

LETTER OF ENGAGEMENT

Dear, (Clients Full Name)

In accordance with the recommendations of our professional body, the Association of Accounting Technicians (AAT), this letter confirms the basis on which we provide services to you so as to avoid any misunderstandings of our respective responsibilities.

The following refer to the agreed services to be carried out by us as agents. Each need to be authorised by indication of an authorised signatory of the agent Barrie Ingram Accounts Ltd.

- |    |                          |   |                               |                    |
|----|--------------------------|---|-------------------------------|--------------------|
| A. | <input type="checkbox"/> | ANNUAL ACCOUNTS – SOLE TRADERS/PARTNERSHIPS | Works Starts on Y/E Date..... | Authorised by..... |
| B. | <input type="checkbox"/> | ANNUAL ACCOUNTS – LIMITED COMPANIES         | Works Starts on Y/E Date..... | Authorised by..... |
| C. | <input type="checkbox"/> | PERSONAL TAX – IND/SOLE TRADERS/PTNRS       | Works Starts on Y/E Date..... | Authorised by..... |
| D. | <input type="checkbox"/> | PARTNERSHIP TAX                             | Works Starts on Y/E Date..... | Authorised by..... |
| E. | <input type="checkbox"/> | CORPORATION TAX                             | Works Starts on Y/E Date..... | Authorised by..... |
| F. | <input type="checkbox"/> | PAYROLL, P.A.Y.E. AND N.I. RETURNS          | Works Starts on Y/E Date..... | Authorised by..... |
| G. | <input type="checkbox"/> | VAT RETURNS                                 | Works Starts on Y/E Date..... | Authorised by..... |
| H. | <input type="checkbox"/> | MANAGEMENT ACCOUNTS                         | Works Starts on Y/E Date..... | Authorised by..... |
| I. | <input type="checkbox"/> | MAINTAINING ACCOUNTING RECORDS              | Works Starts on Y/E Date..... | Authorised by..... |
| J. | <input type="checkbox"/> | Other, State.....                           | Works Starts on Y/E Date..... | Authorised by..... |

Detailed Nature of services – Can be found at annex A

1. Anti money laundering legislation

All accountants must comply with onerous duties imposed by the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (the “Anti Money Laundering Legislation”), which are intended to inhibit the activities of terrorists and other criminals by denying them access to technical expertise. If we fail to perform these duties, we risk imprisonment.

Before we accept your instructions, we may need to obtain ‘satisfactory evidence’ to confirm your identity. In certain circumstances, we may need to obtain evidence confirming the identities of third parties, the source of any funds or other property, the purpose of any instructions or any other matter. We may also need to obtain such evidence after we have begun to act on your instructions.

We assume that our clients are honest and law abiding. However, if at any time, there appear to be grounds to suspect (even if we do not actually suspect) that your instructions relate to ‘criminal property’, we are obliged to make a report to the SOCA (Serious Organised Crime Agency), but we are prohibited from telling you that we have done so.

In such circumstances, we must not act on your instructions without consent from SOCA . If SOCA do not refuse consent within 7 working days we may continue to act. If SOCA issue a refusal within that time, we must not act for a further 31 days from the date of the refusal.

‘Criminal property’ is property in any legal form, whether money, real property, rights or any benefit derived from criminal activity. It does not matter who carried out the criminal activity or how removed the property is from the original crime. Even if you are honest in your dealings, if your property represents a benefit from someone else’s crime, we must still make a report.

Activity is considered ‘criminal’ if it is a crime under UK law, no matter how trivial, and whether carried out in the UK or abroad. For example, tax evasion is a criminal offence but an honest mistake is not.

#### Our Policy – Money laundering

Our policy is to encourage all clients to meet up and discuss their needs with us in person. This gives an opportunity to obtain ‘satisfactory evidence’ to confirm identity. In certain circumstances, we may need to obtain evidence confirming the identities of third parties, the source of any funds or other property, the purpose of any instructions or any other matter. We may also need to obtain such evidence after we have begun to act on your instructions.

In all situations we request the sight of current bank account statements and evidence of savings interest received with banks and building societies.

If there are transfers from the current accounts to other bank accounts held by the client we would request sight of these too.

