

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.
- 1.2 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 in your circumstances. We will accept no liability for losses arising from changes in the law, or the interpretation thereof that occur after the date on which the advice is given.

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 Unless we are authorised by you to disclose information on your behalf, we confirm that if you give us confidential information we will, at all times during and after this engagement, keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable to us or our engagement.
- 6.2 You agree that, if we act for other clients who are or who become your competitors, to comply with our duty of confidentiality it will be sufficient for us to take such steps as we think appropriate to preserve the confidentiality of information given to us by you, both during and after this engagement. These may include taking the same or similar steps as we take in respect of the confidentiality of our own information.
- 6.3 In addition, if we act for other clients whose interests are or may be adverse to yours, we will manage the conflict by implementing additional safeguards to preserve confidentiality. Safeguards may include measures such as separate teams, physical separation of teams, and separate arrangements for storage of, and access to, information.
- 6.4 You agree that the effective implementation of such steps or safeguards as described above will provide adequate measures to avoid any real risk of confidentiality being impaired.
- 6.5 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.



6.6 If we use external or cloud based systems, we will ensure confidentiality of your information is maintained.

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, we will adopt those safeguards. In resolving the conflict, we would be guided by ICAEW's Code of Ethics, which can be viewed at [icaew.com/en/membership/regulations-standards-and-guidance/ethics](https://www.icaew.com/en/membership/regulations-standards-and-guidance/ethics). During and after our engagement, you agree that we reserve the right to act for other clients whose interests are or may compete with or be adverse to yours, subject, of course, to our obligations of confidentiality and the safeguards set out in the paragraph on confidentiality above.

8.0 Data protection

8.1 This clause applies to personal data provided by or on behalf of you in connection with an agreement to provide business services or any engagement letter. Each party shall comply with the Data Protection Act 1998 (DPA) when processing such personal data. In particular, you will ensure that any disclosure of personal data to us complies with the DPA.

8.2 We will use appropriate technical and organisational measures to protect against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data. We will not sub-contract any processing of personal data unless that personal data continues to be subject to an appropriate level of protection. To the extent that we act as data processor for you, we will only process personal data in accordance with your instructions.

8.3 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.

8.4 We will answer your reasonable enquiries to enable you to monitor compliance with this clause

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. Otherwise, our fees will be calculated on the basis of the hours worked by each member of staff necessarily engaged on your affairs, multiplied by their charge-out rate per hour, VAT being charged thereon. Indicative hourly charge-out rates are as follows:

- Partner £140-180
- Manager £57-100
- Assistant £25-40

Explain when and how the client will be advised of changes in the hourly rates and of other relevant changes.

- 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. If these costs are incurred to fulfil our engagement, such necessary additional charges may be payable by you.
- 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 It is our normal practice to ask clients to pay by monthly direct debit and periodically to adjust the monthly payment by reference to actual billings.
- 11.9 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.
- 11.10 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 intellectual property rights in any document prepared by us during the course of carrying out the engagement save where the law specifically provides otherwise.
- 13.2 You are not permitted to use our name in any statement or document 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.

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 Conduct 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 If you require advice on investment business, which we are unable to give as we are not authorised by the Financial Conduct Authority, we can introduce you to **insert name**

16.3 The PTP will issue you with their own terms and conditions letter, may be remunerated separately for their services [and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000]. We will act as introducers and would be pleased to comment on, or explain any advice received and, if required, attend any meetings with you.

16.4 We may receive [an introductory fee/commission] which is based onof the commission received or the fee charged by the PTP, and of which they will advise you directly]. [We will inform you when any [introductory fee/commission] is received and agree with you how this is to be dealt with at that time.]

16.5 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. We will, of course, comply with any restrictions you may wish to impose which you notify to us in writing.



16.6 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 online 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 and Auditing Standards issued by the FRC, which can be accessed online at www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors.aspx. We are also required to comply with the Audit Regulations and Guidance which can be accessed at icaew.com/en/technical/audit-and-assurance/working-in-the-regulated-area-of-audit.]

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.

21.2 When dealing with HMRC 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. For more information about 'Your Charter' for your dealings with HMRC, visit www.gov.uk/government/publications/your-charter. To the best of our abilities, we will ensure that HMRC meet their side of the Charter in their dealings with you.

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 Documents and records relevant to your tax affairs are required by law to be retained as follows:

Individuals, trustees and partnerships:

- with trading or rental income: five years and 10 months after the end of the tax year.
- otherwise: 22 months after the end of the tax year.



Companies, Limited Liability Partnerships, and other corporate entities:

- six years from the end of the accounting period.

23.3 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.

The territorial coverage is worldwide, excluding professional business carried out from an office in the United States of America or Canada, and excludes any action for a claim brought in any court in the United States or Canada.

25.0 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.

