

## **TERMS OF BUSINESS**

These Terms of Business (updated in January 2020) set out the terms on which we are to act for you and should be read in conjunction with our current letter of engagement. All work is carried out under these terms except where changes are expressly agreed in writing.

### **1 PROFESSIONAL RULES AND PRACTICE GUIDELINES**

1.1. We will observe and act in accordance with the bye-laws, regulations and ethical guidelines of the Association of International Accountants (AIA) and accept instructions to act for you on the basis that we will act in accordance with those guidelines. In particular you give us the authority to correct errors made by HM Revenue and Customs ("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. Copies of these requirements are available for your inspection at our offices. The requirements are also available on the internet at: [www.aiaworldwide.com/guidance-ethics](http://www.aiaworldwide.com/guidance-ethics)

### **2 CONFLICTS OF INTEREST, INDEPENDENCE AND CONFIDENTIALITY**

2.1 You agree that we may reserve the right to act during this engagement for other clients whose interests are or may be adverse to yours, subject of course to the obligations of confidentiality referred to below. We confirm that we will notify you immediately should we become aware of any conflict of interest to which we are subject in relation to you. 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.

2.2 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. Where possible this will be done on the basis of your informed consent.

2.3 If we become aware of a dispute between the parties who own or are in some way involved in the ownership and / or management of the entity, it should be noted that the addressee of our letter of engagement is our client (for example, the company / LLP / charity / trust / pension scheme / club / partnership / sole trader or, in the case of a personal tax client, the individual) 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 normal place for which we send correspondence for the attention of the management of the entity. If conflicting advice, information or instructions are received from different members of management, we will refer the matter back to those charged with governance of the entity and take no further action until they have agreed the action to be taken.

2.4 We confirm that 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 (such as by our insurers, or part of an external peer review) applicable to our engagement. We may, on occasions, subcontract work on your affairs to other accounting and tax professionals. The subcontractors will be bound by our client confidentiality terms.

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

2.6 You agree that it will be sufficient compliance with our duty of confidence for us to take such steps as we in good faith think fit to preserve confidential information both during and after the termination of this engagement.

2.7 You hereby explicitly acknowledge and consent that we may make use of cloud computing services to store Personal Information and other data relating to you. We will use commercially reasonable security technologies (such as encryption, password protection and firewall protection) to protect this Personal Information and other data from unauthorised disclosure. You, however, acknowledge and agree that it is impossible for us to guarantee the security of the Personal Information and other data with absolute certainty

and that the use of cloud computing services may therefore entail certain risks. We shall only be responsible if it has finally judicially been determined that we did not take commercially reasonable measures to protect the Personal Information and other data from unauthorised disclosure.

### **3 OTHER SERVICES**

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

3.2 The terms under which we provide our services are dealt with in a separate letter of engagement.

3.3 If during the provision of professional services to you, you need advice on investments, we may have to refer you to someone who is authorised by the Financial Conduct Authority as we are not.

### **4 QUALITY CONTROL**

4.1 As part of our ongoing commitment to providing a quality service, our files are periodically subject to an independent quality control review. Our reviewers are highly experienced and professional people and, of course, are bound by the same requirements for confidentiality as our principals and staff.

### **5 DATA PROTECTION**

5.1 In this clause, the following definitions shall apply:

- 'client personal data' means any personal data provided to us by you, or on your behalf, for the purpose of providing our services to you, pursuant to our engagement letter with you;
- 'data protection legislation' means all applicable privacy and data protection legislation and regulations including PECR, the GDPR and any applicable national laws, regulations and secondary legislation in the UK relating to the processing of personal data and the privacy of electronic communications, as amended, replaced or updated from time to time;
- 'controller', 'data subject', 'personal data', and 'process' shall have the meanings given to them in the data protection legislation;
- 'GDPR' means the General Data Protection Regulation ((EU) 2016/679); and
- 'PECR' means the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003).

5.2 We shall each be considered an independent data controller in relation to the client personal data. Each of us will comply with all requirements and obligations applicable to us under the data protection legislation in respect of the client personal data.

5.3 You shall only disclose client personal data to us where:

- (i) you have provided the necessary information to the relevant data subjects regarding its use (and you may use or refer to our privacy notice available at <https://xero-accountant.co.uk/privacy-policy> for this purpose);
- (ii) you have a lawful basis upon which to do so, which, in the absence of any other lawful basis, shall be with the relevant data subject's consent; and
- (iii) you have complied with the necessary requirements under the data protection legislation to enable you to do so.

5.4 Should you require any further details regarding our treatment of personal data, please contact our Data Protection Point of Contact Ari K Ashkenazi at [contact@ariashkenazi.co.uk](mailto:contact@ariashkenazi.co.uk).

5.5 We shall only process the client personal data:

- (i) in order to provide our services to you and perform any other obligations in accordance with our engagement with you;
- (ii) in order to comply with our legal or regulatory obligations; and
- (iii) where it is necessary for the purposes of our legitimate interests and those interests are not overridden by the data subjects' own privacy rights. Our privacy notice available at <https://xero-accountant.co.uk/privacy-policy> contains further details as to how we may process client personal data.

