

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

## **1 Professional obligations**

- 1.1 Details of the firm's professional registrations can be found at [www.gavinmackenzie.com](http://www.gavinmackenzie.com).
- 1.2 We will observe and act in accordance with the Bye-laws, rules, regulations and Code of Ethics of the Institute of Chartered Accountants of Scotland. 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***

- 1.3 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer Hiscox Insurance Company Limited, of 1 Great St Helen's, London, EC3A 6HX. 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 We are not authorised by the Financial Services Authority to conduct Investment Business. If you require investment business services we will refer you to a firm authorised by the Financial Services Authority.

## **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 be abated by such amounts. You consent to such commission 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, 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 of Scotland.
- 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 the Royal Bank of Scotland 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 or expected to be held on your behalf exceeds £10,000 for a period of time of more than 30 days then the money will be placed in a separate client bank account designated to you. This account will be interest bearing, unless the interest earned would not be material. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 4.4 We will exercise reasonable skill and care to ensure that a fair rate of interest is earned.

4.5 We are required under the client money regulations to appoint an alternate to administer the client bank account in the event of the death or incapacity of the principal. This alternate must be a firm, or member registered with one of the CCAB bodies, providing that member holds a current practising certificate issued by the relevant professional body. We are also required to have arrangements in place with the bank operating the client bank account. The alternate appointed by this firm is Peter MacKenzie of RWM & KM MacKenzie & Co, Geanies House, Fearn, Tain, Ross-Shire, IV20 1TW.

## **5 Fees**

5.1 Our fees are computed on the basis of time spent on your affairs by the principals and our staff *and sub-contractors or consultants*, and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs.

5.2 If it is necessary to carry out work outside the responsibilities outlined in this letter, we will advise you in advance. Any additional work 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 Invoices are payable in full (including disbursements) in accordance with the terms set out on the invoice.

5.4 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 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.

5.5 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.

5.6 As directors\* you guarantee to pay personally any fees (including disbursements) for services provided to the company that the company is unable to pay. This clause shall become effective in the event of a receiver or liquidator being appointed to the company or the company otherwise being wound-up.

5.7 In the event that this firm ceases to act in relation 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 where we are required by law to provide information to a successor firm.

## **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 of your financial statements *and returns*. You should retain these records for 6 years from the 31 January following the end of the tax year. You should retain them for longer if HM Revenue and 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 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/the company/the partnership.

- 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 ICAS Code of Ethics which can be viewed at [www.icas.org.uk/site/cms/contentviewarticle.asp?article=7481](http://www.icas.org.uk/site/cms/contentviewarticle.asp?article=7481).

## **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.

## **9 Quality control**

- 9.1 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.

## **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 Gavin Mackenzie on 0163 715169.
- 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 the matter with The Institute of Chartered Accountants of Scotland.
- 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 this Standard Terms of Business and associated Engagement letters. 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.

## **11 Applicable law**

- 11.1 This engagement letter is governed by, and construed in accordance with, Scots 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 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. Unless specifically stated, such communications should not be construed as an offer or acceptance, or to form part, of a legally binding contract. Any views expressed in such communications are those of the individual sender, except where the sender specifically states them to be the views of [*insert firm name*].
- 12.2 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 personal or 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.
- 12.3 It is the responsibility of the recipient to carry out a virus check on any attachments received.

## **13 Data Protection Act 1998**

- 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. We confirm when processing data on your behalf that we will comply with the relevant provisions of the Data Protection Act 1998.

## **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 and the work undertaken for the client; and
- Report, in accordance with the relevant legislation and regulations.
- 14.2 We have a statutory obligation under the above legislation to report to the Serious Organised Crime Agency (SOCA) any reasonable knowledge or suspicion of money laundering. Any such report must be made in strictest confidence. In fulfilment of our obligations neither the firm's partners or staff may enter into any correspondence or discussions with you regarding such matters.
- 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.
- 14.4 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.
- 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.

## **15 General limitation of liability**

- 15.1 We will provide services as outlined in this letter 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 the tax authorities].
- 15.2 You will not hold us, our principals, directors 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 this agreement. 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.
- 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.