

## **MACKENZIES CHARTERED ACCOUNTANTS**

### **ENGAGEMENT LETTER AND TERMS OF BUSINESS - CLIENT SERVICES**

#### **(VAT, BOOKKEEPING AND MANAGEMENT ACCOUNTS)**

Dear Client,

We are required by the Institute of Chartered Accountants in England and Wales to periodically review and if necessary update our terms of engagement. This letter and the attached schedule of services together with our terms of business explains the basis on which we are to provide services as your accountants, tax agent and adviser, and sets out your and our respective responsibilities.

Mark Smith and Venetia Coombs will be the directors responsible for this engagement. Claire Parks is the manager responsible for overseeing our payroll service.

#### **1. SCOPE OF SERVICES**

- 1.1 We have listed below the work which you have instructed us to carry out, the detail of which is contained in the attached schedules. These state your and our responsibilities in relation to the work to be carried out. If we agree to carry out additional services for you we will provide you with a new or amended engagement letter and schedules. Only the services which are listed in the attached schedules are included within the scope of our instructions. If there is additional work that you wish us to carry out which is not listed in the schedule, please let us know and we will discuss with you whether they can be included in the scope of our work.
- 1.2 The following schedules of services and our terms of business are attached to this engagement letter and should be read in conjunction with it.

Schedule 1 Client services

#### **2. LIMITATION OF LIABILITY**

- 2.1 We will provide services as outlined in this letter with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence or wilful default. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities.
- 2.2 You will not hold us our directors and staff, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation, intentional or unintentional, supplied to us orally or in writing in connection with this agreement. You have agreed that you will not bring any claim in connection with services we provide to you against any of our partners or employees personally.
- 2.3 Our work is not, unless there is a legal or regulatory requirement, to be made available to third parties without our written permission and we will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.
- 2.4 We need you to consider the extent of our liability to you in respect of the professional services described within this engagement letter (the professional services). We propose that, having considered both your circumstances and our own, that an amount equal to four times the VAT exclusive fees paid by to us, during the preceding twelve months, represents

a fair maximum limit to our liability. By signing this letter of engagement you confirm your agreement to limit.

2.5 We confirm that the limit in respect of our total liability will not apply to any acts, omissions or representations that are in any way criminal, dishonest or fraudulent on the part of the firm, its directors or employees.

### 3. AGREEMENT OF TERMS

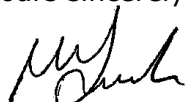
3.1 This engagement will start upon the signing of this agreement and its terms will apply to all previous work that we have carried out on your behalf.

3.2 This letter supersedes any previous engagement letter and once agreed will remain effective from the date of signature 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.

3.3 Please confirm your agreement to the terms of this letter and the attached terms of business by signing and returning the enclosed copies.

3.4 If this letter and the attached terms of business are not in accordance with your understanding of our terms of appointment, please let us know.

Yours sincerely,



Mark Smith, Director

For and on behalf of Logika Limited trading as Mackenzies Chartered Accountants

# **MACKENZIES CHARTERED ACCOUNTANTS**

## **SCHEDULE 1 – CLIENT SERVICES**

This schedule should be read in conjunction with the engagement letter and the standard terms and conditions

### **SCHEDULE 1, PART 1 - VAT RETURNS**

#### **1 Instructions to act**

1.1 Not all clients signing this engagement letter pack will require us to assisting with their VAT returns; it may be for instance that they are not VAT registered or that they only require us to provide a bookkeeping or management accounting service.

1.2 Where you are VAT registered and you have asked us to assist you with the preparation of your VAT returns then we will have agreed with you a fee for that service in writing. Your acceptance to our fee proposal will represent instructions for us to provide a VAT return service, in which case the following shall apply:

#### **2 Recurring compliance work**

2.1 We will prepare/review your monthly/quarterly/annual VAT returns and if applicable Intrastat returns/EC Sales lists on the basis of the information and explanations supplied by you.

