

SIMPKINS EDWARDS – TERMS OF BUSINESS

1. Introduction

- 1.1. This schedule sets out our Terms of Business which will apply unless alternative arrangements have been agreed in writing. This schedule should be read in conjunction with our letter of engagement which sets out the agreed scope and objectives of your instructions. All work carried out by Simpkins Edwards is conditional upon acceptance of these terms.
- 1.2. To avoid repetition we have used the expressions “we”, “us”, “our” and “the firm” to refer to Simpkins Edwards and “you” and “your” to refer to you our client. We have used the expression “matter” to describe the nature of your instructions and to include “case” or “transaction”. We use the term “letter” to refer to the accompanying letter of engagement.
- 1.3. This document and all other correspondence from us, is available in large print format on request.
- 1.4. Any extensive corporate finance assignment will be the subject of a separate letter of engagement.

2. Scope of our Engagement

- 2.1. We will set out in the letter the agreed scope and objectives of your instructions. Any subsequent change will be discussed with you and agreed in writing. We ask that you notify us as soon as you can if anything occurs which could make the information you have provided us invalid or incomplete.
- 2.2. If appropriate we may ask you to provide us with written instructions and if we do not receive these we may not be able to proceed with your matter.
- 2.3. We cannot be responsible for failing to advise or comment on any matter which falls outside of the scope of your instructions.
- 2.4. The advice that we give to you is for your sole use as our client and does not constitute advice to any third party to whom you may communicate it. We accept no responsibility to third parties for any aspect of our professional services or work that is made available to them without our prior written consent.

3. General Tax Advice

- 3.1. We will be pleased to assist you generally in tax matters if you so require. To enable us to do this you will need to instruct us in good time.
- 3.2. Because tax rules change frequently you must ask us to review any advice already given if a transaction is delayed, or if an apparently similar transaction is to be undertaken.
- 3.3. It is our policy to confirm in writing advice upon which you may wish to rely.

4. Retention of Records

- 4.1. During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following the completion of our work. You should retain them for at least six years from the end of your accounting period. This period may be extended if HM Revenue & Customs enquire into your tax return.
- 4.2. Following the conclusion of your matter or termination of instructions we are entitled to retain your papers, documents and other property held by us if there is any money owed to us until you have settled your bill, including any interest.
- 4.3. We will retain the file of papers for a period of six years and on the understanding that we have your authority to destroy the file at any time after six years from the date of delivery of our final bill or from the date of our final letter to you if no bill is payable by you.

5. Limitation of Liability

- 5.1. We will provide the professional services outlined in the 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 from the failure by you or others to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or the tax authorities.
- 5.2. Our liability for any negligence or breach of contract arising from this matter, including legal costs and expenses, is limited to £2 million, save where such a limitation is excluded by law. If you consider that such a limit is insufficient to cover your potential losses from any negligence or breach of contract on the part of this firm or its agents, please let us know immediately.
- 5.3. You agree to hold harmless and indemnify us against any misrepresentation, whether intentional or unintentional, supplied to us orally or in writing in connection with this engagement.
- 5.4. Our partners and employees provide you with services under the umbrella of our firm. You agree that you will not bring any claim in connection with services provided to you by the firm against any of our employees on a personal basis.

6. Money Laundering

- 6.1. In common with all accountancy and legal practices we are required by the Proceeds of Crime Act 2002, Money Laundering Regulations 2007 and Terrorism Act 2000 to:
 - maintain identification procedures for clients and beneficial owners of clients;
 - maintain records of identification evidence and the work undertaken for the client; and
 - report, in accordance with the relevant legislation and regulations.
- 6.2. We must obtain up to date evidence of your identity as soon as practicable if we have not already done so. In the event that we ask you for satisfactory proof of identification but you do not provide us with the evidence we require, we reserve the right to charge for any additional identity checks we deem necessary or, in the alternative, to terminate our instructions or business relationship.
- 6.3. We have a duty to report to the Serious Organised Crime Agency (“SOCA”) if we know, or have reasonable cause to suspect, that another person is involved in money laundering. Failure on our part to make a report where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence.

- 6.4. The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act 2002 and includes concealing, converting, using or possessing the benefits of any activity that constitutes a criminal offence in the UK. It also includes involvement in any arrangement that facilitates the acquisition, retention, use or control of such a benefit.
- 6.5. We are obliged by law to report instances of money laundering to SOCA without your knowledge or consent. In consequence, neither the firms' principals nor staff may enter into any correspondence or discussions with you regarding such matters.
- 6.6. We are not required to undertake work for the sole purpose of identifying suspicions of money laundering. We shall fulfil our obligations under the Proceeds of Crime Act 2002 in accordance with the guidance published by the Consultative Committee of Accountancy Bodies.
- 6.7. You agree that you will co-operate with us to enable us to comply with these obligations, and that you will have no claim against us or any of our partners or staff for any loss suffered by you or any other person directly or indirectly as a result of steps taken by any of us which we believe are necessary to comply with our legal obligations.

7. Professional Rules and Practice Guidelines

- 7.1. We comply with the bye-laws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales and accept instructions to act for you on the basis that we will act in accordance with those guidelines. A copy of these guidelines is available for your inspection in our offices.
- 7.2. Where you give us confidential information we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or professional pronouncements applicable to this engagement.

