

## **STANDARD TERMS OF BUSINESS**

The following standard terms of business apply to all engagements accepted by Knox Cropper 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 and act in accordance with the bye-laws and regulations of the Institute of Chartered Accountants in England and Wales together with their code of ethics (available at [www.icaew.com](http://www.icaew.com)). We accept instructions to act for you on this basis. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.
- 1.2 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Nexus Underwriters Limited, of 52-56 Leadenhall Street, London EC3A 2EB, as Coverholder for Neon Syndicate 2468 and PartnerRe Ireland Insurance Limited. The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim brought in any court in the United States of America or Canada.

### **2 Regulated Audit Services**

- 2.1 We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details of our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under our firm registration number C006474779. Our work is regulated by Audit regulations and Guidance issued by the ICAEW ([www.icaew.com](http://www.icaew.com)) and International Standards on Auditing issued by the Financial Reporting Council ([www.frc.org.uk](http://www.frc.org.uk))

### **3 Regulated Investment Services**

- 3.1 If you request advice on investments, since we are not authorised by the Financial Conduct Authority, we may have to refer you to someone who is authorised. However, as we are licensed by The Institute of Chartered Accountants in England and Wales, 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. On request we will provide you with a schedule of the investment services which we are permitted to offer.

### **4 Regulated Client Money Services**

- 4.1 As part of our services to certain clients, 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 Fees**

- 5.1 Our fees are computed on the basis of time spent on your affairs by the partners and staff and on the levels of skill and responsibility involved. Where our engagement is subject to a formal tender, our fees will be set out in our tender documentation.
- 5.2 If it is necessary to carry out work outside the responsibilities outlined in our engagement letter it may involve additional fees. Where this is the case, we will advise you in advance of undertaking the work.
- 5.3 Invoices are payable in full on delivery.

- 5.4 For certain types of work 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 as set out in our letter of engagement for the current and ensuing years and will be calculated based on an assessment of the amount of work and time involved.
- 5.5 Where our work is undertaken at different stages throughout the year, it is our normal practice to invoice clients on a periodic basis. The invoices raised will be on account of our annual fee and, as they relate to completed work, are not refundable.
- 5.6 Where we are involved in the provision of investment services, in certain specific circumstances, commissions may become payable to us in respect of transactions we arrange for you, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by you will be abated by such amounts. You consent to such commission or other benefits being retained by us without our being liable to account to you for any such amounts.

## **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 completion of our work. You should retain these records for at least seven years from the end of the accounting year to which they relate. You should retain them for longer if HM Revenue and Customs instigate an enquiry.
- 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 Institute of Chartered Accountants in England and Wales which can be viewed at [www.icaew.com/regulations](http://www.icaew.com/regulations).

## **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, certain 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.

- 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 telephoning or writing to our senior partner, on 020 7332 6400.
- 10.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If you are still not satisfied, you may of course take up matters with The Institute of Chartered Accountants in England and Wales.
- 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 as set out in this Standard Terms of Business and associated Engagement letter.
- 10.4 We 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;
  - your breach of your obligations, as set out in the Engagement Letter, where this is not corrected within 30 days of being asked to do so.

## **11 Applicable law**

- 11.1 Our engagement letter and these standard terms of business are 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 our 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. Internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their despatch. 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 or by post (as well as by email) details of your bank account.
- 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 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 power of attorney on demand.
- 14.2 Applicable data protection legislation 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 legislation 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.
- 14.3 We will notify you within 10 working days 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 by law.
- 14.4 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.
- 14.5 We will answer your reasonable enquiries to enable you to monitor compliance with this clause.

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

- 15.1 Persons who are not party to our engagement letter shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the 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 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.

## **16 The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017**

- 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 2017 to maintain identification procedures and records for clients and beneficial owners of clients.
- 16.2 We have a duty under section 330 of the Proceeds of Crime Act 2002 to report to the National Crime Agency (NCA) if we know, or have reasonable cause to suspect, that a 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. We are obliged by law to report any instances of money laundering to NCA 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.
- 16.3 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, including deliberate tax evasion. It also includes involvement in any arrangement that facilitates the acquisition, retention, use or control of such a benefit.
- 16.4 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 General Limitation of liability**

- 17.1 We will provide services as outlined in our letter of engagement 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, where appropriate, the tax authorities.
- 17.2 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 our engagement. 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.
- 17.3 In the unlikely event that we cannot meet our liabilities to you in connection with investment services, you may be able to claim compensation under the Chartered Accountants' Compensation Scheme in respect of exempt regulated activities undertaken.
- 17.4 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.

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

- 18.1 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.

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

- 19.1 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.

## **20 Interpretation**

- 20.1 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 appendices will take precedence.

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

- 21.1 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.
- 21.2 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 Standard