2.2 Based on the information that you provide to us 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.

2.3 Where appropriate we will calculate the partial exemption annual adjustment.

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

2.5 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 HMRC.

#### **3 Ad hoc and advisory services**

3.1 Where you have instructed us to do so, we will also provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for 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 [Intrastat returns/EC Sales List returns] addressed to us by HMRC 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; and
- Providing you with advice on VAT [Excise Duty/Customs Duty/Landfill Tax/Insurance Premium Tax/Aggregates Levy/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

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

#### **4 Changes in the law**

4.1 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.

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

#### **5 Your responsibilities**

5.1 You are legally responsible for:

- Ensuring that your returns are correct and complete;
- Filing any returns by the due date; and
- Making payment of tax on time.

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

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

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

- That all returns are to be made on the basis of full disclosure;
- That you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are [prepared/reviewed] solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you provide which may lead to a misdeclaration on which penalties and interest may arise;
- That we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
- To provide us with all the records relevant to the preparation of your monthly/quarterly VAT returns as soon as possible after the return period ends. We would ordinarily need a minimum of 14 working days before submission to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation/review and submission of the VAT return, we accept no responsibility for any "default surcharge" penalty that may arise. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for so doing.

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

5.6 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been signed and submitted it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you.

5.7 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.

5.8 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 do not understand what you need to do, please ask us. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability 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.

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

6 Our services as set out above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions. These are important provisions which you should read and consider carefully.

## **SCHEDULE 1, PART 2 - BOOKKEEPING**

### **1 Instructions to act**

1.1 Not all clients signing this engagement letter pack will require us to assisting with their bookkeeping, it may be for instance that they prepare their own bookkeeping and only require us to assist with their VAT return or prepare management accounting service.

1.2 Where you have asked us to assist with your bookkeeping and we will have agreed with you a fee for that service in writing. Your acceptance to our fee proposal will represent instructions for us to provide a bookkeeping service, in which case the following shall apply:

### **2 Your responsibility for the provision of information**

2.1 You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose and compilation of the accounting records, and you will disclose to us all relevant information in full.

2.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the accounting records, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.

2.3 You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.

### **3 Our responsibilities**

3.1 We have agreed to carry out the following accounting and other services on your behalf:

- write up the accounting records of the business and;
- complete the postings to the nominal ledger.

### **4 Your responsibilities**

4.1 At the outset of a bookkeeping engagement we will agree with you what prime records you will need to keep and when you need to provide those records to us.

4.2 You have agreed that you or your staff will:

- Keep an adequate record of all receipts and payments, whether credit card, bank or cash.
- Keep and supply to us all bank and credit card statements, written up cheque stubs and paying in books.
- Provide us with all sales invoices and all purchase invoices. These should be marked clearly as whether paid or unpaid and where paid the payment method (bank, cash, credit card).
- Raise you sales invoices and perform credit control.
- Reconcile your petty cash account on a weekly basis and provide us with a copy of the reconciliation.
- If appropriate, reconcile your till at the end of each day and provide us with a copy of the reconciliation and supporting till readings.
- If appropriate prepare details of the annual stocktaking, suitably priced and extended in a form which will enable us to verify the prices readily by reference to suppliers' invoices or provide us with a copy of the valuation report produced by your independent stock takers.
- Prepare details of work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.
- You must provide us with your business records and answers to any questions we have in relation to your bookkeeping, in a timely and efficient manner.

5 Our services as set out above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions. These are important provisions which you should read and consider carefully.

## **SCHEDULE 1, PART 3 – MANAGEMENT ACCOUNTS**

### **1 Instructions to act**

1.1 Not all clients signing this engagement letter pack will require us to prepare management accounts; it may be for instance that they only require us to assist with their VAT return and/or bookkeeping.

1.2 Where you have asked us to prepare management accounts we will have agreed with you a fee for that service in writing. Your acceptance to our fee proposal will represent instructions for us to prepare management accounts, in which case the following shall apply:

### **2 Your responsibility for the provision of information**

2.1 You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose and compilation of the accounting records, and you will disclose to us all relevant information in full.

