TWP ACCOUNTING LLP: BOOKKEEPING AND VAT RETURN SERVICES

This schedule should be read in conjunction with the engagement letter, other services schedules and our standard terms and conditions. The schedule sets out the basis on which we/are to act for you in respect of bookkeeping and VAT services.

1 BOOKKEEPING

1.1 You have requested us to undertake completion of your bookkeeping records which will include where appropriate and agreed:

- Post and balance purchase and sales ledgers;
- Extract regular detailed lists of balances from the above ledgers;
- Post details of receipts and payments;
- Reconcile the cash book to bank statements;
- Supply reports to you as necessary; and
- Prepare management accounts where applicable.

1.2 To enable us to undertake the above matter, you have agreed to supply complete and detailed information, and we will agree with you the information required and the form in which it is to be provided.

2 VALUE ADDED TAX (VAT): RECURRING COMPLIANCE WORK

2.1 You have asked us to prepare/review your periodic VAT returns including where applicable: Instrastat returns, EC sales lists and mini one-stop shop (MOSS returns) on the basis of information and explanations supplied by you. We cannot be held responsible for any penalties or default surcharges arising from the late submission of VAT returns. However, we will endeavour to meet the relevant deadlines if we receive all the company’s VAT records within 14 days of the end of the VAT return period.

2.2 Based on the information that you provide to us we will tell you how much you should pay and by when. If appropriate we will initiate repayment claims where tax has been overpaid. We will advise on the interest and penalty implications if VAT is paid late.

2.3 Where appropriate we will calculate the partial exemption adjustment and the annual Capital Goods Scheme adjustment.

2.4 We will forward to you the completed return calculations for you to review, before you approve and sign and if appropriate submit to HM Revenue & Customs (HMRC). If the signed return is returned to us, we will submit it to HMRC. You authorise us to file returns electronically to HMRC.

2.5 When your VAT return calculations need to be uploaded to HMRC to comply with the “Making Tax Digital” (MTD) regulations, you must ensure that you use functionally compatible software and/or spreadsheets that are digitally linked to the accounts software and which can be submitted to HMRC via an application programme interface (API). If you require us to upload your VAT return calculations in accordance with the MTD requirements, you must provide us with all the necessary digital links to submit all the transaction records that are required by HMRC, together with confirmation that your digital records are complete and accurate.

2.6 We will deal with all communications relating to your return addressed to us by HMRC or passed to us by you. However, if HMRC choose you for enquiry or review this work will be the subject of a separate assignment and we will seek further instructions from you.

3 AD HOC AND ADVISORY WORK

3.1 If you have instructed us to do so, we will provide 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:

- Reviewing and advising a suitable partial exemption method to use in preparing the return;
- Reviewing and advising a suitable partial exemption method to use in preparing the return;
- Dealing with all communications relating to your VAT returns including Intrastat returns/EC Sales List returns MOSS returns, if applicable;
- Making recommendations to you about the use of cash accounting, annual accounting, flat rate and other suitable methods of accounting for VAT; and
- Providing you with advice on VAT [Excise Duty/Customs Duty/Landfill Tax/Insurance Premium Tax/Aggregates Levy/Climate Change Levy] as and when requested. Where the advice is provided in writing, the information provided and the query raised will be set out with our response to you.

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

4 CHANGES IN THE LAW, PRACTICE OR IN PUBLIC POLICY

4.1 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.

4.2 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.

5 YOUR RESPONSIBILITIES

5.1 You are legally responsible for:

- ensuring that your 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, surcharges and/or interest.

The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns that we have prepared for you are complete before he/she approves and signs them.

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

- That all returns are to be made on the basis of full disclosure;
- That you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are [prepared/reviewed] solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you provide which may lead to a misdeclaration on which penalties and interest may arise;
- to authorise us to approach such third parties as may be appropriate, for information we consider necessary to deal with the returns; and
- To provide us with all the records relevant to the preparation of your VAT returns as soon as possible after the return period ends. We would ordinarily need a

minimum of ten days before submission to complete our work. If the records are provided later or are incomplete or unclear thereby delaying the preparation of review and submission of the VAT return, we accept no responsibility for any "default surcharge" penalty that may arise. Where feasible we may agree to complete your return within a shorter period but we reserve the right to levy an additional fee.

5.3 You will keep us informed of material changes in your circumstances that could affect your VAT obligations. If you are unsure whether the change is material or not please let us know so that we can assess its significance.

5.4 (*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.

5.5 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.

5.6 You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns which you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.

5.7 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.

5.8 If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you do not understand what you need to do, please ask us. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability to be VAT registered, you must give us clear instructions to assist you in the VAT registration process. You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

5.9 If EC Sales Lists need to be completed you are responsible for obtaining all of your customers' VAT registration numbers in other member states and to check any that you are not completely satisfied with, with HMRC.

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

6 DATA PROTECTION

6.1 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.

7 LIMITATION OF LIABILITY

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