

APPENDIX 2 - TERMS OF BUSINESS (Effective from 10th April 2018)

The following standard terms of business apply to all engagements accepted by Graham Paul Limited All work is carried out under these terms except where changes are expressly agreed in writing.

1. APPLICABLE LAW

- 1.1 Our engagement letter, the schedules of services and our standard terms and conditions of business are governed by, and should be construed in accordance with the laws of England and Wales. Each party agrees that the courts of England & Wales will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it on any basis. Each party irrevocably waives any right 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.
- 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 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 in your circumstances. 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.

2. CLIENT IDENTIFICATION

- 2.1 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. If we are not able to obtain satisfactory evidence of your identity, we will not be able to proceed with the engagement.

3. CLIENT MONEY

- 3.1 We may, from time to time, hold money on your behalf. The 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 ICAEW's Clients' Money Regulations.
- 3.1 All client monies will be held in an interest-bearing account. To avoid excessive administration, interest will only be paid to you if the amount earned on the balances held on your behalf in any calendar year exceeds £25.00. Any such interest would be calculated using the prevailing rate applied by HSBC Bank Plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.
- 3.2 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.
- 3.3 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 which they relate has remained untraced for five years, or we as a firm cease to practise, 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 COMMISSIONS OR OTHER BENEFITS

5.1 In some circumstances we may receive commissions or other benefits for introductions to other professionals or in respect of transactions which we arrange for you. If this happens, we will notify you in writing of the amount and terms of payment and receipt of any such commissions or benefits. The same will apply if the payment is made to, or the transactions are arranged by, a person or business connected with ours. The fees you would otherwise pay will not be reduced by the amount of the commissions or benefits unless we specifically tell you that a reduction will be made

6 CONFIDENTIALITY

6.1 Unless we are authorised by you to disclose information on your behalf, we confirm that if you give us confidential information we will, at all times during and after this engagement, keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable to us or our engagement.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

6.6 If we use external or cloud based systems, we will ensure confidentiality of your information is maintained.

6.7 We reserve the right, for the purpose of promotional activity, training or for other business purposes, to mention that you are a client. As stated above, we will not disclose any confidential information.

7 CONFLICTS OF INTEREST

- 7.1 We will inform you if we become aware of any conflict of interest in our relationship with you or in our relationship with you and another client, 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. If conflicts are identified which cannot be managed in a way that protects your interests, we regret that we will be unable to provide further services.
- 7.2 If there is a conflict of interest that is capable of being addressed successfully by the adoption of suitable safeguards to protect your interests, we will adopt those safeguards. In resolving the conflict, we would be guided by ICAEW's Code of Ethics, which can be viewed at icaew.com/en/membership/regulations-standards-and-guidance/ethics. 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 above.

8 DATA PROTECTION

- 8.1 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 / your business / company / partnership / its shareholders / members / officers and employees as described in our privacy policy. We confirm when processing data on your behalf that we will comply with the provisions of all relevant data protection legislation and regulation.
- 8.2 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.
- 8.3 Data protection legislation and regulation places obligations on you as a data controller where we act as a data processor to undertake the processing of personal data on your behalf, for instance where we operate a payroll service for you. We therefore confirm that we will at all times take appropriate measures to comply with relevant requirements when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will comply with any obligations equivalent to those placed on you as a data controller.
- 8.4 Our privacy policy, which can be found on our website at http://www.grahampaul.com/client_area explains how we process personal data in respect of the various services that we provide.

9 DISENGAGEMENT

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

10 ELECTRONIC AND OTHER COMMUNICATION

- 10.1 Unless you instruct us otherwise, we may, if appropriate, communicate with you and with third parties by email or other electronic means. The recipient is responsible for virus checking emails and any attachments.
- 10.2 With electronic communication, there is a risk of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties. We use virus-scanning software to reduce the risk of viruses and similar damaging items being transmitted in emails or by electronic storage devices. Nevertheless, electronic communication is not totally secure and we cannot be held responsible for damage or loss caused by viruses or for communications which are corrupted or altered after despatch. Nor can we accept any liability for problems or accidental errors relating to this means of communication, especially in relation to commercially sensitive material. These are risks you must bear in return for greater efficiency and lower costs. If you do not wish to accept these risks, please let us know and we will communicate by paper mail, other than when electronic submission is mandatory.
- 10.3 Any communication by us with you sent through the postal system is deemed to arrive at your postal address two working days after the day the document was sent.

