

Engagement Letter including Terms and Conditions V7 03/02/24

The Merranti Accounting Group, consisting of Merranti Accounting Ltd, Merranti Accounting Brighton Ltd, Merranti Figures Accounting Ltd and CTA Consultants and Accountants Ltd are pleased to accept your instruction to provide you with the services as listed in Quotation or invoice provided. In accordance with the recommendation of my professional accountancy body, the Chartered Institute of Management Accountants Members in Practice ("CIMA" or "the Institute"), this letter sets out the basis on which we will provide services to you so as to avoid any misunderstanding of our respective responsibilities, including any charging arrangements.

Please read all the information carefully and then sign and return a copy of this letter. For the avoidance of doubt, if you do not sign and return a copy, you will be deemed to have agreed to our terms of business. In this letter, "we" and "us" and "our" relate to this accountancy practice and "you" and "your" relate to you, the client. "Quotation" relates to the pricing document received at the same as this Engagement Letter by email. Your payment of services listed in the Quotation acknowledges your agreement to these terms and conditions.

1. Scope of Services

1.1 Our services will be managed by Mr Stephen Watts, and we will advise you of any proposed changes. The services to be provided, timescales and fees are listed in Annex 1.

2. Our Responsibilities

2.1 observe the Laws of CIMA.

2.2 keep and maintain records of work completed and make them available to you upon request.

2.3 raise any issues or concerns that may be found during the term of the engagement.

2.4 keep records in compliance with the Data Protection and Money Laundering legislation. In particular, we make you aware that the data controller is Merranti Accounting Ltd and that in order to carry out the services of this engagement and for related purposes such as updating and enhancing our client records, analysis for management purposes and statutory returns, legal and regulatory compliance and crime prevention we may obtain, process, use and disclose personal data about you. We may also retain personal data about you for longer than is required under Money Laundering legislation.

2.5 specific responsibilities for both parties for the services to be provided are set out in Annex 2 of this letter.

3. Your Responsibilities

3.1 provide the proof of identity information and business details as requested by us to comply with anti-money laundering regulations.

3.2 ensure that records of your business activities are correct and maintained to meet the requirements of regulatory authorities.

3.3 disclose all relevant information to enable us to complete the work within the agreed timescales as set in Annex 1.

3.4 allow full and free access to financial and other records held by yourselves or third parties.

4. Ethical conduct

4.1 All CIMA management accountants work within the framework of the CIMA Code of Ethics (www.cimaglobal.com). The code requires accountants to comply with the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

4.2 CIMA management accountants have a duty to observe the highest standards of conduct and integrity and to uphold the good standing and reputation of the profession.

4.3 The duty of a professional accountant is not exclusively to satisfy the needs of an individual client or employer. In complying with the ethical requirements of the CIMA Code of Ethics the professional accountant is obliged to act primarily within the public interest.

5. Fees

5.1 With most services, we operate a fixed fee policy in order to give you peace of mind and offer absolute clarity over the fee you will be charged for the services outlined in Annex 1. This fee is determined by, amongst a number of factors, the standard of books and records that you keep, along with the number of accounting hours.

5.2 We reserve the right to increase our fees subject to prior notice by at least the rate of inflation on an annual basis.

5.3 Our fees are detailed in Annex 1 of this letter and any additional work required which is not listed in Annex 1 will need to be agreed with you prior to commencement of the work.

5.4 Payment of fees rendered by invoice are due within 14 days from the invoice date. Interest may be applied to any overdue accounts at a rate of 3% above Bank of England base rate. Where payment has not been received, we reserve the right to withhold services, documents and information, and have the right to cease to work on your account and to terminate the engagement if payments are unduly delayed.

5.5 Where fixed fees have not been agreed an hourly rate will apply. This can be found in Annex 1. In the following scale – Director £180 per hour, Senior Accountant £140 per hour, Accountant £95 per hour, Assistant Accountant or training £65 per hour, Bookkeeper and Administration £34.25 per hour.