If a client prefers or decides to withhold this opportunity to allow us to review their bank account statements then we would indicate this on the New Client Form as to the reason.

Details can be obtained from current drivers license and passport or any other document that holds current address such as utility bill. Evidence is preferred to be up to date and if of utility nature (telephone bill etc) within 6 months old.

The details taken are reference/account numbers on these documents which are stored on the new client form whilst the client is in the meeting.

The client can then read through the form and confirm the details are correct. Clients are then asked to sign and verify this before leaving the meeting.

A statement is placed on the document to assure, the client, that data protection regulations are applied where necessary and that any further details and instructions will need a further consultation to agree any further fees that may apply which were not discussed at the time of signing.

The engagement letter is then issued for signing and if required by the client, returned on a different day to ensure that clients have had time to absorb and consider our terms of business.

#### Scanning and electronic storage.

This office is currently involved in electronic storage of data and sharing of documents. All documents are scanned and used for the business needs where necessary. The sharing of these documents is via Google drive and is adhoc and by request. No physical storage continues beyond one year to which it is hoped on a daily basis electronic storage will be active via scanning on receipt. Handing back books and documents will be simultaneous where possible. Working documents shared via google drive and Cloud software operation is encouraged. The access and use is strictly for the user and passwords will be adhered to by clients and staff of Barrie Ingram Accounts Ltd and not passed on unless required to by law and the specific request by clients in writing (email inclusive)

## 2. Client monies

If at any time we are requested to hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds.

If the total sum of money held on your behalf exceeds £3,000 for a period of more than 3 months, or such sum is likely to be held for more than 3 months, then the money will be placed in an interest-bearing client bank account. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.

If there are grounds to suspect (even if we do not actually suspect) that any monies held in a client account is derived directly or indirectly from any criminal activity whatsoever, we may not release such monies until we receive permission to do so from SOCA.

## 3. Fees

It is our normal practice to request clients join a Plan to pay a proportion or all their fees on a monthly direct debit. The Plan will be an inclusive arrangement whereby work will be carried out for you during the whole month that the Plan fees have been paid and any work agreed in this Engagement letter or new client form and any subsequent agreements, with the Plan amount altered accordingly with your approval. These plans are prepayments of work to be done and can be stopped at any time and will be considered stopped at any time if the plan is unpaid within the month end it was intended. This plan is a contract for work for the month its is prepaid for and as such the contract ends for that month and is considered a monthly contract for work carried out.

Any plan will be subject to review annually with the possibility to increase at a minimum rate of 4%.

If not mentioned within the engagement letter or other agreement signed then the start date is with immediate effect from the date of first payment, as long as there is a minimum of 6 months until the regulatory submission date for the tax document or accounts to be submitted to the authorities included in this plan, or 6 months has passed from the beginning of the plan meaning 6 monthly plan amounts have been paid, then a submission can be made as part of the plan and within this time full support all the time monthly payments are paid is available.

Terms - All adhoc Invoices are due for payment 14 days after Invoice date, unless payment by plan of which invoices become due immediately by Direct Debit per plan sign up.

Late payment interest will be applied to your account immediately after 14 days at the rate of up 20% of the balance due and after 30 days the amount will be referred to Daniels Silverman Ltd and will be subject to a surcharge of 15% plus vat to cover the collection costs incurred. This surcharge together with all other charges and legal fees incurred will be the responsibility of the customer and will be legally enforceable.

Interest will be charged on all overdue debts at the statutory interest rate. For contracts dated on or after 7th August 2002 the late payment interest rate is 8% plus the reference rate. The current reference rate PLUS interest rate for the period from 1st January 2021 is 8.1%. Interest is calculated annually and added daily.

For online payment & bill payment: Sort code 09 06 66 account No.41736490 include your company name and invoice number as reference.

If you wish to set up Direct Debit please call us on 01206 503157. A new direct debit instruction will take 10 working days for collection.

### New clients

It is customary for new clients to agree to a Plan or pay a non-refundable deposit which will be considered payment on account of work to be carried out. This deposit is usually agreed as 50 % of the estimated initial work to be carried out or £50 whichever the lower. Work would not normally be started upon until funds are cleared, AML due diligence has been carried out. No online submissions will be submitted until final invoices or plans are up to date and not beyond the month intended to be paid up.

