

## STANDARD TERMS OF BUSINESS

The purpose of this schedule is to set out the standard terms of business that apply to all engagements accepted by Sawford Bullard. All work carried out is subject to these terms except where changes are expressly agreed in writing.

These standard terms of business are applicable to all types of entities (e.g. companies, LLPs, charities, friendly societies, academies, pension schemes, etc.). Any reference therefore to 'director' or 'company' should be interpreted as appropriate for the entity type (e.g. partner, trustee, governor, charity, LLP, etc.)

### 1 Professional obligations

- 1.1 The firm is registered to carry out audit work and regulated for a range of investment business activities by the Association of Chartered Certified Accountants.
- 1.2 We will observe and act in accordance with the bye-laws and regulations of the of the Association of Chartered Certified Accountants together with their code of ethics. We accept instructions to act for you on this basis. In particular you give us authority to correct errors made by HM Revenue & Customs 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.

#### *Professional indemnity insurance*

- 1.3 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Aqueous Underwriting, of 10<sup>th</sup> Floor, 5 Churchill Place, London E14 5HU. The territorial coverage is worldwide excluding professional business carried out 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.

### 2 Investment services

- 2.1 Since we are not authorised by the Financial Conduct Authority then we may have to refer you to someone who is authorised if you need advice on investments. However, as we are licensed by the Association of Chartered Certified Accountants, we may be able to provide certain investment services that are complementary to, or arise out of, the professional services we are providing to you.
- 2.2 In particular, we may:
- advise you on investments generally, but not recommend a particular investment or type of investment;
  - refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but not make alternative recommendations). The PTP will issue you with his own terms and conditions letter, will be remunerated separately for his services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000;
  - advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
  - advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
  - assist you in making arrangements for transactions in investments in certain circumstances; and
  - manage investments or act as trustee (or donee of a power of attorney) where decisions to invest are taken on the advice of an authorised person.

- 2.3 For corporate clients we may also, on the understanding that the shares or other securities of the company are not publicly traded:
- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
  - arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
  - arrange for the issue of new shares; and
  - act as the addressee to receive confirmation of acceptance of offer documents etc.

#### ***Financial Promotions***

- 2.4 To enable us to provide you with a proper service, there may be occasions when we will need to contact you without your express permission concerning investment business matters. For example, it may be in your interests to sell a particular investment and we would wish to inform you of this. We may therefore contact you in such circumstances, but would only do so in our normal office hours of 9am to 5pm. We shall of course comply with any restrictions you may wish to impose which you notify to us in writing.

### **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 or such associates 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 will be abated by such amounts. When we reduce the fees that we would otherwise charge by the amount of commission retained, we will apply the HMRC concession which allows VAT to be calculated on the net fee after deduction of the commission. You consent to such commission or other benefits being retained by us or, as the case may be, by our associates, without our, or their, 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 of the Association of Chartered Certified Accountants
- 4.2 In order to avoid an excessive amount of administration, interest will only be paid to you where the amount of interest that would be earned on the balances held on your behalf in any calendar year exceeds £25. Any such interest would be calculated using the prevailing rate applied by National Westminster Bank Plc 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 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.
- 4.4 We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. 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 five years and we have taken reasonable steps to trace you and return the monies.

### **5 Fees**

- 5.1 Our fees are computed on the basis of time spent on your affairs by the principals and our staff, including sub-contractors or consultants where necessary, and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs.
- 5.2 If it is necessary to carry out work outside the responsibilities agreed with you for each service, 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.

- 5.3 Invoices are payable in full (including disbursements) in accordance with the terms set out on the invoice. If you do not accept that an invoiced fee is fair and reasonable you must notify us within 14 days of receipt, failing which you will be deemed to have accepted that payment is due.
- 5.4 We may request that clients make arrangements to pay their fees on a monthly standing order. These standing orders will be applied to fees arising from work agreed in this letter of engagement for the current and ensuing years. Once we have been able to assess the amount of work and time involved we would be grateful if you would agree to pay an amount to us on a regular basis.
- 5.5 We reserve the right to charge interest on overdue accounts at the current rate under the *Late Payment of Commercial Debts (Interest) Act 1998*. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed. We accept settlement of fees by certain debit and credit cards.
- 5.6 For companies, as directors you guarantee to pay personally any fees (including disbursements) for services provided to the company that the company is unable to pay. This clause shall become effective in the event of a receiver or liquidator being appointed to the company or the company otherwise being wound-up.
- 5.7 In the event that we cease to act in relation to your company's affairs you agree to meet all reasonable costs of providing information to the company's new advisers. In particular you agree to meet these costs where we are required by law to provide information to a successor firm.