5.6 Reasonable use clause: Fixed fee quotes are subject to a maximum of 20 Hours for accounting works and 5 hours of general advisory over a 12 month period. Beyond this Section 5.5 fees apply.

5.7 Fees paid by Direct Debit or instalments, cancellation of payment will suspend services immediately, failure to rectify payments within 14 days will result in Section 13 applying

5.8 “Catch-Up Payment”: Your monthly quotation will require 12 payments prior to the completion of your annual accounts. Should your annual accounts become due before the 12th payment, then a Catch-Up Invoice will be invoiced for the remaining amount to complete the accounts.

6. Holding Client Monies

6.1 Client money is held in an account separate from the practice. Interest will only be paid once it exceeds £5000 to avoid disproportionate administration costs. We recommend that you also view CIMA’s Client Money Regulations which can be found on the Institute’s website.

7. Retention of and access to records

7.1 Whilst certain documents may legally belong to you, unless you tell us otherwise, we intend to destroy correspondence and other papers that we store which are more than 6 years-old from the end of the tax year in question. If you require retention of any document, you must notify us in writing.

7.2 We reserve the right to use subcontractors to prepare aspects of our work and you acknowledge that your books and records may not necessarily be stored or located at this office for the duration of the assignment.

7.3 You agree that any work completed and work in progress for which payment is outstanding will be held by us until all fees relating to it have been paid.

8. Confidentiality and conflicts

8.1 We agree never to share information relating to your business with any third party without prior consent, unless it is for the purpose of outsourcing your bookkeeping function or unless required to do so by law or to comply with regulations or quality control reviews. Likewise, you agree not to share or copy or allow use of the output of the work we carry out for you with a third party without our prior permission. For the avoidance of doubt the Management Information pack, which may be provided on a regular basis is copyrighted.

8.2 You recognise that we may have to stop providing services to you in the event that a conflict arises between our duties to you and to another client. You will notify us if you have any reason to believe that such a conflict has arisen or may arise.

8.3 We may communicate with you electronically and you accept the risks associated with such communications, except anything arising through our negligence or wilful default.

9. Legislation and compliance

9.1 We are obliged by law and by CIMA to undertake checks to ensure that you and your business are operating lawfully. By agreeing to our terms of engagement you accept that we are authorised to complete such checks, as deemed necessary with third parties.

9.2 Under Money Laundering Regulations we need to obtain “satisfactory evidence” to confirm your proof of identity, current address and business details. It is also a criminal offence if we do not report suspicious transactions or if we inform a client that a report has been made against them. Failure to adhere to this can result in imprisonment.

10. Liability

10.1 As Chartered Management Accountants, we have a duty of care to you and we must observe the highest standards of conduct and integrity. Our services to you will only be completed by an accountant fully competent to perform such work and who holds current Professional Indemnity Insurance.

10.2 Where any loss or damage occurs as the result of you providing misleading, incomplete or false information, no liability will be accepted.

10.3 The advice we give you is not to be used by a third party without prior written consent. The practice also accepts no legal responsibility for third-party use of the financial information provided by us.

11. Complaints and disputes

11.1 We want you to be entirely satisfied with the services provided to you. If, however, you are not, please refer to the Complaints Handling Procedure in Annex 3 of this letter. Any disputes arising from our engagement by you will, subject to the procedure in Annex 3, be governed by English law.

12. Continuity Arrangement

12.1 In the event that we become unable to provide the services agreed through incapacity or death, a Continuity Arrangement has been made with Mr Andrew McKenzie-Smart at Smart Accounting & Tax Solutions LLP of 74 Station Road East, Oxted, Surrey, RH8 0PG. The purpose of this agreement is to look after your interests by providing continuity of services. You will be contacted in the event of such circumstances arising and you will have the option to decline to be covered by these arrangements.

13. Termination

13.1 You or we may terminate our engagement by giving 1 months written notice. All documents and information provided by you will be returned to you within 20 working days of receipt of the notice provided that all outstanding fees have been paid.

