

Chiene + Tait LLP Standard Terms of Business

Last revised April 2018

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

1. Professional Obligations

- 1.1. We are a member of the Institute of Chartered Accountants of Scotland (ICAS) and are subject to its Code of Ethics which can be found at www.icas.com/ethics/icas-code-of-ethics. We will observe and act in accordance with the byelaws, regulations and ethical guidelines of ICAS. We accept instructions to act for you on this basis.
- 1.2. Where we become aware of errors made by HM Revenue & Customs you give us authority to correct them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.
- 1.3. As required by the Provision of services Regulations 2009 (SI 2009/2999) details of the firm's professional registrations can be found at <https://www.chiene.co.uk/privacy>.
- 1.4. We reserve the right during our engagement with you to deliver services to other clients whose interests might compete with yours or may be adverse to yours. 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.
- 1.5. 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 ICAS Code of Ethics which can be viewed at www.icas.com/ethics/icas-code-of-ethics

2. Investment Services

- 2.1. Since we are not authorised by the Financial Conduct Authority (FCA) 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 of Scotland, 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.
- 2.2. We may therefore be able to:-
 - advise you on investments generally, but not recommend a particular investment or type of investment;
 - refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but 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;
 - advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
 - advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
 - assist you in making arrangements for transactions in investments in certain circumstances; and
 - manage investments or act 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:
 - advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
 - arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
 - arrange for the issue of new shares; and

- 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 ICAS. The register can be accessed via the Financial Conduct Authority website at <http://www.fca.org.uk/register>.
- 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 8.30am – 5.30pm. We shall of course comply with any restrictions you may wish to impose which you notify to us in writing.

3. Commissions or other benefits

- 3.1. In some circumstances, commissions or other benefits may become payable to us, or to one of our associates, in respect of transactions we or such associates 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 not be abated by such amounts. You consent to such commissions or other benefits being retained by us or, as the case may be, by our associates, without our, or their, being liable to account to you for any such amounts.

4. Client monies

- 4.1. We may, at times, hold money on your behalf. Such money will be held on trust in a client bank account, which is held separately to funds that belong to us. The account will be operated, and all funds dealt with, in accordance with the ICAS Clients' Money Regulations.
- 4.2. To avoid an excessive amount of administration, interest will only be paid to you where the amount 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 banker with whom the account is held 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.
- 4.4. Where we hold money on your behalf on a long-term basis, all monies held by us for you will be held in an interest-bearing account on your behalf. We confirm that this interest-bearing account will be in your name and will remain your property for the purposes of the Institute of Chartered Accountants of Scotland's Client Money Regulations. As the account remains your property, please note that funds held in your account are not covered by the Institute of Chartered Accountants of Scotland's Guarantee Fund nor bonding arrangements.

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- 4.5. Money held on your behalf in relation to probate services will be held in a separate client bank account ring-fenced for legal services. This will normally be a separate interest-bearing client account for the estate in question.
- 4.6. 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.
- 5. Fees**
- 5.1. Our fees are calculated on the basis of time spent on your affairs, on the levels of skill and responsibility involved, the importance and value of the advice provided to you, and the level of risk. In addition, we may charge disbursements of travel, accommodation and other expenses incurred in dealing with your affairs.
- 5.2. If it is necessary for us to carry out work outside the scope of the engagement currently in place with you, we will advise you in advance. Any additional work will result in additional fees being charged. Accordingly, we would like to point out that it is in your interests to ensure that the information you provide us with is completed to the agreed stage.
- 5.3. If we agree a fixed fee with you for providing a specific range of services this will be the subject of a separate agreement. This agreement will set out the period which the fixed fee relates to and the services covered by it.
- 5.4. If we give you an estimate of our fees for carrying out any specific work, then that estimate will not be contractually binding unless we have explicitly stated that will be the case.
- 5.5. Invoices are payable in full (including disbursements) in accordance with the terms set out on the invoice. Any queries you have on our invoices must be notified to us within 21 days of receipt or we shall deem you to have accepted that payment is due.
- 5.6. Where we have agreed that you will pay us on a standing order basis, we will discuss with you separately the amount and frequency of payments. These standing orders will be applied to fees arising from work agreed in our letter of engagement for the current and ensuing years. Where a scheduled monthly payment is not made, any fees invoiced to you that are outstanding at that time will immediately become due for payment in entirety.
- 5.7. Where we offer you the facility to pay your professional fees by monthly or quarterly instalments. We do not charge any interest or charges (except for default charges). As these terms have been agreed after 18 March 2015 this instalment agreement is not a regulated credit agreement.
- 5.8. We reserve the right to charge interest on overdue accounts at the current rate under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed is unduly delayed. We accept settlement of fees by certain credit cards.
- 5.9. You may have an insurance policy or membership of a trade or professional body that entitles you to assistance with payment of our fees in some situations. A particular example would be assistance with an investigation by HM Revenue & Customs. Unless you arranged the insurance through us then you will need to advise us of any such cover you have. Please note that you remain liable for our fees regardless of whether all or part are liable to be paid by your insurers.
- 5.10. Insofar as we are permitted to do so by law or professional guidelines, we reserve the right to exercise a lien over all documents and records in our possession. We will only exercise this right where those documents and records relate specifically to the work undertaken on your behalf and until such times as all outstanding fees and disbursements are paid in full.
- 5.11. In the event that this firm ceases to act for you then you agree to meet all reasonable costs of providing information to your new advisors. In particular, you agree to meet these costs even where we are required by law to provide information to a successor firm.
- 6. Retention of and access to records**
- 6.1. 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 preparation of your accounts and returns. You have a legal responsibility to retain these records. The law requires individuals, trustees and partnerships to keep records in relation to trading or rental income for 6 years from the 31 January following the end of the tax year to which they relate. Other records should be kept for 22 months after the end of the tax year they relate to. Companies, Limited Liability Partnerships and other corporate entities are required to keep records for 6 years from the end of the accounting period. You should retain records for longer if HM Revenue & Customs enquire into your tax return.
- 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 documents, you must notify us of that fact in writing.
- 7. Quality Control**
- 7.1. 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
- 8. Dealing with HM Revenue & Customs**
- 8.1. 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. To the best of our abilities, we will ensure that HM Revenue & Customs meet their side of the Charter in their dealings with you.
- 8.2. We will take account of the steps and checks suggested by HM Revenue and Customs in their 'Agent Toolkits' in setting our quality review control procedures. In the event that HM Revenue and Customs consider any of your tax returns with which we assist to be inaccurate, we will be able to help you demonstrate to HM Revenue and Customs that reasonable care has been taken in the preparation of the return, thereby reducing the possibility of an inaccuracy penalty being imposed. To reduce further the possibility of an inaccuracy penalty, you will remain responsible for maintaining good quality supporting records for each return, for providing us with all relevant information and explanations and for acting on any advice that we give you.
- 9. Confidentiality**
- 9.1. Communication between us is confidential and we shall take all reasonable steps to keep your information confidential except where we are required to disclose it by law, by regulatory bodies, by our insurers or as part of an external peer review. We may, on occasion, subcontract work on your affairs to other tax or accounting professionals. Any subcontractors we use will be bound by the same confidentiality requirements.
- 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 contacting your Engagement Partner or the Senior Partner, Jeremy Chittleburgh.
- 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 we do not answer your complaint to your satisfaction you may of course take up matters with ICAS.

