

## **Carpenter Keen LLP**

### **Standard Terms of engagement – Limited Company**

The purpose of these terms, which should be read with our Standard Terms of Business, is to set out the basis on which we accept appointments as and continue to act as your accountants and advisers and our respective responsibilities.

These are general terms of engagement intended to cover a range of services, not all of which may be relevant to a particular engagement. Where we are engaged to provide services which are not included in these standard terms, additional terms will be agreed as appropriate.

We are bound by the ethical guidelines of the Institute of Chartered Accountants in England and Wales and accept instructions to act on the basis that we will act in accordance with those ethical guidelines.

### **Your Responsibilities as Directors**

- i As directors of the company, you are responsible for ensuring that the company maintains proper accounting records and for preparing accounts which give a true and fair view and which have been prepared in accordance with the Companies Act 2006. You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the company or for the accounts, is reliable.
- ii You are responsible for ensuring that the activities of the company 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 occurs.
- iii You are responsible for ensuring that the company complies with 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.
- iv You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of management and shareholders' meetings. You will make full disclosure to us of all relevant information.

### **Responsibilities of the Accountants**

- i We shall compile the annual accounts based on the accounting records maintained and the information and explanations given to us by the company. We shall compile draft annual accounts for your approval. We shall plan our work on the basis that no report is required by statute or regulation for the year, unless you inform us in writing to the contrary.
- ii Our work as the compilers of the annual accounts will not be an audit of the accounts in accordance with Auditing Standards. Consequently our work will not provide any assurance that the accounting records or the accounts are free from material misstatement, whether caused by fraud, other irregularities or error.
- iii We shall report, with any variations that we consider may be necessary, that in accordance with your instructions, we have compiled the accounts from the accounting records of the business and from the information and explanations supplied to us.
- iv We have a professional duty to compile accounts that conform to 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, we will report this to you.

- v As part of our normal procedures we may request you to provide written confirmation of any information or explanations given to us orally during the course of our work.

### **Taxation**

You have asked us to help with your taxation affairs.

### **Your Responsibilities: Provision of Information by You for Tax Purposes**

- i You are legally responsible for making a correct return of the company's annual tax liability and for payment of the tax on time. It is therefore essential that we, as your agent, are supplied with all the relevant information concerning the company's taxation affairs in good time. Would you please therefore let us have copies of any communications you receive from HM Revenue and Customs (HMRC). Each director is individually responsible for making a correct return in respect of his or her annual tax liability, and for payment of the tax on time. Separate engagement terms apply to individual directors where we deal with their personal taxation affairs.
- ii The company is legally responsible for making correct returns by the due date and for payment of tax on time. Failure to meet the deadlines may result in automatic penalties and/or interest.
- iii 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 that we can 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 tax returns to be completed and submitted by the due date following the end of the accounting period. In order that we can do this, we need to receive all relevant information by at least 3 months prior to the filing deadline;
  - e to forward to us on receipt copies of notices of assessment, letters and other communications received from HMRC to enable us to deal with them as may be necessary within the statutory time limits; and
  - f to keep us informed about significant transactions or changes in circumstances.

### **Tax Returns**

- i We will prepare from the accounts and other information and explanations provided by the company's corporation tax return and computations, together with all supporting schedules and, where necessary, amended returns.
- ii We will send you the tax return and supporting schedules for you to approve and sign. We will then submit it, with the accounts and computations, to HMRC and you authorize us to file the return electronically.
- iii We will advise you of the amounts of corporation tax to be paid and the dates by which the company should make the payments. Where appropriate we will initiate repayment claims when tax has been overpaid.

- iv If you wish, we will advise you whether quarterly corporation tax payments ought to be made, but in order to do this you will need to provide us with appropriate management information.
- v We will advise as to possible claims and elections arising from the tax return and from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by the Inland Revenue.
- vi We will deal with all communications relating to the company's tax return addressed to us by HMRC or passed to us by the company. However, if HMRC choose your return for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from you.
- vii We will prepare the tax provisions and disclosures to be included in the company's statutory accounts.

#### **Audit Exemption**

You are responsible for determining whether, in respect of the year, the company meets the conditions for exemption from an audit set out in the Companies Act 2006.