13.2 In the event of termination of this agreement we will endeavour to agree with you for the completion of work in progress at that time, unless we are required for legal or regulatory reasons to cease to work immediately. In any event, if we shall not be required to carry out further work we shall not be held responsible or liable for any consequences arising from the termination.

13.3 In the event of termination by either party there will be no refund of payments.

ANNEX 1 : REFER TO YOUR QUOTATION OR INVOICE FOR ENGAGED SERVICES and FEES PROVIDED

This Annex is effective from the date of the original email confirming the engagement. It gives details of your advised service requirements. If service requirements change, an additional Quotation will be provided and agreed with you, which will also be subject to these Terms and Conditions. In the event that a quotation is not agreed or provided the following terms and costs shall apply:

<u>Service</u>	<u>Cost</u>
<u>Payroll:</u>	
Per pay slip issued or re-issued (One employee only)	£12.00
Per pay slip issued or re-issued (Multiple employees)	£9.50
New employee setup	£25.00
P60's issued	£50.00
Pension administration (per hour)	£45.00
<u>Companies House:</u>	
New Company set up (Includes Reg Office 1st year)	£120.00
Confirmation Statement per month (Includes CH fee)	£6.00
Registered Office per month	£6.00
<u>CIS:</u>	
Company Submission	£15.00
Per contractor thereafter	£12.50
Registration	£50.00
<u>VAT:</u>	
Check and Send VAT (NO bookkeeping) per month	£34.00
Registration	£100.00
Ai Assistant Bookkeeper software (DOKKA /DEXT) per month	£10.00
<u>Accounts:</u>	
Sole Trader Accounts (excluding all Bookkeeping) turnover £15K-£100k	£485.00
Sole Trader Accounts (excluding all Bookkeeping) turnover £101k-£200k	£785.00
Sole Trader Accounts £201,000+ Charged by hourly rates if not quoted	
Limited Company Accounts Charged by hourly rates if not quoted	
Tax Fee Protection Insurance Per annum	£84.00
Management Accounts on request , hourly rates apply if not quoted	
<u>Hourly Rates</u>	
Bookkeeping and admin	£34.25
Providing Training Accounts or software	£60.00
Client Manager / Assistant Accountant	£65.00
Senior Client Manager	£80.00
Accountant	£100.00
Senior Accountant	£140.00
Business Advisory	£180.00
Director	£200.00

ANNEX 2

TERMS AND CONDITIONS OF SERVICES.

ONLY SERVICES LISTED WITHIN THE QUOTATION ARE PROVIDED, IF THEY ARE NOT LISTED IN THE QUOTATION THEY WILL BE THE SOLE RESPONSIBILITY OF YOU.

Annual Accounts [and Management Accounts]

Our responsibilities for the preparation of accounts

- We will compile your annual accounts and periodic management accounts based on the accounting records and the information and explanations given to us by you.
- We will advise you as to the adequacy of your records for preparation of the accounts and make recommendations for improvements which we consider necessary. We shall not be responsible if, as a result of you not taking our advice, you incur losses or penalties.
- We will use reasonable skill and care in the preparation of your accounts but will not be responsible for errors arising from incorrect information supplied by you.

- d) We will report, with any variations that we consider may be necessary, that in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from your accounting records and from the information and explanations supplied to us.
- e) We have a professional duty to compile accounts which conform with generally accepted accounting principles. Where we identify that the accounts do not conform to accepted accounting principles, or if the accounting policies adopted are not immediately apparent, this will be made clear to you, if it is not clear in the accounts.
- f) We will not be carrying out an audit and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income.

Your responsibility for the preparation of accounts

- a) You have undertaken to make available to us, as and when required, all the accounting records and related financial information necessary for the compilation of the accounts. You will make full disclosure to us of all relevant information.
- b) You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the accounts, is reliable. You are also responsible for ensuring that the activities of the business are conducted honestly and that its assets are safeguarded, and for establishing arrangements designed to deter fraudulent or other dishonest conduct and to detect any that occur.
- c) You are responsible for ensuring that the business complies with the laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
- d) You are responsible for the detection of irregularities and fraud. We would emphasise that we cannot undertake to discover any shortcomings in your systems or any irregularities on the part of your employees or others, although we will advise you of any such circumstances that we encounter in preparing your accounts, unless prohibited from doing so by the Anti-Money Laundering Legislation.
- e) Failure to submit the annual accounts on time will result in penalties and fines. In order to avoid this we must have your records in good time of this letter and any queries raised on the accounting records must be answered promptly. If this is not adhered to we will not be held liable for the fines you may incur.

