

## STANDARD ENGAGEMENT – SOLE TRADER

The purpose of this letter is to set out the basis on which we are to act as your accountants and tax agents and the respective areas of responsibility of you and of ourselves.

### 1 Professional services provided

The professional services you have asked us to carry out are as follows:

- Compilation of the unaudited financial information (see section 2 below)
- Taxation (see section 4 below)

The scope of these services is set out below and should be read in conjunction with our most recent terms of business at sections 8-22. Any additional services that you ask us to provide will be subject to new or amended terms of engagement.

### 2 Compilation of Statutory Financial Statements

#### Your responsibilities

- 2.1 You will be responsible for the reliability, accuracy and completeness of the accounting records.
- 2.2 You have undertaken to make available to us, as and when required, all of your accounting records and related financial information, necessary to carry out our work. You will provide us with all information and explanations relevant to the purpose and compilation of the financial information, and you will disclose to us all relevant information in full.
- 2.3 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the financial statements, is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 2.4 You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance, and for detecting any that occurs.

#### Our responsibilities

- 2.5 You have asked us to help you prepare financial statements to enable profits to be calculated such as to meet the requirements of section 25 of the Income Tax (Trading and Other Income) Act 2005 and which provides sufficient and relevant information to enable the completion of a tax return. We will compile the financial information for your approval based on the accounting records maintained by you and the information and explanations given to us by you.
- 2.6 We shall plan our work on the basis that no report is required by statute or regulation, unless you inform us in writing to the contrary. In carrying out our engagement we will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.

- 2.7 Our work will not be an audit of the financial information in accordance with International Standards on Auditing (UK and Ireland). Consequently, our work will not provide any assurance that the accounting records or the financial information are free from material misstatement, whether caused by fraud, other irregularities or error and cannot be relied on to identify weaknesses in internal controls.
- 2.8 Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the accounting records maintained by you, we are unable to provide any assurance as to whether the financial information that we prepare from those records presents a true and fair view. We will, however, advise you on whether your records are adequate for the preparation of the financial information and recommend improvements.
- 2.9 We have a professional duty to compile financial information that conforms with the generally accepted accounting principles selected by management as being appropriate for the purpose for which the information is prepared.
- 2.10 We also have a professional responsibility not to allow our name to be associated with financial information which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial information may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial information. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial information is misleading, we will withdraw from the engagement.
- 2.11 As part of our normal procedures, we may request you to provide written confirmation of any information or explanations given by you orally during the course of our work.
- 2.12 You will approve and sign the financial information thereby acknowledging responsibility for it, including the appropriateness of the financial reporting framework on which it has been compiled, and for providing us with all information and explanations necessary for its compilation.

### **3 Form of our report**

- 3.1 We shall report to you that in accordance with this engagement letter we have compiled, without carrying out an audit, the financial information from the accounting records of the entity and from the information and explanations supplied to us. The report should not be used for any purpose other than as set out in this engagement letter. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the addressee of the report, for our work or for our report.

### **4 Taxation services**

- 4.1 We shall prepare, in respect of each accounting period, a computation of profits adjusted in accordance with the Taxes Acts. Once they have been approved by you we shall complete the appropriate self assessment schedule.
- 4.2 We shall prepare on your behalf the necessary self assessment returns including a calculation of your tax liabilities from the information supplied by you.
- 4.3 We shall forward your return (together with copies of all supporting material we propose to submit to HM Revenue & Customs (HMRC) with your return) to you for approval and signature. You are legally responsible for making a correct return in respect of your annual tax liability, and it is essential that we as your agent are supplied with all relevant information. At this stage we shall advise you as to your outstanding tax liabilities and the appropriate payment dates.
- 4.4 It is important to note that HMRC will charge interest on any tax paid late, and in some cases can increase any outstanding liability by imposing surcharges.
- 4.5 Furthermore, to avoid automatic late filing penalties, which start at £100, the return must normally be submitted to the Inspector by 31 January following the tax year to which the return relates. This date may be extended if there is an HMRC delay in issuing the return to you.
- 4.6 It is therefore essential that you respond on a timely basis to any requests for further information to enable us to complete your return and submit it to HMRC on time.
- 4.7 It is your responsibility to ensure that your tax is paid on time and that your return is filed on time.

## **5 Enquiries**

- 5.1 We shall respond to any enquiries from HMRC arising from your tax return. However, we shall consult you if it becomes clear that HMRC are opening an in-depth enquiry. They have the power to do this on a purely random basis.

## **6 Record keeping requirements**

- 6.1 Self assessment requires full records supporting a return to be retained until the fifth anniversary of the 31 January following the end of the year assessment concerned. You will be responsible for retaining these records.

**Penalties of up to £3,000 may be imposed for non-compliance with these provisions.**

## **7 Other services**

- 7.1 We shall be pleased to give advice on the tax implications of specific matters which you may refer to us from time to time. Such advice and / or assistance would also be subject to separate terms of engagement.

## **8 Applicable law**

- 8.1 This engagement letter 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 the engagement letter 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.
- 8.2 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. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.
- 8.3 The advice we give you is for your sole use and is confidential to you and will not constitute advice for any third party to whom you may communicate it. We will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

## **9 Quality of service**

We aim to provide you with a fully satisfactory service and **partner name** as engagement partner will seek to ensure that this is so. If, however, you are unable to deal with any difficulty through **him and his** team please contact **Partner and email address**. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may of course take up the matter with our professional bodies, by whom we are regulated.

## **10 Investment advice**

- 10.1 We are not authorised by the Financial Conduct Authority to conduct Investment Business. If you require investment business services we will refer you to a firm authorised by the Financial Conduct Authority.