5.6 For the purpose of providing our services to you, pursuant to our engagement letter, we may disclose the client personal data to our regulatory bodies or other third parties (for example, our professional advisors or

service providers). The third parties to whom we disclose such personal data may be located outside of the European Economic Area (EEA). We will only disclose client personal data to a third party (including a third party outside of the EEA) provided that the transfer is undertaken in compliance with the data protection legislation.

5.7 We shall maintain commercially reasonable and appropriate security measures, including administrative, physical and technical safeguards, to protect against unauthorised or unlawful processing of the client personal data and against accidental loss or destruction of, or damage to, the client personal data.

5.8 In respect of the client personal data, provided that we are legally permitted to do so, we shall promptly notify you in the event that:

(i) we receive a request, complaint or any adverse correspondence from or on behalf of a relevant data subject, to exercise their data subject rights under the data protection legislation or in respect of our processing of their personal data;

(ii) we are served with an information, enforcement or assessment notice (or any similar notices), or receive any other material communication in respect of our processing of the client personal data from a supervisory authority as defined in the data protection legislation (for example in the UK, the Information Commissioner's Officer); or

(iii) we reasonably believe that there has been any incident which resulted in the accidental or unauthorised access to, or destruction, loss, unauthorised disclosure or alteration of, the client personal data.

5.9 Upon the reasonable request of the other, we shall each co-operate with the other and take such reasonable commercial steps or provide such information as is necessary to enable each of us to comply with the data protection legislation in respect of the services provided to you in accordance with our engagement letter with you in relation to those services.

## **6 LIMITATION OF THIRD PARTY RIGHTS**

6.1 A person who is 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.

6.2 The advice, which we give you, is for your sole use and does not constitute advice to any third party to whom you may communicate it unless we have expressly agreed in the letter of engagement that a specified third party may rely on our work. We accept no responsibility to third parties, including any group company to whom the letter of engagement is not addressed for any aspect of our professional services or work that is made available to them.

## **7 LIMITATION OF LIABILITY**

7.1 We will provide our professional services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence, wilful default or breach of contract. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or yours or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or any public sector body (such as HMRC).

7.2 You agree to hold harmless and indemnify us, our principals, subcontractors and staff, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with this agreement. You have agreed that you will not bring any claim in connection with services we provide to you against any of our principals or staff personally.

7.3 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.

7.4 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.

## **8 APPLICABLE LAW**

8.1 These Terms of Business, in conjunction with any additional letters of engagement shall be governed by, and construed in accordance with, English law. Each party agrees that the Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning these Terms of Business in conjunction with any letter of engagement 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 inappropriate forum, or to claim that those Courts do not have jurisdiction.

## **9 FEES AND COMMISSIONS**

9.1 Our fees are based upon the degree of responsibility and skill involved, the importance and value of the advice that we provide, the level of risk, and the time necessarily occupied on the work.

9.2 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 this will be the case. Unless otherwise agreed to the contrary our fees do not include the costs of any third party, counsel or other professional fees.

9.3 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.

9.4 Fees are charged separately for each of the main classes of work we perform for you and will be billed at appropriate intervals during the course of the year. 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.

9.5 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.

9.6 Fees are due for payment upon receipt. It is our normal practice to issue 'Applications for Payment' when dealing with continuous or recurring work. The payment terms for 'Applications for Payment' are the same as for invoiced fees. A VAT invoice will be issued to you upon receipt of your payment.

9.7 All queries on fee accounts rendered by us must be raised in writing within two (2) days of the account being issued. Any account received by you and not queried in writing within two (2) days will be deemed to be accepted as a reasonable charge for the work done.

9.8 We reserve the right to charge interest on overdue accounts at the current rate under the late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to terminate our engagement and cease acting for you on giving written notice if payment of any fees billed is unduly delayed. We intend to exercise these rights only where it is fair and reasonable to do so.

9.9 If a client company, LLP, trust, or other entity is unable or unwilling to settle our fees we reserve the right to seek payment from the individual (or parent entity) giving us instructions on behalf of the client and we shall be entitled to enforce any sums due against the group, entity or individual nominated to act for you.

9.10 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.

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

9.12 If it becomes necessary for us to liaise with, or make a report to a regulator or public sector body, as a result of any statutory duty imposed upon us by legislation or other regulation, including after our engagement has ended, we reserve the right to charge for work undertaken in accordance with these reporting duties.

9.13 If, for any reason it becomes necessary for us to withdraw from the engagement, our fees for work performed up to that date will be payable by you.

## **10 THE BEST SERVICE**

10.1 We wish to provide a high quality of service which is both efficient and effective at all times. If at any time you would like to discuss with us how our service to you could be improved or if you are concerned with the service which you are receiving please let us know by contacting Ari K Ashkenazi at [feedback@ariashkenazi.co.uk](mailto:feedback@ariashkenazi.co.uk).

10.2 We undertake to consider any comments carefully and promptly and to do all we can to explain the position to you. We undertake to do everything reasonable to resolve any problems and if you are still not satisfied you may, of course, take up matters with the Association of International Accountants (AIA).

