

## Accountancy Services: Terms of Engagement

Dear,

Thank you for instructing Honest Accounting Limited to provide you with accountancy services in connection with you as a sole trader.

This letter has been prepared following discussions with you and sets out the terms on which our Services will be provided. Please read all of the information carefully and contact us if you have any concerns or require clarification. Your signature of this letter demonstrates acceptance of its terms. If for any reason you fail to return a signed copy of this letter and we do provide services to you, your acceptance of those services will amount to acceptance of the Terms and Conditions.

In this letter, "we" and "us" and "our" relate to this accountancy practice and "you" and "your" relate to you, the client.

### 1. Scope of Services

Services will be provided by Honest Accounting Limited, and we will advise you of any proposed change. The services, timescales and fees and are listed in Addendum 1.

### 2. Responsibilities

- 1. Our responsibilities to you are to do the following subject to the Terms and Conditions:
  - 1.1 Keep and maintain records of work completed and make them available to you upon request.
  - 1.2 Provide regular reports on the progress of any work being completed on your behalf.
  - 1.3 Raise any issues or concerns that may be found during the term of the engagement.
  - 1.4 Return any information owned by you.
  - 1.5 Keep records in compliance with the Data Protection legislation.
- 2. Your responsibilities as the client are to:
  - 1. Provide the following proof of identity, current address and business details as required by anti-money laundering regulations:
    - A utility bill dated within the last three months
    - Passport or driving licence of all named directorsIf this is not received within 10 working days of the appointment date, or to our satisfaction, we reserve the right to terminate the engagement immediately without notice.
  - 2. Ensure that records of your business activities are complete and correct and maintained to meet the requirements of regulatory authorities.
  - 3. Disclose promptly to us all information that we reasonably request to enable us to complete the work within agreed timescales as set in Addendum 1 and ensure such information is complete and accurate in all material respects;
  - 4. Allow full and free access to financial and other records held by yourselves or third parties; and co-operate with us fully in all matters.

### 3. Ethical conduct

- As accountants we have a duty to observe high standards of conduct and integrity, and to uphold the good standing and reputation of the profession.
- Our services to you will only be completed by an accountant fully competent to perform such work.

### 4. Retaining and Accessing Records

- 3.1 Any information produced or relating to the work which we undertake for you will be returned to you and should be kept by you for a period of no less than 6 years from the end of the tax year in question.

- 3.2 You agree that any work completed and work in progress for which payment is outstanding will be held by us until all fees relating to it have been paid. However, we will not be liable for any work not completed or deadlines missed where payment by you is overdue.

#### 5. Conflicts

- 4.1 You recognise that we may have to stop providing services to you in the event that a conflict arises between our duties to you and to another client. You will notify us if you have any reason to believe that such a conflict has arisen or may arise.
- 4.2 We may communicate with you electronically. Electronic communication is never 100% secure and you accept the risks associated with such communications, except anything arising through our negligence or wilful default.

#### 6. Legislation and compliance

- 5.1 We are obliged by law to undertake checks to ensure that you and your business are operating lawfully. By agreeing to our terms of engagement you accept that we are authorised to complete such checks as necessary.
- 5.2 Under Money Laundering Regulations it is a criminal offence if we do not report suspicious transactions or if we inform a client that a report has been made against them. You understand that we may have to report any suspicious transaction to the National Crime Agency or replacement body without disclosing that fact to you.

#### 7. Complaints and disputes

- 6.1 Honest Accounting are committed to providing the highest quality service however, should you wish to raise any issues, please follow the procedure outlined in the Terms and Conditions.

#### 8. Duration and Termination

- 7.1 This Agreement shall continue in force on a rolling monthly basis from the Commencement Date and shall continue until terminated by one.
- You or we may terminate our engagement with written notice to that effect

Before any work can be undertaken on your behalf, you are required to confirm acceptance of these terms of engagement by signing and returning this letter to us. Please retain a copy for your own records.

I confirm I have read, understand and agree to the terms and conditions set out above and in the addendum to this letter. I confirm I have the authority to act on behalf of the company.

#### Signature

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Name & Title

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Date

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#### Addendum 1: Services

The content outlined in this section is effective from the date of signature of the copy of the covering engagement letter. It gives details of your agreed service requirements. Fees are listed below as fixed.

