

SIBA AND COMPANY
CHARTERED ACCOUNTANTS

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SCHEDULE – ACTING AS AUDITORS UNDER THE COMPANIES ACT 2006

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR AUDIT SERVICES

1.1 Your responsibilities as directors/members

1.1.1 As directors/members of the company/limited liability partnership, you are responsible for preparing financial statements which give a true and fair view and which have been prepared in accordance with the Companies Act 2006 (the Act) [as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008]. As directors/members you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company/limited liability partnership.

1.1.2 In preparing the financial statements, you are required to:

- a) select suitable accounting policies and apply them consistently;
- b) make judgements and estimates that are reasonable and prudent; and
- c) prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company/limited liability partnership will continue in business.

1.1.3 You are responsible for keeping adequate accounting records that set out, with reasonable accuracy, at any time, the company's/limited liability partnership's financial position and for ensuring that the financial statements comply with applicable accounting standards and with the Companies Act 2006 and give a true and fair view.

1.1.4 You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

1.1.5 You are also responsible for safeguarding the assets of the company/limited liability partnership and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

1.1.6 You are responsible for ensuring that the company/limited liability partnership complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs. This is in addition to the general duties required by directors under s.170-177 of the Companies Act 2006. **(not relevant to LLPs)**

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- 1.1.7 You have undertaken to make available to us, as and when required, all the company's/limited liability partnership's accounting records and related financial information, including minutes of management and shareholders'/directors'/members' meetings, that we need to do our work. You have also undertaken to provide us with unrestricted access to any persons from whom we deem it necessary to obtain audit evidence. Individually, directors are required to take all steps that they ought to take as a director to make themselves aware of any relevant audit information and to establish that we are aware of that information (**not relevant to LLPs**). This is required to be confirmed in the director's responsibility statement along with acknowledgment that the financial statements have been prepared on an appropriate accounting basis.
- 1.1.8 If audited financial information — which includes a report written by us or otherwise associated with us — is published on the company's/limited liability partnership's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information [and] [auditor's] [report] properly. We have the right to withhold consent to the electronic publication of [our report or] the financial statements if they are to be published in an inappropriate manner.
- 1.1.9 You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls or for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to audited information after it is first posted.

1.2 **Our responsibilities as statutory auditors**

- 1.2.1 We have a statutory responsibility to report to the members as a body whether, in our opinion, the financial statements have been properly prepared in accordance with applicable accounting standards, whether they have been prepared in accordance with the Companies Act 2006 and whether they give a true and fair view. In arriving at our opinion, we are required to comply with the International Standards on Auditing (UK) and to consider the following matters, reporting on any that we are not satisfied with:
- a) whether the company/limited liability partnership has kept adequate accounting records, and whether branches that we have not visited have sent in returns adequate for our audit;
 - b) whether the company's/limited liability partnership's individual accounts are in agreement with the accounting records and returns;
 - c) **for companies only** whether certain disclosures of directors' remuneration specified by law are made; and
 - d) whether we have obtained all the information and explanations which we consider necessary for the purposes of our audit.

We also have a statutory responsibility to report:

- whether the company's [strategic report and] directors' report [has/have] been prepared in accordance with applicable legal requirements and whether the information given in [it/them] is consistent with the financial statements;

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- whether, in the light of the knowledge and understanding of the company and its environment that we have obtained in the course of our audit, we have identified any material misstatements in the [strategic report or] directors' report, giving an indication of the nature of any such misstatements; and
 - on the appropriateness of the directors' use of the going concern basis of accounting and whether a material uncertainty exists.
- 1.2.2 We may also need to deal with certain other matters in our report. For example, if the financial statements do not give certain details of directors' remuneration specified by law, the Companies Act 2006 requires us to disclose such matters in our report. If the company/limited liability partnership prepares accounts in accordance with the small [companies] [LLPs] regime, [**for companies only** or takes advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report,] when, in our opinion, it is not entitled to do so, we are required to state that fact in our report.
- 1.2.3 We have a professional responsibility to report if the financial statements do not significantly comply with applicable financial reporting standards, unless we believe there is a good reason for the non-compliance. In deciding whether this is the case, we consider:
- a) whether the non-compliance is necessary for the financial statements to give a true and fair view; and
 - b) whether the non-compliance has been clearly disclosed.
- 1.2.4 We also have a professional responsibility to consider whether other information in documents containing audited financial statements is consistent with those financial statements and our knowledge acquired during the course of the audit.
- 1.2.5 The Senior Statutory Auditor under s504 Companies Act 2006 is Mr Miroslav Siba.
- 1.2.6 As noted in 1.2.1 above, our report is made solely to the company's/limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work will be undertaken so that we might state to the company's/limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company/limited liability partnership and the company's/limited liability partnership's members as a body, for our audit work, the audit report, or for the opinions we will form. The audit of the financial statements does not relieve you of your responsibilities.
- 1.2.7 We will inform you on a timely basis all significant facts and matters that may bear upon our integrity, objectivity and independence.
- 1.2.8 If we cease to act as statutory auditors for the company/limited liability partnership, we are required by paragraph 9(3) of schedule 1 of statutory instrument 2016/649 Statutory Auditors and Third Country Auditors Regulations 2016 to make available, if requested, all relevant information concerning the most recent audit of the company/limited liability partnership to our successors as statutory auditors. You agree to cover any reasonable costs that we may incur in fulfilling our statutory duty in making such information available.