## **11 RETENTION OF AND ACCESS TO RECORDS**

11.1 You have a legal responsibility to retain documents and records relevant to your financial affairs. During the course of our work we will collect information from you and others relevant to your tax and financial affairs. We will return any original documents to you following the completion of the assignment. Documents and records relevant to your affairs are required by law to generally be retained six years from the end of the accounting period.

11.2 Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store, which are more than ten years old, other than documents which we consider to be of continued significance. If you require retention of any documents for any longer period, you must notify us of that fact in writing.

## **12 ELECTRONIC AND OTHER COMMUNICATION**

12.1 Electronic communications are capable of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties 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 email without obtaining written confirmation of it. As electronic communication is not totally secure, we do not accept responsibility for any errors or problems that may arise through the use of electronic communications and all risk connected with sending sensitive information relating to the entity are borne by you. If you do not agree to accept this risk (which will achieve greater efficiency and lower costs), you should notify us in writing that email is not an acceptable means of communication, and we will communicate by paper mail, other than where electronic submission is mandatory.

12.2 It is the responsibility of the recipient to carry out a virus check on any emails and attachments received. However, we do use virus-scanning software to reduce the risk of viruses and similar damaging items being transmitted through emails or electronic storage devices.

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

### **13 PROVISION OF SERVICES REGULATIONS 2009**

13.1 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Hiscox Underwriting Ltd of 1 Great St. Helen's, London EC3A 6HX. 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 bought in any court in the United States of America or Canada.

### **14 CLIENTS' MONEY REGULATIONS**

14.1 We do not, and will not, hold client money on your behalf.

### **15 CLIENT IDENTIFICATION**

15.1 As with other professional services firms, we are required to identify our clients for the purposes of 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.

### **16 STAFF**

16.1 Our staff are assigned to you on the mutual understanding that neither party will offer employment to, nor employ, the staff of the other who have been involved during the assignment, or dealing with you, within 12 months unless written consent has been obtained from either party. If such consent is given either party reserves the right to bill an appropriate fee of 25% of annual salary on appointment, plus VAT.

### **17 INTELLECTUAL PROPERTY RIGHTS**

17.1 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.

### **18 TERMINATION OF AGREEMENT**

18.1 Each of us may terminate this agreement by giving not less than twenty one (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.

18.2 In the event of termination of this 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.

### **19 DISENGAGEMENT**

19.1 Should we resign or be requested to resign we will normally issue a disengagement letter to ensure that our respective responsibilities are clear. This will also assist in ensuring an efficient handover between professional advisers. Should we have no contact with you for a period of one year or more we may issue to your last known address a disengagement letter and hence cease to act.

### **20 INTERPRETATION**

20.1 If any provision of our letter of engagement 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 letter of engagement or appendices, the relevant provision in the letter of engagement or schedules will take precedence.

## **21 SCHEDULES**

### **21.1 LIMITED COMPANY – PREPARATION OF FINANCIAL STATEMENTS**

The purpose of this Appendix is to set out the basis on which we are to act as your accountants and the respective areas of responsibility of you and ourselves.

#### **1 RESPONSIBILITY OF DIRECTORS**

1.1 As directors of the company, you are responsible for preparing financial statements which give a true and fair view and have been prepared in accordance with the Companies Act 2006. As directors 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 company.

1.2 In preparing the financial statements, you are required to:

Select suitable accounting policies and then apply them consistently;

Make judgments and estimates that are reasonable and prudent; and

Prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

1.3 You are responsible for keeping adequate accounting records that set out with reasonable accuracy at any time the company's financial position, and for ensuring that the financial statements comply with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice - UK GAAP) and with the Companies Act 2006 and give a true and fair view.

1.4 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.

1.5 You are responsible for determining whether, in respect of each year, the company meets the conditions for exemption from an audit of the financial statements set out in section 477 or 479A or 480 of the Act and for determining whether, in respect of each year, the exemption is not available for any of the reasons set out in sections 478, 479 and 479B of the Act.

1.6 You are responsible for ensuring that the assets of the company are safeguarded, and for establishing arrangements designed to deter fraudulent or other dishonest or irregular conduct, and detect any that occurs.

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

1.8 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 financial statements. You will make full disclosure to us of all relevant information that we need to do our work.

#### **2 SCOPE OF ACCOUNTANT'S WORK**

2.1 You have asked us to assist you in the preparation of the financial statements in accordance with the requirements of the Companies Act 2006. We will compile the annual financial statements based on the accounting records maintained by you and the information and explanations given to us by you. We shall prepare draft annual financial statements for your approval. We shall plan our work on the basis that no report on the financial statements 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 and reviews.

2.2 You have advised us that the company is exempt from an audit of the financial statements. We will not carry out any work to determine whether or not the company is entitled to audit exemption. However, should our work indicate that the company is not entitled to the exemption, we will inform you of this.

2.3 Our work as the compilers of the annual financial statements will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Consequently, our work will not provide

assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error.

