

## SUMER AUDITCO TERMS OF BUSINESS

### 1. Conflicts of interest, independence and confidentiality

- 1.1 You agree that we may reserve the right to act during this engagement for other clients whose interests are or may be adverse to yours, subject of course to the obligations of confidentiality referred to below. We confirm that we will notify you immediately should we become aware of any conflict of interest to which we are subject in relation to you.
- 1.2 Where conflicts are identified which cannot be managed in a way that protects your interests then we regret that we will be unable to provide further services.
- 1.3 If there is a conflict of interest that is capable of being addressed successfully by the adoption of suitable safeguards to protect your interests then we will adopt those safeguards. Where possible this will be done on the basis of informed consent.
- 1.4 If we become aware of a dispute between the parties who own or are in some way involved in the ownership and/or management of the entity, it should be noted that the addressee of our letter of engagement is our client (for example, the company, LLP, charity, trust, pension scheme, club, partnership, sole trader or in the case of personal tax, the individual) and we would not provide information or services to one party without the express knowledge and permission of all parties. Unless otherwise agreed by all parties we will continue to supply information to the normal place for which we send correspondence for the attention of the management of the entity. If conflicting advice, information or instructions are received from different members of management, we will refer the matter back to those charged with governance of the entity and take no further action until they have agreed the action to be taken.
- 1.5 We confirm that 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 (such as by our insurers, or part of an external peer review) applicable to our engagement.
- 1.6 We reserve the right, for the purpose of promotional activity, training or for other business purpose, to mention that you are a client. As stated above, we will not disclose any confidential information.
- 1.7 You agree that it will be sufficient compliance with our duty of confidence for us to take such steps as we in good faith think fit to preserve confidential information both during and after the termination of this engagement.

- 1.8 You hereby explicitly acknowledge and consent that we may make use of cloud storage services to store Personal Information and other data relating to you. We will use commercially reasonable security technologies (such as encryption, password protection and firewall protection) to protect this Personal Information and other data from unauthorised disclosure. You, however, acknowledge and agree that it is impossible for us to guarantee the security of the Personal Information and other data with absolute certainty and that the use of cloud storage services may therefore entail certain risks. We shall only be responsible if it has finally judicially been determined that we did not take commercially reasonable measures to protect the Personal Information and other data from unauthorised disclosure.

### 2. Quality control

- 2.1 As part of our ongoing commitment to providing a quality service, our files are periodically subject to an independent quality control review by external organisations. Our reviewers are highly experienced and professional people and, of course, are bound by the same requirements for confidentiality as our principals and staff.

### 3 Corporate finance activities

- 3.1 Under Investment Business Regulations, investment business carried on for a corporate finance client in the course of corporate finance activities is subject to a system of regulation which differs in certain material aspects from that for investment business generally. There may be occasions where investment business, in the form of advising on and arranging deals in investments arising out of corporate finance activities, may be required by you as an incidental part of our general professional services. We are satisfied that you may properly be regarded as a corporate finance client and by signing this letter you will be agreeing to be treated as such, which will result in you enjoying the general protection afforded to such clients rather than that appropriate for individual investors.

### 4. Data Protection

- 4.1 In this clause, the following definitions shall apply:
  - 'client personal data' means any personal data provided to us by you, or on your behalf, for the purpose of providing our services to you, pursuant to our engagement letter with you;

- ‘data protection legislation’ means all applicable privacy and data protection legislation and regulations including GDPR and any applicable national laws, regulations and secondary legislation in the UK relating to the processing of personal data, as amended, replaced or updated from time to time;
- ‘controller’, ‘data subject’, ‘personal data’, and ‘process’ shall have the meanings given to them in the data protection legislation;
- ‘GDPR’ means the UK General Data Protection Regulation and

4.2 We shall each be considered an independent data controller in relation to the client personal data. Each of us will comply with all requirements and obligations applicable to us under the data protection legislation in respect of the client personal data.

