

Hackett Griffey LLP

Standard terms of business for limited liability partnerships (“LLPs”) (revised 25 May 2018)

The following standard terms of business apply to all engagements accepted by Hackett Griffey LLP (“the firm”) and its successors and should be read in conjunction with the engagement letter(s) and schedules thereto. All work carried out is subject to these terms except where changes are expressly agreed in writing.

The term “partner” or “partners” should not be construed as indicating that the members of Hackett Griffey LLP are carrying on business in a partnership for the purposes of the Partnership Act 1890. Any reference to a partner or principal means a member, consultant or employee or person of similar standing in Hackett Griffey LLP or any other affiliated entity.

1 Professional obligations

- 1.1 Details of the firm’s professional registrations can be found at <http://www.hackettgriffey.com/legal.htm>.
- 1.2 We will observe and act in accordance with the byelaws and regulations of the Association of Chartered Certified Accountants (“ACCA”) together with their code of ethics. We accept instructions to act for you on this basis. Copies of these requirements are available for inspection at our offices.
- 1.3 You are responsible for bringing to our attention any errors, omissions or inaccuracies in your returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
- 1.4 In particular you give us authority to correct errors made by HM Revenue and Customs 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. In addition, we will not undertake tax planning which breaches Professional Conduct in Relation to Taxation. We will therefore comply with the general anti-abuse rule and the targeted anti-avoidance rule. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations. Copies of these requirements are available for inspection at our offices.
- 1.5 Where you give us confidential information we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable to this engagement.
- 1.6 We may, on occasions, subcontract work on your affairs to other tax or accounting professionals. The subcontractors will be bound by our client confidentiality terms.
- 1.7 We reserve the right during our engagement with you to deliver services to other clients whose interests might compete with yours or are or may be adverse to yours, subject to 1.8 below. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you 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.
- 1.8 If a conflict of interest should arise, either between two or more of our clients, or in the provision of multiple services to a single client, we will take such steps as are necessary to deal with the conflict. In resolving the conflict, we would be guided by the code of ethics of ACCA.

- 1.9 If we become aware of a dispute between the parties who own the business, or who are in some way involved in its ownership and management, it should be noted that our client is the business (unless we have agreed otherwise) 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. In certain cases we reserve the right to cease acting for the business/client entirely.

2 Investment services

- 2.1 Since we are not authorised by the Financial Services Authority then we may have to refer you to someone who is authorised if you need advice on investments. However, as we are licensed by ACCA, we may be able to provide certain investment services that are complementary to, or arise out of, the professional services we are providing to you.

- 2.2 Such advice may include:

- (a) Advise you on investments generally, but not recommend a particular investment or type of investment;
- (b) Refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FSA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but not make alternative recommendations). The PTP will issue you with their own terms and conditions letter, will be remunerated separately for their services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000;
- (c) Advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
- (d) Advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
- (e) Assist you in making arrangements for transactions in investments in certain circumstances; and
- (f) Manage investments or act as trustee (or donee of a power of attorney) where decisions to invest are taken on the advice of an authorised person.

- 2.3 For corporate clients we may also, on the understanding that the shares or other securities of the company are not publicly traded:

- (a) Advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
- (b) Arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- (c) Arrange for the issue of new shares; and
- (d) Act as the addressee to receive confirmation of acceptance of offer documents etc.

- 2.4 The firm may receive commission from any introduction to a PTP in connection with the above, in which case you will be fully informed of the expected size and nature of such commission at the time of the introduction. Such commission will be held in our clients' account until we receive instructions from you as to how it should be treated. In the event of no such instructions being received, we may use such monies against any fees that have been outstanding for 30 days or more and concerning which you are not in dispute with us.

- 2.5 We may also request that you allow us to retain such commissions to cover our costs in connection with the above, but permission will be sought separately from you in these circumstances. If you are dissatisfied in any way about our services described in this section, you should follow the procedures set out in the 'Help us to give you the right service' section of these terms.

- 2.6 In the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the ACCA Compensation Scheme in respect of exempt regulated activities undertaken.
- 2.7 To enable us to provide you with a proper service, there may be occasions when we will need to contact you without your express permission concerning investment business matters. For example, it may be in your interests to sell a particular investment and we would wish to inform you of this. We may therefore contact you in such circumstances, but would only do so in our normal office hours of 9:00 to 5:30. We shall of course comply with any restrictions you may wish to impose which you notify to us in writing.

3 Commissions or other benefits

- 3.1 In some circumstances, commissions or other benefits may become payable to us or to one of our associates in respect of transactions we or such associates arrange for you, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by you will not be abated by such amounts. When we reduce the fees that we would otherwise charge by the amount of commission retained, we will apply the HMRC concession which allows VAT to be calculated on the net fee after deduction of the commission. You consent to such commission or other benefits being retained by us or, as the case may be, by our associates, without our, or their, being liable to account to you for any such amounts.

4 Client monies

- 4.1 We may, from time to time, hold money on your behalf. Such 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 ACCA.
- 4.2 In order to avoid an excessive amount of administration, interest will only be paid to you where the amount of interest that would be earned on the balances held on your behalf in any calendar year exceeds £100. Any such interest would be calculated using the prevailing rate applied by Barclays Bank plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.
- 4.3 If the total sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 4.4 We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. In the unlikely event of us holding any unclaimed monies we reserve the right to pay such monies to a registered charity in line with the guidelines set out in the Clients' Money Regulations referred to above. We will not do this unless we have been unable to contact you for at least five years and we have taken reasonable steps to trace you and return the monies.

