

TERMS OF ENGAGEMENT: Standard Terms of Business
Last revised 29 May 2018

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

1 Professional obligations

1.1 We will observe the Bye-laws, regulations and ethical guidelines of The Institute of Chartered Accountants in England and Wales and accept instructions to act for you on the basis that we will act in accordance with those guidelines. 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. Copies of these requirements are available for inspection in our offices.

1.2 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, details of the firm's Professional Registrations and Professional Indemnity Insurance can be found at www.lambert-chapman.co.uk/services/lambert-chapman-llp-terms-and-conditions

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 Institute of Chartered Accountants in England and Wales, we may be able to provide certain investment services where these are complementary to, or arise out of, the professional services we are providing to you.

When providing tax planning advice on specific investments we will consider only the possible tax consequences of the changes in the portfolio. We will offer no comment on the possible other merits or otherwise of particular acquisitions or disposals of specific investments.

2.2 Such advice may include:

- a. advising you on investments generally, but not recommending a particular investment or type of investment;
- b. referring you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA), assisting you and the PTP during the course of any advice given by that party and commenting on, or explaining, the advice received (but not making 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;
- c. advising you in connection with the disposal of an investment, other than in respect of your rights in a pension policy or scheme;
- d. advising and assisting you in transactions concerning shares or other securities not quoted on a recognised exchange;
- e. assisting you in making arrangements for transactions in investments in certain circumstances; and
- f. managing investments or acting 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:

- a. advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
- b. arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;

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- c. arrange for the issue of new shares; and
 - d. act as the addressee to receive confirmation of acceptance of offer documents etc.
- 2.4 In the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the Chartered Accountants Compensation Scheme in respect of exempt regulated activities undertaken.
- 2.5 We are not authorised by the Financial Conduct Authority, however, we are included on the Register maintained by the Financial Conduct Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Institute of Chartered Accountants in England and Wales. The register can be accessed via the Financial Conduct Authority website at www.fca.org.uk/register.

Financial Promotions

- 2.6 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 8.45 am to 5.30pm. We shall of course comply with any restrictions you may wish to impose which you should notify to us in writing.

3 Other Third Party Introductions

- 3.1 We may identify, from time to time, specialist areas of advice which are outside our scope of knowledge and expertise, but could be relevant to your circumstances. If you express a requirement to look into these or other services, we may be able to introduce you to providers of these specialist areas.
- 3.2 We are required, as a result of the Financial Services and Markets Act 2000 and Regulations of the Institute of Chartered Accountants in England and Wales, to explain the nature of the relationship between ourselves and the Providers.
- 3.3 The services which the Provider provides and the satisfactory performance of these services are the responsibility of the Providers and they are required to enter into a separate Client Agreement with you.
- 3.4 Lambert Chapman LLP will enter into arrangements with Providers in order to extend and enhance our existing services for our clients. The partners of Lambert Chapman LLP believe that by introducing you to Providers you will receive expert independent advice, tailored to your own personal requirements. Please note that Lambert Chapman LLP is unable to and will not comment or provide advice on the products and services provided by the Providers.
- 3.5 Please note that you will not be charged by Lambert Chapman LLP for any advice you receive from the Providers. Lambert Chapman LLP may however, be entitled to referral fees from any amount due to the Providers in respect of advisor's fees received to cover the cost of providing this service, which will be retained by the Practice unless there is agreement to the contrary. You will be notified of our percentage share of the full referral fee amount at such time as business is transacted. Typically, this is likely to be 20% of the net amount received by the Providers where a taxation planning strategy is undertaken through the Providers.

4 Commissions or other benefits

- 4.1 Commissions or other benefits may sometimes 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. You consent to such commissions or other benefits being retained by us without our being liable to account to you for any such amounts.

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5 Client monies

- 5.1 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 Institute of Chartered Accountants in England and Wales.
- 5.2 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.
- 5.3 If the total sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 5.4 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.

6 Fees

- 6.1 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 or as a fixed fee as agreed in advance.

In the event that the engagement is cancelled between us, we reserve the right to invoice you for our time spent to date on any work that is not yet completed.