2.4 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 assurance as to whether the financial statements we prepare from those records present a true and fair view.

2.5 We have a professional responsibility not to allow our name to be associated with financial statements which 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 additional disclosures that we consider appropriate. If an agreement cannot be reached and as a result we consider that the financial statements are misleading, we will withdraw from the engagement.

2.6 We will advise you as to the adequacy of your records for preparation of the annual financial statements and make recommendations for improvements, which we consider necessary. We shall not be responsible if, as a result of you not taking our advice, you incur losses or penalties.

2.7 We will use reasonable skill and care in the preparation of your financial statements but will not be responsible for errors arising from incorrect information supplied by you.

2.8 We have a professional duty to compile financial statements, which conform to generally accepted accounting principles. Furthermore, the financial statements of a limited company are required to comply with the Companies Act 2006 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.

2.9 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.

### 3 FORM OF THE ACCOUNTANT'S REPORT

3.1 We shall report to the Board of Directors, with any modifications that we consider may be necessary, that in accordance with this engagement letter and in order to assist you to fulfil your responsibilities, that we have compiled, without carrying out an audit, the financial statements from the accounting records of the company and from the information and explanations supplied to us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors as a body for our work or for this report.

### 4 LIMITATION OF LIABILITY

4.1 We will perform our engagement with reasonable skill and care. The total aggregate liability to the company and the Board of Directors, as a body, of whatever nature, whether in contract, tort or otherwise, of Ashkenazi & Co. for any losses whatsoever and howsoever caused from or in any way connected with this engagement shall not exceed the total amount paid in fees related to LIMITED COMPANY – PREPARATION OF FINANCIAL STATEMENTS work during the current engagement period.

### 5 AGREEMENT OF TERMS

5.1 Our engagement as Accountants will start with the company's accounting period ending on (see the letter of engagement). We will not be responsible for accounting periods prior to this.

## 21.2 SOLE TRADER – PREPARATION OF FINANCIAL INFORMATION

The purpose of this Appendix is to set out the basis on which we are to act as your accountants and the respective areas of responsibility of you and ourselves.

### 1 YOUR RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL INFORMATION

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

1.2 You have undertaken to make available to us, as and when required, all of your accounting records and related financial information, including minutes of management meetings necessary for the compilation of the financial information. You will provide us with all information and explanations relevant to the purpose and compilation of the financial information and you will make full disclosure to us of all relevant information.

1.3 You will approve and sign the financial information to acknowledge responsibility for it, including the appropriateness of the accounting basis and for providing us with all information and explanations necessary for its compilation.

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

## 2 SCOPE OF ACCOUNTANT'S WORK

2.1 You have asked us to assist you in the preparation of (see the letter of engagement) to enable profits to be calculated such as to meet the requirements of current tax legislation and which provides sufficient and relevant information to enable the completion of a tax return. We will compile the financial information based on the accounting records maintained by you and the information and explanations given to us by you.

2.2 We shall plan our work on the basis that no report is required by statute or regulation for each 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 and reviews.

2.3 Our work will not be an audit of the financial information in accordance with International Standards on Auditing (UK). Consequently, our work will not provide any assurance that the accounting records or the financial information are free from material misstatement, whether caused by fraud, other irregularities or error and cannot be relied on to identify weaknesses in internal controls.

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

2.5 We have a professional duty to compile financial information that conform with the generally accepted accounting principles selected by management as being appropriate for the purpose for which the information is prepared. The accounting basis on which the information has been compiled, its purpose and limitations will be disclosed in an accounting policy note to the financial information and will be referred to in our accountants' report.

2.6 We have a professional responsibility not to allow our name to be associated with financial information which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial information may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and / or additional disclosures that we consider appropriate. If an agreement cannot be reached, and as a result we consider that the financial information is misleading, we will withdraw from the engagement.

2.7 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.

2.8 We will use reasonable skill and care in the preparation of your financial information but will not be responsible for errors arising from incorrect information supplied by you.

### 3 FORM OF THE ACCOUNTANT'S REPORT

3.1 We shall report to you, with any modifications that we consider may be necessary, that in accordance with the letter of engagement and in order to assist you to fulfil your responsibilities, that we have compiled, without carrying out an audit, the financial information from the accounting records of the business and from the information and explanations supplied to us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work or for this report.

### 4 LIMITATION OF LIABILITY

4.1 We will perform our engagement with reasonable skill and care. The total aggregate liability to the company and the Board of Directors, as a body, of whatever nature, whether in contract, tort or otherwise, of Ashkenazi & Co. for any losses whatsoever and howsoever caused from or in any way connected with this engagement shall not exceed the total amount paid in fees related to SOLE TRADER – PREPARATION OF FINANCIAL INFORMATION work during the current engagement period.

### 5 AGREEMENT OF TERMS

5.1 Our engagement as Accountants will start with the company's accounting period ending on (see the letter of engagement). We will not be responsible for accounting periods prior to this.