4.3 You shall only disclose client personal data to us where:

you have provided the necessary information to the relevant data subjects regarding its use (and you may use or refer to our privacy notice available at <https://www.scruttonbland.co.uk/privacy-notice/> for this purpose);

- (i) you have a lawful basis upon which to do so, which, in the absence of any other lawful basis, shall be with the relevant data subject’s consent; and
- (ii) you have complied with the necessary requirements under the data protection legislation to enable you to do so.

4.4 Should you require any further details regarding our treatment of personal data, please contact our Data Protection Partner.

4.5 We shall only process the client personal data:

- (i) in order to provide our services to you and perform any other obligations in accordance with our engagement with you;
- (ii) in order to comply with our legal or regulatory obligations; and
- (iii) where it is necessary for the purposes of our legitimate interests and those interests are not overridden by the data subjects’ own privacy rights. Our privacy notice is available at: <https://www.scruttonbland.co.uk/privacy-notice/> and contains further details as to how we may process client personal data.

4.6 For the purpose of providing our services to you, pursuant to our engagement letter, we may disclose the client

personal data to members of our firm’s network, our regulatory bodies or other third parties (for example, our professional advisors or service providers). The third parties to whom we disclose such personal data may be located outside of the European Economic Area (EEA). We will only disclose client personal data to a third party (including a third party outside of the EEA) provided that the transfer is undertaken in compliance with the data protection legislation.

4.7 We shall maintain commercially reasonable and appropriate security measures, including administrative, physical and technical safeguards, to protect against unauthorised or unlawful processing of the client personal data and against accidental loss or destruction of, or damage to, the client personal data.

4.8 In respect of the client personal data, provided that we are legally permitted to do so, we shall promptly notify you in the event that:

- (i) we receive a request, complaint or any adverse correspondence from or on behalf of a relevant data subject, to exercise their data subject rights under the data protection legislation or in respect of our processing of their personal data;
- (ii) we are served with an information, enforcement or assessment notice (or any similar notices), or receive any other material communication in respect of our processing of the client personal data from a supervisory authority as defined in the data protection legislation (for example in the UK, the Information Commissioner’s Officer); or
- (iii) we reasonably believe that there has been any incident which resulted in the accidental or unauthorised access to, or destruction, loss, unauthorised disclosure or alteration of, the client personal data.

4.9 Upon the reasonable request of the other, we shall each co-operate with the other and take such reasonable commercial steps or provide such information as is necessary to enable each of us to comply with the data protection legislation in respect of the services provided to you in accordance with our engagement letter with you in relation to those services.

4.10 In signing the engagement letter you also confirm that you are willing to receive unsolicited marketing material from Scrutton Bland Limited. Please notify us if this is not the case.

## **5. Limitation of third party rights**

5.1 A person who is 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. This

clause does not affect any right or remedy of any person, which exists or is available otherwise than pursuant to that Act.

- 5.2 The advice, which we give you, is for your sole use and does not constitute advice to any third party to whom you may communicate it unless we have expressly agreed in writing that a specified third party may rely on our work. We accept no responsibility to third parties, including any group company to whom the letter of engagement is not addressed, for any aspect of our professional services or work that is made available to them.

## **6. Health and Safety at Work Act 1974**

- 6.1 When our staff are working on your premises you will assume day-to-day responsibility for their health and safety and make them aware of any control measures introduced for the protection of your employees. Please ensure that your Public Liability insurance covers our staff. You will indemnify us from any claim arising from your failure to adhere to this requirement.

## **7 Limitation of liability**

- 7.1 We will provide our professional services outlined in this letter 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 arising from the supply by you or others of incorrect or incomplete information, or yours or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or any public sector body (such as HMRC).
- 7.2 You agree to hold harmless and indemnify us, our principals, subcontractors and staff, 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 in connection with this agreement. You have agreed that you will not bring any claim in connection with services we provide to you against any of our principals or staff personally.
- 7.3 We will endeavour to record all advice on important matters in writing. Advice given orally is not intended to be relied upon unless confirmed in writing. Therefore, if we provide oral advice (for example, during the course of a meeting or telephone conversation) and you wish to be able to rely on that advice, you must ask for the advice to be confirmed by us in writing.
- 7.4 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.