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1.3 **Scope of audit**

- 1.3.1 We will carry out our audit in accordance with International Standards on Auditing (UK). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether due to fraud or error. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and whether they have been consistently applied and adequately disclosed. The reasonableness of accounting estimates made by management will be reviewed, and the overall presentation of the financial statements along with adequate disclosure of the applicable financial reporting framework will be evaluated. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.
- 1.3.2 We will review any other information to be presented with the financial statements to identify material misstatements or inconsistencies with the audited financial statements or based on our understanding of the company. If any such material misstatements or inconsistencies remain unchanged, we will need to consider amending our audit report.
- 1.3.3 We will obtain an understanding of the accounting and internal control systems to assess their adequacy as a basis for the preparation of the financial statements and to establish whether adequate accounting records have been maintained by the company/limited liability partnership. We will expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions. In addition to our report on the financial statements, we will provide you with a separate letter concerning any significant deficiencies in accounting and internal control systems which come to our attention during our normal audit work.
- 1.3.4 The nature and extent of our audit will vary according to our assessment of the company's/limited liability partnership's accounting system and, if we wish to rely on it the internal control system, and may cover any aspect of the business's operations that we consider appropriate. Our audit is not designed to identify all significant deficiencies in the company's/limited liability partnership's systems and internal controls but, if we detect significant deficiencies, we will report them to you in writing. You may not show this report to third parties without our prior written consent. We will grant consent on the basis that the report is only prepared in the sole interests of the company/limited liability partnership and that we accept no duty or responsibility to any other party as concerns the report.
- 1.3.5 As part of our normal audit procedures, we may ask you to confirm in writing representations you have made to us during the audit. In particular, if misstatements in the financial statements that we bring to your attention are not adjusted, you must state your reasons. In connection with representations and the supply of information to us generally, we draw your attention to section 501 of the Companies Act 2006 under which it is an offence for anyone to recklessly or knowingly supply information to the auditors that is false or misleading and to fail to promptly provide information requested.

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- 1.3.6 To help us examine your financial statements, we will ask to see all documents or statements that are due to be issued with the financial statements. [**Companies only** We are also entitled to receive details of all written resolutions that are to be circulated to members, to attend all the company's general meetings and to receive notice of them all.]
- 1.3.7 You are responsible for safeguarding the company's/limited liability partnership's assets and for preventing and detecting fraud, error and non-compliance with laws or regulations. We will plan our audit so that we can reasonably expect to detect significant misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with laws or regulations), but you cannot rely on us finding all such errors.
- 1.3.8 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit (for example information provided in connection with accounting, taxation and other services).
- 1.3.9 In respect of the expected form and content of our report, we refer you to the most recent bulletin on auditors' reports published by the Financial Reporting Council. The form and content of our report may need to be amended in the light of our findings.
- 1.3.10 Once we have issued our report, we have no further responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the date the financial statements are sent out in accordance with section 423 of the Companies Act 2006 which may affect the financial statements.
- 1.3.11 To ensure that there is effective two-way communication between us and to comply with the requirements of International Standards on Auditing (UK), we will contact you:
- before the audit to discuss any relevant matters, the planned scope and timing of the audit and to agree any required action; and
 - after the audit to discuss any matters arising from the audit and to confirm any agreed action.
- We will, of course, contact you more frequently and regularly about audit and other matters during the course of the audit.
- 1.3.12 **Where appropriate** [We appreciate that the present size of your business makes it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the business. In the running of your company/limited liability partnership, we understand that the [director[s]] [members] [is] [are] closely involved in the control of the company's transactions. In planning and performing our audit work, we shall take account of this supervision.]
- 1.3.13 The scope of the audit does not extend to providing assurance on the iXBRL tagging of the financial statements submitted with the company tax return as there is no such requirement in the International Standards on Auditing (UK). We therefore accept no responsibility for any tagging inaccuracies identified by HMRC.

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SCHEDULE – BENEFITS-IN-KIND RETURNS

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR BENEFITS-IN-KIND RETURN SERVICES

1.1 Recurring compliance work

- 1.1.1 We will prepare forms P11D as may be required for each employee, including directors, based on the accounts, information and explanations provided to us on your behalf.
- 1.1.2 We will prepare form P11D(b) to include the Class 1A NIC on benefits-in-kind and expenses, both on forms P11D and included in payroll.
- 1.1.3 We will submit the forms P11D for any benefits/employees for whom benefits are provided but not payrolled with the form P11D(b) after the form P11D(b) has been approved by you.
- 1.1.4 We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date of 6 July following the end of the tax year.
- 1.1.5 We will calculate your Class 1A NIC liability on the benefits and expenses both returned in forms P11D and included in payroll that you are obliged to pay HMRC by the due date, and send payment instructions to you.

1.2 Excluded, ad hoc and advisory work

- 1.2.1 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:
 - a) assisting you with calculating the values for tax and NIC of benefits-in-kind provided to employees, including when provided by way of salary sacrifice and other optional remuneration arrangements;
 - b) dealing with any compliance check or enquiry by HMRC into the benefits-in-kind returns submitted;

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- c) preparing any amended returns which may be required and corresponding with HMRC as necessary;
- d) advising on PAYE settlement agreements and/or approved expenses scale rates; and
- e) conducting PAYE and benefits and expenses health checks.

1.2.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

1.3 **Changes in the law, in practice or in public policy**

1.3.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice, public policy or in your circumstances.

1.3.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

1.4 **Your responsibilities**

1.4.1 Even though you are engaging us to help you meet your end-of-year benefits-in-kind return obligations, you are legally responsible for:

- a) ensuring that your declaration on form P11D(b) is true to the best of your knowledge and belief and therefore that the entries on the related forms P11D and amounts of benefits-in-kind and expenses in the payroll are correct and complete;
- b) filing any returns by the due date after the end of the tax year; and
- c) making payment of Class 1A NIC on time.

Failure to do any of the above may lead to penalties and/or interest.

1.4.2 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

1.4.3 To enable us to carry out our work, you agree:

- a) that all returns are to be made on the basis of full disclosure;
- b) to provide full information necessary for dealing with your benefits-in-kind; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) to notify us 1 month after the end of the tax year of all transactions or events which may need to be reflected in the forms P11D for the period, including details of all employees during the year and details of their remuneration packages; and
- d) to authorise us to approach such third parties as may be appropriate that we consider necessary to deal with completing the benefits-in-kind returns.

1.4.4 You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC has the authority to communicate with us when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of communications issued to you and, in most cases, will not do so.