Service	Fee / Notes
Sole trader service plan	£ 54.00 + VAT per month
Dedicated accountant	Included
Tax planning and tax efficiency guidance	Included
FreeAgent bookkeeping software	Included
Preparation and submission of self-assessment	Included
Assistance with correspondence from HMRC	Included
Quarterly VAT returns	Additional monthly fee of £20 + VAT

#### Addendum 2: Terms of Business

**Honest Accounting Limited**  
**GENERAL TERMS OF BUSINESS**

**1. Introduction**

- 1.1 Honest Accounting Limited is referred to in these General Terms of Business as “the Company”, “us”, “we” or “our” which, where appropriate, includes our staff members. References in these General Terms of Business to “you”, or “your” are to the persons or entities who are our clients for the Engagement.
- 1.2 These General Terms of Business shall apply to all Engagements for professional services provided to you by Honest Accounting Limited. The scope of our work will be set out in our Engagement Letter which incorporates these General Terms of Business.
- 1.3 Should any term of our Engagement Letter conflict with these General Terms of Business, the term in the Engagement Letter shall prevail over the term in the General Terms of Business.
- 1.4 The headings contained in these terms and the Engagement Letter are for convenience only and do not affect their interpretation.

**2. Definitions and interpretations**

The following definitions are used in these General Terms of Business: “Engagement Letter” means the letter and its appendices, including without limitation these General Terms of Business, sent to you which set out the basis of our contract with you. “Engagement” means the Services which we provide pursuant to the Engagement Letter.

“Services” means the professional services which shall be provided by us you.

“Commencement Date” means when we receive your implicit or explicit acceptance of the Engagement Letter.

“Data Protection Legislation” means the Data Protection Directive 95/46/EC (as the same may be superseded by the General Data Protection Regulation 2016/679 (“GDPR”)) and the Privacy and Electronic Communication Directive 2002/58/EC and all national legislation implementing or supplementing the foregoing, all as amended, re-enacted and/or replaced and in force from time to time.

“Staff member” means employee, consultant, director or officer of the Company.

“Deliverable” means any report, letter, information or advice provided by us to you.

“Losses” means losses, damages, costs and/or expenses (including legal costs).

“Parties” The parties to this Agreement; and “Party” means either of them.

“Successor” means any person or entity who takes over the supply of the Services on termination of this Engagement Letter.

“Supplier” Honest Accounting Limited, having its registered office, Lower Chapel, White Cross Business Park, South Road, Lancaster, Lancashire, England, LA1 4XQ

**3. Personnel**

- 3.1 We shall use reasonable efforts to assign the same staff to the Engagement but we reserve the right to rotate staff between this and our other Engagements. Where named individuals are not available, we will supply substitutes of equivalent quality and experience. With your agreement, we may also use third parties in performing our services.

**4. Fees**

- 4.1 Our fees will normally be agreed in advance and communicated to you in the Engagement Letter. All fees stated are exclusive of VAT which shall be payable at the applicable rate in addition to the fees.
- 4.2 All other fees are payable on the presentation of the invoice.
- 4.3 We reserve the right to charge interest for late payment at a rate of 5% above the Bank of England base rate, calculated from 14 days after the date of presentation of the fee note.
- 4.4 Any new or additional work will not be commenced until any overdue fees have been settled.

**5. Liability and Indemnities**

- 5.1 Unless and to the extent that they have been finally and judicially determined (including by the conclusion of any appeal) to have been caused by the fraud or bad faith, you will indemnify on demand and hold us harmless against all actions, claims or proceedings brought by third parties for any losses, damages, costs, and expenses arising from or in any way connected with a breach by you of any of the terms of this Engagement.

