

Standard Terms of Business

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

1 Professional obligations

- 1.1 We will observe the byelaws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales (ICAEW) and accept instructions to act for you on the basis that we will act in accordance with those guidelines. Copies of these requirements are available on the Institute website (www.icaew.co.uk). In particular, you give us authority to correct HM Revenue and Customs (HMRC) errors.
- 1.2 These terms together with our engagement letter and any appendices and/or schedules, form the basis of the contract between us and you as our client, and take precedence and/or replace any other agreement previously in place.
- 1.3 Where you give us confidential information we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable to this engagement.
- 1.4 We reserve the right to act during this engagement for other clients whose interests may be adverse to yours. We will notify you immediately should we become aware of any conflict of interest to which we are subject in relation to you.
- 1.5 The advice that we will give will be based on the information provided by you, for this reason it is important that should your intentions, or the substance of your proposals, change in any respect you notify us in order that we can reconsider whether, and to what extent, this requires us to change our advice and recommendations. Even if you are unsure whether a change or alteration may affect our advice you should still bring this to our attention in order that we can consider whether there are any implications for you.
- 1.6 We are reliant on the information provided by you being complete and correct, for this reason you should disclose all known factors to us even where it is not certain whether this will have a direct bearing or effect on your proposals.
- 1.7 We will not be liable for any losses whatsoever and howsoever caused (including for the avoidance of doubt, any additional tax, National Insurance, penalty, surcharge and/or interest) which arise from the supply by you of any information that is incomplete or incorrect, pursuant to paragraphs 1.4 and 1.5 above.

2 Investment services

- 2.1 Although we are not authorised by the Financial Services Authority (FSA) to conduct investment business, we are licensed by the ICAEW to provide certain limited investment services where these are complementary to, or arise out of, the professional services we are providing to you.
- 2.2 In particular, we may:
 - advise you on investments generally, but not recommend a particular investment or type of investment;
 - refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FSA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but not make alternative recommendations). The PTP will issue you with his own terms and conditions letter, will be remunerated separately for his services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000;
 - advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;

- advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
- assist you in arrangements for transactions in investments in certain circumstances; and
- manage investments or act as trustee (or donee of a power of attorney) where decisions to invest are taken on the advice of an authorised person.

The following paragraph (2.3) applies to corporate clients only -

2.3 We may also, on the understanding that the shares or other securities of the company are not publicly traded:

- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
- arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- arrange for the issue of new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

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

2.5 We may also request that you allow us to retain such commissions to cover our costs in connection with the above, but permission will be sought separately from you in these circumstances.

2.6 If you are dissatisfied in any way about our services described in this section, you should follow the procedures set out in the 'Help us to give you the right service' section of this letter and, in the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the Chartered Accountants Compensation Scheme.

2.7 To enable us to provide you with a proper service, there may be occasions when we will need to contact you without your express permission concerning investment business matters. For example, it may be in your interests to sell a particular investment and we would wish to inform you of this. We may therefore contact you in such circumstances, but would only do so in our normal office hours of 8.45am and 5.00pm. We shall of course comply with any restrictions you may wish to impose which you notify to us in writing.

3 Commissions or other benefits

3.1 In some circumstances, commissions or other benefits may become payable to us in respect of transactions we arrange for you, in which case you will be notified in writing of the amount and terms of payment. You consent to such commission or other benefits being retained by us without our being liable to account to you for any such amounts.

3.2 Examples of the likely commissions that may be received and the likely amounts are given below. These are only illustrations and may not cover all receipts in the future. You consent to such commissions and benefits being retained by us without our being liable to account to you for such amounts.

Example 1: If you invested £50,000 into an Investment Bond as a single premium then we could receive a single commission payment of approximately 2.08% being £1,040.

Example 2: If you invested £7,000 into an Individual Savings Account as a single premium then we would receive a single commission payment of about 1% being £70.

Example 3: If you invested £10,000 into a Personal Pension then we would be likely to receive a single commission payment of about 1.93% being £193 for each payment made

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 ICAEW.
- 4.2 In order to avoid an excessive amount of administration, interest will not normally be paid to you.
- 4.3 If, however, the total sum of money held on your behalf exceeds £10,000 for a period of more than 30 days, or such sum is likely to be held for more than 30 days, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.