## 4. Commissions or other benefits

In some circumstances, commissions or other benefits may become payable to us in respect of introductions to other professionals or transactions, we arrange for you, in which case you will be notified in writing of the amount, the terms of payment and receipt of any such commissions or benefits.

While we are required to account to you for commissions received, you agree that we may retain any such commissions.

#### 5. Ownership of records

In the event of non-payment of our fees for services rendered, we may exercise a particular right of lien over the books and records in our possession and withhold the documents until such time as payment of our invoice is received in full plus any accrued interest.

#### 6. File destruction

Whilst certain documents may legally belong to you, unless you tell us not to, we intend to destroy correspondence and other papers that we store which are more than six years old, other than documents which we think may be of continuing significance. If you require the retention of any document, you must notify us of that fact in writing.

#### 7. Ethical guidelines

We will observe the ethical guidelines of the AAT and accept instructions to act for you on the basis that we will act in accordance with those guidelines. A copy of these guidelines will be supplied to you on request.

#### 8. Customer service

We are committed to providing a high standard of customer service. Therefore, we insist in regular contact with all our clients and ask that in return you would contact us at least once a year and/ or when you have any change of personal circumstances such as a change of address or financial situation. We aim to make contact with our clients twice yearly, by letter or email or text. Generally, we ask for all documentation from the authorities to be copied and forwarded to us on receipt, to keep us in the loop for any deadlines that may be occurring. If you have any ideas as to how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know. If you have a complaint, we will look into this carefully and promptly and do all we can to explain the position to you or address your concerns. If you are still not satisfied you may of course make a complaint to the aat- [www.aat.org.uk](http://www.aat.org.uk). You will find our members in practice number and aat registration certificate at our office which the address is detailed on the front of this document.

#### 9. Third parties

All accounts, statements and reports prepared by us are for your exclusive use within your business or to meet specific statutory responsibilities. They should not be shown to any other party without our prior consent. No third party shall acquire any rights pursuant to our agreement to provide professional services.

#### 10. Applicable law

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.

#### 11. Disclaimer

We will not be liable for any loss suffered by you or any third party as a result of our compliance with the Anti Money Laundering Legislation or any UK law, HMRC Penalties, Companies House Penalties or at all.

#### 12. Agreement of terms

Once agreed, this letter will remain effective from the date of signature for a minimum of 60 months or longer or such time it is replaced. Either party may vary or terminate our authority to act on your behalf at any time without penalty, however, all fees outstanding, including those that would be equal to the average fees for the remaining of the minimum time of the agreement (60 months) must be paid within 30 days of termination. Notice of termination must be 30 days and given in writing, which negates the minimum agreement time. Any work requested by you, by either word of mouth or written instruction, that has been carried out whether complete or not, shall be invoiced at the agreed rate as if complete, before any termination of agency. Once fees have been received it is then you're /the client's responsibility to arrange and collect any work that has been carried out or files held. This is subject to paragraph 5.

Would you please confirm your agreement to the terms set out in this letter by signing and returning the enclosed copy. If anything is unclear to you or you require any further information, please contact us Immediately .

Yours faithfully

Barrie Ingram FMAAT

For and on behalf of the Board.\*

I/We\* confirm that I/we\* have read and understood the contents of this letter and agree that it accurately reflects the services that I/we\* have instructed you to provide.

Signed: .....

Dated: .....

Signed: ..... \*

Dated: ..... \*

LETTER OF ENGAGEMENT FOR GENERAL CLIENTS – APPENDIX

NATURE OF SERVICES

- A. ANNUAL ACCOUNTS – SOLE TRADERS/PARTNERSHIPS
- B. ANNUAL ACCOUNTS – LIMITED COMPANIES
- C. PERSONAL TAX – INDIVIDUALS/SOLE TRADERS/PARTNERS
- D. PARTNERSHIP TAX
- E. CORPORATION TAX
- F. PAYROLL PREPARATION, P.A.Y.E. AND N.I. RETURNS
- G. VAT RETURNS
- H. MANAGEMENT ACCOUNTS
- I. MAINTAINING ACCOUNTING RECORDS