2.2 Where we have also prepared your bookkeeping then we will use that data as a basis for the preparation of your management accounts. If you have prepared your own bookkeeping then you agree to provide to us your accounting records in the agreed format, and we will have agreed with you in writing the stage of completion to which your bookkeeping should be, for example bank reconciled or not reconciled.

2.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the accounting records, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.

2.3 You will approve and sign the management accounts to acknowledge responsibility for it, including the appropriateness of the accounting basis and for providing us with all information and explanations necessary for their compilation.

2.4 You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.

### **3 Our responsibilities**

3.1 We have agreed to carry out the following accounting and other services on your behalf:

- Prepare management accounts in an agreed format for your approval from the bookkeeping and accounting records supplied to us.
- We shall plan our work on the basis that no report on the accounts is required by statute or regulation for the year, unless you inform us in writing to the contrary. We will make enquiries of you and if appropriate your employees 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.
- Our work will not be an audit of the accounts in accordance with International Standards of Auditing (UK and Ireland). So we will not be able to provide any assurance that the accounting records or the accounts are free from material misstatement, whether caused by fraud, other irregularities or error nor to identify weaknesses in internal controls.
- 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 accounts that we prepare from those records will present a true and fair view.
- We will advise you on whether your records are adequate for preparation of the accounts and recommend improvements.
- We have a professional duty to compile accounts that conform with generally accepted accounting principles from the accounting records and information and explanations given to us.
- We also have a professional responsibility not to allow our name to be associated with financial information/accounts which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the accounts may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the accounts. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the accounts are misleading, we will withdraw from the engagement.
- As part of our normal procedures we may ask you to confirm in writing any information or explanations given to us orally during our work.

### **4 Your responsibilities**

4.1 At the outset of a management accounts engagement we will agree with you what prime records you will need to keep and when you need to provide those records to us.

4.2 You have agreed that you or your staff will:

- Keep an adequate record of all receipts and payments, whether credit card, bank or cash.
- Keep and supply to us all bank and credit card statements, written up cheque stubs and paying in books.
- Provide us with all sales invoices and all purchase invoices. These should be marked clearly as whether paid or unpaid and where paid the payment method (bank, cash, credit card).
- Raise you sales invoices and perform credit control.
- Reconcile your petty cash account on a weekly basis and provide us with a copy of the reconciliation.
- If appropriate, reconcile your till at the end of each day and provide us with a copy of the reconciliation and supporting till readings.
- If appropriate prepare details of the annual stocktaking, suitably priced and extended in a form which will enable us to verify the prices readily by reference to suppliers' invoices or provide us with a copy of the valuation report produced by your independent stock takers.
- Prepare details of work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.
- You must provide us with your business records and answers to any questions we have in relation to your bookkeeping, in a timely and efficient manner.

5 Our services as set out above are subject to the limitations on our liability set out in the engagement letter and in paragraph 18 of our standard terms and conditions. These are important provisions which you should read and consider carefully.

## **Mackenzies Chartered Accountants**

### **Terms of business as at 1<sup>st</sup> March 2013**

The following terms of business apply to all engagements accepted by Logika Limited trading as Mackenzies Chartered Accountants. All work is carried out under these terms except where changes are expressly agreed in writing.

#### **1. Applicable law**

1.1 Our engagement letter, the schedules of services and our standard terms and conditions of business are governed by, and should be construed in accordance with English law. Each party agrees that the courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it on any basis. Each party irrevocably waives any right to object to any action being brought in those Courts, to claim that the action has been brought in an inappropriate forum, or to claim that those Courts do not have jurisdiction.

#### **2. Client identification**

2.1 As with other professional services firms, we are required to identify our clients for the purposes of the UK anti-money laundering legislation. We may request from you, and retain, such information and documentation as we require for these purposes and/or make searches of appropriate databases.

