

2008 TERMS OF BUSINESS UPGRADE MAIN CHANGES – NOVEMBER 2008

We're carrying out a major rewrite and update of Terms of Business Document for the first time in nearly a decade.

The intention is not to substantively change the relationship with our clients, nor to change any of the fixed fee agreements we work to. Your accountancy costs will not be increasing as a result of these changes and there should be no day to day changes in our relationship or the services we provide to you.

However periodically our terms of business need updating to reflect changes in law and regulation, changes in the business environment and new issues and matters not previously covered. In particular all of the main accountancy regulators have recently introduced a recommended template for tax engagement letters and this document borrows heavily from that.

Under our existing terms of business we can change our terms of business by 30 days notice on our www site, but we undertake to advise clients of major changes.

The principle changes in the November 2008 terms of business are as follows:

1. Previously we had separate terms of business documents for limited companies, sole traders/partnerships, PSCs, tax only clients, charities and one off projects. We have now consolidated these documents into one set of terms of business, but with additional service package descriptions for certain services, eg our PSC service package.
2. Clause 6e clarifying that we don't advise on legal matters, and only advise on UK accounting / tax matters is new.
3. Our hourly charge rates for non routine work, set out in 8b, have been updated for inflation having been held for over 5 years. We stress these changes do not effect fixed fee agreements which clients have in place with us, but they do change the hourly rates applying for services such as consultancy and tax enquires where a fixed fee isn't in place.

The new hourly rates are (vat exclusive):

- £150 Principal/ director £400/£800 half day/full day)
- £100 Manager Grade staff
- £50 Senior technician grade staff
- £25 Junior technician grade staff

4. Clause 9c is new, making it clear that monitoring of the VAT registration threshold is the clients responsibility.
5. Clause 9d is new making it clear that the detection and prevention of fraud within a business is the clients responsibility.
6. Section 12 on Tax planning, mitigation and financial planning is new, emphasising that these are separate services to tax compliance.
7. Section 14 on Vat returns and bookkeeping is new. It codifies existing practice, but this has largely been unwritten previously.
8. Under section 20a, deadlines, the deadline for company accounting papers has changed from 5 months after the year end to 4 months after the year end, reflecting the imminent change by Companies House in filing deadlines for companies / LLPs.
9. Our limitation of liability clause (23) has increased from 3 times fees to 10 times fees which is perceived to be fairer to clients.
10. Section 25 on ownership of papers has been expanded, in particular an express clause dealing with the transfer of papers on change of accountant. It is worded so as to follow best legal and professional practice on ownership of papers.

11. Section 26 on confidentiality has been expanded, in particular sub clause b detailing your obligations to keep correspondence with us and correspondence or documents we send you confidential, and sub clause e dealing with conflicts of interest.
12. Section 27 on complaints has been expanded, with a new procedure for us appointing an independent manager to investigate complaints.
13. Section 28, miscellaneous, introduces some new points, specifically covering:
 - a How we hold client money
 - b Reliance on verbal advice, and recording thereof
 - c Communicating by email
 - d Our anti money laundering obligations

To recap, there should be no effect on our day to day relationship, nor on pre agreed fixed fee arrangements.

The full revised terms of business are available from www.garbetts.com/tcb

Garbetts
November 2008