- 5.2 To the fullest extent permitted by law, we will not be liable if Losses are due to the provision by you or any third party of false, inaccurate, misleading or incomplete information or documentation.
- 5.3 Where there is more than one of you the limit of liability specified in the Engagement Letter (if any) will have to be allocated between you. It is agreed that such allocation will be entirely a matter for you and that you are under no obligation to inform us of the allocation provided always that if (for whatever reason) no such allocation is agreed, none of you shall dispute the validity, enforceability or operation of the limit of liability on the grounds that no such allocation was agreed.
- 5.4 You agree not to bring any claim of any kind against any of our directors, employees or agents personally in relation to the performance of the Services or the Engagement unless the claim arises from the fraud, dishonesty or illegal acts of that director, employee or agent (but this will not exclude or limit the liability of Honest Accounting Limited for the acts or omissions of its directors, employees or agents performed within the scope of their authority or contract of employment as the case may be).
- 5.5 Nothing in this section or elsewhere in the Engagement Letter shall limit, exclude or restrict the liability of any person for that person's fraud or dishonesty or purport to exclude or restrict a liability which cannot be excluded or restricted as a matter of law.

## **6. Communication and information**

- 6.1 To enable us to perform the Services, you shall supply promptly all information and assistance and all access to documentation in your possession, custody or under your control and to personnel under your control where required by us. You shall use your best endeavours to procure these supplies where not in your possession or custody or under your control. You shall inform us of any information or developments which may come to your notice and which might have a bearing on the Services. You shall supply information in response to our enquiries (if any) to enable us to comply with our statutory responsibilities to make disclosures to relevant authorities in respect of money laundering and any other criminal activity that we may encounter during performance of the Services and any such disclosures may include Confidential Information.
- 6.2 You authorise us to act on instructions given in any manner if we reasonably believe that you or a person with authority to act on your behalf has given those instructions.
- 6.3 You understand and acknowledge that the electronic transmission of information via the internet or otherwise has inherent risks (particularly the risk of access by unauthorised parties). You authorise us to communicate electronically with you and all third parties on all matters related to the Engagement.

## **7. Your responsibilities**

- 7.1 Where there is more than one of you, this clause applies to each of you separately and not collectively. Notwithstanding our duties and responsibilities in relation to the Services, you shall retain responsibility and accountability for managing your affairs, deciding on what to do after receiving any product of the Services, implementing any advice or recommendations provided by us, and realising any benefits requiring activity by you.
- 7.2 It is your responsibility to provide us with complete, accurate and timely instructions or information relevant to our Engagement. We will not be responsible for any consequences that may arise from your failure to do so. Such failures may also result in additional fees being charged.
- 7.3 No reliance should be placed on any oral advice or representations we may make or any draft deliverables unless and until we confirm that advice to you in form in writing.
- 7.4 You shall not, directly or indirectly, solicit the employment of any of our directors or employees, involved in performing the Services, during performance or for a period of 3 months following their completion or following termination of the Engagement, without our prior written consent.

## **8. Termination**

- 8.1 The Engagement may be ended by either party as specified in this section.
- 8.2 In the event that either party is in material or persistent breach of any of the terms of the Engagement the other party may terminate the agreement if, upon the expiry of 14 days after serving a written notice on the party in default specifying any such breach, steps have not been taken to remedy the breach to the reasonable satisfaction of the party not in default.
- 8.3 In the event that the one party compounds with or negotiates for any composition with its creditors or allows any judgement against it to remain unsatisfied for seven days or calls any meeting of its creditors or has a receiver of all or any of its assets appointed or enters into any liquidation, the other party may terminate the agreement immediately by written notice.
- 8.4 Should you fail to pay our invoices or requests for funds on account when they become due we may suspend Services under the Engagement Letter until the invoices have been paid or the funds are received. We will give you notice of our intention of our intention to suspend Services under the Engagement Letter.

Any such notice shall not affect our rights to terminate the Engagement.

- 8.5 We reserve the right to terminate our Engagement immediately and cease to act if the payment of our account is unduly delayed.

## 9. Intellectual property rights

- 9.1 We retain all intellectual property rights in everything developed by us both before and during the Engagement, although the payment of fees under the Engagement will give you a non-exclusive, non-transferable license to use the Deliverables for purposes for which they were created.
- 9.2 All material, documents and other property provided by you are your exclusive property and you hereby grant us, with immediate effect, an irrevocable, non-exclusive, non-terminable, royalty-free licence including the right to grant sub-licences, to copy and make full for the purpose of performing the Services.
- 9.3 You shall own all intellectual property rights (including copyright) relating to the materials you produce in relation to the Services.
- 9.4 You acknowledge that, in respect of any third party intellectual property rights, your use of any such intellectual property rights is conditional on us obtaining a written licence from the relevant licensor on such terms as will entitle us to license such rights to you and you agree to abide by the terms of any such licence.
- 9.5 All documents in our possession or control generated by us, relating to the Services shall be our sole property.

