

TERMS AND CONDITIONS FOR WILLIAM HINTON CHARTERED ACCOUNTANTS

APPENDIX 2 - TERMS OF BUSINESS

1 Applicable law

- 1.1 This engagement letter shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter (including the firm's terms of business) and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.
- 1.2 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.
- 1.3 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.

2 Quality of service

We aim to provide you with a fully satisfactory service and Ian Quartermaine as engagement partner will seek to ensure that this is so. If, however, you are unable to deal with any difficulty through him and his team please contact Daimien McConnell or Ian Quartermaine on (01541) 831130. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may of course take up the matter with the Institute of Chartered Accountants in England and Wales (ICAEW) / insert other professional body as appropriate] by whom we are regulated for audit purposes.

3 Client monies

- 3.1 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 ICAEW.
- 3.2 All client money will be held in an interest-bearing account. 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 Lloyds Bank Plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.

- 3.3 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.
- 3.4 We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. If any funds remain in our client account that are unclaimed and the client to whom they relate has remained untraced for five years or we as a firm cease to practise then we may pay those monies to a registered charity.

4 Investment advice – exempt regulated activities

- 4.1 Although we are not authorised by the Financial Conduct Authority to conduct Investment Business, we are licensed by the ICAEW to provide certain limited investment services where these are complementary to, or arise out of, the professional services we are providing to you.
- 4.2 Such assistance may include the following:
- advising you on investments generally, but not recommending a particular investment or type of investment;
 - referring you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA) and assisting you and the authorised third party during the course of any advice given by that party. This may include comment on, or explanation of, the advice received (but we will 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. The firm may receive commission from such an introduction, in which case you will be fully informed of the expected size and nature of such commission at the time of the introduction.
 - advising on the sale of a contractually based investment other than disposing of any rights or interests which you may have as a member of a personal pension scheme;
 - advising and assisting you in transactions concerning shares or other securities not quoted on a recognised exchange;
 - 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;
- 4.3 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 valuation and methods;
- arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- arrange for the issue of the new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

5 Fees

- 5.1 Our fees may depend not only on the time spent on your affairs by the partners and our staff and on the levels of skill and responsibility involved, but also the level of risk identified and any advice provided. Unless otherwise agreed, our fees will be billed at appropriate intervals during the course of the year and will be due on presentation.
- 5.2 We may indicate a fixed/indicative fee for the provision of specific services. We will not usually identify fixed fees for more than a year in advance as these may need to be revised in light of subsequent events. Where we estimate our fees for any specific work, this will not be binding unless this is clearly stated to you.
- 5.3 If it is necessary to carry out work outside the responsibilities outlined in this letter 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.

Our fees will exclude out of pocket expenses. Out of pocket expenses (plus VAT (if applicable)) will be billed as incurred for reimbursement by you.

- 5.4 Invoices are payable in full before the report is signed and the accounts are made available for filing.
- 5.5 It is our normal practice to request that clients make arrangements to pay a proportion of their fee 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.
- 5.6 Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are strictly on presentation. Interest will be charged on all overdue debts at the rate stated on the invoice, which is currently 2% per month (APR 26.8%), or at the rate for the time being applicable under the Late Payment of Commercial Debts (Interest) Act 1998, whichever is the higher.

6 Commissions or other benefit

- 6.1 In some circumstances, commissions or other benefits may become payable to us in respect of transactions which we arrange for you. Where this happens we will notify you in writing of the amount and terms of payment. The same will apply where the payment is made to or the transactions are arranged by a person or business connected with ours.

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 and] audit of your accounts [and returns].
- 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. If you require retention of any document you must notify us of that fact in writing.

8 Timetable

- 8.1 The services we undertake to perform for you will be carried out on a timescale to be determined between us on an ongoing basis.
- 8.2 The timing of our work will in any event be dependent on the prompt supply of all information and documentation as and when required by us.

9 Electronic communication

- 9.1 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.
- 9.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.

10 Data Protection Act 1998

We may obtain, use, process and disclose personal data about you in order that we may discharge the services agreed under this engagement letter, 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 confirm when processing data on your behalf that we will comply

with the relevant provisions of the Data Protection Act 1998. You also confirm that any personal data you provide to us complies with the Data Protection Act 1998.

11 Third parties

- 11.1 Any advice we give you will be supplied on the basis that it is for your benefit only and shall not be disclosed to any third party in whole or part without our prior written consent. It may not be used or relied upon for any other purpose or by any other person other than you without our prior written consent. If our advice is disclosed to any third party (with or without our consent), then we accept no responsibility or liability to that third party for any consequences that may arise to them, should they rely on the advice.
- 11.2 If it is proposed that any documents or statement which refer to our name, are to be circulated to third parties, please consult us before they are issued.

