

SOLE TRADER ACCOUNTS AND PERSONAL TAXATION

SCHEDULE OF SERVICES

This schedule should be read in conjunction with the accompanying engagement letter (which also details the standard terms and conditions).

Accounting

1. Your responsibility for the preparation of financial statements

- 1.1 You have undertaken to make available to us, as and when required, all the accounting records and related financial information, including minutes of management meetings, which we need to do our work. You will provide us with all information and explanations relevant to the purpose and compilation of the financial statements, and you will disclose to us all relevant information in full.
- 1.2 You are responsible for ensuring that, to the best of your knowledge and belief, financial information, whether used by the business or for the financial statements is accurate and complete. You are also responsible for ensuring that the activities of the business are conducted honestly, and for safeguarding the assets of the business and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 1.3 You will approve and sign the financial statements to acknowledge responsibility for it, including the appropriateness of the accounting basis and for providing us with all information and explanations necessary for its compilation.
- 1.4 You are responsible for ensuring that the business complies with the laws and regulations that apply to its activities, and for preventing non-compliance and for detecting any that occurs.

2. Our responsibilities as accountants

- 2.1 You have asked us to assist you prepare the financial statements profit and loss account and where required balance sheet and relevant notes to enable profits to be calculated to meet the requirements of current tax legislation and that provide sufficient and relevant information to complete a tax return. We will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give us.
- 2.2 We shall plan our work on the basis that no report on the financial statements is required by statute or regulation for the year. We will make enquiries of management and undertake any procedures that we judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.
- 2.3 Our work will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). So we will not be able to provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error nor to identify weaknesses in internal controls. Since we will not carry out an audit, nor confirm in any way the accuracy or reasonableness of the accounting records, we cannot provide any assurance whether the financial statements that we prepare from those records will present a true and fair view.
- 2.4 We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 2.5 We have a professional duty to compile financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to us. We will not compile financial statements where the accounting principles, or accounting policies selected by management are inappropriate.
- 2.6 We also have a professional responsibility not to allow our name to be associated with financial statements which we believe may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements is misleading, we will withdraw from the engagement.

2.7 As part of our normal procedures we may ask you to confirm in writing any information or explanations given to us orally during our work.

3. Form of the accountants' report

We will report to you, as appropriate, that in accordance with this engagement letter, we have not carried out an audit but have compiled the financial statements from the accounting records and from the information and explanations supplied to us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work or for this report.

Preparation and maintenance of accounting records

Your responsibilities

4.1 You have agreed that you or your staff will:

- (a) keep the records of receipts and payments;
- (b) reconcile the balances monthly with the bank statements;
- (c) provide a record of amounts owed to you and owing by you at the year end;
- (d) where appropriate prepare details of the annual stocktaking and or the work-in-progress at the accounting date and make available to us the documents and other information from which the statement is compiled.

Our responsibilities

4.2 We have agreed, where appropriate, to provide you with closing journals to agree your accounting records to the financial statements.

Taxation

Recurring compliance work

5.1 We will prepare your self assessment tax returns, together with any supplementary pages required from the information and explanations that you provide to us. After obtaining evidenced approval, we will submit your returns to HM Revenue & Customs (HMRC).

5.2 We will calculate your income tax, national insurance contributions (NIC) and any capital gains tax liabilities and tell you how much you should pay and when. We will advise on the interest, penalty and surcharge implications if tax or NIC is paid late. We will also check HMRC's calculation of your tax and NIC liabilities

5.3 Other than as regards tax credits (see below) 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.

5.4 We will review PAYE notices of coding provided to us and advise accordingly.

Ad hoc and advisory work

6.1 Where you have instructed us to do so, we will also 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. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- Advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities;
- Advising on making tax digital for income self assessment (MTD ITSA) which will require digital accounting records and the submission of quarterly updates and annual returns to HMRC using compatible software. MTD ITSA will be mandatory from 6 April 2024 for income from self-employment and property.
- Dealing with any enquiry opened into your tax return by HMRC;
- Preparing any amended returns which may be required and corresponding with HMRC as necessary.
- Advising on the in-year capital gains tax (CGT) reporting requirements on disposals of UK residential property, and, if you are non-uk resident, preparing the in-year return and calculating the CGT due where required and submitting the return to HMRC. Returns must be submitted within 60 sdays of sale completion, please see 9.1.
- Advising on whether trusts - including any non-taxable trusts - should be registered on HMRC's trusts registration service (The deadline for registration is 1 September 2022).

