

TERMS OF BUSINESS

1 Applicable law

- 1.1 This engagement letter shall be governed by, and construed in accordance with English] law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter (including the firm's terms of business) and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.
- 1.2 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.
- 1.3 The advice we give you is for your sole use and is confidential to you and will not constitute advice for any third party to whom you may communicate it. We will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

2 Quality of service

We aim to provide you with a fully satisfactory service and [name] as engagement partner will seek to ensure that this is so. If, however, you are unable to deal with any difficulty through [him][her] and [his][her] team please contact Philip Harrison at 116 Duke Street, Liverpool , L1 5JW . 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 the Institute of Chartered Accountants in England and Wales (ICAEW) by whom we are regulated for audit purposes.

3 Client monies

- 3.1 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 the ICAEW
- 3.2 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 £25. Any such interest would be calculated using the prevailing rate applied by HSBC Bank Plc for small deposits subject to the minimum period of notice for withdrawals. [Subject to any tax legislation, interest will be paid gross.]
- 3.3 If the total sum of money held on your behalf exceeds £10,000 for a period of more than 30 days, or such sum is likely to be held for more than 30 days, 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.
- 3.4 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 Investment advice – exempt regulated activities

- 4.1 Although we are not authorised by the Financial Conduct Authority to conduct Investment Business, we are licensed by the ICAEW to provide certain limited investment services where these are complementary to, or arise out of, the professional services we are providing to you.
- 4.2 Such assistance may include the following:

- advising you on investments generally, but not recommending a particular investment or type of investment;
- referring you to a Permitted Third Party (PTP) ([an independent]* firm authorised by the FCA) and assisting you and the authorised third party during the course of any advice given by that party. This may include comment on, or explanation of, the advice received (but we will not make alternative recommendations). The PTP will issue you with his own terms and conditions letter, will be remunerated separately for his services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000. The firm may receive commission from such an introduction, in which case you will be fully informed of the expected size and nature of such commission at the time of the introduction.
- advising on the sale of a contractually based investment other than disposing of any rights or interests which you may have as a member of a personal pension scheme;
- advising and assisting you in transactions concerning shares or other securities not quoted on a recognised exchange;
- managing investments or acting as trustee (or donee of a power of attorney) where decisions to invest are taken on the advice of an authorised person;

4.3 We may also, on the understanding that the shares or other securities of the company are not publicly traded:

- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options valuation and methods;
- arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- arrange for the issue of the new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

5 Investment advice

5.1 We are not authorised by the Financial Conduct Authority to conduct Investment Business. If you require investment business services we will refer you to a firm authorised by the Financial Conduct Authority.

5.2 The institute of Chartered Accountants in England and Wales operate a compensation scheme for members of the public who have incurred a financial loss as a result of investment advice given by a firm of chartered accountants, which at the time the advice was given, was authorised to give such advice. 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.

6 Fees

6.1 Our fees may depend not only on the time spent on your affairs by the partners and our staff and on the levels of skill and responsibility involved, but also the level of risk identified and any advice provided. Unless otherwise agreed, our fees will be billed at appropriate intervals during the course of the year and will be due on presentation.

6.2 We may indicate a fixed/indicative fee for the provision of specific services. We will not usually identify fixed fees for more than a year in advance as these may need to be revised in light of subsequent events. Where we estimate our fees for any specific work, this will not be binding unless this is clearly stated to you.

6.3 If it is necessary to carry out work outside the responsibilities outlined in this letter 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.

Our fees will exclude out of pocket expenses. Out of pocket expenses (plus VAT (if applicable)) will be billed as incurred for reimbursement by you.

- 6.4 Invoices are payable in full before the report is signed and the accounts are made available for filing.
- 6.5 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 this 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.

Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are strictly 30 days net.

7 Retention of and access to records

- 7.1 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 accounts
- 7.2 Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. If you require retention of any document you must notify us of that fact in writing.

8 Electronic communication

- 8.1 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.
- 8.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.

9 Data Protection Act 1998

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 of this engagement 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. You shall ensure that any disclosure of personal data to us complies with the DPA.

We shall 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 shall not sub-contract any processing of personal data unless the sub-contractor has agreed that the personal data continues to be subject to an appropriate level of protection. To the extent we act as data processor for you, we shall only process personal data in accordance with your instructions.

We shall answer your reasonable enquiries to enable you to monitor compliance with this clause.