## 21.3 MANAGEMENT ACCOUNTS

### 1. YOUR RESPONSIBILITIES

1.1 We understand that you require us to prepare the monthly or quarterly management accounts of your business for the month or quarter ended (see the letter of engagement) and subsequent months or quarters. These will comply with the measurement principles of United Kingdom Generally Accepted Accounting Practice or applicable to Smaller Entities or International Financial Reporting Standards or as adopted by the European Union.

1.2 You have undertaken to make available to us, as and when required, all of your accounting records and related financial information, including minutes of management meetings necessary for the compilation of the financial information. You will provide us with all information and explanations relevant to the purpose and compilation of the financial information and you will make full disclosure to us of all relevant information.

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

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

1.5 We understand that you have agreed that your staff will be responsible for:

- (a) maintaining records of all receipts and payments of cash;
- (b) reconciling cash book balances monthly or quarterly with the bank statements;
- (c) posting and balancing the purchase and sales ledgers;
- (d) extracting a detailed list of ledger balances; and
- (e) providing stock figures or estimates of the value of stock at the end of each period.

### 2. OUR RESPONSIBILITIES

2.1 We will prepare management accounts as stated in paragraph 1.1 above, which involves us in completing 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 preparing draft financial information therefrom for your approval.

2.2 You understand that we will not be carrying out an audit in accordance with International Standards on Auditing (UK) and accordingly will not verify the assets and liabilities of your organisation, nor the items of expenditure and income. To carry out an audit would require additional work to comply with generally accepted auditing standards so that we could report on the truth and fairness of the financial statements.

2.3 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 financial information.

2.4 The financial information is not suitable for submission with the self-assessment tax return, or for summary thereon.

2.5 The management accounts are prepared solely for the confidential use of the. It may not be relied upon by the client for any other purpose whatsoever. The management accounts must not be recited or referred to in whole or in part in any other document. The management accounts must not be made available, copied or recited to any other party without our express written permission. We neither owe nor accept 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 the management accounts.

## **21.4 COMPANY SECRETARIAL**

### **1. YOUR RESPONSIBILITIES**

1.1 A private company is required to file its financial statements at Companies House within nine months of the year end. The company will be liable to a fine if it fails to do so.

1.2 In order to avoid this we will produce statutory financial statements, suitable for filing, within the required period, provided all your records are complete and presented to us within four months of the year end, and all subsequent queries are promptly and satisfactorily answered. We accept no responsibility for fines or regulatory action taken against the directors where the statutory financial statements are not available for filing.

### **2. OUR RESPONSIBILITIES**

2.1 We will produce statutory financial statements, suitable for filing, within the required period, provided you meet the conditions outlined in paragraph 1.2 above.

2.2 If we have agreed to act as your agent and to:

- (a) submit the financial statements to the Registrar of Companies;
- (b) complete and submit the company's annual 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) maintain the statutory books.

2.3 If you have agreed to complete all the returns required by law, for example, the annual confirmation statement and the notification of changes in directors. We shall, of course, be pleased to advise you on these and any other company secretarial matters if requested.

## **21.5 CORPORATION TAX**

### **1. YOUR RESPONSIBILITIES**

1.1 Even though you are engaging us to help you meet your corporation tax obligations, the Directors, on behalf of the company are legally responsible for:

Ensuring that the company's tax return (including XBRL tags and iXBRL file) is correct and complete;

- Filing any returns by the due date; and
- Making payment of tax on time.

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

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

Note that for the purpose of the letter of engagement, the filing of, "company's tax return" refers to the corporation tax self assessment return, corporation tax computations and the company's financial statements for the period being submitted to HM Revenue & Customs ("HMRC") in an Inline eXtensible Business Reporting Language ("iXBRL"), including, where appropriate, iXBRL tagging.

1.2 To enable us to carry out our work the Directors agree:

That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;

- To provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
- To provide us with information in sufficient time for the company's tax return to be completed and submitted by the due date. In order that we can do this, we need to receive all relevant information 30-days before the due date. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee of £500 for so doing;
- To provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment. This information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
- To provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write offs authorised at least within three months of the end of the relevant accounting period.

1.3 The Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess its significance.

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

1.5 It is our policy to confirm in writing advice upon which the company may wish to rely.

1.6 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances. 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.

1.7 We will be pleased also to advise the directors and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned.

1.8 You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the company's obligation to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.

## 2. OUR RESPONSIBILITIES

2.1 We will prepare the corporation tax computation and supporting schedules required for the preparation of the company corporate tax return from the accounts, information and explanations provided to us on your behalf.

2.2 We will prepare the company's corporate tax return, using appropriate commercial software to apply XBRL tags to items in the accounts as we consider appropriate for the purposes of submission of the accounts in iXBRL via the Government Gateway for tax purposes. We will, to the extent we consider necessary, manually amend or apply tags if the software has not applied automatic tagging or where we consider any automatic tagging to have been inappropriate. We will provide you with detailed information regarding the tagging applied for your approval.

2.3 After obtaining the approval and signature of an authorised nominated director, we will submit the company's corporate tax return to HMRC. We will not accept liability for any financial penalty or loss or other damage arising from any rejection of the iXBRL accounts by HMRC or otherwise as a result of incorrect or inappropriate tagging.

