

Standard Terms of Business

Current as at October 2014

The following standard terms of business apply to all engagements accepted by Nicolson Accountancy. All work carried out is subject to these terms except where changes are expressly agreed in writing.

1 Professional Obligations

- 1.1 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 applicable to this engagement.
- 1.2 We reserve the right to act during this engagement for other clients whose interests may be adverse to yours. We will notify you immediately should we become aware of any conflict of interest to which we are subject in relation to you. 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.
- 1.3 The firm is not registered to carry on audit work in the United Kingdom.

2 Investment Services

- 2.1 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 minimum of 2 firms authorised by the Financial Services Authority.

3 Commissions or other benefits

- 3.1 In some circumstances, commissions or other benefits may become payable to us, or to one of our associates, in respect of transactions we arrange for you, in which case you will be notified in writing of the amount, and terms of payment. The fees that would otherwise be payable by you as described below will not be abated by such amounts. You consent to such commissions or other benefits being retained by us without our, being liable to account to you for any such amounts.

4 Client monies

- 4.1 We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds. The account will be operated, and all funds dealt with, in accordance with the Clients' Money Regulations.
- 4.2 In order to avoid an excessive amount of administration, interest will only be paid to you where the amount 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 the banker with whom the account is held for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.
- 4.3 If the total sum of money held on your behalf exceeds £10,000 for a period of more than 30 days, or such sum is likely to be held for more than 30 days, then the money will be placed in a separate interest bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 4.4 Where we hold money on your behalf on a long term basis, all monies held by us for you will be held in an interest bearing account on your behalf. We confirm that this interest bearing account will be in your name and will remain your property for the purposes of Client Money Regulations. As the account remains your property, please note that funds held in your account are not covered by any bonding arrangements.
- 4.5 Unless you advise us otherwise, you agree to us using refunds of taxes received by us to settle our fees as and when they arise.

5 Fees

- 5.1 Our fees are computed on the basis of time spent on your affairs and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs. Fees are payable on presentation. Fees will be adjusted by any commission received for services rendered in point 2.4 above.
- 5.2 If it is necessary to carry out work outside the responsibilities outlined in this letter, we will advise you in advance. Any additional work will involve additional fees. Accordingly we would like to point out that it is in your interests to ensure that your records etc are completed to the agreed stage.

We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed.

- 5.3 In the event that this firm ceases to act in relation to your affairs you agree to meet all reasonable costs of providing information to the your new advisors. In particular you agree to meet these costs even where we are required by law to provide information to a successor firm.
- 5.4 Where we submit Annual Returns to Companies House on your behalf, we will pay the fee and you will be liable to us for that sum. If you do not want us to submit the Annual Return, or there are any changes in the Annual Return, you must notify us 30 days before the date on which the Annual Return is to be made up, or you may remain liable for the fee.

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 on request will return any original documents to you following our work. You should retain these records for at least six years from the end of the accounting 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, we intend to destroy correspondence and other papers that we store which are more than six years old, other than documents which we consider to be of continuing significance. If you require retention of any documents you must notify us of that fact in writing.
- 6.3 Whilst we may retain electronic copies and back-ups of your data, where we cease to act for you we cannot guarantee that we will retain or be able to access that data in the future. For instance, we may lapse software licences which means that the data becomes inaccessible.

7 Quality Control

- 7.1 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.

8 Precedence

- 8.1 We may provide you with written advice, confirm oral advice in writing, deliver a final report or make an oral presentation on any aspect of the Services. Prior to finalisation of a document or report we may supply oral, draft or interim advice or reports. In such circumstances our written advice or our final written report shall take precedence. Any reliance you place on any draft or interim advice, report or presentation is entirely at your own risk.



8.2 Regardless of precedence, reliance on our reporting does not remove your responsibility for the level of governance and the quality of the control framework in your organisation.

8.3 We shall not be under any obligation in any circumstances to update any document or report following completion.

9 Confidentiality

9.1 We may acquire sensitive information concerning you or related organisations in the course of our relationship with you ("Confidential Information"). We shall comply with the confidentiality standards of any regulatory body that applies to us and the confidentiality restrictions placed on us by legislation.

9.2 However, these terms shall not apply to Confidential Information in the following circumstances:

- where it properly enters the public domain;
- where it is acquired from a third party who owes no obligation of confidence in respect of the information;
- where we need to disclose it to our professional indemnity insurers or advisors;
- where we are requested or required to provide or disclose it as a matter of law to any governmental or regulatory authority.

9.3 Except in the event of a requirement to provide information to any governmental or regulatory authority, including our own regulator, where there is a duty on us to:

- disclose information without your prior consent or knowledge; or
- refrain from informing you that we disclosed Confidential Information disclosing it, we shall give you prior notification of our intention to disclose any Confidential Information should we be asked to do so by our professional indemnity insurers, advisors, regulator or any other governmental or regulatory authority.

10 Help us to give you the right service

10.1 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 the Engagement Partner or the Managing Partner.

10.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If you feel that we have given you a less than satisfactory service, we undertake to do everything reasonable to address your concerns.

10.3 In order for us to provide you with a high quality service on an ongoing basis 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 this standard terms of business and associated Letter of Engagement. We therefore 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.

10.4 In addition this agreement may be terminated for any reason if 90 days notice is given.

11 Applicable Law

11.1 This engagement letter is governed by, and construed in accordance with, Scottish law. The Courts of Scotland 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.

11.2 If any provision in this Standard 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 provision shall not in any way be affected or impaired.

12 Electronic Communication

12.1 Internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their despatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

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

13 Data Protection Act 1998

13.1 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. We confirm when processing data on your behalf that we will comply with the relevant provisions of the Data Protection Act 1998.

14 Rights of third parties

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

15 Money Laundering

15.1 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 obtained and the work undertaken for the client; and
- report, in accordance with the relevant legislation and regulations.

15.2 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.

15.3 The offence of money laundering is defined by s. 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.

This definition is very wide and would include:-

- 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 this list is by no means exhaustive.

- 15.4 We are obliged by law to report any instances of money laundering to SOCA without your knowledge or consent. In consequence, neither the firm's principals nor staff may enter into any correspondence or discussions with you regarding such matters.
- 15.5 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.

16 Limitation of Liability

- 16.1 We will provide our professional services with reasonable care and skill. However, to the fullest extent permitted by law, we will not be held 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 other relevant authorities.
- 16.2 You will not hold us, our partners and staff, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from 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 partners or employees personally.
- 16.3 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.

17 Professional Indemnity Insurance

- 17.1 In accordance with the disclosure requirements of the Provision of Service Regulations 2009, our professional indemnity insurer is Brunel, The Coach House, Aust Road, Olveston, Bristol BS35 4DE. 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.