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SCHEDULE – CORPORATION TAX

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR CORPORATION TAX SERVICES

1.1 Recurring compliance work

- 1.1.1 We will prepare the company's corporate tax self-assessment (CTSA) return. After obtaining your evidenced approval and signature, we will submit it to HM Revenue & Customs (HMRC). A private company is required to file its corporate tax self-assessment return within twelve months of the \. The company will be liable to a fine if it fails to do so.
- 1.1.2 We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf.
- 1.1.3 We will tell you how much tax the company should pay and when. Where appropriate, we will initiate repayment claims when tax has been overpaid. We will advise on the interest and penalty implications if corporation tax is paid late.
- 1.1.4 We will advise you on possible tax-return-related claims and elections arising from information supplied by you. If instructed by you, we will make such claims and elections in the form and manner required by HMRC.
- 1.1.5 The work carried out within this engagement will be in respect of the company's tax affairs. We will be pleased also to advise the directors on their personal income tax and capital tax affairs but in such cases, we will need to agree separate terms with the individuals concerned.

1.2 Excluded, ad hoc and advisory work

- 1.2.1 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:
 - a) advising you on ad hoc transactions (for example the sale or purchase of assets);
 - b) advising you when corporation tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid;
 - c) advising you on preparing enhanced expenditure claims and reliefs, including those relating to research and development;
 - d) advising you on, and preparing analyses of, expenditure and detailed capital allowance claims for renovation of buildings;

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- e) dealing with any enquiry, information request, inspection, compliance check or other intervention opened into the company's tax return by HMRC; and
- f) preparing any amended returns which may be required, calculating any related tax liabilities and corresponding with HMRC as necessary.

1.2.2 [For personal service companies, or where you are engaging with a personal service company. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:

- a) helping you determine deemed employment status under IR35 rules for work undertaken for clients by the company (subject to 1.2.3 below);
- b) where deemed employment status under the IR35 rules applies to work undertaken for clients by the company, calculating the deemed employment payment and accounting through payroll to HMRC for the tax and NIC etc;
- c) where the off-payroll working rules apply and your company pays deemed employees' personal service companies, accounting via payroll for tax and NIC etc on the payments;
- d) where you have contractors working for you via their own personal service companies, helping you to determine whether you are "small" under the off-payroll working rules and, if you are large or medium sized, helping you to determine the deemed employment status of those contractors (subject to section 1.2.3 below) and assist you in preparing employment status determination statements to give to labour supply agencies and those contractors.]

1.2.3 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

1.3 **Changes in the law, in practice or in public policy**

1.3.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice, public policy or in your circumstances.

1.3.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

1.4 **Your responsibilities**

1.4.1 Even though you are engaging us to help you meet your corporation tax obligations, the directors on behalf of the company are legally responsible for:

- a) ensuring that the CTSA return and any other returns submitted are correct and complete;
- b) filing any returns by the due date; and
- c) paying tax on time.

Failure to do any of the above may lead to penalties and/or interest.

1.4.2 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

1.4.3 To enable us to carry out our work, you agree:

- a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- b) to provide full information necessary for dealing with the company's affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;

- c) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with the company's affairs;
 - d) to provide us with information in sufficient time for the company's CTSA return to be completed and submitted by the due date following the end of the tax year; if feasible, we may agree to complete your return within a shorter period but may charge an additional fee for so doing;
 - e) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment; this information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
 - f) to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write-offs authorised within three months of the end of the relevant accounting period.
- 1.4.4 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the directors are unsure whether the change is material, please tell us so that we can assess its significance.
- 1.4.5 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been signed and submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of all communications issued to you.
- 1.4.6 You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If you do not understand what you need to do, please ask us. If the company turnover exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the company's obligation to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.
- 1.4.7 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the employment status of your workers. If your business is not small, you are responsible for assessing the employment status under the off-payroll working rules of any contractors providing services to your business and for employment taxes if they are deemed employees. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.
- 1.5 **Personal service company**
- 1.5.1 We shall help you to determine deemed employment status under the IR35 rules for work undertaken for clients by the company.
- 1.5.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

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1.6 **Groups and consortia**

1.6.1 In relation to groups [and consortia] of which your company is a member, and in respect of which you have instructed us to act, if instructed, we will provide the following additional services:

- a) we will advise on the tax treatment of intra-group payments of dividends, interest and royalties and similar liabilities; and
- b) in respect of dividends, interest, and royalties received, we will advise on the applicability of the relevant double-tax treaty to the withholding tax rate, and assist with obtaining a UK certificate of tax residence. For dividends, if relevant, we will make any necessary election to tax the dividends in the UK in order to obtain treaty relief.

1.6.2 We will deal with all communications relating to elections addressed to us by HMRC.

1.6.3 If instructed, in respect of claims for group and consortium relief:

- a) we will advise as required on claims for group and consortium relief and the interaction with other reliefs;
- b) we will prepare and submit to HMRC appropriate claims;
- c) we will adjust corporation tax computations and returns to reflect the surrender and receipt of group and consortium reliefs;
- d) we will prepare and submit to HMRC necessary documentation regarding the allocation of losses via group relief and the annual loss allowance;
- e) we will advise on arrangements for the payment of tax and the surrender and set-off of tax refunds within the group; and
- f) we will advise on claiming eligible unrelieved foreign tax (EUFT) or the surrender of any amount of EUFT.

1.6.4 If instructed, in respect of intragroup payments of interest:

- a) we will advise on withholding tax obligations;
- b) for cross-border payments we will prepare and submit to HMRC applications to account for no or a reduced amount of withholding tax under the EU Interest and Royalty directive and double-tax treaties, as applicable;
- c) where withholding tax is due, we will complete form CT61 and advise on payment; and
- d) we will adjust corporation tax computations and returns to reflect interest payments and associated withholding tax, if any.

1.6.5 If instructed, in respect of intragroup payments of royalties and similar liabilities:

- a) we will advise on withholding tax obligations;
- b) where withholding tax is due, we will complete form CT61 and advise on payment; and
- c) we will adjust corporation tax computations and returns to reflect royalty and similar payments and associated withholding tax, if any, and make such additional disclosures in form CT600-H as are appropriate.

