

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.

We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and details about our audit registration can be viewed at www.auditregister.org.uk, under reference number [C009194617 for Pierce C A Ltd, C003863554 for Pierce Group Ltd and C006473362 for 1KSW Ltd]

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 agreement 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 DPB Investment services and Referrals to a Permitted Third Party (PTP)

- 2.1 Although we are not authorised by the Financial Conduct Authority (FCA) 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 FCA), 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 agreement, 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. **For the avoidance of doubt, it is the PTP only who will offer the advice not this firm.**

BUSINESS ADVISORY AND ACCOUNTANCY GROUP

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Pierce is a trading name of Pierce C.A. Ltd. Registered Office: Mentor House, Ainsworth Street, Blackburn, Lancashire, BB1 6AY. Registered in England & Wales no 4360541.

Registered to carry on audit work in the UK & Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

A list of directors is available at the Registered Office.

- 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 we are aware of the quantum and terms of such commission.

2.5 Such commission from a PTP will be held in our clients' account until we receive instructions from you as to how it should be treated.

2.6 On each occasion we receive a commission or benefit from an introduction to a PTP we will seek your instruction as to how the receipt shall be dealt. We will seek your written authority on an ongoing basis to retain all or some of such commissions ongoing for the introduction to the PTP and for the support services we offer you generally and/or in relation to the introduction to the PTP.

2.7 In the event we cannot reach agreement with you on the quantum of retention we may use such monies against any fees that have been outstanding for 30 days or more and which you are not in dispute with us.

2.7 If you are dissatisfied in any way about our services described in this section, you should follow the procedures set out in the "Quality Control" section of these terms 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.

2.8 To enable us to provide you with an appropriate 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 NON DPB Commissions or other benefits

3.1 In some circumstances, commissions and benefits may become payable to us (or to one of our associated companies) in respect of transactions we (or one of our associated companies) arrange for you, in which case you will be notified in writing of the amount and terms of payment. Fees that would otherwise be payable to us for any services we provide directly to you will not be abated by the receipt and retention of such commissions or benefits. By agreeing our engagement terms, including these standard terms of business, you consent to all such commissions and benefits being retained by us (or any of our associated companies) without our (or any of our associated companies) being liable to account to you for any such amounts. The retention of such commissions and benefits helps us to offset, but not necessarily fully recover, our time cost under recoveries generally across the firm.

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. As stated above you will be advised on the first receipt of any such commissions or benefits and you consent to such commissions and benefits being retained by us either on an individual transaction basis or on a continuing basis whichever is agreed with you in writing without our being liable to account to you for such amounts.



- Example 1: Where we refer you to an IT consultant or IT specialist who then agrees a fee directly with you for the services they are to provide on a one off or regular basis then we may receive a rebate of a proportion of that consultant's fees charged to you once these have been paid to the consultant. Such rebates may be circa 20% of their fees. If the fee is £250 per month and the rebate we have agreed with them is 20% then we would receive £50 per month
- Example 2: Where we refer you to an Invoice Discounter who then agrees a charging structure directly with you for the services they are to provide on a regular basis then we may receive a commission from them based on the quarterly charges agreed with you once these have been paid to them. The percentage commission rebated may vary depending on the terms agreed with each individual Invoice Discount provider
- Example 3: Occasionally we may introduce clients to mortgage brokers or mortgage providers and receive a one-off commission for such referrals. The quantum of these commissions will vary depending on the broker or provider's terms. By way of example one broker pays introducers 20% of the commission and broker fees earned by them. For example, if broker's fees and commissions earned were £750 this firm would receive £150.
- Example 4: We work with consultants on your behalf in terms of embedded capital allowance claims, ad hoc tax advice and banking issues. A fee is agreed between you and these consultants each time work is required and they will rebate on each occasion 20% of such fees to this firm for the introduction and support provided to them on your behalf. If their fees are £2,000 we will be paid £400.
- Example 5: We work with pensions advisers on your behalf and have a fee/commission rebate agreement with them varying between 30% and 50% of such fees/commissions. If a pension's adviser with whom we have such an ongoing arrangement provides advice to you on an ad hoc or continuing basis then we will receive the agreed percentage fee/commission rebate for the introduction and support provided to them on each occasion a fee/commission is charged to you. If the rebate arrangement is 30% then for each £1,000 fee/commission charged by them to you, we would receive £300 of this fee/commission. Similarly, if it is a 50% rebate arrangement then we would receive £500.

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 the engagement agreement 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 agreement 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 We may, by mutual agreement, offer you the facility to pay your professional fees by monthly, quarterly or periodic instalments. We do not charge any interest or charges (except for default charges). As these terms have been agreed after 18 March 2015 this instalment agreement is not a regulated credit agreement.

5.6 **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 electronic and hard copies of any correspondence and other papers that we store which are more than seven years old. 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, James King.

