

## TERMS AND CONDITIONS OF BUSINESS/ENGAGEMENT PERSONAL SERVICE COMPANIES

1. This document sets out the services we will be providing to you and the basis on which we will be acting. It forms the basis of the contract between Garbetts Limited and yourself, but where appropriate it is amended by any specific agreements.
2. Within this document "You" refers to any client of Garbetts, being an individual, a partnership and/or its partners, a company and/or its directors or a charity and/or its trustees. In the case of a corporate entity, the responsibility for preparing accounts and administering taxes is a personal one of the directors, hence this contract is with the directors and officers of the company rather than the company itself. For convenience we will invoice the company on their behalf, save that if the company defaults the directors/officers will be liable. The signatory to this document for the client warrants that they have the authority of all other parties to enter into this agreement, and indemnifies Garbetts Limited on this basis.
3. This contract is not designed to prejudice your statutory or common law rights, nor does it bind you to using our services for any set length of time. This agreement can be terminated in writing by either party by way of letter to the latest address held, with no notice required.
4. Please read through the document and if you have any queries let us know. If not, please could you sign the "contents noted" line on the back of one of the copies and return this to us.

### 5. The practice

- a. "Garbetts" is the trading name of Garbetts Limited, registered in England number 2988424. The director of Garbetts Limited is Paul Garbett FCCA, company secretary Robert Garbett. The registered office is Arnold House, 2 New Road, Brading, Isle of Wight, PO36 0DT. Some professional services are provided by related companies, including Garbetts Group Limited, Garbetts Nominees Limited and Garbetts Consulting Limited.
- b. Garbetts holds a practising certificate from the Chartered Association of Certified Accountants (ACCA), and also is a Registered Auditor under the Companies Act 1989.
- c. Garbetts is registered with the ACCA to undertake a range of investment business activities, but we normally only offer investment advice as a integral part of other professional services. However we have links with a number of independent financial advisors, and can introduce clients to them. We will disclose to you any commissions received from third parties, and this under the terms of this agreement you consent to us retaining such commissions unless specifically agreed to the contrary.
- d. In order to keep our costs reasonable, some of our staff work with us on a sub contract or outsourced basis, either from our offices, their offices or from their home. We accept full responsibility for the work they carry out.

### 6. Fees - Routine Services

- a. We have the following tariff levels:
  - Comprehensive PSC service – basic fee £800 pa + vat, payable by monthly standing order
  - Entry Level PSC service – basic fee £500 pa + vat. payable by monthly standing order or £525 + vat where paid annually by cheque or credit card.
  - A separate charge of £100 + vat is made for company formations (plus £10 for a name change if required); this is discounted form a normal charge of £200+vat for clients who are purchasing either our comprehensive or entry level services.
- b. Our comprehensive package covers within the fixed fee:
  - Annual pre year end tax review
  - Preparation of annual accounts
  - Preparation of the company's corporation tax computations and CT600 return
  - Calculation and administration of PAYE/NI scheme annually
  - Calculation and administration of quarterly VAT returns
  - Preparation of directors personal income tax returns

- Preparation of spouses tax return where he/she has no other significant income and draws a salary or dividend from your company
- Dealing with all routine tax queries including random audits/inspections (other than IR35 status challenges)
- Preparation of annual return to Companies House and related Companies House administration
- Registered office service
- Liaison with your pension/investment advisors
- Ad-hoc advice as necessary
- IR35 contract reviews
- References for loans, mortgages and leases

The following services are charged separately, as used/requested :

- Tax credit applications and support (separate tariff available)
- Calculation and administration of PAYE/NI scheme monthly (£120 pa + vat)(for most PSCs annual payroll, included in the fixed price package is adequate).
- Invoicing your agent/client (£120 pa + vat monthly £240pa + vat weekly)
- Fighting IR35 status challenges (available at £120 per hour but we strongly recommend that you take out insurance for this separately).

c. Our entry level service covers within the fixed fee:

- Annual pre year end tax review
- Preparation of annual accounts
- Preparation of the company's corporation tax computations and CT600 return
- Preparation of annual return to Companies House and related Companies House administration
- Dealing with all routine tax queries but not including audits/inspections and IR35 status challenges
- Liaison with your pension/investment advisors
- Ad-hoc advice as necessary

The following services are charged separately, as used/requested :