1.6.6 **Your responsibilities**

Where applicable, we will need to be authorised to contact other group member accountants to ensure that all necessary information and explanations are available. It is the responsibility of the parent company directors to ensure that such information and explanations are correct and complete.

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SCHEDULE - PARTNERSHIP TAX RETURNS

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1. RESPONSIBILITIES AND SCOPE FOR PARTNERSHIP TAX RETURN SERVICES

1.1 Recurring compliance work

- 1.1.1 We will prepare the partnership self-assessment tax returns and the annual partnership statements, together with any supplementary pages required, from the information and explanations that the partnership provides to us. After obtaining your evidenced approval, we will submit these to HM Revenue & Customs (HMRC).
- 1.1.2 We will prepare the income and capital gains computations based on the partnership's business accounts for inclusion in the partnership tax return.
- 1.1.3 If instructed by you, we will advise you as partners on possible partnership tax-return-related claims and elections arising from information supplied by the partnership in the form and manner required by HMRC.
- 1.1.4 If instructed, we will provide each partner or their agent with details of the partner's allocations from the return based on the partnership statement to enable partners to fill in their self-assessment tax returns.
- 1.1.5 The work carried out within this engagement will be in respect of the partnership's tax affairs. Any work to be carried out for the individual partners (for example submitting their own tax returns or making related claims and elections) will be set out in a separate letter of engagement.

1.2 Excluded, ad hoc and advisory work

- 1.2.1 The scope of our services provided to you will be only as set out above, and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:
 - a) advising on making tax digital for income tax self assessment (MTD ITSA) which will require digital accounting records and the submission of quarterly updates and annual returns to HMRC using compatible software. MTD ITSA will be mandatory for general partnerships from 6 April 2025 for income from trading and property;
 - b) advising on whether you should change your partnership accounting year-end to align with the tax year-end and if so helping you to make the transition including claiming overlap relief;

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- c) advising on ad hoc transactions (for example the sale or purchase of assets);
 - d) dealing with any enquiry opened into the partnership tax return by HMRC; and
 - e) preparing any amended returns which may be required and corresponding with HMRC as necessary.
- 1.2.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.
- 1.3 **Changes in the law, in practice or in public policy**
 - 1.3.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice, public policy or in your circumstances.
 - 1.3.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice, or public policy that are first published after the date on which the advice is given.
- 1.4 **Your responsibilities**
 - 1.4.1 The partners are legally responsible for:
 - a) ensuring that the partnership self-assessment tax returns are correct and complete;
 - b) filing any returns by the due date; and
 - c) paying tax on time.

Failure to do any of the above may lead to penalties and/or interest.
 - 1.4.2 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.
 - 1.4.3 To enable us to carry out our work, you agree:
 - a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide all information necessary for dealing with the partnership affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with the partnership affairs; and
 - d) to provide us with information in sufficient time for the partnership tax returns to be completed and submitted.
 - 1.4.4 You will keep us informed of material changes in circumstances that could affect the tax liabilities of the partners including, by way of example, changes in the partners in the partnership and profit shares. If you are unsure whether the change is material, please tell us so that we can assess its significance.
 - 1.4.5 You will forward to us letters and other communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of all communications issued to you.

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- 1.4.6 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the employment status of your workers. If your business is not small, you are responsible for assessing the employment status under the off-payroll working rules of any contractors providing services to your business and for employment taxes if they are deemed employees. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

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SCHEDULE – PAYROLL SERVICES (INCLUDES OFF PAYROLL WORKING)

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR PAYROLL SERVICES

1.1 Recurring compliance work

For use when payroll has actual (not deemed) employees only

1.1.1 We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:

- a) calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish and Welsh rates of income tax, if applicable;
- b) calculating the employees' national insurance contributions (NIC) deductions;
- c) calculating the employer's NIC liabilities;
- d) calculating statutory payments, for example, statutory sick pay and/or statutory maternity pay;
- e) calculating reclaims of statutory payments, for example, maternity payments;
- f) calculating employee and employer pension contributions for employees who are members of workplace pension schemes (including those who are auto-enrolled) on the basis of the information that you provide to us;
- g) processing any employee and employer pension contribution refunds through the payroll on the basis of the information that you provide to us;
- h) calculating other statutory and non-statutory deductions including employment allowance; and
- i) submitting information online to HMRC under Real Time Information (RTI) for PAYE.

For use where client has contractors working for it via their own PSCs (Person with Significant Control)

1.1.2 Where you have contractors working for your [company][business] through their own personal service companies, we will help you to determine whether or not your [company][business] is "small" under the off-payroll working rules.

1.1.3 Where you have contractors working for your [company][business] through their own personal service companies and your [company][business] is not "small" under the off-payroll working rules, we will help you to determine the deemed employment status of those contractors.

1.1.4 Where you have contractors working for your company through their own personal service companies and your company is not "small" under the off-payroll working rules we will help you prepare employment status determination statements to give to those contractors and labour supply agencies that you have contracted with.

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- 1.1.5 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

For use when payroll is paying a director/employee of a PSC for whom a deemed payment calculation is needed owing to their being a deemed employee of the PSCs' client under IR35

- 1.1.6 Where a director/employee of your company is a deemed employee of a client under the IR35 off-payroll working rules, we will calculate the deemed employment payment(s) and:

- a) account via payroll to HMRC for associated PAYE tax, including at the Scottish and Welsh rates of income tax if applicable, and employee and employer NIC;
- b) advise on / make appropriate entries in the corporation tax computation to eliminate the deemed payments; and
- c) advise on/ make appropriate entries in the director's/ employee's self assessment tax return.

