you is governed by, and interpreted in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning our engagement letter and terms of business and any matter arising from or under them. 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 inconvenient forum, or to claim that those courts do not have jurisdiction.

29.0 Interpretation

29.1 If any provision of this engagement letter or Service Description is held to be void, then that provision will be deemed not to form part of this contract. In the event of any conflict between these terms of business and the engagement letter or appendices, the relevant provision in the engagement letter or Service Description will take precedence.

30.0 The Provision of Services Regulations 2009

30.1 Our professional indemnity insurer is Bluefin Insurance Services Limited, registered office: 5 Old Broad Street, London, EC2N 1AD. The territorial coverage is worldwide excluding any action for a claim brought in any court in the United States or Canada.

Approachable Accountants Ltd