- Tax credit applications and support (separate tariff available)
- Calculation and administration of PAYE/NI scheme (monthly £240 pa + vat or annually £100 pa + vat)
- Invoicing your agent/client (£120 pa + vat monthly £240pa + vat weekly)
- Fighting IR35 status challenges (available at £120 per hour but we strongly recommend that you take out insurance for this separately).
- Calculation and administration of quarterly VAT returns (£50 per quarter + vat)
- Preparation of directors personal income tax returns (£75 + vat, £125 + vat to include spouse)
- IR35 contract reviews (£100 + vat)
- References for loans, mortgages and leases (£30 + vat)
- Dealing with tax/vat audits/inspections (other than IR35 status challenges) £120 per hour)
- Registered office service (£25 pa + vat)

d. No refund is given or price adjustment made for unused services or service discounts not taken in month of payment, or for services not completed at termination of contract.

e. The reference period for fees is the company accounting year and returns falling due in respect of that years activities, as opposed fiscal or calendar years. Charges are however levied on the basis of a monthly retainer and relate to the month for which they are due or paid.

f. The quoted fees refer to 12 month years. Short or long periods, and other part years, are charged as follows:

- i. Starting as a new company part way through a year – the standard fee will normally be apportioned by reference to whole or part months when you take up our services.
- ii. Joining us with an existing company part way through a year (from another accountant or with no accountant) – the standard fee will be apportioned and charged at 100% for each whole or part month after you join us and at 50% for each whole month of your financial year elapsed before you join us.
- iii. Transferring from us to another accountancy practice, or services terminated by either side – the standard fee will normally be apportioned by reference to whole or part months for which you are using our services.

- iv. Ceasing to be a contractor and closing your company down - the standard fee will normally be apportioned by reference to whole or part months for which you are using our services subject to a minimum of 6 months payments in the accounting year.
- v. Accounting periods of more or less than 12 months – straight monthly apportionment
- g. If you place your company on hold for more than three months – our fees are reduced to 50% of the standard level after three months. You must claim this reduction by contacting us at the time you place your company on hold – we cannot allow a retrospective adjustment.
- h. If your company becomes dormant (using Companies Act definition of no significant accounting transactions) – our fees drop to £10 per month + vat as a holding fee to cover basic company accounts and tax compliance. Personal taxation services are not included.
- i. Where a contractor is running two companies, a discount of 1/3 will be offered for the second company.
- j. Discounts may be offered to clients whose affairs are simpler than most contractors – these discounts are by negotiation. Where a discount is applied, all apportionments are on the discounted price.
- k. On both the comprehensive and entry level tariffs we have the right to make an additional charge of up to £100 per annum + vat over and above the fixed fee, payable as a separate payment against invoice, where your accounting records are below an acceptable standard or where there are other complicating matters, eg using your company for share trading or property dealing.
- l. We will make a surcharge of £10 per month + vat for two contractors working through one company.
- m. Spouse tax returns are prepared as part of the standard package where the spouse has no other significant income and receives a salary or dividend from your company. Other significant income would be full time employment, a business, rental income or share trading.
- n. Our fees are computed on an annual basis, however where payments are made by standing order each payment is deemed to be a stand alone contract for services during the month of payment, for which a VAT receipt is available on request.
- o. If standing orders are unpaid or missed, and your account is in debit (money owed to us) we may make an administration charge of up to £10 per missed payment.
- p. If standing orders are cancelled, unpaid or missed then we may cancel your contract with us.

#### Z. Non Routine Services

- a. From time to time many business need some extra assistance, and non routine work of this nature is subject to a separate charge. Typical examples of non routine issues are:

- Buying or selling a business.
- Raising business or personal finance.
- Preparation of business plans or forecasts.

We would stress that occasional telephone calls, requests for advice, etc, do not incur a separate charge -separate charges only arise where a significant amount of extra work is called for.

Where at all possible we will tell you if the work we are doing for you is outside of the quoted annual fee for routine services and therefore incurring extra charges, and where at all possible we will give you a quotation for the non routine work.