#### **3. Client money**

3.1 We may, from time to time, hold money on your behalf. The money will be held in trust in a client bank account, which is segregated from the firm's funds. The account will be operated, and all funds dealt with, in accordance with the Clients' Money Regulations of the Institute of Chartered Accountants in England and Wales.

3.2 All client monies will be held in an interest-bearing account. To avoid excessive administration, interest will only be paid to you where the amount earned on the balances held on your behalf in any calendar year exceeds £25.00. If the total sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then we will put the money in a designated interest-bearing client bank account and pay the interest to you. Subject to any tax legislation, interest will be paid gross.

3.3 We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. If any funds remain in our client account that are unclaimed and the client to whom they relate has remained untraced for five years or we as a firm cease to practise then we may pay those monies to a registered charity.

#### **4. Commissions or other benefits**

4.1 In some circumstances we may receive commissions or other benefits for introductions to other professionals or in respect of transactions which we arrange for you. Where this happens we will notify you in writing of the amount and terms of payment and receipt of any such commissions or benefits. The same will apply where the payment is made to or the transactions are arranged by a person or business connected with ours. The fees you would otherwise pay will not be reduced by the amount of the commissions or benefits.

#### **5. Complaints**

5.1 We are committed to providing you with a high quality service that is both efficient and effective. However, should there be any cause for complaint in relation to any aspect of our service please contact Venetia Coombs. We agree to look into any complaint carefully and promptly and do everything reasonable to put it right. If you are still not satisfied you can refer your complaint to our professional body, the Institute of Chartered Accountants in England and Wales.

#### **6. Confidentiality**

6.1 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.

6.2 Mackenzies currently operates from four offices, Maidstone, Shanklin, Freshwater and New Delhi. To provide you with an efficient and cost effective service, we may allocate the work carried out on your behalf to any Mackenzies office (current and future); all of our staff are bound by our client confidentiality terms. We will never physically send your information or records offshore, our employees based at our New Delhi office may only view data / scanned records remotely via a terminal sever link to our secure server based in the UK, no data or information is transferred offshore.

6.3 Mackenzies do not outsource or use sub-contractors, all of our staff are employed by Logika Limited (UK) or Logikal Solutions Pvt. Limited (India), both wholly owned subsidiary companies of The Logikal Group Limited a company controlled by Mark Smith and Venetia Coombs.

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

## **7. Conflicts of interest**

7.1 We will inform you if we become aware of any conflict of interest in our relationship with you or in our relationship with you and another client unless we are unable to do so because of our confidentiality obligations. We have safeguards that can be implemented to protect the interests of different clients if a conflict arises. Where conflicts are identified which cannot be managed in a way that protects your interests then we regret that we will be unable to provide further services.

7.2 If there is a conflict of interest that is capable of being addressed successfully by the adoption of suitable safeguards to protect your interests then we will adopt those safeguards. We reserve the right to provide services for other clients whose interests are not the same as yours or are adverse to yours subject of course to the obligations of confidentiality referred to above.

## **8. Data protection**

8.1 We confirm that we will comply with the provisions of the Data Protection Act 1998 when processing personal data about you [and your family]. In order to carry out the services under our engagement letter and for related purposes such as updating and enhancing our client records, analysis for management purposes and statutory returns, legal and regulatory compliance and crime prevention we may obtain, process, use and disclose personal data about you.

## **9. Disengagement**

9.1 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 a period of 6 months or more we may issue to your last known address a disengagement letter and hence cease to act.

## **10. 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. The recipient is responsible for virus checking emails and any attachments.

10.2 With electronic communication there is a risk of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties. We use virus-scanning 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 which are corrupted or altered after despatch. Nor can we 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 let us know and we will communicate by paper mail, other than where electronic submission is mandatory.

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

## **11. Fees and payment terms**

11.1 Our fees may depend not only upon the time spent on your affairs but also on the level of skill and responsibility and the importance and value of the advice that we provide, as well as the level of risk.

