

All engagements accepted by our firm, for the provision of professional services relating to R&D Tax Credit claims, are subject to the following terms of business, unless otherwise changed by written agreement.

### **General information**

- a. “KRC Chartered Accountants” is the trading name of KRC Accountants Limited, a company registered in England and Wales number 07231903.
- b. The director of the company is Khandaker Rahman (also known as Khan Rahman) who is a chartered accountant, qualified through and holding a practising certificate with the Institute of Chartered Accountants in England and Wales (ICAEW).
- c. Other members of the team include managers and accounting and administrative staff.
- d. The registered office and principal place of business of KRC Chartered Accountants is 7 Meadows Bridge, Parc Menter, Cross Hands, Llanelli, Carmarthenshire. SA14 6RA.
- e. The firm is registered with the ICAEW and is subject to its monitoring procedures and quality control measures.
- f. KRC Chartered Accountants (KRC) is not registered to undertake investment business activities which would include advising on investments, pensions and life assurance, or to undertake statutory audit work. We do not have any arrangements to introduce clients to any third parties for the provision of financial advisory services, nor do we have arrangements to receive commissions from any third parties.
- g. We offer advice on and carry out services relating to, UK accounting and tax matters. We may offer general advice about overseas tax matters, such as those relating to residence in or transactions with persons or companies in the European Economic Area, but not jurisdiction-specific advice.
- h. Your Tax affairs are your responsibility; we act only as your agent. It is your responsibility to:
  - maintain accurate records for accountancy, audit or taxation purposes.
  - consider the accuracy of reports which we prepare for you, before you sign them.
  - ensure that claims, forms, returns and accounts, which are subject to a statutory time limit, are submitted on time.
  - ensure that we receive copies or originals of all forms, assessments or other documents, on which you wish us to advise or take action.
- i. We are not responsible for the detection of, or prevention of, fraud, theft or accidental losses within your business or personal affairs.

## **1. Professional obligations**

1.1 Where we become aware of errors made by HM Revenue & Customs you give us authority to correct them. We will not be liable for any loss, damage or cost arising from our compliance with statutory or regulatory obligations.

## **2. Professional indemnity insurance**

2.1 In accordance with the disclosure requirement of the Services Regulations 2009, we should inform you that our professional indemnity insurer is HCC International Insurance Co, of Walsingham House, 35 Seething Lane, London EC3N 4AH. 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.

2.2 If for any reason circumstances arise that may result in a claim to our professional indemnity insurers, you give us your permission to notify them.

## **3. Fees**

3.1 Our fees will be charged at the rate of 12% of all tax repayments and tax savings arising from the submission of reports and calculations produced by us for R&D Tax Credit Claims relating to your company or group of companies. Such repayments and savings include R&D Tax Credit Repayments, Corporation Tax Repayments and Corporation Tax Savings arising from enhanced loss claims, when cash repayments of the R&D Tax Credit are not applied for.

3.2 Where Tax Savings are computed on the basis of enhanced losses, rather than tax credit repayments, the prevailing rate of corporation tax will be applied to calculate the value of that tax saving.

3.3 Our fees are therefore charged on a conditional fee arrangement basis and we will therefore not charge for any time or expense based costs on our part. If, however, following the completion of our report and calculations you choose for any reason not to submit the claim to HMRC, our fees will be payable in full at the rate stipulated in 3.1 above, applied to the potential Tax Saving at the prevailing rate of corporation tax.

3.4 If it is necessary for us to carry out work that is outside the scope of this engagement, we will advise you of this in advance. Any additional work will result in additional fees being charged at a rate of £180 per hour. We should therefore point out that it is in your interests to ensure that the information you provide us with is completed to the agreed stage.

3.5 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 terminate our engagement and cease acting if payment of any fees billed is unduly delayed.

3.6 In the event that we cease to act for you then you agree to meet all reasonable costs of providing information to your new advisers. In particular, you agree to meet these costs where we are required by law to provide information to a successor firm.

3.7 Where repayments of R&D Tax Credits are applied for, such repayments will be payable by HMRC to our firm's client account. On receipt of these funds from HMRC, we will then within 5 days issue our invoice for fees in accordance with these terms of business, deduct the amount shown on our invoice from the amount received from HMRC and make payment of the balance to your company bank account.

3.8 Where repayments of R&D Tax Credits are not applied for and instead enhanced losses are computed, for relief from other company profits, such as past or future profits or group company profits, we will on receipt of acknowledgment from HMRC of the acceptance of the claim, issue our invoice for fees. Such invoices are payable within 15 days of the date of issue.

#### **4. Help us to give you the right service**

4.1 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 in writing.