#### **General Tax Advice**

- i We will be pleased to assist you generally with any matters relating to the company's taxation affairs. Please advise us in good time of any proposed transactions. Tax legislation changes frequently and we would recommend that you ask us to review any advice already given if a transaction is delayed, repeated, or if an apparently similar transaction is to be undertaken.
- ii It is our policy to confirm in writing advice upon which the company may wish to rely.
- iii We will be pleased also to advise the directors and executives on their personal income tax and capital tax affairs. In such cases we will need to agree separate terms with the individuals concerned.

#### **Accounts Preparation**

We shall assist in the preparation of your accounts based on the accounting records maintained by yourselves.

#### **OR: Bookkeeping and Accounts Preparation**

We have agreed to perform the following bookkeeping and accounts preparation services for you:

- a writing up accounting records;
- b carrying out nominal ledger postings;
- c preparing draft and statutory accounts;
- d maintaining details of receipts and payments through cash and bank accounts;
- e maintaining petty cash records and balancing petty cash accounts;
- f carrying out bank reconciliation;
- g balancing control accounts for these ledgers, extracting an aged list of individual ledger balances and agreeing these lists to the respective control accounts;

- h compiling detailed stock take and work in progress sheets and summaries following your annual stocktaking.

**OR: Bookkeeping and Accounts Preparation**

You have not asked us to assist with either of these tasks. Should you require it, we can offer such assistance.

**Responsibilities for the Preparation of VAT Returns**

- i You are legally responsible for making a correct VAT return, and for payment of VAT on time. Our appointment as agents does not absolve you from your statutory obligations.
- ii Starting with the return period to be agreed we shall be responsible for preparing your VAT returns from the records of the company. We shall not audit or otherwise check the underlying records. When the VAT return has been completed from the information supplied, we will send you the return form within 10 days of the receipt of records. If you agree the return you should then sign and submit it to HMRC together with the required payment. If you consider the return to be incorrect please consult us immediately.
- iii We would draw your attention to the normal time limit of one month from the end of the period covered by the return. This period is extended by 7 days to one month and 7 days if your VAT Return are filed online. By this time, the return must be signed by the appropriate person and be in possession of HMRC. Substantial penalties may arise if this time limit is not observed. It is therefore essential that we, as your agent, are supplied with all the relevant information in good time so that we can complete the return on your behalf.
- iv We accept no responsibility for any default surcharge that may arise if the books and records are not available to us within 10 days after the return period ends or the books and records prove to be incomplete or unclear, and in particular are not written up to the end of the period, thereby delaying the preparation and submission of the VAT return, or you fail to submit the return and any required payment to HM Revenue and Customs on time after we have sent the return to you for signature.
- v In order for us to prepare the VAT Returns, we shall require you to provide us with the following information:
  - a all VAT returns submitted to HM Revenue and Customs in the current VAT year;
  - b blank returns issued by HM Revenue and Customs;
  - c debit and credit notes received or issued in the relevant period;
  - d the purchase day, sales, cash or petty cash books for the relevant period;
  - e details of errors for which adjustment is now required;
  - f details of all transaction that will not be covered by the above whether trading or otherwise;
  - g details of special rulings by HM Revenue and Customs;
  - h details of any VAT penalty notices with ongoing relevance;
- vi Details in respect of all transactions, which have come to light since the last VAT return was prepared, and which require adjustment.

**VAT Consultancy**

We shall provide consultancy advice on VAT matters (such as specific transactions which are contemplated) as and when requested to do so by yourselves. Please advise us in good time of any proposed transactions. Tax legislation changes frequently and we would recommend that you ask us to review any advice already given if a transaction is delayed, or is to be repeated, or if an apparently similar transaction is to be undertaken.

**OR: Responsibilities for the Preparation of VAT Returns**

You have not asked us to assist with either of these tasks. Should you require it, we can offer such assistance.

**Excluded Services**

You will continue to deal with other matters required by law (unless otherwise agreed in advance), such as:

- a Forms CT61;
- b Pay As You Earn including year-end returns and matters relating to your employees;
- c Forms P11D;
- d Obligations under IR35;
- e Returns for sub-contractors.

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