5 Fees and payment terms

- 5.1 Our fees are computed on the basis of time spent on your affairs by the partners and our staff, including sub-contractors and consultants where necessary and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation, external consultancy and other expenses incurred in dealing with your affairs.
- 5.2 If it is necessary to carry out work outside the responsibilities outlined in the letter of engagement it will involve additional fees. Accordingly we would like to point out that it is in your interests to ensure that your records, etc. are completed to the agreed stage.

- 5.3 Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are strictly 30 days net. 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.
- 5.4 It is our normal practice to request that clients make arrangements to pay a proportion of their fee on a monthly standing order. These standing orders will be applied to fees arising from work agreed in the letter of engagement for the current and ensuing years. Once we have been able to assess the amount of work and time involved we would be grateful if you would agree to pay an amount to us on a regular basis.
- 5.5 Where we have agreed to provide our services on a fixed fee basis, this is subject to reasonable 'fair usage' and we reserve the right to make additional charges in circumstances where we consider there is excessive use of our services or where there is significant ad-hoc work not contemplated when agreeing the fee. Because of the nature of our work it is not always possible to advise you of additional charges in advance.
- 5.6 Where this contract exists between us and a purchaser acting in the course of a business we reserve the right to charge interest on late-paid invoices at the rate of 8% above the Bank of England base rate 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.
- 5.7 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.
- 5.8 For corporate clients, as directors or in the case of a limited liability partnership, members you guarantee to pay personally any fees (including disbursements) for services provided to the company that the company is unable to pay. This clause shall become effective in the event of a receiver or liquidator being appointed to the company or the company otherwise being wound-up or otherwise unable to pay within the agreed terms.
- 5.9 In the event that this firm ceases to act in relation your affairs you agree to meet all reasonable costs of providing information to your new advisers. In particular, you agree to meet these costs even where we are required by law to provide information to a successor firm.
- 5.10 Insofar as we are permitted to do 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.

6 Retention of and access to records

- 6.1 You have a legal responsibility to retain documents and records relevant to your tax affairs. During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following the preparation of your financial statements and returns if requested. You should retain these records for at least seven years from the end of the accounting year to which they relate. You should retain them for longer if HM Revenue and Customs enquire into your tax return.

- 6.2 While certain documents may legally belong to you, we may destroy correspondence and other papers that we store, electronically or otherwise, which are more than seven years old. This includes your documents if they have not been reclaimed by you within the seven-year period. You must tell us if you require the return of any specific document or their retention for a longer period.
- 6.3 When we cease to act for you we will seek to agree the position on access to cloud-accounting records to ensure continuity of service. This may require you to enter direct engagements with the software providers and pay for that service separately.
- 6.4 You should retain documents that are sent to you by us as set out in the privacy notice, which should be read alongside these terms and conditions.

7 Quality control

- 7.1 As part of our ongoing commitment to providing a quality service, our files are periodically subject to an independent regulatory or quality review. Our reviewers are highly experienced and professional people and are, of course, bound by the same requirements of confidentiality as our principals and staff.
- 7.2 When dealing with HM Revenue & Customs on your behalf we are required to be honest and to take reasonable care to ensure that your returns are correct. To enable us to do this, you are required to be honest with us and to provide us with all necessary information in a timely manner.

8 Help us to give you the right service

- 8.1 We are committed to providing you with a high quality service that is both efficient and effective. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know, by contacting Jonathan Griffey or Simon Iron.
- 8.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may of course take up the matter with ACCA.
- 8.3 In order for us to provide you with a high quality service on an ongoing basis it is essential that you provide us with relevant records and information when requested, reply to correspondence in a timely manner and otherwise follow the terms of the agreement between us set out in this and any supplementary Standard Terms of Business and associated engagement letters. We therefore reserve the right to cancel the engagement between us with immediate effect in the event of:
- (a) Your insolvency, bankruptcy or other arrangement being reached with creditors;
 - (b) Failure to pay our fees by the due dates;
 - (c) Either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so; or
 - (d) It becoming apparent to us that another firm is acting for you or you are filing your own returns
- 8.4 In addition this agreement may be terminated for any reason if 30 days notice is given.

9 Applicable law

- 9.1 The engagement letter and these and any supplementary Standard Terms of Business are governed by, and construed in accordance with, English law. The Courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter and this and any supplementary Standard Terms of Business and any matter arising from 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 inappropriate forum, or to claim that those courts do not have jurisdiction.
- 9.2 We will not accept responsibility if you act on advice previously given by us without first confirming with us that the advice is still valid in light of any change in the law or your circumstances.
- 9.3 We will accept no liability for losses arising from changes in the law or the interpretation thereof, practice, or public policy that are first published after the date on which the advice is given to the fullest extent permitted by applicable law.

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. However, internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their despatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication. Any emailed or telephoned communications appearing to be from us which are not confirmed by post are fake and we accept no liability for any loss caused to you through accepting such communications as genuine. Similarly, always give us by hand or by post (as well as by email) details of your bank account.
- 10.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.
- 10.3 You authorise us to communicate with HM Revenue & Customs, Companies House and other statutory authorities in connection with all matters, including the submission of statutory and other returns via electronic means. Once the return has been approved by you, when we file the return we are making a legal declaration on your behalf that the information is correct and complete to the best of your knowledge and belief. A false declaration can result in prosecution.