A. ANNUAL ACCOUNTS – SOLE TRADERS/PARTNERSHIPS

Your responsibility for the preparation of accounts

1. You have undertaken to make available to us, as and when required, all the accounting records and related financial information necessary for the compilation of the accounts. You will make full disclosure to us of all relevant information. The accounts need to be approved by you before we are able to issue our report.
2. You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the accounts, is reliable. You are also responsible for ensuring that the activities of the business are conducted honestly and that its assets are safeguarded, and for establishing arrangements designed to deter fraudulent or other dishonest conduct and to detect any that occur.
3. You are responsible for ensuring that the business complies with the laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

Our responsibilities for the preparation of accounts

1. We will compile your annual accounts based on the accounting records [maintained by you] and the information and explanations given to us by you. We shall prepare draft annual accounts for your approval.
2. We will advise you as to the adequacy of your records for preparation of the annual accounts 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.
3. We will use reasonable skill and care in the preparation of your accounts but will not be responsible for errors arising from incorrect information supplied by you.
4. We will report, with any variations that we consider may be necessary, that in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from your accounting records and from the information and explanations supplied to us.
5. We have a professional duty to compile accounts which conform with generally accepted accounting principles. Where we identify that the accounts 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 accounts.

B. ANNUAL ACCOUNTS – LIMITED COMPANIES

Responsibilities of Directors

As director of the company, under s221 of the Companies Act 1985 you are responsible for ensuring that the company maintains proper accounting records and for preparing accounts set out in s249A of the Act, and for determining whether, in respect of the period, the exemption is not available for any of the reasons set out in section 249B.

You will keep records of sales invoices, purchase invoices, receipts and payments, together with any other documents relating to the company's transactions and activities. It will also be necessary for you to provide a record of stock at the company's year end.

A private company is required to file its accounts at Companies House within 10 months of the year end. The company will be liable to a fine if it fails to do so. In order to avoid this we will produce statutory accounts, suitable for filing, within the required period, provided all your records are complete and presented to us within five months of the year end, and all subsequent queries are promptly and satisfactorily answered.

We have agreed to act as your agent and to:

- (a) submit the accounts to the Registrar of Companies;
- (b) complete and submit the company's annual return;
- (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.

Responsibility of the accountants

In relation to the accounts, we will prepare the company's accounts on the basis of the information that is provided to us. We will also draft the accounts in accordance with the provisions of the Companies Act, and related Accounting Standards for approval by the Board.

Should our work lead us to conclude that the company is not entitled to exemption from an audit of the accounts, or should we be unable to reach a conclusion on this matter, then we will advise you of this.

You have instructed us to prepare your financial statements for the year(s) ended..... (this shall be from and including the date you signed this engagement letter and not retrospectively and for submission dates that fall after 6 months from this date unless specified) and subsequent years. It was agreed that we should carry out the following accounting and other services:

- (a) write up the accounting records of the company insofar as they are incomplete when presented to us;
- (b) complete the postings to the nominal ledger; and
- (c) prepare the accounts for approval by yourselves.

You have agreed that you or your staff will:

- (a) keep the records of receipts and balances;
- (b) reconcile the balances monthly with the bank statements;
- (c) post and balance the purchase and sales ledgers;
- (d) extract a detailed list of ledger balances; and
- (e) prepare details of the annual stocktaking, suitably priced and extended in a form which will enable us to verify the prices readily by reference to suppliers' invoices.

Or

- (f) provide us with a copy of the valuation produced by your independent stocktakers.

And

- (g) prepare details of work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.

You/your management are responsible for the detection of irregularities and fraud. 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 accounts, unless prohibited from doing so by the Anti Money Laundering Legislation.

We will report, with any variations that we consider may be necessary, that in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from your accounting records and from the information and explanations supplied to us.

We have a professional duty to compile accounts which conform with generally accepted accounting principles. Furthermore, the accounts of a limited company are required to comply with the Companies Act 1985 and applicable accounting standards. Where we identify that the accounts 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 accounts. If after documentation has been approved and forwarded to us for submission, you are to expect a submission receipt with 48 hours, if you do not make contact to us within that time and we have omitted due to electronic error or other to submit your returns, then no responsibility lies with us or other

#### C. PERSONAL TAX – INDIVIDUALS AND SOLE TRADERS

Your spouse is legally responsible for [his/her] own tax affairs and should be dealt with independently. However, if both spouses sign this letter you agree that we can disclose to your spouse such details of your financial affairs as are required to consider your combined tax position.