2.4 We will tell you how much tax the company should pay and when. Where appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.

2.5 We will inform you if instalment payments of corporation tax are due for an accounting period and the dates they are payable. We will calculate the quarterly instalments which should be made on the basis of information supplied by you by the date agreed.

2.6 We will advise you as to possible tax return related claims and elections arising from information supplied by you. If instructed by you, we will make such claims and elections in the form and manner required by HMRC.

2.7 We will deal with all communications relating to the company's tax return addressed to us by HMRC or passed to us by the company. However, if HMRC 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.

2.8 We will prepare or help you in preparing the tax provisions and disclosures to be included in the company's statutory financial statements.

2.9 We are able to offer fee protection to cover insurance the cost of our fees arising from HMRC investigations. If you would like further details of this service please let us know.

2.10 Where you have instructed us to do so, we will also provide such other taxation advisory and ad-hoc services as may be agreed between you and us from time to time. These may be the subject of a separate letter of engagement, at our option. Where appropriate, we will discuss and agree an additional fee for such work when it is commissioned by you. Where specialist advice is required on occasions, we may need to seek this from, or refer you to an appropriate specialist.

Where the client is a group of companies, the following wording may be incorporated, with the above paragraphs making reference to each company which is listed either on a covering letter, or an attached schedule.

2.11 In relation to groups and consortia of which your company is a member, and in respect of which you have instructed us to act, we will provide the following additional services:

- a) Where instructed to advise on the tax treatment of intra-group payments of dividends, charges and interest;
- b) We will advise on the eligibility of companies to make elections in relation to such payments;
- c) We will prepare and submit to HMRC elections relating to intra-group payments of dividends, charges and interest;
- d) We will deal with all communications relating to elections addressed to us by HMRC; and
- e) Where instructed, in respect of claims for group and consortium relief:
  - i. We will advise as required on claims for group and consortium relief and the interaction with other reliefs;
  - ii. We will prepare and submit to HMRC appropriate claims;

- iii. We will adjust corporation tax computations and returns to reflect the surrender and receipt of group and consortia relief;
- iv. We will advise on arrangements for payment of tax and the surrender and set-off of tax refunds within the group; and
- v. We will advise on claiming eligible unrelieved foreign tax ('EUFT') or the surrender of any amount of EUFT.

## **21.6 PERSONAL TAX**

### **1. YOUR RESPONSIBILITIES**

1.1 Even though you are engaging us to help you meet your self assessment obligations, you are legally responsible for:

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

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

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.

Note that for the purpose of the letter of engagement, the filing of your self assessment tax return refers to the return for the period being submitted to HM Revenue & Customs ("HMRC") in an electronic format over the internet.

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

- That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- To provide all 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;
- To advise whether you or your spouse or partner (with whom you live, or have lived during the tax year) are entitled to receive child benefit in respect of a child that lives with you (whether or not you are the parent of that child);
- To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- To provide us with information in sufficient time for your tax return to be completed and submitted by the due date. In order that we can do this, we need to receive all relevant information 90-days before the due date.

1.3 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 its significance.

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

1.5 It is our policy to confirm in writing advice upon which you may wish to rely.

1.6 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances. 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.

### **2. OUR RESPONSIBILITIES**

2.1 We will prepare your self-assessment tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your approval and signature, we will submit your returns to HMRC.

2.2 If we agreed, we will prepare your business accounts in accordance with generally accepted accounting practice or the cash basis election that you have made from the books, accounting records and other information and explanations provided to us on your behalf.

2.3 We will calculate your income tax, national insurance contribution ("NIC") and any capital gains tax liabilities and tell you how much you should pay and when. We will advise on the interest, penalty and surcharge implications if tax or NIC is paid late. We will also check HMRC's calculation of your tax and NIC liabilities and initiate repayment claims if tax or NIC has been overpaid.

2.4 Other than as regards tax credits (see below), we will advise you as to possible tax return related claims and elections arising from information supplied by you. If instructed by you, we will make such claims and elections in the form and manner required by HMRC.

2.5 We will review PAYE notices of coding where such notices are forwarded to us and advise accordingly.

2.6 We will deal with all communications relating to your return addressed to us by HMRC or passed to us by you. However, if HMRC 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.

2.7 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice, public policy or in your circumstances. 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.

2.8 We are able to offer fee protection insurance to cover the cost of our fees arising from HMRC investigations. If you would like further details of this service please let us know.

2.9 Where you have instructed us to do so, we will also provide such other taxation advisory and ad-hoc services as may be agreed between you and us from time to time. These may be the subject of a separate letter of engagement, at our option. Where appropriate, we will discuss and agree an additional fee for such work when it is commissioned by you. Where specialist advice is required on occasions, we may need to seek this from, or refer you to an appropriate specialist.

2.10 If we agree to advise you on tax credits we will issue a separate letter of engagement to cover this area. Tax credits are, in effect, a social security benefit. Your entitlement or otherwise will depend not only on your own circumstances but also those of your household and we would require all relevant information to advise in this regard.

