

Standard Terms of Business



Last Revised April 2011

The following Standard Terms of Business apply to all engagements accepted by BPU 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 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. We accept instructions to act for you on this basis. In particular you give us authority to correct errors made by HM Revenue and Customs where 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.

Professional Indemnity Insurance

1.2 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Aviva Insurance UK Limited, of Pitheavlis, Perth, Scotland, PH2 0NH. 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 Investment Services

2.1 Although we are not authorised by the Financial Services Authority (FSA) to conduct investment business, we are licensed by the Institute of Chartered Accountants in England and Wales to provide certain limited investment services where these are complementary to, or arise out of, the professional services we are providing to you.

2.2 In particular, we may:

- 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 FSA), 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;
- Assist you in making arrangements for transactions in investments in certain circumstances;
- Advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange; 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.

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2.3 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, 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.

Paragraph 2.3 Applies To Corporate Clients And Directors Only.

2.4 The firm may receive commission from any introduction to a PTP in connection with the above, in which case you will be fully informed of the expected size and nature of such commission at the time of the introduction. Such commission will be held in our clients' account until we receive instructions from you as to how it should be treated. In the event of no such instructions being received, we may use such monies against any fees that have been outstanding for 30 days or more and concerning you which are not in dispute with us.

2.5 We may also request that you allow us to retain such commissions to cover our costs in connection with the above, but permission will be sought separately from you in these circumstances. If you are dissatisfied in any way about our services described in this section, you should follow the procedures set out in the "Help us to give you the right service" section of this letter.

2.6 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.

2.7 We are not authorised by the Financial Services Authority. However, we are included on the Register maintained by the Financial Services 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 the Institute of Chartered Accountants in England and Wales. The register can be accessed via the Financial Services Authority website at <http://www.fsa.gov.uk/Pages/register/index.shtml>

3 Commission Or Other Benefits

3.1 In some circumstances, commissions or other benefits may 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 and terms of payment if the amounts received in any calendar year should exceed £150. You consent to such commission or other benefits being retained by us without our being liable to account to you for any such amounts less than £150 received in any calendar year.

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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 Lloyds TSB 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 are computed on the basis of time spent on your affairs by the principals and our staff, and on the levels of skill and responsibility involved.
- 5.2 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.
- 5.3 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 the 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.
- 5.4 Fees will be rendered as appropriate, at suitable times to take account of the work performed. Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are strictly 30 days net. We reserve the right to charge interest on a daily basis at the rate of 3% above Lloyds TSB Bank Base Rate.
- 5.5 In the event that this firm ceases to act in relation to your company's affairs you agree to meet all reasonable costs of providing information to the company's new advisors. In particular you agree to meet these costs even where we are required by law to provide information to a successor firm.

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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 preparation (and, if applicable, audit) of your financial statements (and, if applicable, returns). You should retain these records for at least seven years from the end of the accounting year to which they relate.
- 6.2 Whilst certain documents may legally belong to you, we may 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 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 in relation to you.
- 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

8 Confidentiality

- 8.1 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.

9 Quality Control

- 9.1 As part of our ongoing commitment to providing a quality service, our files are periodically subject to an independent 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.

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 Michael Bishop, Huw Palin, Nick Toye or Peter Umbleja.
- 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 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.

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11 Applicable Law

- 11.1 This Standard Terms of Business is governed by, and construed in accordance with, English Law. The Courts of England and Wales will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Standard Terms of Business 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 Internet Communication

- 12.1 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.
- 12.2 It is the responsibility of the recipient to carry out a virus-check on any attachments received.

13 Data Protection Act 1998

- 13.1 We may obtain, use, process and disclose personal data about you in order that we may discharge the services agreed under the Letter of 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. 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.

14 Contracts (Rights of Third Parties) Act 1999

- 14.1 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.
- 14.2 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.

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15 The Proceeds Of Crime Act 2002 And The Money Laundering Regulations 2007

15.1 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 all new clients ;
- maintain records of identification evidence obtained ; and
- report, in accordance with the relevant legislation and regulations.

15.2 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 you, or anyone connected with your business, are or have been 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.

15.3 The offence of money laundering is defined by Section 340(11) of the Proceeds of Crime Act and includes the acquisition, possession or involvement in arrangements for concealing the benefits of **any** activity that constitutes a criminal offence in the UK. 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.

15.4 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.

15.5 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.

16 General Limitation Of Liability

16.1 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.

16.2 You agree to hold harmless and indemnify us against any representation, 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.

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16.3 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 service or work that is made available to them.

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 Or Oral Advice

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.