## **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 our work. 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 intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. If you require retention of any document you must notify us of that fact in writing.

## **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, subject to 8 below. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you unless we are unable to do so because of our confidentiality obligations. We have safeguards that can be implemented to protect the interests of different clients if a conflict arises. 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.
- 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 which can be viewed at <https://www.accaglobal.com/uk/en/about-us/regulation/ethics/acca-code-of-ethics-and-conduct.html>.

## **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.
- 8.2 We may, on occasions, subcontract work on your affairs to other tax or accounting professionals. The subcontractors will be bound by our client confidentiality terms.

## 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.

### *Dealing with HM Revenue & Customs*

9.2 When dealing with HM Revenue & Customs on your behalf we are required to be honest and to take reasonable care to ensure that your returns are correct. To enable us to do this, you are required to be honest with us and to provide us with all necessary information in a timely manner. For more information about 'Your Charter' for your dealings with HM Revenue & Customs, see [www.hmrc.gov.uk/charter/index.htm](http://www.hmrc.gov.uk/charter/index.htm). To the best of our abilities, we will ensure that HM Revenue & Customs meet their side of the Charter in their dealings with you.

## 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 Mr Dustin Grande or if you prefer another partner.

10.2 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 of the Association of Chartered Certified Accountants.

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 Engagement letters. 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.

## 11 Applicable law

11.1 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.

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 provisions shall not in any way be affected or impaired.

## 12 Changes in the law

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

12.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof that occur after the date on which the advice is given.

## 13 Internet communication

13.1 Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means. However, 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.

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

## **14 Data Protection**

- 14.1 To enable us to discharge the services agreed in this engagement letter, comply with related legal and regulatory obligations and for other related purposes including updating and enhancing client records and analysis for management purposes, as a data controller we may obtain, use, process and disclose personal data about you [you / your business / company / partnership / its shareholders / members / officers and employees] as described in our privacy notice. We confirm when processing data on your behalf that we will comply with the relevant provisions of all relevant data protection legislation and regulation 1.
- 14.2 You are also an independent controller responsible for complying with data protection legislation and regulation in respect of the personal data you process and accordingly where you disclose personal data to us you confirm that such disclosure is fair and lawful and otherwise does not contravene relevant requirements. Nothing within this engagement letter relieves you as a data controller of your own direct responsibilities and liabilities under data protection legislation and regulation.
- 14.3 Our privacy notice, which can be found on our website at <https://sawford-bullard.co.uk/privacy-policy> explains how we process personal data in respect of the various services that we provide.

## **15 Contracts (Rights of Third Parties) Act 1999**

- 15.1 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.
- 15.2 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.

## **16 The Proceeds of Crime Act 2002 and Money Laundering Regulations**

- 16.1 In common with all accountancy and legal practices, the firm is required by the *Proceeds of Crime Act 2002* and the Money Laundering Regulations 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.
- 16.2 We have a duty under the *Proceeds of Crime Act 2002*, s. 330 to report to the National Crime Agency (NCA) 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.
- 16.3 The offence of money laundering is defined by the *Proceeds of Crime Act 2002*, s. 340(11) 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 such crimes as:

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<sup>1</sup> Including the General Data Protection Regulation (GDPR), the Data Protection Act 2018 and any related regulations.

- 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.

- 16.4 We are obliged by law to report any instances of money laundering to NCA 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.
- 16.5 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.

## **17 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards**

- 17.1 Unless agreed specifically in a separate engagement letter, we are not responsible for your compliance with the *International Tax Compliance (United States of America) Regulations 2014*, produced as a result of FATCA. In particular, we are not responsible for the categorisation of any UK entity into either a Financial Institution (FI) or an active or passive Non-Financial Foreign Entity (NFFE) nor, if a Financial Institution, for its registration with the US Internal Revenue Service (IRS) and subsequent submission of the required annual returns to HM Revenue & Customs.
- 17.2 However, if requested to do so we can provide advice on the completion of the forms supplied by Financial Institutions under these Regulations, or under Common Reporting Standards, and used by them to determine the status of an entity. We can also provide advice on setting up the appropriate systems to identify and report on your clients or beneficiaries who are foreign citizens affected by FATCA or Common Reporting Standards.

## **18 General Limitation of liability**

- 18.1 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 other relevant authorities.
- 18.2 You will not hold us, our principals and staff, 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 our partners or employees personally.
- 18.3 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.