- 1.1.7 To enable us to calculate the deemed employment payment(s), you agree to provide us with the following information for each assignment for which a director/employee was a deemed employee of the PSC's client:

- a) fees for off-payroll work paid by the client to the company;
- b) payments that would have been employment income made by the client directly to the director/employee;
- c) expenses paid by the company to the director/employee that would have been deductible for tax against employment income had the director/employee been directly employed by the client;
- d) capital allowances on equipment bought by the company for the deemed employment;
- e) pension contributions paid by the company for the director/employee; and
- f) salary and benefits paid by the company to the director/employee and PAYE tax and employer NIC, and as a separate figure employer NIC, accounted for to HMRC.]

For use where payroll is paying as engager or fee payer under the off-payroll working rules a PSC of a deemed employee

- 1.1.8 Where the off-payroll working rules apply to work carried out by contractors for your company and your company pays the personal service companies of deemed employees, we will prepare the necessary records in your UK payroll for each payroll period to meet UK employment tax and off-payroll working requirements, specifically:

- a) calculating the pay as you earn (PAYE) income tax deductions, including at the Scottish and Welsh rates of income tax, if applicable;
- b) calculating the deemed employees' NIC deductions;
- c) calculating the employer's NIC liabilities;
- d) calculating other statutory and non-statutory deductions [including apprenticeship levy];
- e) indicating in payroll that the individual is a deemed employee by setting the off-payroll worker (OPW) marker; and
- f) submitting information online to HMRC under Real Time Information (RTI) for PAYE.

For use when payroll client is a personal service company (PSC) which is onward paying a director or employee sums by way of tax- and NIC-free salary of up to the amount of net fees received by the PSC for client work carried out by that individual where they have been treated as a deemed employee in a third party payroll under the off-payroll working rules. Note: advising on and calculating statutory payments is currently excluded from the engagement given that manual calculations are likely to be required: see Excluded, ad hoc & advisory work para Error! Reference source not found.. If it is desired to include within the engagement, tailor as necessary and include in this paragraph.

1.1.9 Where you are onward paying to an employee/director of the company fees received by the company where the employee/director has been treated as a deemed employee in the payroll of a third party under the off payroll working rules, we will prepare your UK payroll for each payroll period to meet UK employment tax and IR35 and off-payroll working requirements, specifically:

- a) treating the employees' pay up to the amount of net fees received under the off-payroll working rules as not subject to pay as you earn (PAYE) income tax deductions nor employee or employer national insurance contributions (we shall need evidence of what monies have already been subjected to PAYE/NIC), and
- b) submitting information online to HMRC under Real Time Information (RTI) for PAYE.

1.2 Ancillary payroll services

1.2.1 Before the time of payment through the payroll or due date, we will prepare and send to you the following documents for delivering information to HMRC:

- a) payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals;
- b) the data included within each Full Payment Submission (FPS) for taxable pay and payrolled benefits-in-kind for each employee;
- c) a payslip for each employee;
- d) a form P45 for each leaver;
- e) a report showing your PAYE and NIC liability, employee student loan repayments and due date for payment; and
- f) a workplace pension contributions report showing: i) any employee and employer pension contributions payable in respect of each actual employee (but not deemed employee) to the respective workplace pension scheme(s) of which they are members and the due date(s) for payment; ii) any employee pension contribution refunds payable to any employee; and iii) any employer pension contribution refunds due to you for any employee who has ceased membership of the scheme(s).

1.2.2 We will submit FPS online to HMRC after the data to be included therein has been approved/on the basis of the data provided by you. (FPS must normally reach HMRC on or before the contractual payday, i.e., the date that employees are entitled to be paid) but we will file it for you on, or before, the actual day that monies change hands if you have made us aware of that date in order to be compliant with PAYE regulations. You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.

1.2.3 For each tax month we will prepare, if appropriate, an Employer Payment Summary (EPS) from the information and explanations that you provide to us. (Examples of EPS data include statutory payments, employment allowance, construction industry scheme deductions and confirmation that no payments were, or will be, made to employees during that tax month or for future tax months.).

- 1.2.4 We will submit EPS online to HMRC (EPS must reach HMRC by the 19th of the month following the tax month to which they relate.). You must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below.
- 1.2.5 At the end of the tax year we will:
- a) prepare the final FPS (or EPS) and submit this to HMRC (the due date for submitting final FPS is on or before the last actual payday of the tax year (however as made clear above we will still require to know the contractual pay day too as that is held within the FPS), failing which, the final EPS for the year must reach HMRC by 19th April following the end of the tax year;) you must ensure that the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out below;
 - b) prepare and send to you Form P60 for each employee on the payroll at the year-end so you can give them to employees by the statutory due date of 31st May following the end of the tax year; and
 - c) give you details of the Class 1A NIC on expenses accounted for in the payroll which will need to be accounted for on form P11D(b) and the due date for payment.
- 1.2.6 We will deal with any online secure messages sent to us by HMRC in respect of your payroll, for example, code number notifications, student loan repayment notices, and generic notification notices that you receive in your PAYE online account should be forwarded to us for action.
- 1.2.7 We will submit national insurance number (NINO) verification requests as appropriate to verify or obtain a NINO for a new employee.
- 1.2.8 Any enquiries from individual employees regarding their pay or other payroll details will be referred back to you.
- 1.3 **Excluded, ad hoc and advisory work**
- 1.3.1 The scope of our services provided to you will be only as set out above, and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake.
- 1.3.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.
- 1.4 **Changes in the law, in practice or in public policy**
- 1.4.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice, public policy or in your circumstances.
- 1.4.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

1.5 Your responsibilities

1.5.1 Even though you are engaging us to help you meet your payroll obligations, you are legally responsible for:

- a) ensuring that the data in your payroll submissions is correct and complete;
- b) complying with auto-enrolment obligations;
- c) making any submissions by the due date; and
- d) paying tax and NIC on time.

Failure to do any of the above may lead to penalties and/or interest.