It is agreed that the following tasks will be completed if limited company accounts are included as part of the service provided

Maintain the accounting records and complete the postings to the nominal ledger. This involves maintaining records of all the receipts and payments of cash.	
reconcile the cashbook balances with the bank statements on a monthly basis.	
post and balance the purchase and sales ledgers	
provide estimates of any stock and WIP at the end of each quarter along with evidence/workings to support these figures.	
close off the year end period in the accounts software and reconcile to the Annual Accounts.	
Submit the accounts to Companies House.	

Partnership Tax

Our responsibilities:

- a) We will prepare the income tax and capital gains tax computations based on the partnership accounts from the accounting records and other information and explanations provided by you.
- b) We will prepare the firm’s annual partnership return, including the partnership statement of total income, gains, losses, tax credits and charges of the firm for each period of account ending in the return period.
- c) We will forward to you the income tax and capital gains tax computations along with the tax return and supporting schedules for your approval and signature. Once the return has been approved by you, we will submit it, with the accounts and computations, to HM Revenue & Customs.
- d) We will advise all the partners who were partners of the firm during the period of their respective shares of the firm’s total income, gains, losses, tax credits and charges in order that they are able to file their personal self-assessment tax returns within the relevant time period.
- e) We will deal with HM Revenue & Customs regarding any required amendments should the partnership self-assessment tax return be challenged.
- f) We will advise as to claims and elections arising from the tax return and from information supplied by you and, where instructed by you, we will make such claims and elections in the form and manner required by HM Revenue & Customs.
- g) We will undertake all correspondence with HM Revenue & Customs on the partnership’s behalf. To avoid any problems would you please send to us any forms or correspondence received from HM Revenue & Customs as soon as you receive them.
- h) We will deal with all communications relating to the partnership return addressed to us by HM Revenue & Customs or passed to us by you. However, if HM Revenue & Customs choose the partnership tax return for enquiry this work will be the subject of a separate assignment and we will seek further instructions from you. Assistance in respect of such an enquiry is additional work and will result in a separate charge. We will keep you fully informed before undertaking any extra work in respect of such an enquiry. For this reason, we offer a tax investigation insurance policy to protect you against the expense of such an enquiry.

k) We will provide our professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities 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 the tax authorities.

Your responsibilities:

a) HM Revenue & Customs have powers to charge both interest and penalties if there is a delay in submitting a tax return. Such charges are automatic if the tax return is submitted after 31st January following the end of the tax year. For partnership penalties, the amount due is multiplied by the number of partners. Delays in submitting the partnership return may also have an effect on the returns of all the partners, with the possibility of penalties, interest and surcharges being payable by each individual partner. It is therefore important that all details required for the preparation of your tax return are forwarded to us within the timeframe highlighted in Annex 1 of this letter. If the information is received after that date, we will not accept responsibility for any penalties or surcharges imposed by HM Revenue & Customs.

b) You agree that we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs and undertake to authorise such third parties to communicate directly with us.

Corporation Tax

Our responsibilities:

We will prepare, in respect of each accounting period of the company, a computation for corporation tax purposes adjusted in accordance with the provisions of the Taxes Acts. We will also prepare the corporation tax return (form CT600) required under the Corporation Tax Self-Assessment regulations. The corporation tax return, together with the supporting tax computations, will be sent to you for approval and signature prior to submission to the Inspector of Taxes.

b) We will advise you of the corporation tax payments to which the company will be liable, together with the due date of payment. You must inform us immediately if the company pays or receives any interest or makes any other payment or transfers any asset to any shareholder.

c) Where necessary we will deal with general queries raised by the Inspector of Taxes. However, if the Inspector of Taxes chooses to carry out an enquiry, this work, beyond that of answering straight forward queries is additional work and will result in a separate charge. We will keep you fully informed before undertaking any extra work in respect of such an enquiry. For this reason, we offer a tax investigation insurance policy to protect you against the expense of such an enquiry.

