

The MKL Partnership – Statement of Business Terms

(Last Revised 6th June 2013)

All engagements that we accept are subject to the following standard terms of business unless changes are expressly agreed in writing.

1 Professional obligations

- 1.1 We are a member firm of the Association of Chartered Certified Accountants and our conduct is subject to its Code of Ethics which can be found at http://www2.accaglobal.com/documents/codeec_doc.pdf
- 1.2 Where we become aware of errors made by HM Revenue & Customs you give us authority to correct them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.
- 1.3 Details of the firm s professional registrations can be found at www.mklp.co.uk

Professional indemnity insurance

- 1.4 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Liberty Mutual Insurance, of 3rd Floor, Two Mister Court, Mincing Lane, London EC3R 7YE. The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim brought in any court in the United States of America or Canada.
- 1.5 If for any reason circumstances arise that may result in a claim to our professional indemnity insurers, you give us your permission to notify them.

2 Fees

- 2.1 Our fees are calculated on the basis of time spent on your affairs by the principals of the firm and our staff (including any sub-contractors or consultants that we may employ) and on the levels of skill and responsibility involved. In addition we may charge disbursements of travel, accommodation and other expenses incurred in dealing with your affairs.
- 2.2 If it is necessary for us to carry out work that is outside the scope of the engagement currently in place with you, we will advise you of this. Any additional work will result in additional fees being charged. We would therefore like to point out that it is in your interests to ensure that the information you provide us with is completed to the agreed stage.
- 2.3 Where we have agreed that you will pay on an invoice rendered basis, invoices are payable in full (including disbursements) in accordance with the terms set out on the invoice. Any queries you have on our invoices must be notified to us within 21 days of receipt or we shall deem you to have accepted that payment is due.
- 2.4 Where we have agreed that you will pay us on a standing order basis, we will discuss with you separately the amount and frequency of payments. These standing orders will be applied to fees arising from work agreed in our letter of engagement for the current and ensuing years. Where a scheduled monthly payment is not made any fees invoiced to you that are outstanding at that time will immediately become due for payment in entirety.
- 2.5 We reserve the right to charge interest on overdue accounts at the current rate under the Late Payment of Commercial Debts (Interest) Act 1998 together with an administration charge to cover postage and processing costs. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed.
- 2.6 In the event that we cease to act for you then you agree to meet all reasonable costs of providing information to your new advisers.

3 Help us to give you the right service

- 3.1 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know by contacting Kevin Lyons.
- 3.2 We undertake to look into any complaint carefully and promptly and 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 Association of Chartered Certified Accountants.
- 3.3 In order for us to continue to provide you with a high quality service it is essential that you provide us with relevant records and information when requested, reply to correspondence in a timely manner and otherwise follow the terms of the agreement between us set out in these terms of business and any associated engagement letters.
- 3.4 We reserve the right to cancel the engagement between us with immediate effect in the event of:
- Your insolvency, bankruptcy or other arrangement being reached with creditors.
 - Failure to pay our fees by the due dates.
 - Either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.

4 Commissions or other benefits

- 4.1 It is our general policy not to take commission on any introductions. In some circumstances, commissions or other benefits may become payable to us in respect of transactions we arrange for you. If this happens we will notify you in writing of the amount and terms of payment. The fees that would be otherwise payable by you will be abated by such amounts. You consent to such commission or other benefits being retained by us or, as the case may be without our being liable to account to you for any such amounts.

5 Client monies

- 5.1 We may at times hold money on your behalf. Any such money will be held on trust in a client bank account, which is held separately to funds that belong to us. The client bank account will be operated, and all funds dealt with, in accordance with the Clients Money Regulations of the Association of Chartered Certified Accountants.
- 5.2 To avoid excessive amounts of administration, interest will only be paid to you if 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 our banker for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.
- 5.3 If the total sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 5.4 In the unlikely event of us holding any unclaimed monies we reserve the right to pay such monies to a registered charity in line with the guidelines set out in the Clients Money Regulations referred to above. We will not do this unless we have been unable to contact you for at least 5 years and we have taken reasonable steps to trace you and return the monies.