11 FEES AND PAYMENT TERMS

- 11.1 Our fees may depend, not only upon the time spent on your affairs, but also on the level of skill and responsibility and the importance and value of the advice we provide, as well as the level of risk.
- 11.2 If requested, we may indicate a fixed fee for the provision of specific services or an indicative range of fees for a particular assignment. It is not our practice to identify fixed fees for more than a year ahead as such fee quotes need to be reviewed in the light of events. If it becomes apparent to us, due to unforeseen circumstances, that a fee quote is inadequate, we reserve the right to notify you of a revised figure or range and to seek your agreement thereto.
- 11.3 In some cases, you may be entitled to assistance with your professional fees, particularly in relation to any investigation into your tax affairs by HMRC. Assistance may be provided through insurance policies you hold or via membership of a professional or trade body. Other than where such insurance was arranged through us, you will need to advise us of any such insurance cover you have. You will remain liable for our fees regardless of whether all or part are liable to be paid by your insurers.
- 11.4 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 are completed to the agreed stage before you ask us to begin work
- 11.5 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.
- 11.6 We may 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.
- 11.7 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 at the rate for the time being applicable under the Late Payment of Commercial Debts (Interest) Act 1998.
- 11.8 Unless otherwise agreed to the contrary, our fees do not include the costs of any third party, counsel or other professional fees. If these costs are incurred to fulfil our engagement, such necessary additional charges may be payable by you.
- 11.9 We reserve the right to charge interest on late paid invoices at the rate of 5% above bank base rates under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to suspend our services or to cease to act for you, having given written notice, if payment of any fees is unduly delayed. We intend to exercise these rights only if it is fair and reasonable to do so.
- 11.10 If you do not accept that an invoiced fee is fair and reasonable, you must notify us within 21 days of receipt, failing which, you will be deemed to have accepted that payment is due.
- 11.11 If a client company, trust or other entity is unable or unwilling to settle our fees, we reserve the right to seek payment from the individual (or parent company) giving us instructions on behalf of the client, and we shall be entitled to enforce any sums due against the group company or individual nominated to act for you.

12 HELP US TO GIVE YOU THE BEST SERVICE

- 12.1 We are committed to providing you with a high quality service that is both efficient and effective. If, at any point 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 director Nigel Williams on 01656 679800.
- 12.2 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 our professional body, ICAEW.

13 INTELLECTUAL PROPERTY RIGHTS AND USE OF OUR NAME

- 13.1 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.
- 13.2 You are not permitted to use our name in any statement or document 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.

14 INTERPRETATION

- 14.1 If any provision of our engagement letter or terms of business is held to be void, that provision will be deemed not to form part of this contract. 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.

15 INTERNAL DISPUTES WITHIN A CLIENT

- 15.1 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 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 correspondence address you have agreed with us marked for the attention of the key contact directors, partner or proprietor. If conflicting advice, information or instructions are received from different director's partners or principals in the business, we will refer the matter back to the key engagement contact until they have agreed the action to be taken.

16 LIEN

- 16.1 Insofar as we are permitted to do 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.

17 LIMITATION OF THIRD PARTY RIGHTS

- 17.1 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 to enforce any of its terms, and no rights or benefits are conferred on any third party under the Contracts (Rights of Third Parties) Act 1999.
- 17.2 We undertake that we will exercise due care in the performance of our work in accordance with applicable professional standards. We will re-perform any work that is not in compliance with this undertaking if it is brought to our attention within a reasonable time after the work is performed.
- 17.3 You agree to hold harmless and indemnify us, our principals and staff against any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with this agreement. You also agree that you will not bring any claim in connection with the services provided to you by the firm against any of our employees on a personal basis.
- 17.4 You agree that in the event of any claim the limit of our firm's liability for this assignment, however arising, is agreed at a maximum of ten times the fee charged. This clause does not relate to our audit services.