Your Responsibilities:

a) To make a full disclosure to us of all sources of income, charges, allowances and capital transactions and 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. You are legally responsible for making correct tax returns.

b) To respond quickly and fully to our requests for information in sufficient time for the company's self-assessment tax return to be completed and submitted by the due date. In order to do this, we need to receive all relevant information from you and prompt replies to any queries we may have within the timeframe highlighted in Annex 1 of this letter. If this is not adhered to we will not accept responsibility for any penalties or interest that you may incur.

c) To forward to us on receipt copies of all statements of account, letters and other communications received from HM Revenue & Customs to enable us to deal with them as may be necessary within the statutory time limits.

You agree that we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs and undertake to authorise such third parties to communicate directly with us.

Registered Office and Company Secretarial Services

All companies are required to have an official registered office. All official notices, letters and reminders issued by Companies House, HMRC and other organisations will deliver there. This address can be held by you or us and, if relevant such correspondence must be forwarded to the other party.

It is agreed that the registered office will be held at our address if indicated so in the Quotation.

It is also agreed that the following tasks will be completed if specified within the Quotation:

complete and submit the company's confirmation statement.	As Per Quotation
complete and submit any other forms required by law to be filed at Companies House.	
(If we are to be responsible for this you will be required to keep us fully informed of any relevant changes or events which are required to be notified to Companies House within one week of the change or event.)	As Per Quotation
As Per Quotation	As Per Quotation

Payroll and Benefits in Kind

Our Responsibilities:

If stated within the Quotation we will maintain your payroll records.

- Supply you with completed payslips or notify you when the payslips are ready for printing and issuing to your employees.
- Submit your monthly or quarterly payroll returns on-line to HMRC.
- Notify you as to the amounts of PAYE and NI due to HMRC and when payment is to be made.

Year-end; We will submit your final Full Payment Submission (FPS) and or Employer Payment Summary (EPS) to HMRC and issue P60 forms to your employees.

We will prepare forms P11D's for Directors and higher paid employees and P9D's for lower paid employees. Once approved by you we will submit to HMRC and issue to your employees.

However, it should be understood that our appointment as your agent does not absolve the company or its directors from their statutory responsibilities.

Your Responsibilities:

In order for us to prepare your payroll and year end returns we will require you to keep us informed and updated on your employees. For example:

- i) If any casual labour is taken on, you are required to operate P46, or equivalent, procedures. Please notify us and we can manage this for you.
- ii) If you choose to adopt Statutory Sick Pay you will be required to notify us within two weeks of any employee who is ill for four or more calendar days, including weekends, bank holidays etc. This will enable us to calculate the correct amount due to the employee.
- iii) Notification of any employee, who adopts, becomes pregnant or whose partner adopts or becomes pregnant. This will enable us to operate statutory adoption, maternity and paternity pay.
- iv) Details of any benefits or money made available to employees by you or by a third party through you including details of any company cars made available. This will enable us to complete P46(Car) forms on your behalf.
- v) Changes in hours worked, rates of pay, commissions, bonuses etc.
- vi) Notification of employees engaged by you or leaving your employment.
- vii) Any notice of coding received by you.

The end of period payroll returns must be received by HM Revenue & Customs on or before pay day otherwise significant penalties may be levied. There may also be interest payable if income tax and National Insurance contributions payments, due each month or quarter are late or less than indicated by the return. In order to avoid late filing or payment it is essential we receive the required information from you within the timeframe highlighted in Annex 1 of this letter. You will be required to make monthly PAYE/NIC payments to HMRC or set-up a direct debit to automate this.