11 Data Protection

- 11.1 To enable us to discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you / your business / company / partnership / its officers and employees and shareholders. We confirm when processing data on your behalf that we will comply with the relevant provisions of applicable data protection legislation. You will also ensure that any disclosure of personal data to us complies with such legislation. If you supply us with any personal data or confidential information you shall ensure you have full informed consent to pass it to us and will fully indemnify and hold us harmless if you do not have such consent and that causes us loss. If you are supplying us with personal data on the basis of a power of attorney for anyone you must produce to us an original or certified copy of the power of attorney on demand. You authorise us to disclose personal data to any third party who we consider makes a request for a bona fide purpose (e.g. mortgage lenders). The Data Controller in relation to personal data supplied about you is Hackett Griffey LLP.
- 11.2 In the case of married or cohabiting couples, the spouse or partner is legally responsible for their own tax affairs and should be dealt with independently. However by signing the letter of engagement you agree that we can disclose to your spouse or partner details of your financial affairs.
- 11.3 In the case of partnerships, including limited liability partnerships, each partner or member is responsible for their own tax affairs and should be dealt with independently although it is common for business partnerships to nominate a partner to assist in dealing with their co-partners individual tax affairs. Unless you advise us in writing, by signing the letter of engagement you agree that we can disclose to your business partners details of your financial affairs.
- 11.4 We will only use your personal data when the law allows us to. Most commonly, we will use your personal data in the following circumstances:
- (a) Where we need to perform the contract we are about to enter into or have entered into with you.
 - (b) Where it is necessary for our legitimate interests (or those of a third party) and your interests and fundamental rights do not override those interests.
 - (c) Where we need to comply with a legal or regulatory obligation.

Generally we do not rely on consent as a legal basis for processing your personal data.

- 11.5 Applicable data protection regulation places express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. An example would be where we operate a payroll service for you. We therefore confirm that we will at all times use our reasonable endeavours to comply with the requirements of applicable data protection regulation when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will aim to comply with any obligations equivalent to those placed on you as a data controller.
- 11.6 We will notify you within 10 working days if an individual asks for copies of their personal data, makes a complaint about the processing of personal data or serves a notice from a relevant data protection authority. You and we will consult and cooperate with each other when responding to any such request, complaint or notice. If an individual whose data you have supplied to us or which we are processing on your behalf asks us to remove or cease processing that data we shall be entitled to do so where required to by law.

- 11.7 We may export personal data you supply to us outside the EU/EEA/UK for the purposes of storage, hosting and data processing. We will ensure all such data export is compliant with relevant data protection legislation. You consent to such data export. Where cloud based services are to be used you may be subject to our cloud services terms and conditions.
- 11.8 We will answer your reasonable enquiries to enable you to monitor compliance with this clause.
- 11.9 Further details of our privacy policy can be viewed at www.hackettgriffey.com/privacy.
- 11.10 You agree to the terms of the Data Processor Agreement that we have supplied to you as an addendum to this agreement.

12 Contracts (Rights of Third Parties) Act 1999

- 12.1 Except for employees, partners or members of Hackett Griffey LLP and affiliated entities who shall have the right to rely on clause 14.3, persons who are not party to this agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.
- 12.2 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, unless we have expressly agreed in writing that a specified third party may rely on our work. We will accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, your spouse nor any family member of yours or your employer, for any aspect of our professional services or work that is made available to them.

13 Client identification

- 13.1 In common with other professional firms we are required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017 to:
- (a) Maintain identification procedures for clients, beneficial owners of clients, and persons purporting to act on behalf of clients;
 - (b) Maintain records of identification evidence and the work undertaken for the client; and
 - (c) Report, in accordance with the relevant legislation and regulations.
- 13.2 We have a statutory obligation under the above legislation to report to the National Crime Agency (NCA) any reasonable knowledge or suspicion of money laundering. Any such report must be made in the strictest confidence. In fulfilment of our legal obligations, neither the firm's principals nor may staff enter into any correspondence or discussions with you regarding such matters.

14 Limitation of liability

- 14.1 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. 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. Further, we will not be liable to you for any delay or failure to perform our obligations if the delay or failure is caused by circumstances outside our reasonable control. Where we refer you to another firm whom you engage with directly, we accept no responsibility in relation to their work and will not be liable for any loss caused by them.

- 14.2 You will not hold us, our principals 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. 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. However, 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.
- 14.3 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.
- 14.4 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. You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure by you or by any person for whom you are responsible of our advice and opinions, whether in writing or otherwise. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it and our legal fees on an indemnity basis.
- 14.5 We have discussed with you the extent of our liability to you in respect of the professional services set out in this letter. Having considered both your circumstances and our own we have agreed that the firm's aggregate liability to you or any other party, of whatever nature, whether in contract, tort or otherwise for any losses whatsoever and howsoever caused arising from or in any way connected with this engagement shall not exceed twenty times the fees charged for the services (including interest) that gave rise to those losses.
- 14.6 The firm's aggregate liability to you or any other party, of whatever nature, whether in contract, tort or otherwise for any losses whatsoever and howsoever caused arising from or in any way connected with this engagement shall not exceed £1,000,000. This maximum total liability includes any claims for loss or damage, however caused, whether in respect of breaches of contract, tort (including negligence) or otherwise in respect of the professional services and shall also include all other related costs including legal fees, interest, etc.
- 14.7 Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by negligence nor for fraudulent misrepresentation or other fraud which may not as a matter of applicable law be excluded or limited.

15 Intellectual property rights and use of our name

- 15.1 We will retain all intellectual property rights in any document prepared by us during the course of carrying out the engagement except where the law specifically states otherwise. You may only use such rights to the extent we agreed when engaged to provide services to you and may not resell or sublicense such rights without our further prior consent.
- 15.2 You are not permitted to use our name in any statement or document that you may issue unless our prior written consent has been obtained. The only exception to this restriction would be statements or documents that in accordance with applicable law are to be made public.

16 Draft/interim work or oral advice

- 16.1 In the course of our providing services to you we may provide advice or reports or other work products in draft or interim form, or orally. However, final written work products will always prevail over any draft, interim or oral statements. Where you request it, we will provide you with written confirmation of matters stated orally.