## **19 Use of our name in statements or documents issued by you**

- 19.1 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.

## **20 Draft/interim work or oral advice**

- 20.1 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.

## **21 Interpretation**

- 21.1 If any provision of our engagement letter or terms of business is held to be void for whatever reason, then that provision will be deemed not to form part of this contract, and no other provisions will be affected or impaired in any way. In the event of any conflict between these terms of business and the engagement letter or appendices, the relevant provision in the engagement letter or schedules will take precedence.

## **22 Probate-type services**

- 22.2 As we are not licensed or authorised for the reserved legal activity of non-contentious probate, any work we do for you on closely aligned activities, such as estate administration or inheritance tax advice, will not be covered by any compensation scheme and you will not have access to the Legal Ombudsman, nor is our advice covered by legal professional privilege.

## **23 Client Due Diligence**

- 23.1 As part of our Know Your Client and Due Diligence obligations, we will perform an ID check as part of our new client procedure and also periodically where required. To perform the ID check, we use a service called Credas. Credas charge a fee for each ID check which we then will recharge to you. The charge is currently £7.50.

## **24 Data Processing Agreement(GDPR – Article 28)**

### *24.1 Definitions*

For the purposes of this clause:

- “Controller”, “Processor”, “Personal Data”, “Processing” and “Data Subject” shall have the meanings given to them in applicable data protection legislation, including the UK GDPR.
- “Data Protection Legislation” means all applicable data protection and privacy legislation in force in the UK.

### *24.2 Roles of the Parties*

- 24.2.1 The parties acknowledge that, in respect of Personal Data processed in connection with the provision of services:

- the Client is the Controller; and
- the Firm is the Processor.
- Processing for AML/regulatory compliance/billing/file retention is outside the scope of processor instructions

- 24.2.2 Notwithstanding clause 24.2.1, the Firm shall act as a Controller in respect of Personal Data processed for its own administrative, regulatory and legal obligations (including anti-money laundering compliance and billing).

### *24.3 Scope of Processing*

- 24.3.1 The Firm shall process Personal Data only to the extent necessary to provide the services under the engagement.

- 24.3.2 The subject matter, nature and purpose of processing shall include accountancy, tax, payroll and advisory services.

- 24.3.3 The types of Personal Data may include (but are not limited to):

- names, addresses and contact details;
- financial information;
- payroll data including salary, tax, national insurance numbers and pension data.

24.3.4 The categories of Data Subjects may include:

- employees, directors, partners and shareholders of the Client;
- the Client (if an individual);
- the Client's customers or suppliers where relevant.

24.4 *Processor Obligations*

24.4.1 The Firm shall:

- process Personal Data only on documented instructions from the Client, unless required to do so by law;
- ensure that persons authorised to process Personal Data are subject to a duty of confidentiality;
- implement appropriate technical and organisational measures to protect Personal Data against unauthorised or unlawful processing and against accidental loss, destruction or damage;
- not transfer Personal Data outside the UK or EEA unless appropriate safeguards are in place.

24.5 *Sub-processors*

24.5.1 The Client authorises the Firm to appoint sub-processors where necessary for the provision of services.

24.5.2 The Firm shall ensure that any sub-processor is subject to data protection obligations equivalent to those set out in this clause.

24.6 *Data Subject Rights*

24.6.1 Taking into account the nature of processing, the Firm shall assist the Client, insofar as reasonably possible, in responding to requests from Data Subjects exercising their rights under Data Protection Legislation.

24.7 *Data Breach*

24.7.1 The Firm shall notify the Client without undue delay upon becoming aware of a Personal Data breach affecting Personal Data processed on behalf of the Client.

24.7.2 The Firm shall provide reasonable assistance to the Client in relation to any such breach.

24.8 *Data Retention and Deletion*

24.8.1 Upon termination of the engagement, the Firm shall, at the Client's option, return or securely delete Personal Data, except where retention is required by law or professional regulation or statutory retention periods.

24.9 *Audit and Compliance*

24.9.1 The Firm shall make available to the Client such information as is reasonably necessary to demonstrate compliance with this clause.

24.9.2 The Client may request reasonable evidence of the Firm's data protection compliance, subject to appropriate confidentiality safeguards.

24.10 *Client Obligations*

24.10.1 The Client shall ensure that:

- it has a lawful basis for processing and sharing Personal Data with the Firm;
- it has provided appropriate privacy information to Data Subjects.

24.10.2 The Client shall not instruct the Firm to process Personal Data in a manner that would breach Data Protection Legislation.