

Standard terms of business

The following standard terms of business apply to all engagements accepted by Davis Grant Ltd. All work carried out is subject to these terms except where changes are expressly agreed in writing.

1 Professional obligations

- 1.1 Details of the firm's professional registrations can be found at www.davisgrant.co.uk
- 1.2 We will observe and act in accordance with the bye-laws and regulations of The Association of Chartered Certified Accountants together with their code of ethics. We accept instructions to act for you on this basis. In particular you give us authority to correct errors made by HM Revenue and Customs where we become aware of them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

Professional indemnity insurance

- 1.3 In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our professional indemnity insurer is Chartis Insurance UK Limited, of The Chartis Building, 58 Fenchurch Street, London EC3M 4AB.. The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim brought in any court in the United States of America or Canada.

2 Investment services

- 2.1 Since we are not authorised by the Financial Conduct Authority then we may have to refer you to someone who is authorised if you need advice on investments. However, as we are licensed by The Association of Chartered Certified Accountants 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.

- 2.2 Such advice may include:

- advise you on investments generally, but not recommend a particular investment or type of investment;
- refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but not make alternative recommendations). The PTP will issue you with his own terms and conditions letter, will be remunerated separately for his services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000;
- advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
- advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
- assist you in making arrangements for transactions in investments in certain circumstances; and
- manage investments or act as trustee (or donee of a power of attorney) where decisions to invest are taken on the advice of an authorised person.

- 2.3 For corporate clients we may also, on the understanding that the shares or other securities of the company are not publicly traded:

- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
- arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- arrange for the issue of new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

- 2.4 We are not authorised by the Financial Conduct Authority. However, we are included on the Register maintained by the Financial Conduct Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by The Association of Chartered Certified Accountants. The register can be accessed via the Financial Conduct Authority website at <http://www.fca.org.uk/register>.

Financial Promotions

- 2.5 To enable us to provide you with a proper service, there may be occasions when we will need to contact you without your express permission concerning investment business matters. For example, it may be in your interests to sell a particular investment and we would wish to inform you of this. We may therefore contact you in such circumstances, but would only do so in our normal office hours of 9.15am to 5.30pm. We shall of course comply with any restrictions you may wish to impose which you notify to us in writing.

3 Client monies

- 3.1 We may, from time to time, hold money on your behalf. Such 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 Association of Chartered Certified Accountants.
- 3.2 In order to avoid an excessive amount of administration, interest will only be paid to you where the amount of interest that would be earned on the balances held on your behalf in any calendar year exceeds £25. Any such interest would be calculated using the prevailing rate applied by Barclays Bank Plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.
- 3.3 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 the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 3.4 We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds. In the unlikely event of us holding any unclaimed monies we reserve the right to pay such monies to a registered charity in line with the guidelines set out in the Clients' Money Regulations referred to above. We will not do this unless we have been unable to contact you for at least five years and we have taken reasonable steps to trace you and return the monies.

4 Fees

- 4.1 Our fees are computed on the basis of time spent on your affairs by the principals and our staff and sub-contractors or consultants, and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs. We reserve the right to raise interim bills where work has been carried out.
- 4.2 If it is necessary to carry out work outside the responsibilities agreed with you for each service, we will advise you in advance. Any additional work will involve additional fees. Accordingly we would like to point out that it is in your interests to ensure that your records and so forth are completed to the agreed stage.
- 4.3 Invoices are payable in full (including disbursements) in accordance with the terms set out in paragraph 4.5 below. If you do not accept that an invoiced fee is fair and reasonable you must notify us within 21 days of receipt, failing which you will be deemed to have accepted that payment is due.
- 4.4 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.
- 4.5 Our terms relating to payment of amounts invoiced (fees and disbursements) and not covered by standing orders are strictly due on presentation. We reserve the right to charge interest on overdue accounts at the current rate under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to suspend or terminate our engagement and cease acting if payment of any fees billed is unduly delayed. Settlement of fees by Mastercard or Visa is accepted, subject to payment of an administration fee.
- 4.6 As directors you guarantee to pay personally any fees (including disbursements) for services provided to the company that the company is unable to pay. This clause shall become effective in the event of a receiver or liquidator being appointed to the company or the company otherwise being wound-up.
- 4.7 In the event that this firm ceases to act in relation to your company's affairs you agree to meet all reasonable costs of providing information to the company's new advisers. In particular you agree to meet these costs where we are required by law to provide information to a successor firm.
- 4.8 We reserve the right at all times to obtain information from third parties and other external sources and searches may be made on your file at a licensed credit referencing agency and the search trace may be recorded on your

file. Undertaking such searches or obtaining such information will assist us in assessing your creditworthiness and ability to pay our fees and charges pursuant to our agreement with you.