17 Interpretation

- 17.1 If any provision of our engagement letter or these and any supplementary terms of business is held to be void for whatever reason, then that provision will be deemed not to form part of this contract, and no other provisions will be affected or impaired in any way. 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.

18 Statutory accounts

18.1 The following terms of this section 18 will apply where we have provided written agreement to prepare your statutory accounts. Where we have agreed to perform a statutory audit, additional terms will apply.

Your responsibilities as designated members

18.1 Our work will be conducted on the basis that you acknowledge and understand that you have responsibility:

(a) To prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. As designated members you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the LLP.

(b) In preparing those financial statements, to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

(c) For keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable you to ensure that the financial statements comply with the Companies Act 2006 (the Act) as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911), the Statement of Recommended Practice: *Accounting by Limited Liability Partnerships* and applicable accounting standards. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

(d) You are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

18.3 You are responsible for determining whether, in respect of the year, the LLP meets the conditions for exemption from an audit set out in section 477 to 480 of the Act.

18.6 Unless otherwise agreed you will carry out all the day-to-day accounting work, including:

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

18.7 You have undertaken to make available to us, as and when required, all the LLP's accounting records and related financial information, including minutes of management and members' meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.

18.8 You will approve and sign the accounts thereby acknowledging responsibility for them.

Scope of work

18.9 You have told us that the LLP is exempt from an audit of the financial statements and have asked us to assist you in the preparation of financial statements in accordance with the requirements of the Companies Act 2006. We will compile the annual financial statements for your approval based on the accounting records maintained by you and the information and explanations that you give us.

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

18.11 We do not have any responsibility to report whether any member of the LLP has notified the LLP that he or she requires an audit. Consequently we have no responsibility to carry out any work in respect of this matter.

18.12 We will not check whether the company is exempt from audit. However, should our work indicate that the LLP is not entitled to exemption from an audit of the financial statements, then we will inform you of this. In these circumstances, if appropriate, we will discuss with you the need to appoint us as auditors.

18.13 We have a professional duty to prepare financial statements that conform with generally accepted accounting principles. Furthermore, as members, you have a duty to prepare financial statements that comply with the Companies Act 2006, the Statement of Recommended Practice: *Accounting by Limited Liability Partnerships* and applicable accounting standards. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent, this will be made clear in our report, if it is not clear in the financial statements.

18.14 We will not specifically check the adequacy of your records; however, where any issues arise during the course of our work, we will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.

18.15 We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements, such as audits or reviews.

18.16 Our work will not be an audit of the financial statements in accordance with International Standards of Auditing (UK and Ireland). Accordingly, we will not obtain any evidence relating to entries in the accounting records, or to the financial statements or to the disclosures in the financial statements. Nor will we make any assessment of the estimates and judgments made by you in the preparation of the financial statements. Consequently our work will not provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, or other irregularities or error. In addition, we have no responsibility to determine whether you have maintained adequate accounting records in accordance with s. 386 of the Act and we will not address this point unless you specifically request us in writing to do so.

18.17 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records present a true and fair view.

- 18.18 We have a professional responsibility not to allow our name to be associated with financial statements 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 financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. 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 financial statements are misleading, we will withdraw from the engagement. In these circumstances you agree that we have a right to invoice you for our time spent preparing and discussing the accounts with you and for time spent on any other work that is not completed as a result of our resignation.
- 18.19 As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.
- 18.20 We will report to the designated members, as appropriate, 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 financial statements from the accounting records and from the information and explanations supplied to us.
- 18.21 To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body for our work or this report. If you wish, or are asked, to provide a copy of the financial statements to a third party, you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then the report must remain attached to the financial statements shown to the third party.

19 Partnership taxation

- 19.1 The following terms of this section 19 will apply where we have provided written agreement to provide income tax and other partnership taxation services including LLP self-assessment.
- 19.2 Where you have a profit or loss share from the accounts of a business, the profit from accounts prepared under generally accepted accounting principles may require adjustment to arrive at the profit figure assessed for tax. We will prepare the income tax computations and capital gains based on the accounts of your business from the accounting records and other information and explanations provided by you. We will advise you as to the adequacy of your records for this purpose.
- 19.3 We will prepare your self-assessment tax return together with such supplementary schedules that are required from the information and explanations that you provide to us.
- 19.4 Once we have obtained your approval and signature, we will submit your returns with the accounts, computations and other documents that we consider appropriate to HM Revenue & Customs. You authorise us to file the return electronically.
- 19.5 We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HM Revenue & Customs.

- 19.6 We will deal with all communications relating to your return addressed to us by HM Revenue & Customs or passed to us by you. However, if HM Revenue & Customs choose your return for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from you.
- 19.7 We are able to offer fee protection insurance to cover the cost of our fees arising from HM Revenue & Customs investigations. If you would like further details of this service please let us know.
- 19.8 We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
- (a) Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities.
 - (b) Dealing with HM Revenue & Customs compliance checks including enquiries into self-assessment tax returns
 - (c) Preparing any amended returns which may be required and corresponding with HM Revenue and Customs as necessary.
 - (d) Advising on the rules relating to and assisting with VAT registration.
- 19.9 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.
- 19.10 We will be pleased to assist you generally in tax matters if you advise us in good time of any proposed transactions and request advice. We would, however, warn you that because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken. 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.
- 19.11 You should not take any action (or refrain from taking any action) in reliance on advice given by us orally unless the advice is confirmed in writing. This is because misunderstandings can occur, when advice is given orally, over the precise scope of the advice or the assumptions which underlie it. Any advice given orally will, on request, be confirmed in writing and you may rely on the written advice only.
- 19.12 We will be pleased also to advise the partners on their personal tax. In such cases we will need to agree separate terms with the individuals concerned.
- 19.13 You give us authority to correct HM Revenue & Customs' errors, even if doing so results in correction of an error made in your favour.
- 19.14 We act for you in connection with UK tax matters only. If your affairs are subject to the tax laws of other jurisdictions then you will need to appoint a local tax adviser to advise on these matters. In particular we will not provide any services relating to Foreign Account Tax Compliance Act (FATCA).
- 19.15 We act for you on the understanding that we will not advise on or recommend any tax avoidance schemes that we consider unduly complex and aggressive.
- 19.16 HM Revenue & Customs have wide anti-avoidance powers that enables them to negate the tax effect of transactions where for example one of the purposes is to avoid tax or where there is a settlement. These powers are very widely drafted and can potentially affect many seemingly innocent situations. Our advice is based on our understanding of current HM Revenue & Customs practice but you should be aware that this is subject to a risk that HM Revenue & Customs may change their view or interpretation of the law and possibly seek to apply it retrospectively.

