

NAME:

Address

Date:

Dear

This letter is intended to set out the basis on which we are to act as accountants for your business and our terms of business. It also sets out your responsibilities and our responsibilities as your business's accountants.

Accounting services

Our responsibilities

We shall be responsible for compiling the annual financial statements of your business. These financial statements will be compiled from the accounting records maintained by you and from information and explanations given by you to us.

Our work will be planned and carried out on the basis that no audit is required, either by statute or other regulations, unless you inform us in writing to the contrary. For this reason we shall not consider or perform any procedures that would be required for assurance engagements and, in particular, our work cannot provide assurance that your business's accounting records or financial statements are free from material misstatement, whether caused by fraud, error or other irregularities, or that your financial statements present a true and fair view. In addition, our work cannot be relied upon to detect weaknesses in your business's internal controls.

There is no statutory obligation imposed on us to provide a report on the financial statements compiled by us. However, we have agreed that we shall report to you, subject to any modifications that we consider necessary, that we have compiled, without carrying out an audit, the financial statements from the accounting records of the business and from information and explanations supplied to us.

Whilst not required by law, we have a professional duty to compile financial statements that conform to generally accepted accounting principles. In cases where we are of the opinion that the financial statements do not conform to such accounting principles, or if the accounting policies adopted by your business are not immediately apparent, we shall disclose this fact in our report.

We also have a professional duty not to allow our name to be associated with financial statements that are misleading. If at any time during our engagement we are of the opinion that this is the case, and if this matter cannot be resolved to our satisfaction, we may have to consider withdrawing from our engagement and informing you of this fact in writing.

As part of our normal procedures we may ask you to provide us with written confirmation of any information or explanations that you give to us orally during the course of our work.

In relation to the preparation and maintenance of the business's accounting records, we will carry out the following additional work:

Your responsibilities

You are responsible for ensuring that the activities of your business are conducted honestly and for safeguarding the assets of the business, including taking reasonable steps for the prevention and detection of fraud and other irregularities.

You are responsible for ensuring that your business complies at all times with current laws and regulations applicable to its activities and for taking whatever steps are reasonably necessary to ensure that such laws and regulations are complied with and that any non-compliance is detected.

You have agreed that you will make available to us, as and when required, all the business's accounting records and related financial information.

You have also agreed that you will make full disclosure to us of all information relevant to the preparation of your business's financial statements.

Taxation

Our responsibilities

We shall prepare your business's taxation computations based on the business's financial statements.

We shall complete your self-assessment return and send the return to you for your approval and signature, at which time we shall submit the same to the Inland Revenue.

We shall communicate with the Inland Revenue in relation to any queries relating to your self assessment return and make any necessary amendments to the return and complete and agree any amended returns.

We shall advise you as to how much tax you have to pay and the timing of such payments.

If requested by you, we shall advise you in relation to all taxation matters affecting you and your business, including income tax, capital gains tax, and national insurance.

Your responsibilities

You are responsible in law for submitting accurate taxation returns to the relevant taxation authority and for submitting these returns on time. You are also required to make all payments relating to these returns by the due date.

In relation to any taxation work carried out by us, you agree to make available to us all information necessary for us to deal with such work. We shall rely on any information supplied to us by yourselves and we shall assume that all such information is true, accurate and complete. We shall carry out no work to corroborate the information supplied by yourselves.

You have agreed that all taxation returns prepared by ourselves are to be made on the basis of full disclosure and shall include all sources of income, charges, allowances and capital transactions.

You have agreed that we may obtain the information necessary to carry out our work from any third party that we consider appropriate.

You will be responsible for ensuring that the business complies with any legislation or relevant regulations relating to its taxation affairs but we shall, if so requested, advise you in relation to such matters.

Terms of business

Professional rules

Our firm is governed by the Byelaws, regulations and ethical guidelines of the AAT. Our terms of engagement with your business are based on the fact that we shall, at all times, act in accordance with such Byelaws, regulations and ethical guidelines.

Retention of records

During the course of our work we shall request documentation and other information from you. At the conclusion of our work we shall return to you the originals of any documentation that you have given to us. You should ensure that this documentation is retained for the period required by statute or other regulations.

Client monies

We do not hold client monies.

Commission

Should our firm be in receipt of or entitled to any commissions or other benefits from third parties that arise in respect of work carried out on your behalf, we shall notify you in writing of the amount and terms of payment in relation to such commissions and benefits.

Conflicts of interest and independence

Subject to our agreement relating to confidentiality (see below), you have agreed that we may act for any other client whose interests are, or may be, adverse to ours. Should we, at any time, become aware of any conflict of interest between the work we carry out for you and the work we carry out for others, we shall notify you immediately.

Confidentiality

If, during the course of our work, you supply us with confidential information, we shall at all times ensure that such information is kept confidential save so far as we are required by law or other regulations to disclose such information. We shall use our best endeavours to keep such information confidential after the termination of this engagement.

Data Protection Act 1998

During the course of our work we may obtain, use, process and disclose personal data held by your business. We confirm that, when processing such data on your behalf we shall at all times comply with the relevant provisions of the Data Protection Act 1998.

Money laundering

In common with all accountancy and legal practices, our firm is required by the Serious Organised Crime and Police Act 2005 (SOCPA) and the Money Laundering Regulations 2007 to:

- maintain identification procedures for all new clients;
- maintain records of identification evidence; and
- report, in accordance with the relevant legislation and regulations, to the National Criminal Intelligence Service.

Practice Assurance

This firm is a member of the Practice Assurance scheme operated by the AAT.

Providing the best service

We aim to provide you with a fully satisfactory service at all times. If, at any time, you are dissatisfied with our service, we would ask you to contact Clare Smith. We undertake to look into complaints promptly and to do what we can to resolve the position. If you are still not satisfied you may, of course, take up the matter with the AAT.

Communication

In relation to the work we carry out for you, we shall communicate at all times with and you have agreed that this person will represent your business.

Provision of Services Regulations 2009

In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Hiscox. 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.

We comply with the above regulation by displaying the required details of our Professional Indemnity Insurance in each of our offices.

Contracts (Rights of Third Parties) Act 1999

No term of this agreement may be enforced under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this agreement. However, any right or remedy of any person that exists or is available otherwise than pursuant to that Act shall not be affected by this clause.

Fees

We compute our fees according to the time spent on your affairs by our principals and staff and the levels of skill and responsibility involved. We shall bill our fees upon completion of each assignment and our fees will be due on presentation of our bill.

If we carry out any additional work, above and beyond that outlined in this letter, we shall inform you in advance of commencing this work. As this work will involve additional fees we would advise you that it is in the interests of your business to ensure that all your records are completed to the agreed stage.

Applicable law

This engagement letter shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably revokes any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inappropriate forum, or to claim that those Courts do not have jurisdiction.

Agreement of terms

This engagement will commence on We will deal with all matters relating to periods prior to the commencement of this engagement, but we will not be responsible for any work carried out by previous advisers.

This letter supersedes any other existing engagement letter relating to the same period. Once it has been agreed, this letter will remain effective until it is replaced. We shall be grateful if you could confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, or let us know if they are not in accordance with your understanding of our terms of engagement.

Yours faithfully,

Clare Smith

For Clare Smith Accountancy Ltd

I acknowledge receipt of this letter and confirm that it fully records the terms of the agreement made between us in relation to your appointment to carry out the work described in it.

Signed