

## Standard terms of business – Non investment business

### LEONARD GOLD CHARTERED ACCOUNTANTS

Last revised June 2009

The following standard terms of business apply to all engagements accepted by Leonard Gold Chartered Accountants. 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 byelaws, 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. Copies of these requirements are available for inspection in our offices.
- 1.2 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.
- 1.3 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 to in relation to you.

#### 2 Investment services (FSA authorised)

- 2.1 We are authorised to conduct Investment Business by the Financial Services Authority. For authorised investment business services we will issue a separate terms of business letter.

#### 3 Non-investment business commissions or other benefits

- 3.1 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.
- 3.2 For example, if we introduce you for the purpose of rearranging your commercial lending then we would likely receive an introductory fee of 25% of the arrangement fee at the completion of the refinancing.

#### 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 Institute of Chartered Accountants in England and Wales.
- 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 the Royal Bank of Scotland 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 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.

## **5 Fees**

- 5.1 Our fees may be calculated on the basis of the time actually spent on your affairs by the principals and our staff and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs. Our hourly charging rates are reviewed from time to time and we try to ensure that we are competitive with others providing the same level of service.
- 5.2 Wherever possible, we will give you an estimate or budget of our likely fees for the work we are doing for you. If, because of the nature of the work, we cannot give an estimate or budget, we will inform you and tell you how the fees will be calculated. We will inform you if any difficulties arise or if anything occurs which makes it necessary to revise an estimate.
- 5.3 If you wish, you may place an upper limit on the amount of our fees for which you will be liable. In that case we will notify you if that upper limit is reached, so that you can determine whether further work should be done.
- 5.4 We are entitled to render interim bills at three monthly intervals (or more frequently if agreed or if the amount of work justifies this) during the course of our work and at the end of an assignment. Interim bills are not intended to represent the exact value of the work carried out to any particular date but are, of course, taken into account when our final bill is prepared at the end of the assignment.
- 5.5 Should a fixed fee be agreed we will advise you in advance in writing before we commence our work on the assignment.
- 5.6 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.
- 5.7 In some circumstances, commissions or other benefits may become payable to us in respect of transactions we help to arrange for you, in which case you will be notified in writing of the amount and terms of any such payment. You consent to such commission or other benefits being retained by us without our being liable to account to you for any such amounts.

This may be the case, for example, when we help you to arrange transactions with financial advisors, banks, tax consultants, insurance brokers, etc.

## **6 Responsibility for fees**

- 6.1 Unless otherwise agreed in writing, you will be personally responsible for paying our fees and VAT.
- 6.2 Directors of a company which instruct us may be asked to be personally responsible for the payment of our bills so that we are then happy to advise, even if we know that the company is in financial difficulties.
- 6.3 In the event of any fees or VAT not being paid, we reserve the right to decline to act any further in relation to any or all of your assignments until payment is made.

## **7 Payment terms**

- 7.1 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.
- 7.2 Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are payable immediately in pounds sterling and without any deduction, set off or counterclaim. Interest and compensation for recovery costs will be charged on all overdue debts at the rate stated on the invoice, which is currently 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.

7.3 We reserve the right to request prepayment of fees and Engagement related expenses.

7.4 If you disagree with, or have queries on, an invoice you are required to notify us in writing within twenty one days from the invoice date, after which time you are deemed to have agreed the amount (including disbursements).

7.5 Except in so far as we are not 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.

## **8 Retention of and access to records**

8.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents. You should retain these records for at least seven years from the end of the year to which they relate.

8.2 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.

## **9 Non solicitation of personnel**

9.1 You will not solicit, or endeavour to solicit, in any way the services of any staff member with whom you have had dealings in connection with the Engagement during the 12 months immediately prior to your approach.

9.2 This undertaking shall not apply in respect of any staff member who without having been previously approached directly or indirectly by you responds to an advertisement placed by you or on your behalf.