Fixed Fee Variations

4.9 If a fixed fee has been specified for any service we have agreed to provide, such fee shall be based on:

- The assumption that the information you are to provide shall be furnished within such timescale as we have specified to you; and
- The assumption that the information shall be complete and accurate.

In the event that the above requirements are not met, we reserve the right to increase the fixed fee by such amount as shall reflect such factors as our additional time of working and prioritising work to meet filing and other deadlines. You should be aware that fee increases in these circumstances might be equal to or exceed the original fixed fee quote.

Estimates not binding

4.10 We would be pleased to estimate from time to time, upon request from you, the total amount of fees for particular matters we may undertake on your behalf. Any fee estimates we provide are a guide to assist you in budgeting, but should not be seen as a definitive quotation unless this is specifically agreed in writing. Estimates are by their nature inexact, and cannot be binding on either of us. Although we may provide estimates of fees or costs that we anticipate will be incurred, these estimates are not intended to be binding, are subject to unforeseen circumstances, and are by their nature inexact.

5 Retention of and access to records

5.1 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 and audit of your financial statements and returns. You should retain these records for 6 years from the 31 January following the end of the tax year to which they relate. You should retain them for longer if HM Revenue and Customs enquire into your tax return.

5.2 Whilst certain documents may legally belong to you, unless you tell us not to, 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.

5.3 We reserve the right to destroy documents after a shorter period if our policy changes.

Providing Information in Proceedings

5.4 From time to time we may be asked to retrieve and produce copies of your records and to give testimony as a witness in Court or at a tribunal or arbitration hearing. Accordingly, any time we spend in providing information about the relative engagement or about you as our client in legal proceedings in which the firm (or any of its partners or employees) is not a party, the efforts in responding will be deemed to be a part of the original engagement. The firm will therefore be entitled to be paid for time and out-of-pocket expenses (including legal fees) incurred in responding to such matters.

6 Conflicts of interest and independence

6.1 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 7 below. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you, unless we are unable to do so because of our confidentiality obligations. We have safeguards that can be implemented to protect the interests of different clients if a conflict arises. 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.

6.2 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 the Code of Ethics of The Association of Chartered Certified Accountants.

7 Confidentiality

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- 7.1 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 statements relevant to our engagement.

Publicity

- 7.2 You agree that we may disclose that you are a client.
- 7.3 As regards a particular transaction, if information about it is in the public domain or if you specifically consent thereto, we may also disclose that we are acting or have acted for you in relation to it.

8 Quality control

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

Dealing with HM Revenue & Customs

- 8.2 When dealing with HM Revenue & Customs on your behalf we are required to be honest and to take reasonable care to ensure that your returns are correct. To enable us to do this, you are required to be honest with us and to provide us with all necessary information in a timely manner. For more information about 'Your Charter' for your dealings with HM Revenue & Customs, see www.hmrc.gov.uk/charter/index.htm. To the best of our abilities, we will ensure that HM Revenue & Customs meet their side of the Charter in their dealings with you.
- 8.3 We will take account of the steps and checks suggested by HM Revenue & Customs in their 'Agent Toolkits'. While use of the Toolkits is voluntary, we will ensure that our quality control procedures match or enhance the suggestions in the Toolkits so that, in the unlikely event that HM Revenue & Customs consider any of your tax returns with which we assist to be inaccurate, we will be able to help you demonstrate to HM Revenue & Customs that reasonable care has been taken in the preparation of the return, thereby significantly reducing the possibility of an inaccuracy penalty being imposed. To further reduce the possibility of an inaccuracy penalty, you will remain responsible for maintaining good quality supporting records for each return, for providing us with all relevant information and explanations and for acting on any advice that we give you.