2.11 We shall advise you and your spouse or partner on the basis that you are a family unit. You both agree that in all matters relating to your or your spouse's or partner's tax and financial affairs, we may deal directly with either of you and we may discuss with either of you the tax liabilities and/or financial affairs of the other. If you wish to make any change to these arrangements at any time, please let us know.

2.12 In order for us to act for you as a couple in respect of a joint claim, you undertake that all instructions, information or explanations either of you gives us will be on behalf of both of you, unless you specifically tell us otherwise. Similarly, if one of you signs a document, it will be on behalf of both of you unless you instruct us to the contrary. If a conflict of interest should arise between you in relation to any matter to do with your joint claim or entitlement, we reserve the right to cease acting for both of you, or to advise one or other of you to obtain independent advice.

## **21.7 PAYROLL**

### **1. YOUR RESPONSIBILITIES**

1.1 Even though you are engaging us to help you meet your payroll obligations, you are legally responsible for:

- Ensuring that the data in your payroll submissions is correct and complete;

- Complying with auto-enrolment obligations;
- Making any submissions by the due date; and
- Making payment of tax and NIC on time.

Ensuring that your declaration on form P11D(b) is true to the best of your knowledge and belief and therefore that the entries on the related forms P11D are correct and complete;

- Filing any returns by the due date after the end of the tax year; and
- Making payment of Class 1A NIC on time.

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

Employers and signatories to returns cannot delegate this legal responsibility to others. You agree to check that submissions and returns we have prepared for you are complete before you approve and sign them. You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

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

That all information required to be delivered online is submitted on the basis of full disclosure;

- To provide full information necessary for dealing with your payroll and benefits in kind affairs and workplace pension scheme contributions: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- 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 and other information relevant to the services provided under this schedule. We will process the changes only if notified by that/those individual(s);
- To advise us in writing of changes of payroll pay dates;
- To notify us at least 7 working days prior to the payroll date of all transactions or events which may need to be reflected in the payroll for the period, including details of:
  - All new employees (including full names, address, date of birth, gender, National Insurance number, their start date and starter form) and details of their remuneration packages including benefits in kind to be payrolled;
  - For employees whose benefits in kind are being payrolled, their names, the identity of the benefits in kind, and the cash equivalent amounts to be included in payroll;
  - For employees who are active pension scheme members, name of pension scheme, pensionable pay, employee and employer contribution rates, dates from / to which contributions payable;
  - Names and date of birth of all apprentices aged under 25;
  - Names and date of birth of all employees aged under 21;
  - Information necessary to enable us to calculate statutory payments, i.e. statutory sick pay, statutory maternity pay, statutory adoption pay, statutory paternity pay, statutory shared parental pay;
  - All leavers, including deaths of employees, their leaving date, termination arrangements, and any payments to be made after their leaving date;
  - All changes to remuneration packages including benefits in kind to be payrolled;
  - Any changes to the employees' bank accounts; and
  - Irregular and / or ad hoc payments and the dates to be paid.

To approve:

- In-year and final Full Payment Submission ("FPS") by at least 7 working days prior to payroll pay dates so that they can be submitted on or before the payroll pay date, or as agreed with us;
- In-year and final Employer Payment Summary ("EPS") by at least 7 days prior to 19th of the month following the tax month; and
- Earlier Year Update ("EYU") within 7 days of notifying you of the data therein.

To notify us within 14 working days after the end of the tax year of all transactions or events which may need to be reflected in the forms P11D for the period, including details of all employees during the year and details of their remuneration packages;

If we do not hear from you by the above deadlines, subject to any other agreement between us, we will take your silence as your approval for us to submit the return;

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

That we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.

1.3 If the information required to complete the payroll services set out above is received less than 7 days before the payroll date we will still endeavour to process the payroll and returns to meet the agreed payroll date and filing deadlines but we will not be liable for any costs or other losses arising if the payroll is late in these circumstances. We may charge an additional fee of £200 for work carried out in a shorter time period.

1.4 If the information required to complete the benefits in kind returns set out above is received more than 14 days after the end of the tax year we will still endeavour to process the information onto the benefits in kind returns to meet the submission date but we will not be liable for any costs or other losses arising if the submission is late in these circumstances. We may charge an additional fee of £300 for work carried out in a shorter time period.

1.5 You will forward to us any communications received from HMRC in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC have the authority to communicate with us when form 64-8 has been signed and submitted it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you and, in most cases, will not do so.

1.6 It is our policy to confirm in writing advice upon which you may wish to rely.

1.7 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances. 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.

## 2. OUR RESPONSIBILITIES

2.1 We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:

- Calculating the pay as you earn (PAYE) deductions, including at the Scottish rate of income tax, if applicable;
- Calculating the employees' National Insurance Contributions (NIC) deductions;
- Calculating the employer's NIC liabilities;
- Calculating statutory payments, for example, Statutory Sick Pay and/or Statutory Maternity Pay;
- Calculating employee and employer pension contributions for employees who are members of workplace pension schemes on the basis of the information that you provide to us;
- Calculating other statutory and non-statutory deductions; and
- Submitting information online to HMRC under RTI for PAYE.