Your Responsibilities

- 19.17 You are legally responsible for ensuring that your self assessment tax returns are correct and complete and for filing them returns by the due date. Failure to do this may lead to automatic penalties, surcharges and/or interest.
- 19.18 Taxpayers who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are complete before you approve and sign them.
- 19.19 To enable us to carry out our work you agree:
- (a) That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - (b) to provide full information necessary for dealing with your affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - (c) to keep us informed of any specific conditions that have been imposed on you by HM Revenue & Customs – for example: to provide more detailed accounts or to have a qualified accountant prepare your tax returns and/or certify that they are accurate;
 - (d) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
 - (e) to provide us with information in sufficient time for your tax return to be completed and submitted by the due date following the end of the tax year. In order that we can do this, we need to receive all relevant information by 30 September following the end of the tax year. Where feasible we may agree to complete your tax return within a shorter period, but may charge additional fees for so doing.
- 19.20 You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
- 19.21 You will forward to us HM Revenue & Customs statements of account, copies of notices of assessment, letters and other communications received from HM Revenue & Customs in time to enable us to deal with them as may be necessary within the statutory time limits. Although HM Revenue & Customs may have the authority to communicate with us it is essential that you let us have copies of any correspondence received from HM Revenue & Customs to avoid any breakdown in communication.

Personal service companies (IR35)

- 19.22 It is your responsibility to notify us of any engagements that you consider may fall within the scope of the personal services legislation known as 'IR35'.
- 19.23 The application of the rules that determine whether an engagement is relevant to IR35 is very subjective, and is therefore open to different interpretations. For this reason this firm cannot accept any responsibility for the final decision made in respect of whether a particular engagement does or does not fall within the scope of IR35. You authorise us to seek an opinion from HM Revenue & Customs where we consider it appropriate. At your request we will instruct Counsel or other external IR35 specialist to give an opinion on the IR35 status of an engagement. This would be an additional assignment for which we would seek further instructions from you and the cost of this and any specialist opinion will be fully payable by you. If you do not request an external opinion through us then you should make your own arrangements to obtain specialist advice or else apply to HM Revenue & Customs for a ruling on each engagement.

- 19.24 If there are contracts that you consider are within the personal services legislation we will, where we have agreed in writing, calculate the deemed salary, prepare the income or corporation tax computations using the prescribed method, prepare and submit the supplementary returns and advise you how much tax and national insurance to pay and by when and whether to pay any actual salary before the year end and if so how much.

20 Value added tax (VAT)

- 20.1 The following terms of this section 20 shall apply where we have provided written agreement to provide VAT services.
- 20.2 We will tell you how much you should pay and when. If appropriate we will initiate repayment claims where tax has been overpaid. We will advise on the interest and penalty implications if VAT is paid late.
- 20.3 Where appropriate we will calculate the partial exemption annual adjustment.
- 20.4 Where appropriate we will calculate the annual Capital Goods Scheme adjustment.
- 20.5 We will forward to you the completed return calculations for you to review, before you approve the VAT return for onward transmission to HM Revenue & Customs.
- 20.6 You authorise us to file the return electronically once we have received your approval of the figures. When we submit the return online we are doing this on your behalf as your agent. We will not submit the return online until we have received confirmation from you that you have reviewed the entries to be made on the online return and that you consider the return to be complete, accurate and ready for online submission.
- 20.7 We will also provide such other taxation ad hoc advisory services in relation to VAT as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for this work when it is commissioned by you. Examples of such work include:
- (a) Reviewing and advising a suitable partial exemption method to use in preparing the return
 - (b) Dealing with all communications relating to your VAT returns (including Intrastat returns/EC Sales List returns) addressed to us by HM Revenue & Customs or passed to us by you
 - (c) Making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT
 - (d) Providing you with advice on VAT, Excise Duty, Customs Duty, Landfill Tax, Insurance Premium Tax, Aggregates Levy and Climate Change Levy as and when requested. Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.
- 20.8 Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

- 20.9 You are legally responsible for:
- (a) Ensuring that your returns are correct and complete;
 - (b) Filing any returns by the due date; and
 - (c) Making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.

Although it is possible under the VAT rules for you to delegate signing the VAT return to us, it is our policy not to accept this. Signing the VAT return will remain your responsibility.