1.5.2 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

1.5.3 To enable us to carry out our work, you agree:

- a) that all information required to be delivered online is submitted on the basis of full disclosure;
- b) to provide full information necessary for dealing with your payroll affairs and workplace pension scheme contributions and refunds; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) to agree with us the name(s) of the person(s) authorised by you to notify us of changes in employees and in rates of pay and other information relevant to the services provided under this schedule; we will process the changes only if notified by that/those individual(s);
- d) to advise us in writing of changes of payroll pay dates;
- e) to notify us at least 5 working days or such other period as agreed with us before the payroll pay date of all transactions or events which may need to be reflected in the payroll for the period;
- f) to confirm that you have reviewed your entitlement to the employment allowance and confirm that you wish us to make the legal declaration claim on your behalf – indicating **insert where there are multiple and/or associated payrolls** [payroll name(s), PAYE scheme
- g) to notify us within 5 working days or such other period as agreed with us of your receiving or becoming aware of any opt-out notices or any other requests to cease membership of a scheme, so that we can cease to calculate any relevant pension contributions and process any required refunds;
- h) to keep us informed of changes in circumstances that could affect the payroll; if you are unsure whether a change is material, please tell us so we can assess its significance;
- i) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your payroll.

1.5.4 If we do not hear from you by the above deadlines, subject to any other agreement between us, we will take your silence as your approval for us to submit the return.

1.5.5 If the information required to complete the payroll services set out above is received later than the dates specified above or agreed with us, we will still endeavour to process the payroll and returns to meet the filing deadlines; but we will not be liable for any costs or other losses arising if the payroll is late or the returns are filed late in these circumstances.

1.5.6 You will forward to us any communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC has the authority to communicate with us when form 64-8 has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of communications issued to you and, in most cases, will not do so. You should also keep a note of any telephone communication you have with HMRC's tax credits helpline, including the date and time of the call, and the name of the helpline operator(s).

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SCHEDULE – PERSONAL TAX – INDIVIDUALS, SOLE TRADERS AND COUPLES

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITY AND SCOPE FOR PERSONAL TAX SERVICES

1.1 Recurring compliance work

- 1.1.1 We will prepare your self-assessment tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your evidenced approval, we will submit your returns to HM Revenue & Customs (HMRC).
- 1.1.2 We will prepare your business accounts in accordance with generally accepted accounting practice from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.
- 1.1.3 We will compute your property letting income and expenditure on the cash basis or in accordance with the accruals election that you have made from the books, accounting records and other information and explanations provided to us by you or by others on your behalf.
- 1.1.4 We will calculate your income tax, national insurance contributions (NIC) and any capital gains tax liabilities and tell you how much you should pay and when. We will advise on the interest and penalty implications if tax or NIC is paid late. We will also check HMRC's calculation of your tax and NIC liabilities and initiate repayment claims if tax or NIC have been overpaid.
- 1.1.5 We will advise you on possible tax-return-related claims and elections arising from information supplied by you, other than as regards tax credits and universal credit (see below). If instructed by you, we will make such claims and elections in the form and manner required by HMRC.
- 1.1.6 We will review PAYE notices of coding provided to us and advise accordingly.

1.2 Excluded, ad hoc and advisory work

- 1.2.1 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake. Examples of such work that you may wish to instruct us to undertake include:
 - a) advising on ad hoc transactions (for example the sale of assets);
 - b) dealing with any enquiry opened into your tax return by HMRC;

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- c) preparing any amended returns which may be required and corresponding with HMRC as necessary;
- d) advising on the rules relating to and assisting with registration for VAT or equivalent non-UK taxes.

Please note that we do not advise on tax credits and universal credits.

- 1.2.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

1.3 **Changes in the law, in practice or in public policy**

- 1.3.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice, public policy or in your circumstances.

- 1.3.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

1.4 **Your responsibilities**

- 1.4.1 You are legally responsible for:

- a) ensuring that your self-assessment tax returns are correct and complete;
- b) filing any returns by the due date; and
- c) paying tax on time.

Failure to do any of the above may lead to penalties and/or interest.

- 1.4.2 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

- 1.4.3 To enable us to carry out our work, you agree:

- a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- b) to provide all information necessary for dealing with your affairs; we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) to provide full details of all UK residential property disposals including associated costs/valuations prior to disposal. Where you consider that you will be non-UK resident in the tax year of disposal, full details of all UK property disposals, including disposals of shares in property rich companies, must be advised prior to exchange of contracts on any property disposal. If information is received after this, we cannot guarantee that we can provide advice on the amount of capital gains tax due or submit an in-year return within 60 days after the completion of the disposal;
- d) to authorise us to approach such third parties as may be appropriate, for information that we consider necessary to deal with your affairs; and
- e) to provide us with information in sufficient time for your tax return to be completed and submitted by the date following the end of the tax year.

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- 1.4.4 You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material, please tell us so that we can assess its significance.
- 1.4.5 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been submitted, it is still essential that you let us have copies of any correspondence received, because HMRC are not obliged to send us copies of all communications issued to you.
- 1.4.6 You are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the UK VAT registration threshold and you wish us to assist you in notifying HMRC of your liability to be VAT registered, we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceed the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and, as a result, incur a late registration penalty. The same applies for equivalent non-UK taxes.
- 1.4.7 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the tax status of your workers, including domestic staff. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

1.5 **You and your spouse/partner**

- 1.5.1 We will advise you and your spouse/partner on the basis that you are a family unit. You both agree that, in all matters relating to your or your spouse's/partner's tax and financial affairs, we may deal directly with either of you and we may discuss with either of you the tax liabilities and/or financial affairs of the other. If you wish to make any change to these arrangements at any time, please let us know.
- 1.5.2 In order for us to act for you as a couple in respect of a joint claim, you undertake that all instructions, information or explanations that either of you gives us will be on behalf of both of you, unless you specifically tell us otherwise. Similarly, if one of you signs a document, it will be on behalf of you both unless you instruct us to the contrary. If a conflict of interest should arise between you in relation to any matter to do with your joint claim or entitlement, we reserve the right to cease acting for both of you, or to advise one or other of you to obtain independent advice.

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SCHEDULE – PREPARATION AND MAINTENANCE OF ACCOUNTING RECORDS

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR ACCOUNTING RECORDS

1.1 Your responsibility for the provision of information

- 1.1.1 You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose, preparation and maintenance of the accounting records, and you will disclose to us all relevant information in full.
- 1.1.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the accounting records, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.1.3 You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance with these and detecting any that occur.