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 agreement 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 agreement 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 communications

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

10.1 To enable us to comply with relevant data protection legislation and discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you/your business/company/partnership/its officers and employees and shareholders. We confirm when processing data on your behalf that we will comply with the relevant provisions of applicable data protection legislation. You will also ensure that any disclosure of personal data to us complies with such legislation. If you supply us with any personal data or confidential information you shall ensure you have full informed consent to pass it to us and will fully indemnify and hold us harmless if you do not have such consent and that causes us loss. If you are supplying us with personal data on the basis of a power of attorney for anyone, you must produce to us an original or certified power of attorney on demand.

10.2 The lawful basis of processing data by this firm will be in accordance with:



- a) the agreed terms of engagement of services signed by you (**Performance of Contract**) *and/or*
 - b) a legal obligation in terms of Statutory Audit or a legal requirement (**Legal Obligation**) *and/or*
 - c) the processing is necessary for your legitimate interest or the legitimate interest of a third party and to enable us to provide the professional services you seek from this firm as your accountant, auditor, taxation adviser or commercial adviser (**Legitimate Interests**).
- 10.3 Applicable data protection legislation places express obligations on you as the primary 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 applicable data protection legislation 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.
- 10.4 We will notify you within 10 working days if an individual asks for copies of their personal data, makes a complaint about the processing of personal data or serves a notice from a relevant data protection authority. You and we will consult and cooperate with each other when responding to any such request, complaint or notice. If an individual whose data you have supplied to us or which we are processing on your behalf asks us to remove or cease processing that data, we shall be entitled to do so where required by law.
- Any personal data we hold shall be:
- a) processed lawfully, fairly and in a transparent manner in relation to individuals;
 - b) collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes shall not be considered to be incompatible with the initial purposes;
 - c) adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
 - d) accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay;
 - e) kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals; and
 - f) processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.”
- 10.5 We may export personal data you supply to us outside the EU/EEA/UK for the purposes of storage and date processing. We will ensure all such data export is compliant with relevant data protection legislation. **In entering into any engagement for services with this firm you consent to such data export.** Where cloud based services are to be used you may be subject to our cloud services terms and conditions.
- 10.6 From time to time we may share your personal/Company/your employee`s information with a third party to fulfil our duties as specified in our engagement agreements. Where appropriate we will obtain your consent to sharing such information.
- 10.7 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.



10.8 We will answer your reasonable enquiries to enable you to monitor compliance with this clause.

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 National Crime Agency (NCA) 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 NCA 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 services with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence or wilful default. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities. Further, we will not be liable to you for any delay or failure to perform our obligations if the delay or failure is caused by circumstances outside our reasonable control. Subject to Clauses 13.5 below, our liability to you shall be limited to and capped at the amounts stated in Clauses 13.5 below.

13.2 You will not hold us, our principal(s)/director(s), shareholders and staff, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing. This applies equally to fraudulent acts, misrepresentation or wilful default on the part of any party to the transaction and their directors, officers, employees, agents or advisers. However, this exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry. You agree that you will not bring any claim in connection with services we provide to you against any of our partners, shareholders, directors or employees personally.

13.3 Our work is not, unless there is a legal or regulatory requirement, to be made available to third parties without our written permission and we will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them. You agree to indemnify us and our agents in respect of any claim (including any claim for negligence) arising out of any unauthorised disclosure by you or by any person for whom you are responsible of our advice and opinions, whether in writing or



otherwise. This indemnity will extend to the cost of defending any such claim, including payment at our usual rates for the time that we spend in defending it and our legal fees on an indemnity basis.

- 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.
- 13.5 **In all instances, unless otherwise agreed with you in writing, our liability for any claim or connected claims in respect of all services, excluding audit, will be capped at a maximum of £2 million.**
- 13.6 Having considered both your circumstances and our own, we have concluded, and you agree by entering into signed engagements for services with the firm, that the capped amounts stated at 13.5 represent a fair maximum limit to our liability as a firm in the event of any one claim arising in respect of our professional services. This maximum total liability includes any claims for loss or damage, however caused, whether in respect of breaches of contract, tort (including negligence) or otherwise in respect of the professional services and shall also include all other related costs including legal fees, interest, etc.
- 13.7 We acknowledge that the capped limit in respect of our total aggregate liability will not apply to any acts, omissions or representations that are in any way criminal, dishonest or fraudulent on the part of the firm, its principals/directors/members or employees.

14 Professional Indemnity Insurance

In accordance with the disclosure requirements of the Provision of Services Regulation 2009 our primary professional indemnity insurer is Liberty Mutual Insurance, 15th Floor Lowry House, 17 Marble Street, Manchester, M2 3AW. The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim brought in any court in the United States of America or Canada.