5 Fees

- 5.1 Unless agreed otherwise, our fees are computed on the basis of time spent on your affairs by the principals and our staff, and on the levels of skill and responsibility involved.
- 5.2 If it is necessary to carry out work outside the responsibilities outlined in this letter it will involve additional fees. Accordingly we would like to point out that it is in your interests to ensure that your records, etc. are completed to the agreed stage.
- 5.3 Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are strictly 7 days net. Settlement of fees by MasterCard or Visa is accepted.
- 5.4 Where our instructions are received from a Limited Company, it is a condition of our accepting those instructions that, while liability for our fees rests primarily on the Limited company, should the Company fail to discharge its obligation for payment then we shall be entitled to look for payment to each of the directors and/or shareholders of the company individually. The attached engagement letter must be signed by each director and shareholder of the company as evidence of consent to this guarantee and agreement to our appointment on the terms set out.

5.5 Cash Receipts

It is this firm's policy that cash will not be accepted in payment for services rendered. All fees should be paid by credit card, debit card, cheque or bank transfer. If cash is the only means of payment available our internal procedures and the Anti-Money Laundering Regulations dictate that ongoing work may be delayed pending approval of the banking of cash by our Credit Control department.

6 Retention of and access to records

- 6.1 Whilst certain documents may legally belong to you, 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 Quality Control

- 7.1 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know, by telephoning our Quality Control Director, Paul Warren.

- 7.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If you feel that we have given you a less than satisfactory service, we undertake to do everything reasonable to address your concerns. If you are still not satisfied, you may of course take up matters with the ICAEW.

8 Applicable law

- 8.1 This engagement letter is governed by, and construed in accordance with, English law. The Courts of England 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.

9 Internet communication

- 9.1 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 e-mail without obtaining written confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

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

10 Data Protection Act 1998

- 10.1 Sections 11 and 12 of the Data Protection Act 1998 place express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. We therefore confirm that we will at all times comply with the requirements of the Data Protection Act 1998 when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will comply with any obligations equivalent to those placed on you as a data controller.

- 10.2 You will be responsible for completing the checks on a new employee's eligibility to live and work in the UK in accordance with the Government's Code of Practice "Preventing Illegal Working" and section 8 of the Asylum and Immigration Act 1996.

11 Contracts (Rights of Third Parties) Act 1999

- 11.1 Persons who are not party to this agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement.

- 11.2 The advice that we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it. We accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

12 Money laundering

- 12.1 We have a duty under section 330 of the Proceeds of Crime Act 2002 to report to the Serious Organised Crime Agency (SOCA) if we know, or have reasonable cause to suspect, that you, or anyone connected with your business, are or have been involved in money laundering. Failure on our part to make a report where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence.

12.2 The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act and includes the acquisition, possession or involvement in arrangements for concealing the benefits of *any* activity that constitutes a criminal offence in the UK. This definition is very wide and would include:

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

Clearly, this list is by no means exhaustive.

12.3 We are obliged by law to report any instances of money laundering to SOCA without your knowledge and consent. In fact we may commit the criminal offence of tipping off under section 333 of the Proceeds of Crime Act if we were to inform you that a report had been made. In consequence, neither the firm's principals nor staff may enter into any correspondence or discussions with you regarding such matters.

12.4 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 ICAEW.

13 Limitation of liability

13.1 We will provide our professional services with reasonable care and skill. However, we will not be held responsible for any losses arising from the supply by you or others of incorrect or incomplete information, or your or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or other relevant authorities.

13.2 You agree to hold harmless and indemnify us against any misrepresentation, whether intentional or unintentional, supplied to us orally or in writing in connection with this agreement. You have agreed that you will not (a) bring any claim in connection with services provided to you by the firm against any of our employees on a personal basis, and (b) agree to indemnify the firm against any liability to a third party where you have disclosed our advice to them.

13.3 We will provide our services with reasonable care and skill. We will not be responsible for any loss, penalty, surcharge, interest or additional tax or National Insurance liabilities arising from the supply by you, or others acting on your behalf, of any information which is incorrect or incomplete. For this reason it is important that you check the advice we give carefully in order to ensure that the information provided by you and on which our advice is based, is both correct and complete.

13.4 It is particularly important that where circumstances or your plans and proposals change from those originally notified to us, you advise us of those changes on a timely basis in order that we may consider whether, and what to extent, this may change or affect the advice previously given. Even if you are unsure as to whether a change or alteration may affect the advice you should still bring this to our attention in order that we may consider whether there are any implications for you.