## **11 Fees and payment terms**

- 11.1 Our fees may depend not only on the time spent on your affairs by the partners and our staff and on the levels of skill and responsibility involved, but also the level of risk identified and any advice provided. Unless otherwise agreed, our fees will be billed at appropriate intervals during the course of the year and will be due on presentation.
- 11.2 If it is necessary to carry out work outside the responsibilities outlined in this letter 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.

Our fees will exclude out of pocket expenses. Out of pocket expenses (plus VAT (if applicable)) will be billed as incurred for reimbursement by you.

- 11.3 It is our normal practice to request that clients make arrangements to pay a proportion of their fee on a monthly standing order. These standing orders will be applied to fees arising from work agreed in this letter of engagement for the current and ensuing years. Once we have been able to assess the amount of work and time involved we would be grateful if you would agree to pay an amount to us on a regular basis.
- 11.4 Our terms relating to payment of amounts invoiced and not covered by standing orders, where appropriate, are strictly 30 days net. Interest will be charged on all overdue debts at the rate of 3% per annum.

## **12 Retention of and access to records**

- 12.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following the preparation of your accounts and returns.
- 12.2 Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. If you require retention of any document you must notify us of that fact in writing.

## **13 Proceeds of Crime Act 2002 and Money Laundering Regulations 2007**

- 13.1 In common with all accountancy and legal practices, we are required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 to:
- have due diligence procedures for the identification of all clients;
  - maintain appropriate records of evidence to support customer due diligence; and
  - report in accordance with the relevant legislation and regulations.

## **14 Electronic communication**

- 14.1 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 an 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.
- 14.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.

## **15 Data Protection**

- 15.1 To enable us to discharge the services agreed in this engagement letter, comply with related legal and regulatory obligations and for other related purposes including updating and enhancing client records and analysis for management purposes, as a data controller, we may obtain, use, process and disclose personal data about you and your business and employees as described in our privacy notice. We confirm when processing data on your behalf that we will comply with the provisions of all relevant data protection legislation and regulation<sup>1</sup>.
- 15.2 You are also an independent controller responsible for complying with data protection legislation and regulation in respect of the personal data you process and, accordingly where you disclose personal data to us you confirm that such disclosure is fair and lawful and otherwise does not contravene relevant requirements. Nothing within this engagement letter relieves you as a data controller of your own direct responsibilities and liabilities under data protection legislation and regulation.
- 15.3 Our privacy notice, which can be found on our website at *Adamsmoore.com* explains how we process personal data in respect of the various services that we provide.

## **16 Confidentiality**

- 16.1 Where you give us confidential information, we confirm that we shall at all times keep it confidential, other than as required by law, by our insurers, or as provided for in regulatory (including external peer reviews), ethical or other professional statements relevant to our engagement. This will apply during and after this engagement.
- 16.2 We may subcontract our work to other professionals within the sector. Any subcontractors are also bound by our client confidentiality terms.

## **17 External review**

- 17.1 As part of our ongoing commitment to providing a quality service, our files are periodically reviewed by an independent regulatory or quality control body. These reviewers are highly experienced and professional people and, of course, are bound by the same rules for confidentiality as us.

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<sup>1</sup> Including the Data Protection Act 2018, the General Data Protection Regulation (GDPR) and any related regulations.

**18 Professional rules and practice guidelines**

We will observe and act in accordance with the bye-laws, regulations and Code of Ethics of our Professional Bodies and accept instructions to act for you on this basis. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

**19 Conflicts of interest**

- 19.1 We reserve the right during our engagement with you to deliver services to other clients whose interests might compete with yours or are or may be adverse to yours, subject to our confidentiality clause. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting your business.
- 19.2 If a conflict of interest should arise, either between two or more of our clients, or in the provision of multiple services to a single client, we will take such steps as are necessary to deal with the conflict. In resolving the conflict, we would be guided by our Code of Ethics.

**20 Professional Indemnity Insurance**

In accordance with our professional bodies’ rules we are required to hold professional indemnity insurance. Details about the insurer and coverage can be provided on enquiry.

**21 Timing of our services**

- 21.1 If you provide us with all information and explanations on a timely basis in accordance with our requirements, we will plan to undertake the work within a reasonable period of time in order to meet any regulatory deadlines. However, failure to complete our services prior to any such regulatory deadline would not, of itself, mean that we are liable for any penalty or additional costs arising.

**22 Termination of our agreement**

- 22.1 Either party to these terms of engagement may terminate the agreement by giving not less than 21 days’ notice in writing to the other party. We may, however, terminate our agreement immediately where you fail to cooperate with us, or we have reason to believe that you have provided us or HMRC with misleading information. Termination will be without prejudice to any rights that may have accrued to either of us prior to termination.
- 22.2 Should our contract be terminated, we will endeavour to agree with you the arrangements for the completion of work in progress at that time. We may, however, be required for legal or regulatory reasons to cease work immediately. In that event, we shall not be required to carry out further work and shall not be responsible or liable for any consequences arising from termination.

**23 Agreement of terms**

- 23.1 The terms set out in this letter shall take effect immediately upon your countersigning this letter and returning it to us or upon the commencement of the work for the accounting period ended [...], whichever is the earlier.
- 23.2 Once it has been agreed, this letter will remain effective until it is replaced. We shall be grateful if you could confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, or let us know if they are not in accordance with your understanding of our terms of engagement.

Yours faithfully

.....  
Signed for and on behalf of Adams Moore Limited

I agree to the terms of this engagement letter.

.....  
Signature

.....  
Print name

.....  
Date