

TERMS OF BUSINESS

The following terms of business apply to all engagements accepted by Sage and Company Chartered Accountants. All work is carried out under these terms except where changes are expressly agreed in writing.

1.0 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 & Wales 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.

2.0 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. If we are not able to obtain satisfactory evidence of your identity, we will not be able to proceed with the engagement.

Where we are appointed as auditors the provision of audit services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, partners and staff in audit firms have to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our normal audit work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the "tipping off" provisions of the legislation.

3.0 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 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. 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 which 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.

4.0 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 pay will be unaffected. You agree that we can retain the commission or other benefits without being liable to account to you for such amounts.

In the absence of this signed engagement letter the firm could only retain any such commission if you give full and informed consent on each occasion after receiving full disclosure of the amount involved, whereas, once this letter is signed, the firm can keep the commission.

5.0 Providing the best service

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 a director. We would like you to contact the director in charge of your affairs in the first instance, although you reserve the right to contact any of the directors. 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.

6.0 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 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.

7.0 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.

8.0 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.



9.0 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 36 months or more we may issue to your last known address a disengagement letter and hence cease to act.

10.0 Electronic and other communication

- 10.1 Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means. 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 We accept no responsibility or liability for the non-receipt, delayed receipt or the misdirection of any electronic communication. In addition, we accept no responsibility or liability for accidental error when dealing with such forms of communication.
- 10.4 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.

11.0 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.

Where our fees are fixed you will be notified of the fee and this will be reviewed on an annual basis. For any additional work carried out on your behalf fees shall either be agreed in advance or on the basis of the time spent on your affairs by the partners and staff and on the levels of skill and responsibility involved. Unless otherwise agreed our fees will be billed at appropriate intervals during the course of the year and will be due within 14 days.

- 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 We will bill at regular intervals and our invoices will be due for payment within 14 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. We offer various methods of payment, e.g. standing order, debit/credit card, cheque and BACS.
- 11.7 We reserve the right to charge interest on late paid invoices at the rate of 8% 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.
- 11.8 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.
- 11.9 If a client company, trust or other entity is unable or unwilling to settle our fees we reserve the right to seek payment from the individual (or parent company) giving us instructions on behalf of the client and we shall be entitled to enforce any sums due against the Group Company or individual nominated to act for you.

12.0 Implementation

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

13.0 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.

14.0 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.

15.0 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.

16.0 Investment advice (including insurance mediation services)

- 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 [or licensed by a Designated Professional Body], as we are not. However, as we are licensed by the Institute of Chartered Accountants in England and Wales, 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. Specifically we may advise you about the availability, attributes and any potential suitability of broad types of investments but not about the attributes or suitability of any particular investments. In the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the Chartered Accountants' Compensation Scheme in respect of exempt regulated activities undertaken.
- 16.2 In the event that we introduce you to independent authorised third party (ATP), we may advise or comment on any advice given by the ATP to you if you so wish, but the ATP will take full responsibility for all aspects for compliance with regulations required by the Financial Services Act 1986.
- 16.3 We are not authorised by the Financial Conduct Authority. However, we are included on the Register maintained by the Financial Conduct Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Institute of Chartered Accountants in England and Wales. The register can be accessed via the Financial Conduct Authority website at www.fca.org.uk/register.

17.0 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.

18.0 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.

19.0 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.

20.0 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.

20.2 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 Audits, and the International Auditing Standards (UK & Ireland) which can be accessed on the internet at <http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance-for-auditors.aspx>. We are also required to comply with the Audit Regulations and Guidance which can be accessed on the internet at www.icaew.com/auditnews.

21.0 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 principals and staff.

22.0 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.

23.0 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. You should ensure that this documentation is retained for the period required by statute or other regulations.

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, in writing, if you wish us to keep any document for any longer period.

24.0 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 for the UK and www.cro.ie/auditors for Ireland, under reference number C001016957.
- 24.2 Our professional indemnity insurer is Nexus Underwriting Limited of 150 Leadenhall Street, London, EC3V 4QT.

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

25 Limitation of liability

- 25.1 We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses directly caused by our negligence or wilful default.
- 25.2 You agree to hold harmless and indemnify us, as partners and staff against any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with this agreement.
- 25.3 We have agreed that in relation to any claim made by your company against us, whether such claim be in respect of contract, tort or otherwise, the maximum total liability of such claim shall be £1,500,000. This sum shall be the maximum aggregate liability of this company, its directors', agents and employees to all persons to whom the engagement letter is addressed and also any other person that we have agreed with you may rely on our work. By signing the engagement letter you agree that you have given proper consideration to this limit and accept that it is reasonable in all the circumstances. If you do not wish to accept it you should contact us to discuss it before signing the engagement letter.
- 25.4 You have agreed that you will not bring any claim of a kind that is included within the subject of the limit against any of our directors' or employees on a personal basis.

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.

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



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

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

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 of defending it.