12 Contracts (Rights of Third Parties) Act 1999

- 12.1 The advice and information we provide to you as part of our service is for your sole use and not for any third party to whom you may communicate it unless we have expressly agreed in the Engagement letter that a specified third party may rely on our work. We accept no responsibility to third parties, including any group company to whom the engagement letter is not addressed, for any advice, information or material produced as part of our work for you which you make available to them. A party to this agreement is the only person who has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

13 Confidentiality

- 13.1 Where you give us confidential information, we confirm that we shall at all times keep it confidential, other than as required by law, by our insurers, or as provided for in regulatory (including external peer reviews), ethical or other professional statements relevant to our engagement. This will apply during and after this engagement.
- 13.2 We may subcontract our work to other professionals within the sector. Any subcontractors are also bound by our client confidentiality terms.

14 External review

As part of our ongoing commitment to providing a quality service, our files are periodically reviewed by an independent regulatory or quality control body. These reviewers are highly experienced and professional people and, of course, are bound by the same rules for confidentiality as us.

15 Money Laundering Regulations 2007

- 15.1 In accordance with the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007 you agree to waive your right to confidentiality to the extent of any report made, document provided or information disclosed to the Serious Organised Crime Agency (SOCA).
- 15.2 You also acknowledge that we are required to report directly to SOCA without prior reference to you or your representatives if during the course of undertaking any assignment the person undertaking the role of Money Laundering Reporting Officer becomes suspicious of money laundering.
- 15.3 As a specific requirement of the Money Laundering Regulations we may require you to produce evidence of identity. Copies of such records will be maintained by us for a period of at least five years after we cease to act for the business.
- 15.4 As with other professional services firms, we are required to identify our clients for the purposes of the UK anti-money laundering legislation. We may request from you, and retain, such information and documentation as we require for these purposes and/or make searches of appropriate databases.

16 Implementation

- 16.1 We will only assist with implementation of our advice if specifically instructed in writing.

17 Intellectual property rights

- 17.1 We will retain all copyright in any document prepared by us during the course of carrying out the engagement save where the law specifically provides otherwise.

18 Interpretation

- 18.1 If any provision of the engagement letter or schedules is held to be void, then that provision will be deemed not to form part of this contract.
- 18.2 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.

19 Lien

- 19.1 Insofar as permitted to do so by law or 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.

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.

20.2 Exclusion of liability for loss caused by others

We will not be liable if such losses, penalties, surcharges, interest or additional tax liabilities are due to the acts or omissions of any other person or due to the provision to us of incomplete, misleading or false information or if they are due to a failure to act on our advice or a failure to provide us with relevant information.

20.3 Exclusion of liability in relation to circumstances beyond our control

We will not be liable to you for any delay or failure to perform our obligations under this engagement letter if the delay or failure is caused by circumstances outside our reasonable control.

20.4 Exclusion of liability relating to the discovery of fraud etc

We will not be responsible or liable for any loss, damage or expense incurred or sustained if information material to the service we are providing is withheld or concealed from us or wrongly misrepresented to us or from fraudulent acts, misrepresentation or wilful default on the part of any party to the transaction and their directors, officers, employees, agents or advisers. This exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry.

20.5 Indemnity for unauthorised disclosure

You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure 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.

20.6 Limitation of aggregate liability

We have discussed and agreed a limitation in our aggregate liability to you and any third parties which we both regard as fair and reasonable in the circumstances of this assignment. The aggregate liability, to you and any third party and whether in contract, tort or otherwise of this firm, its partners, employees and agents for any losses in any way connected with any of the services provided to you under the terms of this letter of engagement (and including interest) shall not exceed the amount stated in the engagement covering letter.

21 Professional rules and practice guidelines

We will observe and act in accordance with the bye-laws, regulations and Code of Ethics of the ICAEW and accept instructions to act for you on this basis. In particular you give us the authority to correct errors made by HMRC 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. You can see copies of these requirements in our offices. The requirements are also available on the internet at www.icaew.com/regulations. We confirm that we are Statutory Auditors eligible to conduct audits under the Companies Act 2006. When conducting audit work we are required to comply with the Ethical Standards for Auditors and the International Auditing Standards (UK & Ireland) which can be accessed on the internet at www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Ethical-standards-for-auditors.aspx

22 Conflicts of interest

- 22.1 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 our confidentiality clause we confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting the company.
- 22.2 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 our Code of Ethics which can be viewed on the internet at the address above.

23 The Provision of Services Regulations 2009

- 23.1 We are registered to carry on audit work in the UK and Ireland by the ICAEW. Details of our audit registration can be viewed at www.auditregister.org.uk for the UK and for Ireland at www.cro.ie/auditors under reference number C0001018516
- 23.2 **ICAEW** Our professional indemnity can be located on our website at www.williamhinton.co.uk. 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 or Canada.

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