## 10. Data Protection

- 10.1 The terms “Data Controller”, “Data Processor”, “Data Subject”, “Personal Data”, “process”, “processing” and “transfer” shall have the meanings given to them in the data protection legislation.
- 10.2 During the Engagement we may process on your behalf any personal data you have provided to us (“Personal Data”) for the provision of the Services and/or for our internal business purposes. The type of Personal Data processed pursuant to this Engagement, including the subject matter, duration, nature and purpose of the processing, and the categories of data subjects, are as described in the Engagement Letter.
- 10.3 Each of us shall comply with data protection legislation as it applies to each of us in connection with this Engagement Letter.
- 10.4 Where we process Personal Data as a Data Processor on your behalf we shall:
  - a. only process the Personal Data in order to provide the Services and shall act only in accordance with this Engagement Letter and your written instructions issued from time to time;
  - b. implement any additional technical and organisational measures, as agreed with you, to ensure a level of security appropriate to the risks that are presented by the processing carried out pursuant to this Engagement;
  - c. take reasonable steps to ensure the reliability of any of our staff who have access to the Personal Data and ensure that anyone who accesses it shall respect and maintain all due confidentiality;
  - d. as soon as reasonably practicable upon becoming aware, notify you of any incident of unauthorised disclosure of or access to any Personal Data caused by any of our staff or sub-processors;
  - e. provide such assistance as you reasonably request (taking into account the nature of processing and the information available to us) in relation to (i) your obligations under the Data Protection Legislation to respond to requests from any data subject seeking to exercise its rights under Chapter III of the GDPR where you are unable to respond to a request yourself and ii) your obligations under Articles 32 – 36 of the GDPR; and
  - f. as soon as reasonably practicable following termination or expiry of this Engagement, delete or return to you (at your direction) all Personal Data processed pursuant to this Engagement, other than to the extent that we retain Personal Data to comply with our legal and professional obligations or we are otherwise permitted to do so under the Data Protection Legislation.
- 10.5 Where you instruct us to transfer Personal Data to anyone other than a processor engaged by us, you are responsible for ensuring that adequate arrangements are in place for such a transfer as required by the Data Protection Legislation.

## 11. Severability

- 11.1 If any part of this Engagement Letter is found by any court or other competent authority to be invalid, unlawful or unenforceable then such part shall be severed and the remainder shall continue to be valid and enforceable to the fullest extent permitted by law.

## 12. Complaints and dispute resolution

- 12.1 We are committed to upholding best practice through a high quality service to all our clients. If at any time you would like to discuss with us how our service could be improved, or if you are dissatisfied with any aspect of the service you are receiving, please let us know by contacting a Director at our registered office. Alternatively you can raise an issue by emailing [accounting@honestaccounting.co.uk](mailto:accounting@honestaccounting.co.uk)

- 12.2 We will look into any complaint carefully and promptly.

### **13. Successor**

- 13.1 If we should transfer our business to another entity (a "Successor") then our Engagement with you with you shall not automatically terminate by reason of such transfer. You agree that the Successor is automatically appointed by you so that continuity of service can be provided. Both the Successor and you may rely on the Engagement Letter as setting out the continuing terms of the Engagement. If such transfer requires some action by you then you will take such steps as are necessary to enable continuity of service. This paragraph does not in any way limit your termination rights as set out in the paragraph headed "Termination".

### **14. Money Laundering**

- 14.1 We wish to draw attention to our obligations under the United Kingdom's anti-money laundering and counter terrorist financing legislation. Under this legislation we are required to identify you and various persons connected to you and make also make enquires about your sources of wealth and funds. We are also required to keep identification and verification up to date. We may not undertake the engagement or continue to act if we are unable to comply with these obligations. The legislation also requires that if we know, suspect or have grounds for suspecting that an individual or entity is engaged in money laundering or financing terrorism, we make a report to the relevant authority. We are generally prohibited by law from disclosing to you that we have made such a report.