6 Retention of and access to records

- 6.1 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 and returns. You should retain these records for 6 years from the 31 January following the end of the tax year to which they relate. You should retain them for longer if HM Revenue and Customs enquire into your tax return.
- 6.2 Whilst certain documents may legally belong to you, unless you tell us not to, we electronically archive files on completion of certain works, other than documents which we consider to be of continuing significance, and will securely dispose of the originals. If you require retention of any document you must notify us of that fact in writing.

7 Conflicts of interest and independence

- 7.1 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. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you.
- 7.2 If a conflict of interest should arise, either between two or more of our clients, or in the provision of multiple services to a single client, we will take such steps as are necessary to deal with the conflict. In resolving the conflict, we would be guided by the Code of Ethics of the Association of Chartered Certified Accountants.

8 Confidentiality

- 8.1 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 statements relevant to our engagement. Any subcontractors we use will be bound by the same confidentiality requirements.

9 Quality control

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

10 Applicable law

- 10.1 This engagement letter is governed by, and construed in accordance with, English law. The Courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.
- 10.2 If any provision in these terms of business or any associated engagement letter, or its application, are found to be invalid, illegal or otherwise unenforceable in any respect, the validity, legality or enforceability of any other provisions shall not in any way be affected or impaired.

11 Internet communication

- 11.1 Unless you tell us otherwise we will at times use email or other electronic means to communicate with you.

- 11.2 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.
- 11.3 It is the responsibility of the recipient to carry out a virus check on any attachments received.

12 Data Protection Act 1998

- 12.1 To enable us to discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you / your business / company / partnership / its officers and employees.
- 12.2 Sections 11 and 12 of the Data Protection Act 1998 place express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. An example would be where we operate a payroll service for you. We therefore confirm that we will at all times comply with the requirements of the Data Protection Act 1998 when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will comply with any obligations equivalent to those placed on you as a data controller.

13 Contracts (Rights of Third Parties) Act 1999

- 13.1 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.
- 13.2 The advice we give you is for your sole use and is confidential to you and will not constitute advice for any third party to whom you may communicate it. We will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

14 The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007

- 14.1 In common with all accountancy and legal practices, the firm is required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 to:
- Maintain identification procedures for clients and beneficial owners of clients;
 - Maintain records of identification evidence and the work undertaken for the client; and
 - Report, in accordance with the relevant legislation and regulations.
- 14.2 We have a duty under section 330 of the Proceeds of Crime Act 2002 to report to the Serious Organised Crime Agency (SOCA) if we know, or have reasonable cause to suspect, that another person is involved in money laundering. Failure on our part to make a report where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence.
- 14.3 The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act and includes concealing, converting, using or possessing the benefits of any activity that constitutes a criminal offence in the UK. It also includes involvement in any arrangement that facilitates the acquisition, retention, use or control of such a benefit.
- 14.4 This definition is very wide and would include such crimes as deliberate tax evasion, deliberate failure to inform the tax authorities of known underpayments or excessive repayments, fraudulent claiming of benefits or grants, or obtaining a contract through bribery. Clearly these examples are by no means exhaustive.

- 14.5 We are obliged by law to report any instances of money laundering to SOCA without your knowledge or consent. In consequence, neither the firms' principals nor staff may enter into any correspondence or discussions with you regarding such matters.
- 14.6 We are not required to undertake work for the sole purpose of identifying suspicions of money laundering. We shall fulfil our obligations under the Proceeds of Crime Act 2002 in accordance with the guidance published by the Consultative Committee of Accountancy Bodies.

15 General limitation of liability

- 15.1 We will provide services as outlined in this letter with reasonable care and skill. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities.
- 15.2 You will not hold us, the owners of this firm and any staff employed by the firm, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing 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 the principals or employees personally.
- 15.3 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.

16 Use of our name in statements or documents issued by you

- 16.1 You are not permitted to use our name in any statement or document that you may issue unless our prior written consent has been obtained. The only exception to this restriction would be statements or documents that in accordance with applicable law are to be made public.

17 Draft/interim work or oral advice

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

18 Interpretation

- 18.1 If there is a conflict between the engagement letter and these terms of business then the engagement letter takes precedence.
- 18.2 If any provision of this engagement letter or terms of business or its application is held to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of any other provision and its application shall not in any way be affected or impaired.

19 Investment services

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