2.2 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:

- Payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals;
- The data included within each FPS for taxable pay and payrolled benefits for each employee;
- A payslip for each employee unless not required;
- A form P45 for each leaver;
- A report showing your PAYE and NIC liability and due date for payment; and
- A report showing employee and employer 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.

2.3 We will submit FPSs online to HMRC after the data to be included therein has been approved by you. (FPSs must reach HMRC normally on or before the payroll pay date). You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out above.

2.4 We will prepare, where appropriate (for example, to recover statutory payments, claim deductions under the NIC holiday scheme or CIS deductions, confirm that no payments were made to employees), for each tax month, an EPS from the information and explanations that you provide to us.

2.5 We will submit EPSs to HMRC after the data to be included therein has been approved by you. (EPSs must reach HMRC by the 19th of the month following the tax month to which they relate). You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out above.

2.6 At the end of the payroll year we will:

Prepare the final FPS (or EPS) including employer annual declarations and submit this to HMRC after the data to be included therein has been approved by you. (The final FPS (or EPS) for the year must reach HMRC by 19 April following the end of the tax year). You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out above.

Prepare and send to you by the statutory due date Form P60 for each employee on the payroll at the year end.

2.7 We will deal with any online secure messages sent to us by HMRC in respect of your payroll.

2.8 We will submit National Insurance Number ("NINO") verification requested as appropriate to verify or obtain a NINO for a new employee.

2.9 If we agreed, we will prepare and/or review forms P11D as may be required for each employee including directors based on the accounts, information and explanations provided to us on your behalf.

2.10 We will submit the forms P11D with the form P11D(b) after the form P11D(b) has been signed by you.

2.11 We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date.

2.12 We will calculate your Class 1A NIC liability on the benefits returned in forms P11D that you are obliged to pay HMRC by the due date and send payment instructions to you.

2.13 We will deal with all communications relating to your payroll or benefits in kind return addressed to us by HMRC or passed to us by you. However, if HMRC 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.

2.14 Where you have instructed us to do so, we will also provide such other taxation advisory and ad-hoc services as may be agreed between you and us from time to time. These may be the subject of a separate letter of engagement, at our option. Where appropriate, we will discuss and agree an additional fee for such work when it is commissioned by you. Where specialist advice is required on occasions, we may need to seek this from, or refer you to an appropriate specialist.

## **21.8 VALUE ADDED TAX**

### **1. YOUR RESPONSIBILITIES**

1.1 Even though you are engaging us to help you meet your corporation tax obligations, you are legally responsible for:

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

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

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

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

- That all returns are to be made on the basis of full disclosure;

- That you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared 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;
- You will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please let us know so that we can assess the significance;
- To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- To provide us with all the records relevant to the preparation of your monthly or quarterly VAT returns as soon as possible after the return period ends. We would ordinarily need a minimum of 30 days before submission to complete our work.

1.3 If the records are provided later or are incomplete or unclear thereby delaying the preparation and/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 an additional fee of £400 for doing so.

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

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

1.6 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.

1.7 If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result. The same applies to equivalent non-UK taxes.

1.8 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 with HMRC any that you are not completely satisfied with. Please note that the online filing deadline for EC Sales Lists is twenty one days after the end of the reporting period.

1.9 If you provide digital services to consumers in the EU, you are responsible either for registering for VAT in that member state, or for registering for VAT Mini One Stop Shop ('MOSS') in the UK. Please note that the online filing deadline for MOSS is twenty days after the end of the calendar quarter.

1.10 It is our policy to confirm in writing advice upon which you may wish to rely.

1.11 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances. 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

## 2. OUR RESPONSIBILITIES

2.1 We will prepare or review your monthly or quarterly or annual VAT returns EC Sales lists and/or Mini One-Stop Shop ('MOSS') returns on the basis of the information and explanations supplied by you.

2.2 Based on the information that you provide to us we will tell you how much you should pay and when. If appropriate we will initiate repayment claims where tax has been overpaid. We will advise on the interest and penalty implications if VAT is paid late.

2.3 Where appropriate, we will calculate the partial exemption annual adjustment. This annual adjustment will normally be made in the quarter ending (see the letter of engagement) as the tax year for partial exemption purposes ends on (see the letter of engagement).

2.4 Where appropriate, we will calculate the annual Capital Goods Scheme adjustment. The adjustment will normally be made in the quarter ending (see the letter of engagement) as the interval end date is (see the letter of engagement).

2.5 We will forward to you the completed return calculations for you to review, before you approve the VAT return for onward transmission by you or us to HMRC.

2.6 We will deal with all communications relating to your VAT return addressed to us by HMRC or passed to us by you. However, if HMRC 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.

2.7 Where you have instructed us to do so, we will also provide such other taxation advisory and ad-hoc services as may be agreed between you and us from time to time. These may be the subject of a separate letter of engagement, at our option. Where appropriate, we will discuss and agree an additional fee for such work when it is commissioned by you. Where specialist advice is required on occasions, we may need to seek this from, or refer you to an appropriate specialist.