### **15. Freedom of Information Act**

- 15.1 In the event of any request pursuant to the Freedom of Information Act 2000 ("the Act"), that requires you to disclose any information provided to you by us, you will notify us promptly and consult with us before making disclosure. You agree to pay due regard to any representations that we make in connection with such disclosure and to apply any relevant exemptions that may exist under the Act to such information. If, following consultation with us, you disclose any such information you will ensure that any disclaimer that we included or may subsequently wish to include in such information is reproduced in full in any copies disclosed.

### **16. Staff members**

- 16.1 You agree that you will not bring any claim in respect of any loss against any of our Staff Members in so far as that claim arises out of the fraud of that person. This provision will not limit or exclude our liability for the acts or omissions of our Staff Members. You agree that our Staff Members may rely upon the Contract (Rights of Third Parties) Act 1999 should they need to enforce this paragraph.

### **17. Confidentiality**

- 17.1 "Confidential Information" means any confidential information any form (including any copies and any document which contains, reflects or is derived from Confidential Information) disclosed by one of us or our employees, officers or advisers to the other (whether before or after the date of the Engagement Letter). Confidential Information does not include any information that: (i) is or subsequently becomes public knowledge (other than as a result of disclosure in breach of paragraph 17.2 below); or (ii) was known by the receiving party on a non-confidential basis prior to disclosure; or (iii) becomes available to the receiving party on a non-confidential basis from a person who is not bound by obligations of confidence; or (iv) you and we agree in writing is not confidential or may be disclosed.
- 17.2 Each Party to this Engagement Letter shall keep each other's Confidential Information confidential except for the purpose of exercising or performing the relevant rights and obligations under the Engagement and shall not disclose any Confidential Information to a third party, except as expressly permitted by this clause. We may disclose your Confidential Information to (i) any of our subcontractors (ii) your other professional advisers in relation to, or connected with, the Engagement, or (iii) our professional advisers and insurers insofar as such disclosure is required by to protect our professional position. Either you or we may disclose Confidential Information to the extent required by law, court order, any regulatory body which you or we are subject to or any professional body of which you or we are a member. You agree that we may refer to you and the services we have provided to you when marketing our services to others, provided that we do not disclose your Confidential Information.
- 17.3 If we use external or cloud-based systems, we will ensure confidentiality of your information is maintained. We may occasionally need to make available certain of your data held on our systems to our software suppliers in order to resolve processing problems that we may encounter. You authorise us to disclose to our software suppliers such information and data that we hold in order that they may investigate and rectify any problems we have experienced with your data during its processing, unless you expressly instruct us to the contrary.

### **18. Conflicts**

- 18.1 We do not act exclusively for you in the provision of services and you agree that we may act for other parties whose interest may conflict with yours provided that we comply with our ethical obligations and do not disclose your Confidential Information.
- 18.2 Where a conflict of interest is identified and we believe and we believe that implementing appropriate procedures can properly safeguard your interest, we will notify you (subject to confidentiality and other obligations), explain the safeguards we have implemented and obtain your consent to their implementation. However, there may be circumstance where we consider that your position cannot be safeguarded and in such circumstances the Services may be terminated.

**19. File retention**

- 19.1 You agree that we shall have the right to retain copies of documents relating to the Engagement after the Engagement has ended, subject to our continuing confidentiality obligations. It is our normal practice to retain documents relating to client engagements for eight years after the end of the relevant Engagement. Therefore, unless separate arrangements have been made, we may destroy or erase the documents or papers without reference to you.

**20. Third parties**

- 20.1 No person other than the parties to the Engagement, their respective successors and assignees, shall have the right to enforce any of the terms of the Engagement pursuant to the Contracts (Rights of Third Parties) Act 1999.

**21. Force majeure**

- 21.1 Neither we nor you will be liable to the other party for any delays or failures in n performance, in part or in whole, if prevented from so doing due to any event beyond its reasonable control including but not limited to trade dispute, strike, lockout, interruption or failure of utility service, acts of God, war, acts by governments and regulators, terrorist action, fire, flood or storm, accident or civil disturbance.

**22. Governing law and jurisdiction**

- 22.1 The Engagement Letter and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of England and Wales.
- 22.2 Both parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim that arises out of or in connection with the Engagement Letter or its subject matter or formation (including non-contractual disputes or claims).