10 General Data Protection Regulations

GDPR will apply for the collection and processing of personal data from 25 May 2018. To comply with the requirements of the regulations we will be issuing privacy notices to all individuals for their agreement.

Phil Harrison is the data controller.

11 Confidentiality

11.1 Where you give us confidential information, we confirm that we shall at all times keep it confidential, other than as required by law, by our insurers, or as provided for in regulatory (including external peer reviews), ethical or other professional statements relevant to our engagement. This will apply during and after this engagement.

11.2 We may subcontract our work to other professionals within the sector. Any subcontractors are also bound by our client confidentiality terms.

12 External review

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 us.

13 Professional rules and practice guidelines

We will observe and act in accordance with the [bye-laws, regulations and Code of Ethics of the ICAEW]¹ and 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/regulations. We confirm that we are Statutory Auditors eligible to conduct audits under the Companies Act 2006. When conducting audit work we are required to comply with the Ethical Standards for Auditors and the International Auditing Standards (UK) which can be accessed on the internet at www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Ethical-standards-for-auditors.aspx

14 Conflicts of interest

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 our confidentiality clause] we confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting the company.

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.

15 The Provision of Services Regulations 2009

We are registered to carry on audit work in the UK by the [ICAEW]¹. Details of our audit registration can be viewed at www.auditregister.org.uk for the UK .

16 Professional Indemnity Insurance

In accordance with our professional body rules we are required to hold professional indemnity insurance. Details about the insurer and coverage can be found at [www.cobham-murphy.co.uk]

16 Money Laundering Regulations 2017

In accordance with the Proceeds of Crime Act, The Terrorism Act, Money Laundering Regulations 2017 and The Money Laundering, Terrorist Financing and Transfer of Funds Information on the Payer) Regulations 2017 you agree to waive your right to confidentiality to the extent of any report made, document provided or information disclosed to the National Crime Agency (NCA).

You also acknowledge that we are required to report directly to the NCA without prior reference to you or your representatives if during the course of undertaking any assignment the person undertaking the role of Money Laundering Reporting Officer becomes suspicious of money laundering.

As with other professional services firms, we are required to have appropriate risk based policies and procedures for assessing and managing money laundering risks: this applies at the start of any business relationship and through the lifetime of the relationship. This includes undertaking appropriate customer due diligence. 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.

Copies of such records created as part of the client due diligence process, including any non engagement documents relating to the client relationship and ongoing monitoring of it, will be retained by us for a period of five years after we cease to act for the business unless we are required to retain them under statutory obligation, or to retain them for legal proceedings, or you consented to the retention in which case the records will be retained for not more than 10 years.

GDPR Compliant Privacy Policy

We are committed to protecting your personal data in accordance with the Data Protection Act 2018 (DPA 2018) and the General Data Protection Regulations (GDPR).

We process personal data for several purposes and the means of collection, lawful basis of processing, use, disclosure, and retention periods for each purpose may differ.

Our policy is to collect only the personal data necessary for agreed purposes and we ask clients to only share personal data where it is strictly needed for those purposes. We collect personal data from our clients or from third parties acting on the instructions of the relevant client.

We process personal data to provide professional services such as tax advice, general or specific business advice as part of the range of services we offer. We also process personal data in the administration and management of our business.

Your business contact details are used to provide you with information about our services and other information which we think will be of interest to you, unless you tell us not to.

We are subject to legal, regulatory and professional obligations. We need to keep certain records to demonstrate that our services are provided in compliance with those obligations and those records may contain personal data.

Personal data processed is kept by us for as long as is considered necessary for the purpose for which it was collected (including as required by applicable law or regulation). In the absence of

specific legal, regulatory or contractual requirements, our retention policy period for records and other documentary evidence created in the provision of services is 7 years.

We take the security of your data we hold seriously. We have a policy including procedures and training in place covering data protection, confidentiality and security and regularly review the appropriateness of the measures we have in place to keep the data we hold secure.

We will only share personal data with others when we are legally permitted to do so. When we share data with others, we put contractual arrangements and security mechanisms in place to protect your data. We use third parties located in other countries to help us run our business. As a result, personal data may be transferred outside the countries where we and our clients are located. This includes countries outside the European Union ("EU").