9.3 Should you breach the terms of this undertaking and employ or engage a staff member (without our prior consent), we reserve the right to charge you a fee of 20% of the staff member's annual earnings from us.

## **10 Client responsibilities**

10.1 It is your responsibility to provide us with complete, accurate and timely information necessary to our Engagement. We will not be responsible for any consequences that may arise from your failure to do so and such failures may result in additional fees.

10.2 The reports, letters, information and advice that we provide to you are given in confidence and are provided for your information. They should not be used for any other purpose or referred to in any other document or made available to any other party without our prior written permission. The only exceptions to this requirement are others within your own organisation, your professional advisors acting in such capacity or as required by a court, regulatory body or governmental agency of competent jurisdiction.

10.3 Oral comments made in discussions with you about reports, letters, information and advice that we provide will not have any greater significance than explanations or other material contained therein and reliance may only be placed on written information and comments.

## **11 Instructions**

11.1 You authorise us to act from time to time on instructions given in any manner (including but not limited to verbal and electronic instructions) in circumstances where we reasonably believe those instructions to have emanated from you or any person with authority to act on your behalf.

## **12 Quality control**

12.1 As part of our ongoing commitment to providing a quality service, our files are periodically subject to an internal quality review.

## **13 Help us to give you the right service**

13.1 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 Steven Howarth or Andrew Chapman.

13.2 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.

13.3 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, or
- either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.

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

## **14 Applicable law**

14.1 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.

14.2 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.

## **15 Internet communication**

15.1 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.

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

## **16 Data Protection Act 1998**

16.1 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. You have a right of access, under data protection legislation, to the personal data that we hold about you. We confirm that when processing data on your behalf we will comply with the provisions of the Data Protection Act 1998. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is Mr S B Howarth.

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

17.1 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.

17.2 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.

## **18 The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007**

18.1 In common with all accountancy and legal practices, we are 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 and the work undertaken for the client; and
- report, in accordance with the relevant legislation and regulations.

18.2 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.

18.3 The offence of money laundering is defined by section 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 such crimes as:

- deliberate tax evasion;
- deliberate failure to inform the tax authorities of know underpayments or excessive repayments;
- fraudulent claiming of benefits or grants; or
- obtaining a contract through bribery.

Clearly this list is by no means an exhaustive.

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

18.5 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.

## **19 Limitation of liability**

19.1 We will provide our professional services with reasonable care and skill. However, we will not be held responsible for any losses 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.

- 19.2 You agree to hold harmless and indemnify us against any misrepresentation, whether 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 provided to you by the firm against any of our employees on a personal basis.

## 20 Variation

- 20.1 We reserve the right from time to time to make necessary minor amendments to these Standard Terms of Business. Our website, [www.lgold.co.uk](http://www.lgold.co.uk), will include a copy of our current Standard Terms of Business. To the extent there are substantive amendments we will write directly to you.

## 21 Termination

- 21.1 Unless otherwise agreed, the Engagement, with the exception of any Engagement where termination rules are prescribed by legislation, may be terminated by either of us on reasonable written notice to the other. Unless otherwise stated in the Engagement Letter, upon termination of the Engagement we will be entitled to payment for the work carried out by us up to the date of termination, less any payments already received and we will render an invoice for this work to the extent not already invoiced for this Engagement under the terms of the Engagement Letter.
- 21.2 In the event of termination all outstanding fees will be payable immediately thereby replacing any previous payment arrangements.
- 21.3 In the event of termination as the company's auditors you agree to meet our costs in respect of providing all relevant information which we hold in relation to that office to our successors. These fees to be payable immediately.
- 21.4 Subject to any lien (7.5 refers) all of your records should be collected from our offices by prior arrangement. We reserve the right to charge for storage at a rate of £100 plus VAT per part or complete calendar month commencing 30 days from termination.
- 21.5 In the event of termination any professional fees insurance in place ceases with immediate effect with no refund due for any premium paid.