- 6.2 Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Tax Credits

7. Tax credits are, in effect, a social security benefit. Your entitlement or otherwise will depend not only on your own circumstances but also those of your household and we would require all relevant information to advise in this regard. If required we may advise you on these if agreed between us to do so.

Changes in the law

- 8.1 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.
- 8.2 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.

Your responsibilities

- 9.1 You are legally responsible for:

- (a) Ensuring that your self assessment tax returns are correct and complete;
- (b) Filing any returns by the due date;
- (c) Making payment of tax on time; and
- (d) Ensuring your employees have the legal right to work in the UK (www.gov.uk/employing-staff).

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

Legal responsibility for approval of the return cannot be delegated to others. You agree to check the returns we have prepared for your business are correct and complete before approving them.

You are no less responsible for errors in unapproved returns, submitted on the basis of information provided to and processed by us, than if you had confirmed your approval of the returns.

- 9.2 To enable us to carry out our work you agree:

- (a) That all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- (b) To provide full information necessary for dealing with your affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- (c) To provide full details of all UK residential property disposals including associated costs/valuations. Where you consider that you will be non-UK resident in the tax year of disposal, full details of all UK property disposals, including disposals of shares in property rich companies, must be advised prior to exchange of contracts on the property disposal. If information is received after this, we cannot guarantee that we can provide advice on the amount of capital gains tax due or submit an in-year return within 60 days after the completion of the disposal;
- (d) To authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
- (e) To provide us with information in sufficient time for your tax return to be completed and submitted by the due date. In order that we can do this, we need to receive all relevant information by 31st July following the end of the tax year. Where feasible we may agree to complete your return within a shorter period.

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

- 9.5 You will forward to us 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.

- 9.6 You are responsible for monitoring the monthly turnover to establish whether the business is liable to register for VAT, if it is not already registered. If you do not understand what you need to do, please ask us. If the business exceeds the VAT registration threshold, and you wish us to assist in notifying HMRC of the business's liability to be VAT registered, we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the business's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred. The same applies for equivalent non-UK taxes.
- 9.7 Where you are importing relevant goods into the EU to be supplied to non-taxable persons (final destination of the goods being within the EU), the IOSS can be used by both EU and non-EU established suppliers. If you are importing goods into the EU to be supplied to non-taxable persons but do not or cannot use the IOSS then you will probably have to VAT register in the Member State of importation.
- 9.8 If you are making distance supplies of goods within the EU, eg France to Germany (B2C), you can use the Union One Stop Shop (OSS). The non-Union OSS can be used for **any** services where the place of the supply of the service is in the EU and the supplier is non-EU established (B2C again).
- 9.9 There may be other circumstances where the Union or non-Union OSS can be used, eg domestic supplies of goods by deemed suppliers, but, broadly, If you are not within any of the above, you may need to VAT-register in the Member State in which you make the supply of the goods or services.
- 9.10 You are responsible for employment taxes, pensions (including auto-enrolment) and the assessment of the employment status of your workers including domestic staff. If your business is not small, you are responsible for assessing the employment status under the off-payroll working rules of any contractors providing services to your business and for employment taxes if they are deemed employees. If you do not understand what you need to consider or what action you need to take, please ask us. We will not be in a position to assist you in complying with your responsibilities if we are not engaged to provide such a service. We are not responsible for any penalty that is incurred.

You and your spouse/partner

10. We shall advise you and your spouse/ partner on the basis that you are a family unit. You both agree that in all matters relating to your or your spouse's/partner's tax and financial affairs, we may deal directly with either of you and we may discuss with either of you the tax liabilities and/or financial affairs of the other. If you wish to make any change to these arrangements at any time, please let us know.

Limitation of liability

Our services as set out above are subject to the limitations on our liability set out in the standard terms and conditions of business in our engagement letter.