

TWP ACCOUNTING LLP: ESTATE ACCOUNTING AND TAX SERVICES

This schedule should be read in conjunction with the engagement letter and our standard terms and conditions. The schedule sets out the basis on which we act as accountants and tax agents and our respective responsibilities. This page sets out the terms of our engagement with you. You have instructed us to assist you in connection with accounting and taxation matters arising on the estate administration.

1 OUR SERVICE TO YOU: RECURRING COMPLIANCE SERVICES

- 1.1 We will prepare the Estate's tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining approval from the Nominated Trustee or other Nominated Person and signature we will submit your returns to HM Revenue & Customs (HMRC). You authorise use to file the return electronically to HMRC.
- 1.2 We will prepare the income and expenditure and capital accounts of the Estate in accordance with generally accepted accounting practice from the accounting records and other information and explanations provided by you and will obtain your approval of the accounts.
- 1.3 We will calculate the income tax and capital gains tax liabilities of the Estate and will advise you how much you should pay and when. We will advise you on the interest, penalty and surcharge implications if tax is paid late. We will also check HMRC's calculation of the tax liabilities and initiate repayment claims if tax has been overpaid.
- 1.4 We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you we will make such claims and elections in the form and manner required by HMRC.
- 1.5 If the terms of the Will require income or capital payments to be made to the beneficiaries, we will assist you in preparing all necessary forms relating to such payment.
- 1.6 We shall respond to any enquiries relating to your tax return addressed to us by the HMRC or passed to us by you. However, we shall consult you if it becomes clear that HMRC are opening an in-depth enquiry or review. They have the power to do this on a purely random basis and this work will be the subject of a separate assignment and we will seek further instructions from you.
- 1.7 As with other professional firms, we are required to implement due diligence procedures to identify our clients for the purposes of UK anti-money laundering legislation and maintain appropriate records of evidence to support our customer due diligence. We are likely to request from you, and retain, some information and documentation for these purposes and/or to make searches of appropriate databases. If we are not able to obtain satisfactory evidence of your identity within a reasonable time, there may be circumstances in which we are not able to proceed with the appointment.
- 1.8 The provision of estate accounting and tax services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, partners and staff in accountancy firms have to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our estate accounting and trust tax return work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the 'tipping off' provisions of the legislation.

2 AD HOC AND ADVISORY WORK

- 2.1 Where you have instructed us to do so, we will provide such other taxation ad hoc and advisory services as may be agreed between us from time to time. These may be the subject of a separate engagement letter at our option. If appropriate we will agree with you a separate fee for any such work that you instruct us to undertake. Examples of such work include:
 - Advising you of the occasions of charge to inheritance tax, the basis of the charge and when the tax liability is due for payment;
 - Advising on ad hoc transactions (for example the sale of assets held by the Estate) preparing the additional supplementary pages to the Estate's tax return and calculating any related liabilities;

- Dealing with any enquiry opened into the Estate's tax return by HMRC; and
- Preparing any amended returns which may be required and corresponding with HMRC as necessary.

2.2 If specialist advice is required on occasions we may need to seek this from appropriate specialists.

3 CHANGES IN THE LAW, IN PRACTICE OR IN PUBLIC POLICY

3.1 We will not accept responsibility if you act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid in the light of any change in the law or your circumstances.

3.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof that are first published after the date on which the advice is given.

4 YOUR RESPONSIBILITIES: PROVISION OF INFORMATION BY YOU

4.1 As Executors you have legal responsibility for:

- ensuring that the Estate's self assessment tax returns are correct and complete;
- filing any returns by the due date; and
- making payment of tax on time.

Failure to do this may lead to automatic penalties and/or interest.

Executors who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns that we have prepared for you are complete before you approve and sign them.

4.2 To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- to provide full information necessary for dealing with the Estate's taxation affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to advise us of distributions made within 30 days of such an event;
- to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the Estate's taxation affairs; and
- to provide us with information in sufficient time for the Estate's return to be completed and submitted by the due date following the end of the tax year. In order that we can do this, we need to receive all relevant information by 30th November. Where feasible we may agree to complete your return within a shorter period but we reserve the right to levy an additional fee.

4.3 You will keep us informed of material changes in circumstances that could affect the income, capital gains and inheritance tax liabilities of the Estate. If you are unsure whether the change is material or not please let us know so that we can assess its significance.

4.4 (*for new clients*) Either: HMRC will send you an agent authorisation code which expires within 30 days of issue. Please send this to us as soon as you receive it. This code will enable us to register as your agent with HMRC. Or: We enclose an HMRC form 64-8 for you to sign and return to us for submission to HMRC. This authorises HMRC to communicate with us as your agent, although they consider that you should still take 'reasonable care' over your tax affairs.

4.5 You will forward to us upon receipt HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us when form 64-8 has been signed and submitted it is essential that you let us

have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you.

4.6 We will provide our professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities arising from the supply by you or others of incorrect or incomplete information, or your or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.

4.7 It is our policy to confirm in writing advice upon which you may wish to rely.

5 DATA PROTECTION

5.1 We are committed to ensuring the protection of the privacy and security of any personal data which we process. Your attention is drawn to paragraph 21 of our standard terms and conditions of business which details how we treat personal data received by us in the provision of our services during our engagement with you.

6 LIMITATION OF LIABILITY

6.1 Our services as set out above are subject to the limitations on our liability set out in paragraph 13 of our standard terms and conditions of business. These are important provisions which you should read and consider carefully.