- 6.2 If it is necessary to carry out work outside the responsibilities agreed with you for each service it 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.
- 6.3 Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are strictly 30 days net. Interest will be charged on all overdue debts. The current rate of interest is either 1% per month *or at the rate for the time being applicable under the Late Payment of Commercial Debts (Interest) Act 1998, whichever is the higher*. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed. Settlement of fees by credit or debit card is accepted.
- 6.4 Any queries relating to invoices raised must be made in writing within 28 days of the date of the invoice otherwise our fee accounts shall not be brought into question and the charges made by us shall remain valid.
- 6.5 Insofar as we are permitted to so by law or by professional guidelines, we reserve the right to exercise a lien over all funds, documents and records in our possession relating to all engagements for you until all outstanding fees and disbursements are paid in full.

6.6 For Limited Companies Only:

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.

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7 Retention of and access to records

- 7.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following the preparation of your financial statements and returns. You should retain these records for seven years from the end of the accounting year to which they relate. You should retain them for longer if HM Revenue & Customs enquire into your tax return.
- 7.2 Whilst certain documents may legally belong to you, 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. Since August 2015 we have operated an electronic document management system and as such correspondence is scanned into our system and the original document is destroyed after 6 months of receipt. If you require retention of any document you must notify us of that fact in writing.

8 Conflicts of interest and independence

- 8.1 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 confidentiality obligations in clause 9 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.
- 8.2 During and after our engagement, you agree that we reserve the right to act for other clients whose interests are or may compete with or be adverse to yours, subject, of course, to our obligations of confidentiality and the safeguards set out in the paragraph on confidentiality below.
- 8.3 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 our professional body, which can be viewed as part of the Regulations and Guidance at www.icaew.com/regulations.

9 Confidentiality

- 9.1 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.
- 9.2 You agree that, if we act for other clients who are or who become your competitors, to comply with our duty of confidentiality, it will be sufficient for us to take such steps as we think appropriate to preserve the confidentiality of information given to us by you, both during and after this engagement. These may include taking the same or similar steps as we take in respect of the confidentiality of our own information.
- 9.3 In addition, if we act for other clients whose interests are or may be adverse to yours, we will manage the conflict by implementing additional safeguards to preserve confidentiality. Safeguards may include measures such as separate teams, physical separation of teams, and separate arrangements for storage of, and access to, information.
- 9.4 You agree that the effective implementation of such steps or safeguards as described above will provide adequate measures to avoid any real risk of confidentiality being impaired.
- 9.5 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.
- 9.6 If we use external or cloud based systems, we will ensure confidentiality of your information is maintained.
- 9.7 We reserve the right, for the purpose of promotional activity, training or other business purposes, to mention that you are a client. As stated above, we will not disclose any confidential information.

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10 Quality control

10.1 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

10.2 When dealing with HMRC 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 HMRC, see www.hmrc.gov.uk/charter/index.htm. To the best of our abilities, we will ensure that HMRC meet their side of the Charter in their dealings with you.

11 Help us to give you the right service

11.1 We are committed to providing you with a high quality service that is both efficient and effective. 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 telephoning Nigel Whittle or Nick Forsyth on 01376 326266.

11.2 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. If you are still not satisfied, you may of course take up matters with The Institute of Chartered Accountants in England and Wales.

11.3 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 schedules. 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.

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

12 Applicable law

12.1 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.

12.2 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.

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13 Changes in the law, in practice or in public policy

- 13.1 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, public policy or your circumstances.
- 13.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof, practice, or public policy that are first published after the date on which the advice is given to the fullest extent permitted by applicable law.

14 Internet communication

- 14.1 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. We will never change our bank details without confirming this to you by posted letter. Any emailed or telephoned communications appearing to be from us which are not confirmed by post are fake and we accept no liability for any loss caused to you through accepting such communications as genuine. Similarly always give us by hand, post or by portal (as well as by email) details of your bank account.
- 14.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.

15 Data Protection

- 15.1 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 and shareholders. We confirm when processing data on your behalf that we will comply with the relevant provisions of applicable data protection legislation. You will also ensure that any disclosure of personal data to us complies with such legislation. If you supply us with any personal data or confidential information you shall ensure you have full informed consent to pass it to us and will fully indemnify and hold us harmless if you do not have such consent and that causes us loss. If you are supplying us with personal data on the basis of a power of attorney for anyone you must produce to us an original or certified copy of the power of attorney on demand.
- 15.2 Applicable data protection regulation places express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. An example would be where we operate a payroll service for you. We therefore confirm that we will at all times use our reasonable endeavours to comply with the requirements of applicable data protection regulation when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will aim to comply with any obligations equivalent to those placed on you as a data controller.
- 15.3 We will notify you as soon as practically possible if an individual asks for copies of their personal data, makes a complaint about the processing of personal data or serves a notice from a relevant data protection authority. You and we will consult and cooperate with each other when responding to any such request, complaint or notice. If an individual whose data you have supplied to us or which we are processing on your behalf asks us to remove or cease processing that data we shall be entitled to do so where required to by law.
- 15.4 We may export personal data you supply to us outside the EU/EEA/UK for the purposes of storage and data processing. We will ensure all such data export is compliant with relevant data protection legislation. You consent to such data export. Where cloud based services are to be used you may be subject to our cloud services terms and conditions.
- 15.5 We will answer your reasonable enquiries to enable you to monitor compliance with this clause.