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 set out in these standard terms of business and associated Letter of Engagement. 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.

10.4. Should we resign or be requested to resign we will normally issue a disengagement letter to ensure that our respective responsibilities are clear.

10.5. In addition, this agreement may be terminated by either party for any reason if written notice is given.

11. Applicable Law

11.1. This engagement letter is governed by, and construed in accordance with, Scottish law. The Courts of Scotland 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.

11.2. If any provision in these 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 provision shall not in any way be affected or impaired.

11.3. 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 your circumstances.

11.4. 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.

12. Internet Communication

12.1. Unless you instruct us otherwise we will at times communicate with you and with third parties via email or by other electronic means.

12.2. 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.

12.3. 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.

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

13. Data Protection

13.1. 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. From 25 May 2018 this will refer to the General Data Protection Regulation. 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.

13.2. 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.

13.3. 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 to by law.

13.4. We will answer your reasonable enquiries to enable you to monitor compliance with this clause.

13.5. Our privacy policy can be viewed on our website at www.chiene.co.uk.

14. The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007

14.1. In common with all accountancy and legal practices the firm is required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 to:

- maintain identification procedures for clients and beneficial owners of clients;
- maintain records of identification evidence obtained and the work undertaken for the client; and
- report, in accordance with the relevant legislation and regulations.

14.2. We have a statutory 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 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.

14.3. 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:-

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

Clearly this list is by no means exhaustive.

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

14.5. 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.

- 14.6. We may use electronic checks as part of our identification procedures. We confirm these electronic checks are not credit checks.

15. General limitation of Liability

- 15.1. We will provide professional services with reasonable care and skill. However, to the fullest extent permitted by law, we will not be held 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 other relevant authorities.

- 15.2. You will not hold us, our members and any staff employed by the firm, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from misrepresentation (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 we provide to you against any of our members or employees personally.

- 15.3. 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.

16. Professional Indemnity Insurance

- 16.1. In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our lead professional indemnity insurer is Royal and Sun Alliance Plc. 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 bought in any court in the United States of America or Canada.

17. Use of our name in statements or documents issued by you

- 17.1. 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.

18. Draft/Interim work

- 18.1. 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.
- 18.2. We shall not be under any obligation in any circumstances to update any document or report following completion.

19. Advice

- 19.1. Advice we give you orally should not be relied upon unless we confirm it in writing. We endeavour to record all advice on important matters in writing. However, if you particularly wish to rely upon oral advice we give you during a telephone conversation or a meeting, you must ask for the advice to be confirmed in writing.
- 19.2. Unless specifically instructed and agreed in advance we will not assist with the implementation of our advice.

20. Intellectual Property Rights

- 20.1. 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.

21. Internal disputes within a client

- 21.1. If we become aware of a dispute between parties who own or are in some way involved in the ownership and management of the business, 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 registered office or normal place of business for the attention of the directors/proprietors. If conflicting advice, information or instructions are received from different directors or principals 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.

22. Cloud based services

- 22.1. Where the firm provides accounting software in the Cloud, this will be provided by a third party (the 'Cloud Supplier').
- 22.2. The service provided by the Cloud Supplier will be a discrete web-based hosted facility, and you agree that access will also be provided to the firm and the third party.
- 22.3. The firm cannot be held liable for any interruption of service provided by the Cloud Supplier. However, we will liaise with them to help ensure that normal service is resumed as soon as possible.

23. Foreign Account Tax Compliance Act (FACTA) and Common Reporting Standards

- 23.1. 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.

24. Interpretation

- 24.1. If any provision of our engagement letter or terms of business is held to be void, then 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.