9 Help us to give you the right service

- 9.1 Whatever the specific type of service we provide, we can only measure our success if the service gives you added value. As a professional service organisation, our aim is to provide you with a high quality service at an effective cost to meet or, as we hope will often be the case, exceed your expectations.
- 9.2 Whilst it will always be clear that our advice and support for you or for any company in which you are involved, is in the nature of assisting you to make decisions, we will never adopt the stance of "shadow" director.
- 9.3 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know, by contacting Barry Chernoff on 0208 477 0000.
- 9.4 We undertake to look into any complaint carefully and promptly and 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 The Association of Chartered Certified Accountants.
- 9.5 In order for us to provide you with a high quality service on an ongoing basis it is essential that you provide us with relevant records and information when requested, reply to correspondence in a timely manner and otherwise follow the terms of the agreement between us set out in this Standard Terms of Business and associated Engagement letters. We therefore reserve the right to cancel the engagement between us with immediate effect in the event of:
- your insolvency, bankruptcy or other arrangement being reached with creditors;
 - failure to pay our fees by the due dates;
 - either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.

10 Applicable law

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

10.2 If any provision in this Standard Terms of Business or any associated engagement letter, or its application, are found to be invalid, illegal or otherwise unenforceable in any respect, the validity, legality or enforceability of any other provisions shall not in any way be affected or impaired.

11 Internet communication

11.1 Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means. However, 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.

11.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.

12 Data Protection Act 1998

12.1 To enable us to discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you / your business / company / partnership / its officers and employees. We confirm when processing data on your behalf that we will comply with the relevant provisions of the Data Protection Act 1998.

12.2 Sections 11 and 12 of the Data Protection Act 1998 place express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. An example would be where we operate a payroll service for you. We therefore confirm that we will at all times comply with the requirements of the Data Protection Act 1998 when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will comply with any obligations equivalent to those placed on you as a data controller.

13 Contracts (Rights of Third Parties) Act 1999

13.1 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.

13.2 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.

14 The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007

14.1 In common with all accountancy and legal practices, the firm is required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 to:

- Maintain identification procedures for clients and beneficial owners of clients;
- Maintain records of identification evidence and the work undertaken for the client; and
- Report, in accordance with the relevant legislation and regulations.

14.2 We have a duty under section 330 of the Proceeds of Crime Act 2002 to report to the National Crime Agency (NCA) if we know, or have reasonable cause to suspect, that another person is involved in money laundering. Failure on our part to make a report where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence.

14.3 The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act and includes concealing, converting, using or possessing the benefits of any activity that constitutes a criminal offence in the UK. It also includes involvement in any arrangement that facilitates the acquisition, retention, use or control of such a benefit.

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This definition is very wide and would include such crimes as:

- deliberate tax evasion;
- deliberate failure to inform the tax authorities of known underpayments or excessive repayments;
- fraudulent claiming of benefits or grants; or
- obtaining a contract through bribery.

Clearly this list is by no means exhaustive.

- 14.4 We are obliged by law to report any instances of money laundering to SOCA without your knowledge or consent. In consequence, neither the firms' principals nor staff may enter into any correspondence or discussions with you regarding such matters.
- 14.5 We are not required to undertake work for the sole purpose of identifying suspicions of money laundering. We shall fulfil our obligations under the Proceeds of Crime Act 2002 in accordance with the guidance published by the Consultative Committee of Accountancy Bodies.

15 General Limitation of liability

- 15.1 We will provide services as outlined in this letter with reasonable care and skill. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us or the tax authorities.
- 15.2 You will not hold us, or our staff, responsible, 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 partners or employees personally.
- 15.3 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.

Indemnity against Third Party Claims

- 15.4 You agree to release us from liability and to indemnify us in the event that a claim is brought against us by a third-party for misstatements in financial statements, which were caused by false representations made to us by you or members of your management. Accordingly, you agree to indemnify and hold our firm, its partners, and employees harmless from any and all liabilities, costs, and expenses relating to this engagement, and expenses (and those of our lawyers) incurred by reason of any action taken or committed to be taken by us in good faith. In no event will our firm or partners or staff be liable for incidental or consequential damages even if we have been advised of the possibility of such damages.

Use of our name in statements or documents issued by you

- 15.5 You are not permitted to use our name in any statement or document that you may issue unless our prior written consent has been obtained. The only exception to this restriction would be statements or documents that in accordance with applicable law are to be made public.