Under the DPA (2018) and GDPR, Individuals have certain rights over their personal data and data controllers are responsible for fulfilling these rights

Access to data

You have a right to access your personal data held by us and you can exercise that right by contacting us below. Our aim is to respond to a request promptly and within the legally required limit of 40 days.

Update of personal data

If you wish to update personal data submitted to us, please contact us below. Once we are informed that any personal data held by us is no longer accurate we will make changes based on your updated information.

Withdrawal of consent

Where we hold data based on consent, individuals have a right to withdraw consent at any time. To withdraw consent to our processing of your personal data please contact us below.

Other rights

This statement is intended to provide information about what personal data we collect about you and how it is used. As well as rights of access and amendment referred to above, individuals may have other rights in relation to the personal data we hold, such as a right to erasure/deletion, to restrict or object to our processing of personal data and the right to data portability. For further information on these rights please contact us below.

Complaints

If you do want to complain about our use of your personal data, please contact us below with the details of your complaint. You also have the right to register a complaint with the Information Commissioner's Office ("ICO"). For further information on your rights and how to complain to the ICO, please refer to their website.

Contacting us about your data

If you have any questions about this privacy statement or how and why we process personal data, please contact us at:

Data Controller

116 Duke Street

Liverpool

L1 5JW

Email : pharrison@cobham-muphy.co.uk

SCHEDULE OF PROFESSIONAL SERVICES: ACCOUNTING

[Client name]

The purpose of this schedule to our engagement letter is to set out the basis on which we [are to] compile the statutory financial statements and perform other accounting services.

1 Responsibilities of the directors

1.1 Your responsibilities as directors of [insert name of company] (the company) are set out in appendix 1A.

1.2 You have agreed that your staff will be responsible for:

- keeping the record of receipts and payments;
- reconciling the balances monthly with the bank statements;
- keeping posted and balanced the purchase and sales ledgers;
- preparing a detailed list of ledger balances;
- preparing details of the annual stocktaking suitably priced and extended.

1.3 You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and shareholders' meetings, necessary for the compilation of the accounts and will make full disclosure to us of all relevant information.

2 Role of the accountants

2.1 You have asked us to help you compile the statutory 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 given to us by you. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate.

2.2 We have a professional duty to compile financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to us. Furthermore, as directors, you have a duty to prepare financial statements that comply with the Companies Act 2006, regulations made under that Act and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)). Where we identify that the financial statements do not conform to UK GAAP or if the accounting policies adopted are not immediately apparent this will need to be disclosed in the financial statements.

3 Other accounting services

3.1 We will also carry out the following services as your agents on the basis that you will make full disclosure to us of all relevant information:

- providing assistance in preparing and lodging returns with the Registrar of Companies; and
- preparation of bookkeeping and completion of vat returns

APPENDIX 1C – SCHEDULE OF PROFESSIONAL SERVICES: TAXATION

[Client name]

The purpose of this schedule to our engagement letter is to set out the basis on which we [are to] provide taxation services as your agents on the basis that you will make full disclosure to us of all relevant information.

4 Taxation services

- 4.1 We shall prepare, in respect of each accounting period of the company, a computation for corporation tax purposes adjusted in accordance with the provisions of the Taxes Acts. We shall also prepare the return form CT600 and subsidiary forms required by self assessment. The self assessment forms together with the supporting corporation tax computations, will be sent to you for written approval and signature prior to submission to the Inspector of Taxes [in the required iXBRL format].
- 4.2 We will convert your accounts in to the required iXBRL format appropriate for the purposes of submission of the accounts to HMRC. We will provide you with detailed information regarding the tagging applied for your approval.
- 4.3 We shall advise you as to appropriate payments of corporation tax and S455 CTA2010 liabilities (loans to participators).
- 4.4 If the company is selected for enquiry by the HM Revenue and Customs, we will agree separate terms of engagement. The supplementary engagement terms will include responsibilities and fees as appropriate.
- 4.5 [You will be responsible, unless otherwise agreed, for all other returns, more particularly: returns relating to employee taxes under PAYE, returns of employee expenses and benefits on forms P11D and the returns of income tax deducted at source as required on forms CT61. Your staff will deal with all returns and other requirements in relation to value added tax.]
- 4.6 We shall be pleased to advise you on matters relating to the company's corporation tax liability, the implications or particular business transactions and on other taxation matters which you refer to us, such as national insurance, income tax deducted at source, employee benefits, value added tax and inheritance tax. Such services would also be subject to separate terms of engagement.