11.2 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.

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

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



11.5 Unless we have agreed with you a monthly Direct debit arrangement, we will bill you periodically upon completion of work, and our invoices will be due for payment 30 days of issue. Our fees are exclusive of VAT which will be added where it is chargeable. Any disbursements we incur on your behalf and expenses incurred in the course of carrying out our work for you will be added to our invoices where appropriate.

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

11.7 We reserve the right to charge interest on late paid invoices at the rate of 5% above bank base rates under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to suspend our services or to cease to act for you on giving written notice if payment of any fees is unduly delayed. We intend to exercise these rights only where it is fair and reasonable to do so.

11.10 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.

11.11 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, directors, or parent company giving us instructions on behalf of the client and we shall be entitled to enforce any sums due against the Group Company or individual nominated to act for you.

## **12. Implementation**

12.1 We will only assist with implementation of our advice if specifically instructed and agreed in writing.

## **13. Intellectual property rights**

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

## **14. Interpretation**

14.1 If any provision of our engagement letter or terms of business 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 schedules will take precedence.

## **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 advice**

16.1 Investment business is regulated by the Financial Services and markets Act 2000. If during the provision of professional services to you, you need advice on investments including insurances, we may have to refer you to someone who is authorised by the Financial Services Authority as we are not.

## **17. Lien**

17.1 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.

## **18. Limitation of third party rights**

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

## **19. Period of engagement and termination**

19.1 Unless otherwise agreed in our engagement letter, our work will begin when we receive implicit or explicit acceptance of that letter. Except as stated in that letter we will not be responsible for periods before that date.

19.2 Each of us may terminate our agreement by giving not less than 21 days notice in writing to the other party 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 prior to termination.

19.3 In the event of termination of our 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.

## **20. Professional rules and statutory obligations**

20.1 We will observe and act in accordance with the bye-laws, regulations and code of ethics of the Institute of Chartered Accountants in England and Wales and will accept instructions to act for you on this basis. [In particular you give us the authority to correct errors made by HMRC where we become aware of them.] We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations. You can see copies of these requirements in our offices. The requirements are also available on the internet at [www.icaew.com/en/members/regulations-standards-and-guidance](http://www.icaew.com/en/members/regulations-standards-and-guidance). We confirm that we are Statutory Auditors eligible to conduct audits under the Companies Act 2006. When conducting audit work we are required to comply with the Ethical Standards for Auditors which can be accessed on the internet at <http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Ethical-standards-for-auditors.aspx>.

## **21. Quality control**

21.1 As part of our ongoing commitment to providing a quality service, our files are periodically reviewed by an independent regulatory or quality control body. These reviewers are highly experienced and professional people and, of course, are bound by the same rules for confidentiality as our directors and staff.

## **22. Reliance on advice**

22.1 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 we provide oral advice (for example during the course of a meeting or a telephone conversation) and you wish to be able to rely on that advice, you must ask for the advice to be confirmed by us in writing.

## **23. Retention of papers**

23.1 You have a legal responsibility to retain documents and records relevant to your financial affairs. During the course of our work we may collect information from you and others relevant to your tax and financial affairs. We will return any original documents to you, if requested. Documents and records relevant to your tax affairs are required by law to be retained as follows:

Individuals, trustees and partnerships: with trading or rental income: 5 years and 10 months after the end of the tax year, otherwise: 22 months after the end of the tax year.

Companies, Limited liability Partnerships and other corporate entities: 6 years from the end of the accounting period.

23.2 Whilst certain documents may legally belong to you, we may destroy correspondence and other papers that we store electronically or otherwise that are more than seven years old, except documents we think may be of continuing significance. You must tell us if you wish us to keep any document for any longer period.

## **24. The Provision of Services Regulations 2009**

24.1 We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details of our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001019405.

24.2 Our professional indemnity insurer is Chartis Insurance UK Limited of The Chartis Building, 58 Fenchurch Street, London EC3m 4AB. 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 or Canada.