Draft/interim work or oral advice

- 15.6 In the course of our providing services to you we may provide advice or reports or other work products in draft or interim form, or orally. However, final written work products will always prevail over any draft, interim or oral statements. Please note that if you wish to rely on oral or draft advice, you must let us know by writing to us and we will confirm such advice in writing.

Changes in the law and application to subsequent or additional matters/updating of advice

- 15.7 We will not accept responsibility if you act on advice previously given by us without first confirming with us that the advice is still valid in light of any change in the law or your circumstances.
- 15.8 We will accept no liability for losses arising from changes in the law or the interpretation thereof that occur after the date on which the advice is given.

- 15.9 The agreement reflected in these Terms and Conditions apply to our initial provision of services and to any subsequent matters which we agree in writing to undertake on your behalf, or to which we actually render services.
- 15.10 Any advice we provide whether oral or written, will not be updated for events occurring after the advice has been issued in final form, unless you specifically request (in writing) that such advice is updated. Any updating of advice that is given will be the subject of a separate agreement.

No Guarantee of Outcome

- 15.11 We do not and cannot give any guarantee or certain outcome in any matter for which we provide services to you.

Force Majeure

- 15.12 We shall not be liable to you if we are unable to perform our services as a result of any cause beyond our reasonable control. In the event of any such occurrence affecting us we shall notify you as soon as reasonably practicable.

16 Duty to Mitigate

- 16.1 It is understood between us that you have a duty to mitigate any loss that you may suffer arising out of this agreement with us. We shall not be liable for any loss that could reasonably have been avoided or mitigated but for any failure on your part.
- 16.2 This duty to mitigate means that if you believe you have suffered or are likely to suffer any loss which you believe is or may be attributable to any service provided by us pursuant to this agreement, you must:
- Inform us in writing, within 30 days of first becoming aware of such event;
 - Allow us to remedy (including, but not limited to, re-doing the work concerned), where such is possible, the defect (if any) which you believe has or will give rise to a loss; and
 - Expeditiously take such action as may be necessary to minimise any loss you may suffer.

17 References and Supply of Information to Third Parties

Credit and Other References

- 17.1 We are happy to assist clients by supplying credit and other references wherever possible but you should note that it is our usual practice not to do so during the first six months of our engagement. It is our custom to make a standard charge for the supply of a reference of £50 plus VAT. Please note that as part of our reference letter we always incorporate a final paragraph on the lines of: *"As is the case with all references given by our firm we give the same to you in good faith but no duty of care is owed to you nor given and no liability is accepted on the part of the firm or the writer in respect of this reference."*

Furnishing Information to Third Parties

- 17.2 Since we owe no duty of care to anyone other than clients to whom we render services, you should note that we do not furnish copies of accounts (including annual and periodic management accounts) to third parties (except, where applicable, the Registrar of Companies and the Inland Revenue) except in cases where you obtain from the recipient third party a "hold harmless" letter in such terms as we shall specify fully absolving us against any liability to that party in advance.

18 Third Party Services

When we are asked to recommend the services of a third party we shall always do so in good faith. However, no warranty is given in respect of the standing, ability or the quality of the services of any such third party. We do not accept liability for that third party's services and you will have a contract with that third party, but not with us in respect of that third party's goods or services. Accordingly, you will be responsible for the fees and expenses of that third party.

19 No Engagement of our Staff or Partners

Without our prior written approval, you agree not to offer employment to any member of our staff or partners working on this or any engagement for you nor will you use the service of such persons either independently or

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via a third party for a period of 12 months following the end of any involvement by any such person concerned with any engagement with you. You acknowledge that breach of this condition will render you liable to pay liquidated damages to us equal to six months fees calculated as 875 hours at the hourly charge rate applicable to the person concerned.

20 Interpretation

Each category of work to be undertaken is described in separate schedules. This engagement letter should be read in conjunction with such schedules. If any provision of our engagement letter or terms of business is held to be void, then that provision will be deemed not to form part of this contract. In the event of any conflict between these terms of business and the engagement letter or appendices, the relevant provision in the engagement letter or schedules will take precedence.

Terms agreed and accepted:

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Date:.....

For and on behalf of:.....

Issued by: Davis Grant Ltd
Treviot House
186 – 192 High Road
Ilford, Essex IG1 1LR

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Davis Grant Ltd