- (a) We shall be pleased to act as your personal tax advisers in the UK with effect from ..... (this shall be from and including the date you signed this engagement letter and not retrospectively and for submission dates that fall after 6 months from this date unless specified)
- (b) We will prepare your personal income tax and capital gains tax return together with all supporting schedules and prepare your self-assessment of tax and Class 4 National Insurance contributions.
- (c) We will forward to you your tax return form [tax computations] and supporting schedules for your approval and signature. Once the return has been approved and signed by you and returned to us, we will submit it to HMR&C. You authorise us to file the return electronically under the HMR&C File by Internet Service.
- (d) We will advise you as to amounts of tax and National Insurance contributions to be paid and the dates by which you should make the payments, including payments on account and the balancing payment, and if appropriate we will initiate repayment claims when tax and national insurance contributions appear[s] to have been overpaid.
- (e) We will deal with the HMR&C regarding any amendments required to your return and prepare any amended returns which may be required.
- (f) We will advise as to claims and elections arising from the tax return and from information supplied by you and, where instructed by you, we will make such claims and elections in the form and manner required by the Inland Revenue.
- (g) You have asked us to undertake all correspondence with the HMR&C on your behalf. To avoid any problems would you please send to us any forms or correspondence received from the Inland Revenue as soon as you receive them. In particular would you please ensure that no payments are made to the HMR&C without our confirmation that the demands are correct.
- (h) The HMR&C has powers to charge both interest and penalties if there is a delay in submitting a tax return. Such charges are automatic if the tax return is submitted after 31st January following the end of the tax year, or if any payments are made after the respective due dates. These penalties are not our responsibility as agents and we take no liability to pay these. Furthermore:
- (i) It is therefore important that all details required for the preparation of your tax return are forwarded to us as soon as possible after 5th April each year and by 30th June at the latest. If the information is received after that date, we will not accept responsibility for any penalties or surcharges charged by the HMR&C.
- (j) The HMR&C audits a number of tax returns each year, many of these audits are the result of a random selection. Assistance in respect of such an audit beyond the answering of straightforward queries regarding entries on the tax return is additional work and will result in separate charges. We will keep you fully informed before undertaking any extra work in respect of such an audit.
- (k) We will provide our professional services outlined in this letter with reasonable care and skill. However, 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 your or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities. If after documentation has been approved and forwarded to us for submission, you are to expect a submission receipt with 48 hours, if you do not make contact to us within that time and we have omitted due to electronic error or other to submit your returns, then no responsibility lies with us

(l) You agree that we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs.

(m) [Please sign and return the enclosed HMR&C form 64-8,\*][We have submitted form 64-8 to the HMR&C,\*][delete as applicable] which authorises the HMR&C to send us copies of formal notices. In practice, the HMR&C will treat this as authority to correspond with us, in which case they will not correspond with you except to the extent that they are formally required to do so. However, this authority does not apply to all HMR&C correspondence, and even where it does, the HMR&C sometimes overlook it. You should therefore always send us the originals or copies of all communications you receive from the HMR&C.