- 20.10 You are entirely responsible for the payment of any VAT, including interest, surcharges or other penalties. Where your return is submitted online you are required to make payment by electronic means. We will advise you of the amounts due for payment, however it is your responsibility to arrange and make the payment. Please note that penalties may apply where payments are not made by the due date.
- 20.11 To enable us to carry out our work you agree:
- (a) That all returns are to be made on the basis of full disclosure;
 - (b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared or 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;
 - (c) that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
 - (d) to provide us with all the records relevant to the preparation of your VAT returns as soon as possible after the return period ends. We would ordinarily need a minimum of 14 days before submission to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation or 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 additional fees for so doing.
- 20.12 You will keep us informed of material changes in circumstances that could affect the VAT liabilities of the business. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.
- 20.13 You will forward to us all relevant HM Revenue & Customs VAT correspondence in time to enable us to deal with matters arising as may be necessary within the statutory time limits. Although HM Revenue & Customs may have the authority to communicate with us it is essential that you let us have copies of any correspondence received from HM Revenue & Customs to avoid any breakdown in communication.
- 20.14 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.
- 20.15 We will not specifically check the deductibility of input VAT and the validity of supporting invoices unless specifically requested in writing to carry out a detailed review.
- 20.16 If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you exceed the VAT registration threshold, and wish us to assist you in notifying HM Revenue & Customs of your requirement to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.
- 20.17 If EC Sales Lists need to be completed you are responsible for obtaining all of your customers’ VAT registration numbers in other member states and to check any that you are not completely satisfied with, with HM Revenue & Customs.
- 20.18 Due to compulsory online filing you may ask us to file your returns online on your behalf. Where this occurs you agree that we are simply processing the return entries that you provide us with. We have no responsibility whatsoever to check or otherwise review the figures you provide. The legal responsibility for the VAT returns remains entirely with you.

- 20.19 In providing us with the figures you are confirming that the figures are complete, accurate and ready for online submission.
- 20.20 Where we have not provided written agreement to undertake the completion of your VAT returns, you/your staff will be responsible for completing and submitting VAT returns.
- 20.21 If you are not VAT registered and registration becomes necessary, we will endeavour to ensure that you register in time provided that:
- (a) you notify us in writing within 14 days of the end of each month of the total value of supplies you have made in that month; and
 - (b) you notify us immediately in writing if the value of taxable supplies that you will make in the next 30 days is likely to exceed the annual registration limit then in force.

21 Payroll

- 21.1 The following terms of this section 21 will apply where we have provided written agreement to provide payroll services.
- 21.2 We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:
- (a) Calculating the pay as you earn (PAYE) deductions
 - (b) Calculating the employees' National Insurance Contributions (NIC) deductions
 - (c) Calculating the employer's NIC liabilities
 - (d) Calculating statutory payments, for example Statutory Sick Pay and/or Statutory Maternity Pay
 - (e) calculating reclaims of statutory payments – for example, maternity payments;
 - (f) calculating employee and employer pension contributions for employees and workers who are members of workplace pension schemes (including those who are auto-enrolled) on the basis of the information you provide;
 - (g) claiming employment allowance;
 - (h) calculating, if appropriate, apprenticeship levy;
 - (i) calculating other statutory and non-statutory deductions; and
 - (j) submitting information online to HMRC under real-time information (RTI) for PAYE.
- 21.3 We will prepare and send to you the following documents before the time of payment through the payroll or due date for delivering information to HMRC:
- (a) Payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals. This summary will also show, where relevant, the other details that will be submitted online to HM Revenue & Customs on or before the employee payment dates – see below.
 - (b) A payslip for each employee unless not required
 - (c) A P45 for each leaver
 - (d) a report showing your PAYE and NIC liability student loan and apprenticeship levy and due date for payment; and
 - (e) a report showing pension contributions payable in respect of each employee to the respective workplace pension scheme(s) of which they are members and the due date(s) for payment.

You must let us know, immediately and prior to the employee payment dates and HMRC reporting dates (see below), if you believe any of the data shown in these documents is incorrect.

- 21.4 We will prepare your Full Payment Submission (FPS) reports including all details required and based on the information provided by you. We will submit the FPS reports to HM Revenue & Customs prior to or at the time that employees are paid. Where you have no payments to make to HM Revenue & Customs in a particular month (or the payment you are making to HM Revenue & Customs has been reduced by statutory payments or construction industry scheme deductions suffered), we will prepare and submit the required Employer Payment Summary (EPS).
- 21.5 As you are legally responsible for the accuracy of these returns, you must review the payroll summaries that we send to you and inform us if any of the information that we hold is incorrect:
- (a) If we don't hear from you before the FPS (or EPS) submission date, we will take that as your approval for us to submit the return.
 - (b) If you require us to make a correction **after** the FPS (or EPS) has been submitted, you will let us know as soon as possible and, ideally, before the next payroll run.
- 21.6 At the time of your final payroll report (FPS or EPS) for each tax year, we will make the necessary declarations and indications to HM Revenue & Customs and liaise with you where any of the information is not available to us. We will subsequently send you form P60 for each employee on the payroll at the year end.

Pension auto-enrolment

- 21.7. You are legally responsible for:
- (a) choosing an eligible scheme and for regularly reviewing that it meets the automatic enrolment qualifying criteria, and we recommend that you take appropriate independent advice.
 - (b) ensuring that your payroll and pensions records are correct and complete.
 - (c) making payment of pensions contributions on time.
 - (d) providing all relevant information to the trustees or managers of the pension scheme within the statutory period.
 - (e) enrolling all eligible jobholders into an eligible pension scheme on the appropriate date.
 - (e) monitoring opt-in and opt-out requests and where workers with the right to opt in or opt out exercise that right. If required and requested by you, we will assist you in providing appropriate information for you to provide to the jobholder.
 - (e) providing the required statutory information to your workers. This includes writing to new starters and those becoming eligible to be enrolled by age or earnings within six weeks of them meeting the age or earnings criteria
 - (f) monitoring of workers' age and earnings, and agree to advise us on any change in categorisation or status of your workers.
 - (g) choosing your re-enrolment date from within a six-month window, which starts three months before the third anniversary of your automatic enrolment staging date and ends three months after it; and assessing your job holders, including those enrolled into the scheme and those you will put back into the scheme
- 21.8 You will keep and retain the records required by law. These include:
- (a) records about jobholders and workers, e.g. name, date of birth, national insurance number, gross earnings, contributions, gender, address, status within the pension scheme, opt-in notice, opt-out notice and joining notice; and
 - (b) records about the pension scheme, e.g. employer pension scheme reference, scheme name and address, and other information in respect of specific pension schemes.
- 21.9 You must retain these records for six years except for requests to leave the pension scheme,