## **8. Fees and commissions**

- 8.1 In accordance with normal practice, our fees are based upon the degree of responsibility and skill involved, the importance and value of the advice that we provide, the level of risks and the time necessarily occupied on the work.
- 8.2 Fees will be rendered regularly for each class of work undertaken and are due on presentation. We expect fees to be paid within one month of presentation.
- 8.3 If we provide you with an estimate of our fees for any specific work, then the estimate will not be contractually binding unless we explicitly state that this will be the case. Unless otherwise agreed to the contrary our fees do not include the costs of any third party, counsel or other professional fees.
- 8.4 Fees are charged separately for each of the main classes of work we perform for you and will be billed at appropriate intervals during the course of the year. Our fees are exclusive of VAT which will be added where it is chargeable. Any disbursements we incur on your behalf and expenses incurred in the course of carrying out our work for you will be added to our invoices where appropriate.
- 8.5 In some cases, you may be entitled to assistance with your professional fees, particularly in relation to any investigation into your tax affairs by HMRC. Assistance may be provided through insurance policies you hold or via membership of a professional or trade body. Other than where such insurance was arranged through us you will need to advise us of any such insurance cover you have. You will remain liable for our fees regardless of whether all or part are liable to be paid by your insurers.
- 8.6 If it is necessary to carry out work outside the responsibilities outlined in this letter this will involve additional fees. Accordingly we would like to point out that it is in your interest to ensure that your records etc., are completed to the agreed stage.
- 8.7 We reserve the right to charge interest at the rate of 2.5% per month in cases where there is a delay in the settlement of our fee account. We also reserve the right to terminate our engagement and cease acting for you on giving written notice if payment of any fees billed is unduly delayed. We intend to exercise these rights only where it is fair and reasonable to do so.
- 8.8 If a client company, LLP, trust or other entity is unable or unwilling to settle our fees we reserve the right to seek

payment from the individual (or parent entity) giving us instructions on behalf of the client and we shall be entitled to enforce any sums due against the group, entity or individual nominated to act for you.

- 8.9 Insofar as we are permitted to do so by law or professional guidelines, we reserve the right to exercise a lien over all funds, documents and records in our possession, relating to all engagements for you until all outstanding fees and disbursements are paid in full.
- 8.10 If you have queries on our charges, you must write to us within 21 days of receiving our fee account.
- 8.11 We recognise that the fees that we submit to you may be covered by a standing order arrangement.
- 8.12 In some circumstances commissions or other benefits may become payable to us in respect of introductions to other professionals or transactions which we arrange for you. If this happens, you will be notified in writing of the amount, the terms of payment and receipt of any such commissions or benefits. Your consent to commission or other benefits being retained by us means we are not liable to account to you for these benefits. If you do not agree to this arrangement, we will only be able to retain any benefits if you give your full and informed consent on each occasion, having received full disclosure of the amounts involved.
- 8.13 If, for any reason it becomes necessary for us to withdraw from the engagement, our fees for work performed up to that date will be payable by the company.

## **9. Reliance on advice**

- 9.1 We will endeavor to record all advice on important matters in writing. Advice given orally may not be intended to be relied upon unless confirmed in writing. Therefore, if we provide oral advice and you wish to be able to rely on that advice, you must ask for the advice to be confirmed by us in writing.

## **10. Complaints procedure**

- 10.1 We wish to provide a high quality of service at all times. If at any time you would like to discuss with us how our service to you could be improved or if you are concerned with the service you are receiving please let us know by telephoning our Managing Partner or our Senior Partner. Contact details are available on our website.
- 10.2 We undertake to consider any comments carefully and promptly and do all we can to explain the position to you. We undertake to do everything reasonable to resolve any problems and if you are still not satisfied you may, of course, take up matters with the Institute of Chartered Accountants in England and Wales (ICAEW).