VAT Returns

We will undertake the completion of your VAT returns and submit to HMRC on your behalf. We will endeavour to meet the relevant deadlines to avoid late filing penalties and default surcharges. However, we cannot be held liable for the late submission if we do not receive all of your company's VAT records within the timeframe stipulated in Annex 1 of this letter.

It should be understood, that our appointment as your agent does not absolve the company or its directors from their statutory responsibilities.

Your responsibilities are to ensure that:

- a) valid VAT invoices have been received for all payments where VAT is being reclaimed;
- b) the VAT rating of supplies is correctly dealt with, i.e. between positive and zero rates and exempt supplies;
- c) any input VAT on non-business expenditure is clearly marked on supporting invoices;
- d) we are notified each relevant period of any payments to or for the benefit of directors or staff for fuel used for private mileage, together with the business mileage for each such person, for each quarter;
- e) all supplies made by the business are shown in the records and made available to us.

Or

You have confirmed that you will be responsible for completing and submitting VAT returns. We will not be responsible for checking the VAT treatment of supplies made, i.e. between positive and zero rates, and exempt supplies unless specifically requested in writing to make a detailed review.

Similarly, we will not specifically check the deductibility of input VAT and the validity of supporting invoices unless specifically requested in writing to carry out a detailed review.

Subcontractors

We have agreed to operate the Construction Industry Scheme for the subcontractors you engage. In order for us to do this, we will require the following information within the timeframe stipulated in Annex 1 of this letter:

- a) written confirmation that you have checked or 'verified' each new subcontractor with HM Revenue & Customs; and
- b) written confirmation stating whether HM Revenue & Customs has advised that the subcontractor should be paid net or gross.

It is your sole responsibility to establish the employment status of each and every one of your subcontractors. In respect of the employment status of subcontractors we cannot advise therefore we accept no liability in the event that HM Revenue & Customs challenges the employment status of one or more of your subcontractors.

Under the new rules, CIS registration will be lost if returns are made late or tax is paid late. HMRC no longer has discretion regarding whether or not to cancel registration. In order to avoid this we must receive the necessary information in accordance with the timeframe set out in Annex 1 of this letter. If the timescales are not met we cannot be held responsible or liable for financial loss or consequential financial loss of your CIS registration being cancelled as a result of late submission.

ANNEX 3 : Complaints Procedure

1. Purpose

1.1 We, Merranti Accounting Ltd are committed to upholding best practice through a high-quality service to all our clients. This Annex sets out the procedure we will operate in dealing with complaints arising from the provision of services under our letter of engagement.

2. Making an Informal Complaint

2.1 In the first instance please contact Mr Stephen Watts by telephone, or by direct contact or in writing, to discuss any concerns you have so that the matter can be looked into immediately.

3. Making an Formal Complaint

3.1 If you are not satisfied with the outcome from raising an informal complaint a formal complaint must be made in writing to Mr Jason Fudge, Managing Director of Merranti Ltd at 67 Grosvenor Street, London, W1K 3JN. Please include specific details so that the matter can be thoroughly investigated.

4. Receipt of Formal Complaint

4.1 Upon receipt of your written formal complaint an acknowledgement will be sent to you within 10 working days. This will include a summary of our understanding of your complaint and an estimated timescale to complete an investigation into the matter. You will be asked at this point to provide, if required any further evidence or information regarding the complaint and to confirm that we have understood all your concerns.

4.2 Following such confirmation, we will complete the investigation and write to you in reply within the timescale previously indicated or notify you as to the revised timescale if it becomes apparent that the investigation will take longer than originally anticipated. The reply will include a summary of the findings and details of any further action to be taken.

5. If you are not satisfied

5.1 For service related matters involving a CIMA member in Practice in the UK, you may wish to know that CIMA offers an independent Alternative Dispute Resolution (ADR) facility for members of the public.

5.2 If in the context of your dealings with us or the handling of your complaint, you believe that a member of CIMA has been guilty of misconduct, you may lodge a complaint with the Professional Conduct department of the Institute.

5.3 Further information on ADR or making a complaint about alleged misconduct can be found on the CIMA website at www.cimaglobal.com.