1.2 Preparation and maintenance of accounting records

Our responsibilities

- 1.2.1 We have agreed to carry out the following accounting and other services on your behalf:

- a) write up the accounting records of the business; and
- b) complete the postings to the nominal ledger.

Your responsibilities

- 1.2.2 You have agreed that you will:

- a) keep the records of receipts and payments;
- b) reconcile the balances monthly with the bank statements;
- c) post and balance the purchases and sales ledgers;
- d) extract a detailed list of ledger balances;
- e) prepare details of the annual stocktaking, suitably priced and extended in a form which will enable us to verify the prices readily by reference to suppliers' invoices; and
- f) prepare details of work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.

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SCHEDULE – PREPARATION OF STATUTORY FINANCIAL STATEMENTS

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR FINANCIAL STATEMENTS PREPARATION SERVICES

1.1 Your responsibilities as directors/members

1.1.1 As directors/members of the company/limited liability partnership, you are responsible for preparing financial statements which give a true and fair view, and which have been prepared in accordance with the Companies Act 2006 (the Act)) [as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911)]. As directors/designated members you must not approve the financial statements unless you are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company/limited liability partnership.

1.1.2 [**For companies where appropriate** You have instructed us to prepare abridged accounts under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as amended. As directors you are responsible for obtaining the necessary consents from all shareholders/members and for delivering the required statement to the registrar.]

1.1.3 [**For limited liability partnerships where appropriate** You have instructed us to prepare abridged accounts under The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended by The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016. As designated members, you are responsible for obtaining the necessary consents from all members and for delivering the required statements to the registrar.]

1.1.4 In preparing the financial statements, you are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent; and
- c) prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company/limited liability partnership will continue in business.

1.1.5 You are responsible for keeping adequate accounting records that set out with reasonable accuracy at any time the company's/limited liability partnership's financial position, and for ensuring that the financial statements comply with applicable accounting standards and with the Companies Act 2006 [as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911)] and give a true and fair view. By approving the financial statements, you will be acknowledging this responsibility.

1.1.6 You are also responsible for safeguarding the assets of the company/limited liability partnership and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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- 1.1.7 **[If audit exemption is being taken]** You are also responsible for deciding whether, in each financial year, the company/limited liability partnership meets the conditions for exemption from an audit, as set out in section 477, 479A or 480 of the Companies Act 2006 [as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911)], and for deciding whether the exemption can be claimed that year.]
- 1.1.8 You are responsible for ensuring that the company/limited liability partnership complies with the laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.
- 1.1.9 You have undertaken to make available to us, as and when required, all the company's/limited liability partnership's accounting records and related financial information and explanations, including minutes of management and shareholders'/directors'/members' meetings, that we need to do our work. This is required to be confirmed in the directors' report along with an acknowledgement that the financial statements have been prepared on an appropriate accounting basis. **Directors report not required for a micro-entity**
- 1.1.10 If financial information is published — on the company's/limited liability partnership's website or by other electronic means — which includes a report by us or otherwise associated with us, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information and chartered accountants' report properly. We have the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.
- 1.1.11 It is your responsibility to set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls or for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information, and we accept no responsibility for changes made to any information after it is first posted.
- 1.2 **Our responsibilities as accountants**
- 1.2.1 You have asked us to help you prepare the financial statements in accordance with the requirements of the Companies Act 2006 [as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911)], and for preparing accounts for filing with the Registrar of Companies as well as to enable profits to be calculated to meet the requirements of current tax legislation and to provide sufficient and relevant information to complete a tax return. We will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give us and in accordance with [FRS 102] [FRS 102 Section 1A] [FRS 105] the accounting framework agreed and applicable to you.
- 1.2.2 We will plan our work on the basis that no report on the financial statements is required by statute or regulation for the year, unless you inform us in writing to the contrary. We will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.
- 1.2.3 **[Non-audit clients]** You have told us that the company/limited liability partnership is exempt from an audit of the financial statements. We will not check whether this is the case. However, if we find that the company/limited liability partnership is not entitled to the exemption, we will inform you.]

- 1.2.4 **[Non-audit clients]** Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK), so we will not be able to provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error, or to identify weaknesses in internal controls.]
- 1.2.5 **[Non-audit clients]** Since we will not carry out an audit, or confirm in any way the accuracy or reasonableness of the accounting records, we cannot provide any assurance whether the financial statements that we prepare from those records will present a true and fair view.]
- 1.2.6 We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements on anything we come across during the course of our work.
- 1.2.7 We have a professional duty to compile financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to us. The accounting policies on which the financial statements have been compiled will be disclosed in the notes to the financial statements and will be referred to in our accountants' report. We will not compile financial statements if the accounting principles, or the accounting policies selected by management, are inappropriate.
- 1.2.8 We also have a professional responsibility not to allow our name to be associated with financial statements which we believe may be misleading. Therefore, although we are not required to search for such matters, if we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where the adjustments and/or disclosures that we consider appropriate are not made, or if we are not provided with appropriate information and, as a result, we consider that the financial statements is misleading, we will withdraw from the engagement.
- 1.2.9 As part of our normal procedures, we may ask you to confirm in writing any information or explanations given to us orally during our work.

Non-audit clients only

1.3 Form of the accountants' report

- 1.3.1 We will report to the Board of Directors/members as appropriate that, in accordance with this engagement letter and to assist you to fulfil your responsibilities, we have not carried out an audit but have compiled the financial statements from the accounting records and from the information and explanations supplied to us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's Board of Directors, as a body/the members for our work or for this report. If you wish to share this report with third parties, before doing so, you must discuss this with us, receive our consent and follow any stipulated conditions.

SIBA AND COMPANY

CHARTERED ACCOUNTANTS

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SCHEDULE – Great Britain VAT RETURNS (MAKING TAX DIGITAL (MTD) FOR VAT)

This schedule should be read in conjunction with the engagement letter and the terms of business.