- 21.10 To enable us to carry out our work, you agree:
- (a) to provide full information necessary for dealing with your workers' pensions; we will rely on this information and documents being true, correct and complete, and will not audit the information or documents;
 - (b) to agree with us the name(s) of the person(s) authorised by you to notify us of changes in employees and in rates of pay. We will process the changes only if notified by that (those) individual(s);
 - (c) to advise us in writing of changes of payroll pay dates;
 - (d) to notify us at least 7 working days prior to the payroll date of all transactions or events that may need to be considered in relation to auto-enrolment obligations for the period, including details of:
 - all new workers and details of their remuneration packages
 - all leavers and details of termination arrangements for all workers
 - changes in categorisation or status of your workers
 - all opt-in and opt-out requests from your workers
 - all remuneration changes for all workers
 - all pension scheme changes.
- 21.11 You will keep us informed of material changes in circumstances that could affect the pension scheme, workers and deductions. If you are unsure whether the change is material or not, please let us know so that we can assess its significance or otherwise and to seek your authority to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.
- 21.12. Where you wish us to deal with them you will forward to us all communications received from The Pension Regulator. These must be provided in time to enable us to deal with them as may be necessary within the statutory time limits. It is essential that you let us have copies of any correspondence received because The Pension Regulator is not obliged to send us copies of all communications issued to you.
- 21.13 If the information required to complete the services set out above is received less than 7 days before the payroll date, we will endeavour to process the payroll to meet the agreed payroll date but we will not be liable for any costs or other losses arising if the payroll is late in these circumstances. We may charge additional fees for work carried out in a shorter time period.
- 21.14 We will also provide such other taxation ad hoc and advisory services linked to your payroll as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:
- (a) Dealing with any enquiry opened into the payroll returns by HM Revenue & Customs
 - (b) Preparing any amended returns which may be required and corresponding with HM Revenue & Customs as necessary
 - (c) Conducting PAYE and benefits health checks.
- 21.15 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Your responsibilities

- 21.16 You are legally responsible for the accuracy of these returns. You agree us to provide us with complete and accurate information regarding your employees and payments due to them, whether or not tax is to be deducted. It is vital that we are provided with correct and accurate data for each employee before their first wages payment is made.

- 21.17 Our payroll team will provide you with specific details of the information we require and when we need to have this information from you. You agree to provide the information they request. You recognise that where information is not provided to us within the timeframe we outline, we are not responsible for any delays for payments to employees or HM Revenue & Customs. Similarly, we are not responsible for any penalties imposed by HM Revenue & Customs.
- 21.18 You will be responsible for managing any childcare scheme operated for the benefit of your employees and for contacting us where you require advice as to available exemption levels.
- 21.19 You will be responsible for completing the checks on a new employee's eligibility to live and work in the UK in accordance with the Government's Code of Practice "Preventing Illegal Working" and section 8 of the Asylum and Immigration Act 1996.
- 21.20 You will be responsible for monitoring the annual leave entitlement of your employees and dealing with all aspects, legal or otherwise, of being an employer. In particular, you will be responsible for ensuring that your workers are paid at least the National Minimum Wage.

22 P11D forms

- 22.1 Where we have provided written agreement, We will carry out the following in respect of forms P11D and P11D(b): -
- (a) We will prepare/review forms P11D as may be required for each employee from the accounts, information and explanations provided to us on your behalf.
 - (b) We will submit the forms P11D with the form P11D(b) after the form P11D(b) has been signed by you.
 - (c) We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date.
 - (d) We will calculate your Class 1A NIC liability on the benefits returned in forms P11D that you are obliged to pay HM Revenue & Customs by the due date and advise you thereof.
- 22.2 To avoid penalties, you agree to supply us with complete and accurate details of all benefits and reimbursed expenses for the tax year (not the accounts year) within 14 days of the end of the tax year.

23 Subcontractors

- 23.1 Where applicable and where we have provided written agreement, we will operate the subcontractors' tax deduction scheme for the subcontractors you use and the terms of this section 23 will apply.
- 23.2 Where we have provided written agreement, we will carry out verification procedures with HM Revenue & Customs for the subcontractors you use. To enable us to do this you will provide us with the information required by HM Revenue & Customs once a contract has been signed or a tender agreed. It is important to note that verification procedures must be carried out before any payment can be made to the subcontractor. They can, however, carry out work prior to verification.
- 23.3 If we have not provided written agreement in clause 23.2 above then you will be responsible for carrying out verification procedures with HM Revenue & Customs for the subcontractors you use. You will provide us with the verification references given to you by HM Revenue & Customs. You will confirm for each subcontractor whether HM Revenue & Customs have advised that payment should be made gross, after standard rate deduction, or after higher rate deduction.