4.2 We undertake to look into any complaint carefully and promptly and do all we can to explain the position to you.

4.3 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.

#### **5. Complaints**

5.1 Any complaint about our services must, in the first instance, be put in writing to Khandaker Rahman, director of the practice, and clearly marked as a complaint.

5.2 Khandaker Rahman will then investigate this complaint and report to you within 30 days of receiving the complaint.

5.3 You have the right to raise the matter with our regulator at the Professional Conduct Department, ICAEW, Metropolitan House, 321 Avebury Boulevard, Milton Keynes MK9 2FZ.

5.4 You undertake to pay our external costs (such as legal fees) and internal costs (at our administrative charge out rate of £90 an hour) if the regulator does not uphold the complaint.

## **6. Client monies**

6.1 Such money will be held on trust in a client bank account, which is held separately to funds that belong to us. 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.

6.2 To avoid excessive amounts of administration, interest will only be paid to you if 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 our banker for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.

6.3 All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.

6.4 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 5 years and we have taken reasonable steps to trace you and return the monies.

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

7.1 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. You have a legal responsibility to retain these records. Companies, Limited Liability Partnerships and other corporate entities are required to keep records for 6 years from the end of the accounting period.

7.2 While 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 six 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.

## **8. Conflicts of interest and independence**

8.1 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. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you. 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.

8.2 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.

## **9. Confidentiality**

9.1 Communication between us is confidential and we shall take all reasonable steps to keep your information confidential except where we are required to disclose it by law, by regulatory bodies, by our insurers or as part of an external peer review. Any subcontractors we use will be bound by the same confidentiality requirements.

## **10. Quality control**

10.1 As part of our ongoing commitment to providing a quality service, our files may be 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.

10.2 We may, on occasions, subcontract work on your affairs to other tax or accounting professionals. The subcontractors will be bound by our client confidentiality terms.

## **11. Applicable law**

11.1 This engagement letter is governed by, and construed in accordance with, English law. The Courts of England and Wales 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.

11.2 If any provision in these 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.

## **12. Internet communication**

12.1 Unless you tell us otherwise we will at times use email or other electronic means to communicate with you.

12.2 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.

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

### 13. Data Protection

13.1 In this clause 13, 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 PECR, together with:

before 25 May 2018, the Data Protection Act 1998; and

from 25 May 2018 onwards, the GDPR, and any applicable national laws, regulations and secondary legislation in the UK relating to the processing of personal data and the privacy of electronic communications, 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 General Data Protection Regulation ((EU) 2016/679); and

‘PECR’ means the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003).

13.2 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.

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

- (i) you have provided the necessary information to the relevant data subjects regarding its use;
- (ii) 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
- (iii) you have complied with the necessary requirements under the data protection legislation to enable you to do so.

13.4 Should you require any further details regarding our treatment of personal data, please contact our Managing Director.

13.5 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.

13.6 For the purpose of providing our services to you, pursuant to our engagement letter, we may disclose the client personal data to 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.

13.7 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.

13.8 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:

(a) 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;

(b) 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

(c) 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.

13.9 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.

#### **14. Contracts (Rights of Third Parties) Act 1999**

14.1 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.

14.2 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.

## **15. The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007**

15.1 In common with all professional services firms, the company is required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 (MLR) 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.

15.2 We are registered with HMRC as an Accountancy Services Provider under registration number 12894813. HMRC is accordingly our MLR supervisory authority.

15.3 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.

15.4 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.

15.5 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 these examples are by no means exhaustive.

15.6 We are obliged by law to report any instances of money laundering to NCA without your knowledge or consent. In consequence, we will not enter into any correspondence or discussions with you regarding such matters.

15.7 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.

15.8 We may use electronic checks as part of our identification procedures. We confirm that these electronic checks are not credit checks.

## **16. General limitation of liability**

16.1 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.

16.2 You will not hold us nor any staff employed by us, 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 our directors or employees personally.

16.3 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.

## **17. Use of our name in statements or documents issued by you**

17.1 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.

## **18. Draft/interim work**

18.1 In the course of our providing services to you we may provide advice or reports or other work products in draft or interim form. However final written work products will always prevail over any draft or interim statements.

## **19. Advice**

19.1 Advice we give you orally should not be relied upon unless we confirm it in writing. We endeavour to record all advice on important matters in writing. However if you particularly wish to rely upon oral advice we give you during a telephone conversation or a meeting, you must ask for the advice to be confirmed in writing.

19.2 Unless specifically instructed and agreed in advance we will not assist with the implementation of our advice.

## **20. Intellectual property rights**

20.1 The copyright in any document prepared by us belongs to us in entirety unless the law specifically provides otherwise.