## **11. Retention of and access to records**

- 11.1 You have a legal responsibility to retain documents and records relevant to your financial affairs. During the course of our work we will collect information from you and others relevant to your tax and financial affairs. We will return any original documents to you following the completion of the assignment. Documents and records relevant to your affairs are required by law to generally be retained six years from the end of the accounting period.
- 11.2 Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store, which are more than six years old, other than documents which we consider to be of continued significance. If you require retention of any documents you must notify us of that fact in writing.
- 11.3 Where we manage subscriptions of software containing your information, we will be responsible for adding and removing access for staff to these records to enable us to provide our services in an effective manner as engaged. Where you hold the subscription it will be your responsibility to provide copies of information in a suitable way, or provide access for our staff to your systems, for us to complete our work. Where this is not provided we cannot be held accountable for lack of delivery of our services. Where you hold the subscriptions you will also be responsible for removing members of our team that you add, as and when a specific task is completed and they no longer require access. Scrutton Bland Limited cannot be held accountable if you do not remove individuals from your systems who go on to access your records."

## **12. Electronic and other communication**

- 12.1 Electronic communications are capable of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties and therefore we do not accept any responsibility for changes made to such communications after their dispatch. It may, therefore, be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. As electronic communication is not totally secure we do not accept responsibility for any errors or problems that may arise through the use of electronic communications and all risk connected with sending sensitive information relating to your company are borne by you. If you do not agree to accept this risk (which will achieve greater efficiency and lower cost), you should notify us in writing that e-mail is not an acceptable means of communication, and we will communicate by paper mail, other than where electronic submission is mandatory.
- 12.2 It is the responsibility of the recipient to carry out a virus check on any attachments received. However, we do use

virus scanning software to reduce the risk of viruses and similar damaging items being transmitted through e-mails or electronic storage devices.

- 12.3 Any communication by us with you sent through the United Kingdom postal system is deemed to arrive at your postal address two working days after the day the document was sent.

### **13. Professional Indemnity Insurance**

- 13.1 The information required by the Provision of Services Regulations is on our website.

### **14. Clients' money regulations**

- 14.1 We may, from time to time, hold client money on your behalf. The 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 Institute of Chartered Accountants in England and Wales. Fees paid by you in advance for professional work to be performed and clearly identifiable as such shall not be regarded as client's money.

- 14.2 All client monies will be held in an interest-bearing account. To avoid excessive administration, interest will only be paid to you where the amount earned on the balances held on your behalf in any calendar year exceeds £25. If the total sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then we will put the money in a designated interest-bearing client bank account and pay the interest to you. Subject to any tax legislation, interest will be paid gross.

- 14.3 We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. If any funds remain in our client account that are unclaimed and the client to which they relate has remained untraced for five years or we as a firm cease to practice then we may pay those monies to a registered charity.

### **15. Staff**

- 15.1 You may not offer employment to any member of our staff working on an engagement for you, either independently or via a group company, associated company or third party, for a period of 12 months following the end of any involvement by the individual concerned with any engagement for you without first consulting us. We reserve the right to charge a fee up to 100% of annual salary on appointment plus VAT if this condition is breached.

### **16. Politically Exposed Persons**

- 16.1 Under the Money Laundering Regulations 2007 we are required to identify clients (including directors and shareholders of companies, partner of partnerships and trustees of trusts, charities and pension schemes) who fall within the definition of Politically Exposed Persons. The definition of a Politically Exposed Person is set out below. You must notify us immediately if you are aware or become aware that you or any of the people listed above fall within this definition.