#### D. PARTNERSHIP TAX

- (a) We will prepare the income tax and capital gains tax computations based on the partnership accounts from the accounting records and other information and explanations provided by you.
- (b) We will prepare the firm's annual partnership return, including the partnership statement of total income, gains, losses, tax credits and charges of the firm for each period of account ending in the return period.
- (c) We will forward to you the income tax and capital gains tax computations and the tax return and supporting schedules [in duplicate] [optional] for your approval and signature. Once the return has been approved and signed by you and returned to us, we will submit it, with the accounts and computations, to the Inland Revenue.[You authorise us to file the return electronically under the Inland Revenue Electronic Lodgement Service.]
- (d) We will advise all the partners who were partners of the firm during the period of their respective shares of the firm's total income, gains, losses, tax credits and charges in order that they are able to file their personal self-assessment tax returns within the relevant time period.
- (e) We will deal with the Inland Revenue regarding any amendments required should the partnership self-assessment tax return be challenged.
- (f) We will advise as to claims and elections arising from the tax return and from information supplied by you and, where instructed by you, we will make such claims and elections in the form and manner required by the Inland Revenue.
- (g) We will deal with all communications relating to the partnership return addressed to us by the Inland Revenue or passed to us by you. However, if the Inland Revenue choose the partnership tax return for enquiry, this work will be the subject of a separate assignment and we will seek further instructions from you. Assistance in respect of such an enquiry beyond the answering of straightforward queries regarding entries on the tax return is additional work and will result in separate charges. We will keep you fully informed before undertaking any extra work in respect of such an enquiry.
- (h) You have asked us to undertake all correspondence with the Inland Revenue on the partnership's behalf. To avoid any problems would you please send to us any forms or correspondence received from the Inland Revenue as soon as you receive them.
- (i) The Inland Revenue have powers to charge both interest and penalties if there is a delay in submitting a tax return. Such charges are automatic if the tax return is submitted after 31st January following the end of the tax year. For partnership penalties, the amount due is multiplied by the number of partners. Delays in submitting the partnership return may also have an effect on the returns of all the partners, with the possibility of penalties, interest and surcharges being payable by each individual partner.  
It is therefore important that all details required for the preparation of your tax return are forwarded to us as soon as possible after 5th April each year and by June 30<sup>th</sup> at the latest. If the information is received after that date, we will not accept responsibility for any penalties or surcharges charged by the Inland Revenue. If after documentation has been approved and forwarded to us for submission, you are to expect a submission receipt with 48 hours, if you do not make contact to us within that time and we have omitted due to electronic error or other to submit your returns, then no responsibility lies with us
- (j) You agree that we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs and undertake to authorise such third parties to communicate directly with us.
- (l) [Please sign and return the enclosed Inland Revenue form 64-8,\*][We have submitted form 64-8 to the Inland Revenue,\*] [delete as applicable] which authorises the Inland Revenue to send us copies of formal notices. In practice, the Inland Revenue will treat this as authority to correspond with us, in which case they will not correspond with the partnership except to the extent that they are formally required to do so. However, this authority does not apply to all Inland Revenue correspondence, and even where it does, the Inland Revenue sometimes overlook it. You should therefore always send us the originals or copies of all communications you receive from the Inland Revenue.

#### E. CORPORATION TAX

We will prepare, in respect of each accounting period of the company, a computation for corporation tax purposes adjusted in accordance with the provisions of the Taxes Acts. We will also prepare the corporation tax return (form CT600) required under the Corporation Tax Self Assessment regulations. The corporation tax return, together with the supporting corporation tax computations, will be sent to you for approval and signature prior to submission to the HMRC.

It should be recognised that in law a taxpayer cannot contract out of his fiscal responsibilities and that computations and return forms are prepared by us as agent for the company. You are legally responsible for making correct returns and for payment of tax on time. If we ask you for information to complete the tax return and it is not provided within the time-scale requested or provided within three months of the company's year end, so that the preparation and submission of the return are delayed, we accept no responsibility for any penalty or interest that may arise. It must be understood whilst we endeavour to write to all our clients about due dates, we advise all clients to make regular contact with us to encourage the review of their statutory position with the authorities. The onus will be completely the clients responsibility for any late



filing if no contact has been made by the client to us at least once within the three months following the company's yearend. We are comfortable that fees are kept to a minimum by enabling a dual contact arrangement. If after documentation has been approved and forwarded to us for submission, you are to expect a submission receipt with 48 hours, if you do not make contact to us within that time and we have omitted due to electronic error or other to submit your returns, then no responsibility lies with us.

We will advise you of the corporation tax payments to which the company will be liable, together with the due date of payment. You must inform us immediately if the company pays or receives any interest or makes any other payment or transfers any asset to any shareholder.

Where necessary we will deal with any queries raised by the HMRC and negotiate with the HMRC on any question of taxation interest or penalties which may arise.

To enable us to carry out our work you agree:

- (a) to make a full disclosure to us of all sources of income, charges, allowances and capital transactions and 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;
- (b) to respond quickly and fully to our requests for information and to other communications from us;
- (c) to provide us with information in sufficient time for the company's self-assessment tax return to be completed and submitted by the due date. In order to do this, we need to receive all relevant information by [this will be within three months of the company's year end date] each year; and
- (d) to forward to us on receipt copies of all statements of account, letters and other communications received from the Inland Revenue to enable us to deal with them as may be necessary within the statutory time limits.