18 PERIOD OF ENGAGEMENT AND TERMINATION

- 18.1 Unless otherwise agreed in our engagement letter, our work will begin when we receive implicit or explicit acceptance of that letter. Except as stated in that letter, we will not be responsible for periods before that date.
- 18.2 Each of us may terminate our agreement by giving not less than 21 days' notice in writing to the other party except if you fail to cooperate with us or we have reason to believe that you have provided us or HMRC with misleading information, in which case we may terminate this agreement immediately. Termination will be without prejudice to any rights that may have accrued to either of us before termination.
- 18.3 We reserve the right to terminate the engagement between us with immediate effect in the event of: your insolvency, bankruptcy or other arrangement being reached with creditors; an independence issue or change

in the law which means we can no longer act; failure to pay our fees by the due dates; or either party being in breach of their obligations if this is not corrected within 30 days of being asked to do so.

- 18.4 In the event of termination of our contract, we will endeavour to agree with you the arrangements for the completion of work in progress at that time, unless we are required for legal or regulatory reasons to cease work immediately. In that event, we will not be required to carry out further work and shall not be responsible or liable for any consequences arising from termination.

19 PROFESSIONAL RULES AND STATUTORY OBLIGATIONS

- 19.1 We will observe and act in accordance with the Bye-laws, regulations and Code of Ethics of ICAEW and will accept instructions to act for you on this basis. In particular you give us the authority to correct errors made by HMRC if 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 online at icaew.com/en/membership/regulations-standards-and-guidance.

- 19.2 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 and Auditing Standards issued by the FRC, which can be accessed online at <http://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2016-auditing-standards>. We are also required to comply with the Audit Regulations and Guidance which can be accessed at icaew.com/en/technical/audit-and-assurance/working-in-the-regulated-area-of-audit.

20 QUALITY CONTROL

- 20.1 As part of our on-going commitment to provide a quality service, our files are periodically reviewed by an independent regulatory or quality control body. These reviewers are highly experienced professionals and are bound by the same rules of confidentiality as our principals and staff.

- 20.2 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, visit www.gov.uk/government/publications/your-charter. To the best of our abilities, we will ensure that HMRC meet their side of the Charter in their dealings with you.

21 RELIANCE ON ADVICE

- 21.1 We will endeavour to record all advice on important matters in writing. Advice given orally is not intended to be relied upon unless confirmed in writing. Therefore, if we provide oral advice (for example, during the course of a meeting or a telephone conversation) and you wish to be able to rely on that advice, you must ask for the advice to be confirmed by us in writing.

22 RETENTION OF PAPERS

- 22.1 You have a legal responsibility to retain documents and records relevant to your financial affairs. During the course of our work we may collect information from you and others relevant to your tax and financial affairs. We will return any original documents to you [if requested]. Documents and records relevant to your tax affairs are required by law to be retained as follows:

Individuals, trustees and partnerships:

- a) with trading or rental income: five years and 10 months after the end of the tax year
- b) otherwise: 22 months after the end of the tax year.

Companies, Limited Liability Partnerships, and other corporate entities

- c) six years from the end of the accounting period.

Users of our Payroll Bureau

- d) six years from the end of the accounting period

- 22.2 Although certain documents may legally belong to you, we may destroy correspondence and other papers that we store electronically or otherwise that are more than seven years old, except documents we think may be of continuing significance. You must tell us if you wish us to keep any document for any longer period.

23 THE PROVISION OF SERVICES REGULATIONS 2009

- 23.1 We are registered to carry on audit work in the UK and Ireland by ICAEW. Details of our audit registration can be viewed at www.auditregister.org.uk for the UK and www.cro.ie/auditors for Ireland, under reference number C001225674
- 23.2 Information required by the Provision of Services Regulations 2009 is on display at our offices.
- 23.3 Our professional indemnity insurer is Liberty Mutual Insurance Europe Limited, 4th Floor, 11-12 Queen Square, Bristol. 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.

24 TIMING OF OUR SERVICES

- 24.1 If you provide us with all information and explanations on a timely basis in accordance with our requirements, we will plan to undertake the work within a reasonable period of time to meet any regulatory deadlines. However, failure to complete our services before any such regulatory deadline would not, of itself, mean that we are liable for any penalty or additional costs arising.