- 23.4 If you receive a notice of change from HM Revenue & Customs with regard to a change in deduction status for one of your subcontractors you undertake to forward it to us immediately. We will not be responsible for failure to effect a change where we do not receive the notice in time.
- 23.5 We will advise you of the net payment and deduction amounts for each subcontractor. In order for us to do this you will provide us with the following: -
- (a) the amount of gross payment (excluding VAT) due to each subcontractor.
 - (b) the amount of own materials cost included within the gross payment. In providing this to us you confirm that you have either obtained direct confirmation from the subcontractor of the amount or you consider the amount not to be excessive.
- 23.6 On the basis of the above calculations, we will complete HM Revenue & Customs monthly returns. We will send you a copy of the monthly return for signing, which you will return to us for electronic submission to HM Revenue & Customs. The monthly returns are due by the 19th of each month, **even if no subcontractors have been paid since the last return**. Failure to meet this deadline will result in financial penalties being levied.
- 23.7 You will be responsible for preparing the monthly written statements of deduction, which you will provide to each of your subcontractors by the 19th of the month following payment, unless we have provided written agreement to preparing them on your behalf.
- 23.8 We will calculate and advise you of the amount of tax deducted from your subcontractors that needs to be paid over to HM Revenue & Customs each month. Note that payments need to reach HM Revenue & Customs by the 19th of the month following payment for postal payments and by the 22nd where electronic payment methods are used.
- 23.9 You will be responsible for confirming the self-employment status of all your subcontractors. We can provide advice on a case by case basis, should you so require.

24 Preparation of cash flows/profit forecasts

- 24.1 The following terms of this section 24 will apply where we have provided written agreement to prepare cash flows and/or profit forecasts (“projections”).
- 24.2 Any projections will be for the exclusive use of yourselves and should not be shown to any other party without our prior written consent.
- 24.3 The projections will be drawn up from information and explanations provided by you, either directly or by way of discussions with you. The work carried out on your behalf will be limited to compiling the projections from the information so provided and presenting it in the appropriate manner. We will work with you to draw up the appropriate estimates and assumptions necessary, but these will be based on the information provided by you. You will remain solely responsible for such estimates and assumptions and hence for any resulting business plan/cash flow forecast.
- 24.4 As the projections relate to expected future events the actual results will almost inevitably differ from the projections. Those differences may be material. Accordingly, whilst care will be taken to translate the information and explanations provided into meaningful forecasts based on your assumptions, we cannot accept any responsibility for any loss occasioned to any person acting or refraining from action as a result of any material or statements included in, or omitted from, the projections.
- 24.5 You understand that our work will not constitute an audit of the figures and information in the projections and we will not express any opinion thereon. Our report will not extend to any financial statements of the business taken as a whole.

24.6 To ensure that anyone reading the projections is aware of the scope of our work and the fact that we have not carried out an audit, we will annex to the projections a short report. If you wish, or are asked, to provide a copy of the projections to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions. However, in every situation where we grant consent, then this report must remain attached to any copy shown to the third party.

24.7 Our report is prepared solely for the confidential use of yourself and solely for the purpose that is agreed by us in writing. It may not be relied upon by you for any other purpose whatsoever. Our report must not be recited or referred to in whole or in part in any other document. Our report must not be made available, copied or recited to any other party without our express written permission. The firm neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.

25 Management Accounts

25.1 The following terms of this section 25 will apply where we have provided written agreement to prepare management accounts for your business.

25.2 We will complete the writing up of your books and records, insofar as they are incomplete when presented to us, from the information and explanations supplied to us and prepare draft accounts therefrom for your approval.

25.3 Unless we have also agreed to carry out a bookkeeping service, you agree that you/your staff will be responsible for all the day-to-day accounting work, which includes: -

- (a) maintaining records of all receipts and payments of cash;
- (b) reconciling cash book balances monthly with the bank statements;
- (c) post and balance the purchase and sales ledgers; and
- (d) extract a detailed list of ledger balances.

25.4 You will also provide estimates of any stocks at the end of each period.

25.5 You understand that we will not be carrying out an audit and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would require additional work to comply with Auditing Standards so that we could report on the truth and fairness of the financial statements.

25.6 We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will advise you of any such circumstances that we encounter in preparing your accounts.

25.7 The accounts are not suitable for submission with the tax return, or for summary thereon.

25.8 To ensure that anyone reading the projections is aware of the scope of our work and the fact that we have not carried out an audit, we will annex to the management accounts a short report. If you wish, or are asked, to provide a copy of the management accounts to a third party you must seek our consent before you do this. You are not entitled to disclose our work to a third party without our express permission. We may grant consent subject to certain conditions; however, in every situation where we grant consent, then this report must remain attached to any copy shown to the third party.

26 Bookkeeping

- 26.1 The following terms of this section 26 will apply where we have provided written agreement to carry out your bookkeeping and prepare your accounting records.
- 26.2 We will agree with you the extent of the accounting records we will maintain. We will maintain your accounting records in either a manual system or by using appropriate computer software.
- 26.3 You understand that we will not be carrying out an audit and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income.
- 26.4 We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will advise you of any such circumstances that we encounter in maintaining your accounting records.
- 26.5 You undertake to provide us with accurate and complete information. Where you become aware that information provided by you has altered, or circumstances have changed, you are responsible for advising us of this as soon as possible. We are not responsible for advice or reports provided that would have been altered had we been aware of the full facts.

27 Company secretarial

- 27.1 An LLP is required to file its accounts at Companies House within 9 months of the year end. The LLP will be liable to a fine if it fails to do so. We accept no responsibility for fines or regulatory action taken against the members where the statutory financial statements are not available for filing.
- 27.2 Where applicable and where we have provided written agreement we agree to act as your agent and to:
- (a) submit the financial statements to the Registrar of Companies;
 - (b) complete and submit the LLP's confirmation statement;
 - (c) complete and submit any other forms required by law to be filed at Companies House, provided that you keep us fully informed of any relevant changes or events which are required to be notified to Companies House, within one week of the change or event; and
 - (d) Where requested maintain the statutory books