You agree that we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs and undertake to authorise such third parties to communicate directly with us.

[Please sign and return the enclosed Inland Revenue form 64-8,\*][We have submitted form 64-8 to the Inland Revenue,\*] which authorises the Inland Revenue to send us copies of formal notices. In practice, the Inland Revenue will treat this as authority to correspond with us, in which case they will not correspond with you except to the extent that they are formally required to do so. However, this authority does not apply to all Inland Revenue correspondence, and even where it does, the Inland Revenue sometimes overlook it. You should therefore always send us the originals or copies of all communications you receive from the Inland Revenue.

#### F. PAYROLL PREPARATION, P.A.Y.E. AND N.I.

##### Payroll and year end returns

In order for us to prepare your payroll and year end returns we will require the following information from you:

- (a) Personal details of all employees (i.e., name, NI number, home address, etc.).
- (b) All P45s received by you.
- (c) If any casual labour is taken on, you are required to operate P46 procedures. Completed P46 forms should be passed to us for processing.
- (d) Notification within two weeks of any employee who is ill for four or more calendar days, including weekends, bank holidays etc. This will enable us to operate statutory sick pay for you.
- (e) Notification of any employee who becomes pregnant. This will enable us to operate statutory maternity pay.
- (f) Details of any money or benefits made available to employees by you or by a third party through you.
- (g) Hours worked, rates of pay, bonuses etc.
- (h) Notification of employees engaged by you or leaving your employment.
- (i) Any notice of coding received by you.

The end of year payroll returns must be received by the Inland Revenue by 19th May following the end of the tax year otherwise penalties will be levied. There may also be interest payable if the final tax and National Insurance payment, due by 19th April following the end of the tax year, is late. We cannot guarantee to have the returns etc. completed in time to meet this deadline unless we have all the relevant information within [five]\* working days of the end of the tax year.

We will assist in the preparation and submission of PAYE returns as required by the authorities concerned. However, it should be understood that our appointment as your agent does not absolve the company or its directors from their statutory responsibilities. We would draw your attention to the strict rules and time limits for the submission of such returns and the substantial penalties which may arise if these are not observed. It is therefore essential that we receive full information from you promptly to enable us to ensure that the returns are made on a timely basis. Completed returns will be sent to you for approval and signature prior to submission on the company's behalf.

##### P11D benefits for directors\*/officers\* and higher paid employees\*

You have asked us to prepare forms P11D for your approval. To ensure these forms are correctly prepared we will require details of all benefits, perks or reimbursed expenses received by the directors\*/officers\*/higher paid employees.\* (Note. A higher paid employee is someone who received (at the current level) at least £8,500 pa including the taxable value of benefits, perks and reimbursed expenses.)

There are penalties for the late submission of forms P11D. In order to avoid these, you must ensure that we receive complete and accurate details of all benefits and expenses for the tax year (NB: not accounts year) within 14 days of the end of the tax year.

F. Continued:

Subcontractors

We have agreed to be responsible for operating the Construction Industry Scheme for the subcontractors you engage. In order for us to do this, we will require the following information from you:

- (a) all subcontractors details including Address and Post code UTR, NI, Company No, Corporation Tax reference number
- (b) written confirmation that you have verified online or by phone with HMRC for each subcontractor and the supply of the Verification Number for each subcontractor; and
- (c) details of any own materials used.

As detailed above, we have agreed to operate your payroll/P11D/subcontractors'\* system. We can also offer you advice in the following related areas:

year end returns P14/P60 and P35;\*  
casual labour P46;\*  
subcontractors;\*  
benefits for employees and directors.\*

(\* Delete as appropriate and consider which of the paragraphs are necessary)

#### G. VAT RETURNS

You have asked us to undertake the completion of your VAT returns. We cannot be held responsible for any penalties or default surcharges arising from the late submission of VAT returns. However, we will endeavour to meet the relevant deadlines if we receive all the company's VAT records within 14 days of the end of the VAT return period. You have undertaken that you/your staff will ensure that:

