

Carpenter Keen LLP

Standard Terms of engagement – Sole Trader

The purpose of this section which is to 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 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 Responsibility

- i You have undertaken to make available to us, 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. The accounts need to be approved by you before we are able to issue our report.
- ii 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, that its assets are safeguarded, and to establish arrangements to deter fraudulent or other dishonest conduct and to detect any that occur.
- iii You are responsible for ensuring that the business complies with the laws and regulations applicable to its activities, to establish arrangements designed to prevent any noncompliance and to detect any that occur.

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 you. 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 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 which 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.

Your Responsibilities for the Provision of Information for Tax Purposes

- i Under the self-assessment regime there are a number of key dates by which returns and payments must be made. Failure to meet the deadlines may result in automatic penalties, surcharges and/or interest.
- ii You are legally responsible for making correct returns and for payment of tax on time.
- iii To enable us to carry out our work you agree:
 - 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 your affairs; we will rely on the information and documents being true, correct and complete;
 - b to respond quickly and fully to our requests for information and to other communications from us;

that we can approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs;
 - d to provide us with information in sufficient time for your tax returns to be completed and submitted by the 31st January following the end of the tax year. In order to meet this deadline you agree to provide us with all the relevant information as soon as practical at the end of each tax year;
 - e to forward to us, on receipt, copies of all HM Revenue and Customs statements of account, PAYE coding notices, notices of assessment, letters and other communications received from the HM Revenue and Customs to enable us to deal with them as may be necessary within the statutory time limits;
- iv 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.
- v It is the statutory responsibility of each individual taxpayer to ensure that all returns of income made by him are correct. This responsibility cannot be delegated to an agent. You should therefore supply us with full details of all sources of income arising together with full information concerning any expenses or allowances which may be available for tax relief. Before signing your tax return you should ensure that it is complete and correct to your knowledge and belief.
- vi If the HM Revenue and Customs raises enquiries relating you your personal tax return, we will discuss the position with you and agree with you the basis on which we will deal with such enquiries on your behalf.
- vii We will prepare your tax return in future years under the same condition above.

Tax Returns

- i We will prepare income tax based on your accounts for each accounting period. We will incorporate the computations in your tax return.

- ii We will prepare your personal income tax return together with all supporting schedules as necessary. You will be responsible for letting us have all the information needed to prepare this form.
- iii We will deal with matters arising in respect of years prior to the above year as appropriate.
- iv We will forward to you the tax return form and supporting schedules for you to review and sign. Once the return has been checked, approved and signed and returned to us, we will submit it to the HM Revenue and Customs. You authorize us to file the return electronically.
- v We will tell you how much tax and national insurance contributions you should pay and when. If appropriate we will initiate repayment claims when tax and national insurance contributions have been overpaid.
- vi We will deal with the HM Revenue and Customs regarding any amendments required to your return and prepare any amended returns that may be required.
- vii 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 HM Revenue and Customs.
- viii We will deal with all communications relating to your return addressed to us by the HM Revenue and Customs or passed to us by you. However, if the HM Revenue and Customs choose your return for enquiry we will refer you to another practitioner. We will deal with any correspondence by the HM Revenue and Customs or from you as necessary.

General Tax Advice

We will be pleased to assist you generally with any matters relating to your 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.

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;
preparing the accounts for approval by yourselves;
- 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 reconciliations;
- 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 stocktake and work in progress sheets and summaries following your annual stocktaking.

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 ending 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 HM Revenue and Customs 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. By this time, the return must be signed by the appropriate person within and he in possession of HM Revenue and Customs. 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 which 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;
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

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