- 16.2 A Politically Exposed Person means a person who is:-

- a) an individual who is or has, at any time in the preceding year, been entrusted with a prominent public function by:
  - (i) a state other than the United Kingdom;
  - (ii) a Community Institution; or
  - (iii) an International Body,
- b) an immediate family member of a person referred to in sub-paragraph (a) or;
- c) a known close associate of a person referred to in sub-paragraph (a).

### **17. Intellectual property rights**

- 17.1 We will retain all copyright in any document prepared by us during the course of carrying out the engagement save where the law specifically provides otherwise.

### **18. Termination of agreement**

- 18.1 Each of us may terminate this agreement by giving not less than 21 days' notice in writing to the other party except where you fail to cooperate with us or we have reason to believe that you have provided us or HM Revenue & Customs with misleading information, in which case we may terminate this agreement immediately. Termination will be without prejudice to any rights that may have accrued to either of us prior to termination.

### **19. Disengagement procedures**

- 19.1 Should we resign or be requested to resign we will normally issue a disengagement letter to ensure that our respective responsibilities are clear. This will also assist in ensuring an efficient handover between professional advisers. Should we have no contact with you for a period of one year or more we may issue to your last known address a disengagement letter and hence cease to act.
- 19.2 On major audits as defined by the Financial Reporting Council we are always required on resignation or removal as auditors to issue a report to the Professional Oversight



Board (POB) and on non major audits we are required to issue a report to the ICAEW if we resign or are removed midterm. This report is a copy of the report that we will deposit at your registered office, it will also explain why we have ceased to be the company's auditors, if this is not evident from that report.

- 19.3 Where we have a duty to make a report to POB or the ICAEW you also have a reporting duty as Directors. You can either send a copy of the report that we have deposited at your registered office or alternatively send your own report.
- 19.4 In the event that we cease to act as Statutory Auditors for the company, we are required by paragraph 9(3) of Schedule 10 to the Companies Act 2006 to make available, if requested, all relevant information concerning the audit of the company to our successors as Statutory Auditors. You agree to cover any reasonable costs of making such information available that we may incur in fulfilling our duty.

## **20. Publicity**

- 20.1 We are keen to obtain publicity, both internally and externally, in relation to work undertaken for our clients. We assume the right to use references in proposals or other similar submissions made to other prospective clients, unless you expressly request us not to.

## **21. Applicable law**

- 21.1 This letter of engagement shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this letter of engagement and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

## **22. Nexia International**

- 22.1 Nexia International does not accept any responsibility for the commission of any act, or omission to act by, or the liabilities of, any of its members.
- 22.2 Membership of Nexia International, or associated umbrella organisations, does not constitute any partnership between members, and members do not accept any responsibility for the commission of any act, or omission to act by, or the liabilities of, other members.

## **23. Investment Services**

- 23.1 Investment business is regulated by the Financial Services and Markets Act 2000. If, during the provision of professional services to you, you need advice on

investments including insurances, we may have to refer you to someone who is authorised by the Financial Conduct Authority, as we are not. However, as we are licensed by ICAEW, we may be able to provide certain investment services that are complementary to, or arise out of, the professional services we are providing to you. Such advice may include making referrals to Permitted Third Parties. 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 in respect of exempt regulated activities undertaken. Further information about the scheme and the circumstances in which grants may be made is available on ICAEW's website: [www.icaew.com/cacs](http://www.icaew.com/cacs).

## **24 Referral to a Permitted Third Party (PTP) – Investment Advice**

- 24.1 If you require advice on investment business, which we are unable to give as we are not authorised by the Financial Conduct Authority to do so, we can introduce you to Amber River East Anglia who are a PTP authorised by the Financial Conduct Authority. Amber River East Anglia is not an associated business to the practice and one in which the practice has no financial interest.
- 24.2 The PTP will issue you with their own terms and conditions letter, will be remunerated separately for their services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000.
- 24.3 We do not receive an introductory fee or commission from the PTP and do not benefit from the profit made by that firm. The income received by that firm in respect of advice given to you will be advised to you by the PTP directly.