- (a) all relevant VAT records are forwarded to us within 14 days of the end of the VAT return period;
- (b) valid VAT invoices are received for all payments where VAT is being reclaimed;
- (c) the VAT rating of supplies is correctly dealt with, i.e. between positive and zero rates and exempt supplies;
- (d) we are notified in writing of any positive-rated own consumption;
- (e) any input VAT on non-business expenditure is clearly marked on supporting invoices;
- (f) we are notified each quarter of any payments to or for the benefit of directors or staff for fuel used for private mileage, together with the business mileage for each such person, for each quarter;
- (g) all supplies made by the business are shown in the records made available to us.

If after documentation has been approved and forwarded to us for submission, you are to expect a submission receipt with 48 hours, if you do not make contact to us within that time and we have omitted due to electronic error or other to submit your returns, then no responsibility lies with us.

Or

You/your staff will be responsible for completing and submitting VAT returns. We will not be responsible for checking the VAT treatment of supplies made, i.e. between positive and zero rates, and exempt supplies unless specifically requested in writing to make a detailed review. We will, however, ensure that the sales figure in your accounts is reconciled to your VAT returns submitted, provided you:

- (a) let us have copies of all returns submitted; or,
- (b) complete our VAT return form which we will forward to you on request.

Similarly, we will not specifically check the deductibility of input VAT and the validity of supporting invoices unless specifically requested in writing to carry out a detailed review.

Or

At the time of this letter you are not VAT registered. If registration becomes necessary, we will endeavour to ensure that you register in time provided that:

- (a) you notify us in writing within 14 days of the end of each month of the total value of supplies you have made in that month; and
- (b) you notify us immediately in writing if the value of taxable supplies that you will make in the next 30 days is likely to exceed the annual registration limit then in force.

It should be understood that our appointment as your agent does not absolve the company or its directors from their statutory responsibilities. We would draw your attention to the strict rules and time limits for the submission of such returns and the substantial penalties which may arise if these are not observed. It is therefore essential that we receive full information from you promptly to enable us to ensure that the returns are made on a timely basis. Completed returns will be sent to you for approval and signature prior to submission on the company's behalf

#### H. MANAGEMENT ACCOUNTS

We understand that you require us to prepare the monthly/quarterly\* management accounts of your business/partnership\* for the month/quarter\* ended .....(from the date signed this document as long as there is 6 months between now and the next management accounts due); and subsequent months/quarters\*.

This 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 accounts there from for your approval.

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

- (a) maintaining records of all receipts and payments of cash;
- (b) reconciling cash book balances monthly/quarterly\* with the bank statements;
- (c) posting and balancing the purchase and sales ledgers; and
- (d) extracting a detailed list of ledger balances.

You will also provide estimates of any stocks at the end of each period.

You understand that we will not be carrying out an audit and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would require additional work to comply with generally accepted auditing standards which we are not authorised to carry out.

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 accounts.

The accounts are prepared for your exclusive use within your business. They should not be shown to any other party without our prior consent. To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will annex to the accounts a short report. This report must remain attached to any accounts shown to any other parties.

Or

Our involvement in the management accounts production process is constrained by the need to process and produce the accounts on your computer system, so preventing the operation of certain of our quality control procedures. The accounts are prepared for your exclusive use within your business and you undertake not to represent to any third party that the accounts have been prepared by us.

The accounts are not suitable for submission within the self-assessment tax return, or for summary thereon.

#### I. MAINTAINING ACCOUNTING RECORDS

It is agreed that we should carry out the following accounting and other services:

- (a) keep the records of receipts, payments and balances;
- (b) reconcile the balances monthly with the bank statements;
- (c) post and balance the purchase and sales ledgers;
- (d) extract a detailed list of ledger balances;
- (e) prepare details of the annual stocktaking and work in progress, suitably priced and extended in a form which will enable us to verify the prices readily by reference to suppliers' invoices;
- (f) complete the postings to the nominal ledger; and
- (g) prepare the accounts for approval by yourselves.

You have agreed that you or your staff will:(detail/list items (a) to (g) above, as appropriate or other)

- 1
- 2
- 3
- 4
- 5

You/your management are responsible for the detection of irregularities and fraud. 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.