1. RESPONSIBILITIES AND SCOPE FOR VAT RETURN

1.1 Initial registration

- 1.1.1 We will sign you up for MTD for VAT. By instructing us to sign up on your behalf you are agreeing to HMRC's terms of use. This may result in changes that may include changes to deadlines. You will complete HMRC's sign up process to enable submission of your VAT return.
- 1.1.2 You will need to authorise us as an agent on the HMRC portal using your Business Tax Account. This is completed online, and you will need your government gateway ID. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

The new authorisation process is for new VAT clients only. It is not necessary to re-authorise existing clients for MTD for VAT. If the linking step of the process has been completed online (not paper 64-8) (see guidance on **Signing up to MTD for VAT**) authorisations will be recognised for MTD for VAT purposes.

1.2 Recurring compliance work

- 1.2.1 We will prepare your MTD for VAT returns on a quarterly basis.
- 1.2.2 We will keep all accounting records to meet the digital record keeping requirements of MTD for VAT. You must ensure that the data provided to us is complete and accurate.
- 1.2.3 Based on the information you provide to us, we will tell you how much VAT you should pay and when. Where appropriate, we will initiate repayment claims if tax has been overpaid. We will advise on the interest and penalty implications if UK VAT is paid late.
- 1.2.4 Where appropriate, we will include import VAT from any digital import certificates (postponed VAT accounting) and/or C79s we receive from you.
- 1.2.5 We are not responsible for considering or applying for any of the exemptions from MTD for VAT. However, if you feel that you are eligible for exemption, please let us know. We are happy to discuss this and may correspond with HMRC on your behalf if needed, or we can guide you on whom you should contact for this. This may be subject to an additional fee.
- 1.2.6 We will submit the MTD for VAT return data online to HMRC on the basis of the data provided by you.

/...

1.2.7 Where you are invoice (accruals) accounting for income tax, we will perform an annual reconciliation of VAT outputs to turnover.

1.2.8 Ad hoc queries by way of telephone and email enquiries are not routine compliance and may result in additional fees. As indicated below, where appropriate we will aim to discuss and agree additional fees, but it may not always be possible to agree these in advance and we reserve the right to charge you an additional fee for these queries.

1.3 **Ad hoc and advisory services**

1.3.1 The scope of our services provided to you will be only as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. Where appropriate, we will agree with you a separate fee for any such work you instruct us to undertake.

Where the advice is provided in writing, the information provided, and the query raised will be set out with our response to you.

1.3.2 If specialist advice is required, we may need to seek this from, or refer you to, appropriate specialists.

1.4 **Changes in the law, in practice or in public policy**

1.4.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law, practice or public policy or in your circumstances.

1.4.2 We will accept no liability for losses arising from changes in the law (or the interpretation thereof), practice or public policy that are first published after the date on which the advice is given.

1.5 **Your responsibilities**

1.5.1 You are legally responsible for:

- a) ensuring that your returns are correct and complete and in an appropriate digital format and capture the appropriate level of data;
- b) filing any returns by the due date; and
- c) paying VAT on time.

Failure to do any of these may lead to penalties, surcharges and/or interest.

1.5.2 Legal responsibility for approval of the return cannot be delegated to others. You agree to check the returns that we have prepared for you are correct and complete before approving them.

1.5.3 You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

1.5.4 Where we are keeping your digital accounts records, you are responsible for providing us with the following information required for us to prepare the records:

- Access to your accounting records
- Sale invoices
- Purchase invoices
- Bank statements
- Details of bank and cash payments
- Details of bank and cash receipts
- Stock and work-in-progress details

We have also agreed that you will provide the following:

- A record of the amounts owed to the business
- A record of amounts owed by the business
- A list of accruals
- A list of prepayments
- Private use adjustments

1.5.5 To enable us to carry out our work, you agree:

- a) that all returns are to be made on the basis of full disclosure;
- b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete and that all digital links are in the manner prescribed; the returns are prepared solely on the basis of the information provided by you and we accept no responsibility for any liabilities arising due to inaccuracies, omissions or breakdowns in digital links concerning the information that you provide which may lead to a misdeclaration on which penalties and interest may arise;
- c) to authorise us to approach such third parties, as may be appropriate, for information we consider necessary to deal with the returns;
- d) to provide us with all the records relevant to the preparation of your quarterly returns as soon as possible after the return period ends; we would ordinarily need a minimum of fourteen days before submission to complete our work. If the records are provided later or are incomplete or unclear, thereby delaying the preparation and submission of the return, we accept no responsibility for any 'default surcharge' penalty that may arise; if feasible, we may agree to complete your return within a shorter period but may charge an additional fee for so doing; and
- e) to inform us that you have made the tax payment based on your calculated return.

1.5.6 You will keep us informed of material changes in circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not, please tell us so that we can assess its significance.

1.5.7 You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC, in sufficient time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC has the authority to communicate with us when form 64-8 or online authorisation has been submitted, it is essential that you let us have copies of any correspondence received, because HMRC is not obliged to send us copies of all communications issued to you and, in most cases, will not do so.

- 1.5.8 You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns that you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.
- 1.5.9 If you are involved with any other business which is not registered for VAT, you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the VAT registration threshold, and you wish us to assist you in notifying HMRC of your liability to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.
- 1.5.10 If you provide digital or any other services to consumers in the EU, you are responsible for either registering for VAT in the Member State in which the supply takes place or registering for the OSS (non-Union scheme).
- 1.5.11 If you import goods from third countries into the EU of a value not exceeding €150 (excluding certain goods) for sale to a non-taxable person in the EU (destination country), you can use the IOSS scheme. The IOSS can also be used for supplies from GB of low value goods to consumers in Northern Ireland.
- 1.5.12 If you supply goods to non-taxable persons within the EU (e.g. France to Germany) then you will have to register in the Member State of destination (there is no de minimis threshold) or use the OSS Union scheme to declare the VAT due.

OSS (One Stop Scheme)

IOSS (Import One Stop Scheme)