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16 Limitation of third party rights

- 16.1 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.
- 16.2 The advice that we give to 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, unless we have expressly agreed in writing that a specified third party may rely on our work. We will accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, your spouse nor any family member of yours or your employer, for any aspect of our professional services or work that is made available to them.

17 Client identification

- 17.1 In common with other professional firms we are required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017 to:
- Maintain identification procedures for clients, beneficial owners of clients and persons purporting to act on behalf of clients;
 - Maintain records of identification evidence and the work undertaken for the client; and
 - Report, in accordance with the relevant legislation and regulations.

We have a statutory obligation under the above legislation to report to the National Crime Agency (NCA) any reasonable knowledge or suspicion of money laundering. Any such report must be made in the strictest confidence. In fulfilment of our legal obligations, neither the firm's principals nor may staff enter into any correspondence or discussions with you regarding such matters.

- 17.2 If we are not able to obtain satisfactory evidence of your identity and where applicable that of the beneficial owners, we will not be able to proceed with the engagement.

18 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards

- 18.1 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 2013, 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.
- 18.2 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.

19 Disability Discrimination Act

- 19.1 We are committed to ensuring that our clients and employees are not victim to any form of discrimination (as defined under the Disability Discrimination Act) whilst in our offices. Upon receipt from you of reasonable notice of requirements to accommodate the disability of any Person visiting our offices, we will undertake reasonable efforts to ensure that such persons do not suffer discrimination whilst in our offices and make such suitable adjustments as may be necessary to accommodate them.

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20 Limitation of liability

- 20.1 We will provide our services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence or wilful default. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities. Further, we will not be liable to you for any delay or failure to perform our obligations if the delay or failure is caused by circumstances outside our reasonable control.
- 20.2 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 any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with this agreement.
- 20.3 You agree that you will not bring any claim in connection with services we provide to you against any of our partners or employees personally.
- 20.4 We have drawn your attention to the extent of our liability to you in respect of our professional services. Having considered both your circumstances and our own we have agreed that this firm's aggregate liability, whether to you or any other party, of whatever nature, whether in contract, tort or otherwise, of this firm for any losses whatsoever and howsoever caused arising from or in any way connected with this engagement shall not exceed (including interest) 15 times the fee.
- 20.5 We acknowledge that the limit in respect of our total aggregate liability will not apply to any acts, omissions or representations that are in any way criminal, dishonest or fraudulent on the part of the firm, its partners or employees.
- 20.6 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. You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure by you or by any person for whom you are responsible of our advice and opinions, whether in writing or otherwise. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it and our legal fees on an indemnity basis.

21 Intellectual property rights and use of our name

- 21.1 We will retain all intellectual property rights in any document prepared by us during the course of carrying out the engagement except where the law specifically states otherwise. You may only use such rights to the extent we agreed when engaged to provide services to you and may not resell or sublicense such rights without our further prior consent.
- 21.2 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.

22 Draft/interim work or oral advice

- 22.1 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.

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23 Interpretation

- 23.1 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.

24 Internal disputes within a client

- 24.1 If we become aware of a dispute between the parties who own the business or who are in some way involved in its ownership and management, it should be noted that our client is the business (unless we have agreed otherwise) and we would not provide information or services to one party without the express knowledge and permission of all parties. Unless otherwise agreed by all parties, we will continue to supply information to the normal place of business for the attention of the directors/proprietors. If conflicting advice, information or instructions are received from different directors/principals in the business, we will refer the matter back to the board of directors/the partnership and take no further action until the board/partnership has agreed the action to be taken. In certain cases we reserve the right to cease acting for the business entirely.

25 Disengagement

- 25.1 If we resign or are asked to resign, we will normally issue a disengagement letter to ensure that our respective responsibilities are clear.