- b. Our hourly rates for non routine work are currently (excluding VAT):

- £120 Senior staff/Qualified accountant (£350/£700 half day/full day)
- £40-£90 Technician grade staff
- £20 Basic bookkeeping work

- c. Invoices for non routine work are raised either on completion of the work or on a periodic basis and are due for payment within fourteen days by cash, cheque or credit card. We reserve the right to charge interest on overdue accounts at the rate of 2% per month. Queries on invoices must be raised within fourteen days of the date of issue.
- d. In the event of credit terms being breached we may levy credit charges and interest in accordance with Late Payment of Commercial Debts (Interest) Act 1988 as amended by EC Directive 2000/35/EC.

## 8. Responsibilities

- a. Your Tax, VAT and NIC affairs are your responsibility; we act only as your agent. It is your responsibility to:
  - i. maintain accurate records for accountancy, audit or taxation purposes;
  - ii. consider the accuracy of accounts, tax returns or other documents which the practice prepares for you, before you sign them.
  - iii. ensure that elections, forms, returns or accounts which are subject to a statutory time limit are made on time;
  - iv. make sure we get copies or originals of all forms, assessments or other documents sent to you by the Inland Revenue, Companies House or H M Customs and Excise on which you wish us to advise or take action.
- b. We will offer you as much assistance as possible in meeting the above. This will include:
  - i. giving you guidance on the records you need to keep and advising you of any significant errors or omissions which we discover;
  - ii. ensuring that accounts, tax returns and other documents are an accurate reflection of the records and other information, written or verbal, which you have given us, and drawing to your attention any known uncertainties or errors;
  - iii. ensuring that you are aware of relevant time limits and critical dates;
  - iv. ensuring that we process work you give us within the time scale necessary to meet relevant time limits provided that we have been given the necessary books and records within good time.

## 9. Accountancy

- a. We will prepare your accounts from your records, incorporating any other verbal or written information given. In preparing these accounts we will endeavour to identify and correct any errors found in your records, and where appropriate advise you accordingly.
- b. We will draw your attention to any major deficiencies, errors or omissions which we discover in your records or accounting systems.
- c. It is your responsibility to maintain accurate and reliable accounting records for the purpose of our drawing up accounts.

## 10. Taxation

- a. We will check and advise you of the correctness or otherwise of any assessments, computations, statements of tax liabilities, PAYE codings or demands for payment sent to you by the Inland Revenue or H M Customs and Excise, provided, of course, that we have a copy of the relevant documentation.
- b. Under normal circumstances we automatically get sent copies of tax assessments raised by the Inland Revenue, however we do not get automatic copies of other Inland Revenue demands for payment, reminders or PAYE codings. Likewise we do not automatically get copies of assessments, demands for payment, etc, from the Inland Revenue National Insurance Contributions Office or H M Customs and Excise. These must therefore be forwarded to us if you require us to act upon them.

- c. Where requested we will prepare your business and/or personal tax returns.
- d. We will prepare tax computations on your accounts, and once you have approved the accounts, will submit these to the Inland Revenue and seek agreement to the figures. We will provide you with a copy of these computations if requested.
- e. Having prepared your accounts, tax returns or computations, if at all possible we will advise you of your approximate tax liabilities.
- f. We will review your tax position at appropriate intervals, and will offer you as much assistance as possible in keeping your current and future tax liabilities as low as legally possible.
- g. We have your consent to make use of Inland Revenue Electronic Filing opportunities where available.

#### 11. Company Secretarial and Formation

- a. When requested we will assist you with returns or documents to Companies House, although it is your responsibility to pay stamp duty, filing fees or other duty.
- b. We are willing to allow our Brading address to be used as a registered office address for client companies. We will process or forward on to you any official post received; junk mail will however, at our discretion, be destroyed.
- c. Where we are engaged to act in respect of a company formation, a separate fee applies and the following terms are imposed:
  - i. officers from this practice or our agents (if engaged) will act as the first director/secretary of a company and transfer the appointments to your nominated officers on incorporation. This speeds up the formation process.
  - ii. We will not normally supply statutory records for a company (share register, minute book, company seal) – these are available at extra cost if required.
  - iii. Unless you specify to the contrary a standard form of Memorandum and Articles of Association will be used.

#### 12. Statutory Audit

- a. The term "audit" has a special meaning in terms of company and charity accounts, and many companies are exempt from audit. Where turnover is below £5,800,000 under normal circumstances the practice will not conduct a statutory audit on the accounts, but will instead prepare a non statutory accountants report on the accounts. Where a statutory audit is required, a separate engagement letter will be necessary in respect of the audit. This engagement letter will cover statutory audit matters only.

#### 13. IR35 contract reviews

- a. Upon request we will review contracts and offer (i) an opinion as to their IR35 status and (ii) advise on ways that the IR35 status may be strengthened. We will not enter into contract negotiations with an agent or client on your behalf.
- b. Our opinions on IR35 status are offered as advice, and the responsibility for making a decision on the status of each contract rests with you.
- c. Contract reviews are specialist services. In the event of staff holidays or sickness there may be a delay of up to four weeks in processing them; normally we will process them within a week.
- d. Out contract reviews are not intended to act as a pre contract approval service.

#### 14. Deadlines

- a. In order to meet filing deadlines, we require information from you no later than:

5 months after year end for Company accounting papers  
 31 May after tax year end (5 April) for personal tax papers  
 10<sup>th</sup> day of next month for VAT returns.

b. Where information is received late we will endeavour to complete returns on time but cannot guarantee this. We may charge a supplementary fee of up to 25% of the agreed annual fee for prioritising work to achieve statutory deadlines, where you provide us with information late.

c. We endeavour to process all annual accounts and returns as soon as possible, with priority

15. Contact details

a. You are responsible for providing us with up to date postal, e-mail and telephone details.

b. Any e-mail address used by you to correspond with us is deemed valid and confidential for reply purposes unless we are advised to the contrary.

16. Tax Credits

a. Our fixed price services do not cover the preparation of tax credit claims or claims for similar benefits which are integrated with the tax system.

b. We are happy to assist with such claims where specifically requested, with a charge being made at either our normal hourly rates or on a fixed tariff if available.

17. Limitation of liability

a. Unless specifically agreed to the contrary Garbetts Limited will only be liable to you for advice in respect of:

i. Matters which have been specifically drawn to our attention; or

ii. Matters where we have specifically been asked to comment; or

iii. Matters where we have specifically advised you.

b. Garbetts Limited will not be liable for failure to provide advice in respect of a matter which has not been drawn to our attention by yourself.

c. Unless an extension has been agreed Garbetts Limited has a maximum liability to you equal to three times the annual fees charged under this agreement.

18. Insurance

a. We offer various insurance schemes for protection against tax enquiries and inspections. These insurance schemes are expressly offered on the basis of the policy conditions notified with the insurance, and are provided by the insurers concerned with Garbetts acting as introducer.

b. In the event of any dispute concerning cover or claims, the insurers ruling is final.

c. You will be liable for any excess under the insurance policy.

d. Such insurance policies are not compulsory, but where not taken up, or where policy conditions are breached, you will be liable for any professional fees arising from matters which would otherwise have been covered by the insurance.

19. Ownership of papers

a. Copies of correspondence or tax returns prepared on your behalf belong to you. We will normally retain these copies on our files, but copies can be provided to you on request and at no charge (subject to c below)

- b. Working papers for accounts and returns, file notes and copies of our correspondence to you are our property and will not normally be released.
- c. We archive files periodically, and a charge will be made for recovering papers from archive. By concession this charge may be waived for active clients. Where the client relationship is terminated files will normally be archived three months later, and a charge made for access after that date.

20. Confidentiality

- a. We have an obligation to keep your affairs confidential. Likewise correspondence between ourselves and yourselves should be kept confidential by yourself and not disclosed to third parties without our consent..
- b. We have an implied authority to discuss your affairs with any banker, lawyer or IFA acting for you and with any officer of your company and your spouse.
- c. We have an implied authority to respond to any enquiry from a government department, law enforcement body, statutory agency or other legitimate third party where we have an obligation to do so at law, or where failure to do so may lead to a complaint against us.

21. Complaints

- a. Any complaint about our services must, in the first instance, be put in writing to Mr Paul Garbett, Principal / MD of the practice., and clearly marked as a complaint.
- b. We will then investigate this complaint and report to you promptly.

22. Updates to this document

- a. This document may be updated and changed by Garbetts Limited:
  - i. By 30 days notice being given on the terms of business section of our www site ([www.garbetts.com/tcb](http://www.garbetts.com/tcb)).
  - ii. By immediate notice on our www site where circumstances dictate

We will endeavour to advise all clients of major changes to our terms of business.

- b. You can request a copy of the latest terms of business from our offices at any time.

Contents noted:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

(on behalf of company, directors and officers)