8. Conflict of Interest

- 8.1. We have a professional obligation to act in your best interests, and so cannot act for one client in a matter where there is an actual or significant risk of a conflict with the interests of another client for whom we already act.
- 8.2. However we reserve the right to act during this engagement for other clients whose interest may be adverse to yours. We will notify all parties concerned immediately should we become aware of any conflict of interest to which we are subject and deal with any issues arising subsequently.
- 8.3. In accordance with common procedures used by accountancy practices, we operate a 'Chinese wall' procedure under which our corporate finance department conducts its activities entirely separately from the department of the firm which provides services to you under this engagement. You agree that we will not be obliged to disclose to you or take into consideration in providing services to you information the disclosure of which would or might be a breach of duty or confidence to any other person.

9. Quality of Service and Complaints Handling Procedure

- 9.1. We aim to provide a high quality of service at all times. If you would like to discuss with us how our service could be improved or if you are dissatisfied with the service you are receiving please let us know by contacting the partner in charge of your affairs or John Coombs or Clifford Nightingale, in our Exeter Office.
- 9.2. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction you may take up the matter with the Institute of Chartered Accountants in England and Wales.
- 9.3. As part of our ongoing commitment to providing a quality service, our files are periodically subject to an independent regulatory or quality review. Our reviewers are highly experienced and professional people and are, of course, bound by the same requirements of confidentiality as our principals and staff. We reserve the right to disclose our files to regulatory bodies in the exercise of their powers.
- 9.4. In order for us to provide you with a high quality service on an ongoing basis it is essential that you provide us with relevant records and information when requested, reply to correspondence in a timely manner and otherwise follow the terms of the agreement between us set out in this Terms of Business and associated letter(s).

10. Terminating our Agreement

- 10.1. You may withdraw your instructions to us or cancel your agreement with us at any time. We ask that this is done in writing. We shall be entitled to charge you for the work we have done for you up until the date of termination.
- 10.2. We are entitled to keep all your papers and documents if there is any money owed to us when the matter concludes.
- 10.3. We reserve the right to cancel the engagement between us with immediate effect in the event of:
- your insolvency, bankruptcy or other arrangement being reached with creditors;
 - failure to pay our fees by the due date(s);
 - either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.
- 10.4. In addition, we may terminate our engagement by giving you reasonable prior written notice if we decide for whatever reason that we are no longer willing to act for you. In such circumstances you will remain liable for our charges until the date on which we cease acting for you.

11. Client Monies

- 11.1. We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds. The account will be operated, and all funds dealt with, in accordance with the Clients' Money Regulations of the Institute of Chartered Accountants in England and Wales.
- 11.2. In order to avoid an excessive amount of administration, interest will only be paid to you where the monies would give rise to annual interest in excess of £25 and they are held for a reasonable period of time (details of the time and amount meeting this definition are available on request). In such cases a separate client account will be opened in the name of the firm, designated as a client bank account. Any such interest would be calculated using the prevailing rate applied by NatWest Bank Plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, such interest will be paid gross.

12. Electronic Communication

- 12.1. We will act in accordance with your instructions and will contact you when we require you to supply information or to take any action. We ask that you deal with these requests promptly. We aim, where appropriate, to respond to your letters and emails within four working days and to telephone calls within one working day.

- 12.2. We will keep you informed of the progress of your matter and any unexpected changes or delays. Where appropriate, we will also discuss with you whether the likely outcome in the matter will justify the expense or risk involved, including, if relevant, the risk of you bearing third party costs. You are welcome to ask for a progress report at any time.
- 12.3. If a matter is urgent it may be necessary to take instructions from you at short notice. Please ensure that we have current contact details for you. If you have a preferred method of communication then please let us know.
- 12.4. E-mail may be used to enable us to communicate with you. As with other means of delivery this carries with it the risk of inadvertent misdirection or non delivery. We do not normally encrypt or password protect email attachments but can do so on request. We shall not be responsible for any loss or damage arising from the unauthorised interception, re-direction, copying or reading of emails including any attachments.
- 12.5. As internet communications are capable of data corruption, we do not accept any responsibility for changes made to such communications after their despatch. For this reason it may be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it.
- 12.6. All risks connected with sending commercially-sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.
- 12.7. Although we use virus scanning software we cannot be responsible for any computer virus or damage to your computer system arising from our electronic communication with you. It is the responsibility of the recipient to carry out a virus check on any attachments received.

13. Fees, Charges and Payment

- 13.1. Our charges for the services we provide to you are computed mainly on the basis of fees for the time spent on your affairs (which depends on the levels of skill and responsibility involved) and disbursements incurred in connection with the engagement.
- 13.2. We will charge you reasonable disbursements incurred in the course of providing the services, which may include travel, accommodation and other expenses.
- 13.3. If work is required which is outside the scope of the letter, for example dealing with HM Revenue & Customs enquiries into the tax return, then this will be a separate engagement for which additional fees will be chargeable.
- 13.4. We will issue invoices at intervals during the course of the year.
- 13.5. We will add Value Added Tax, if applicable, at the rate applicable when the fee notes are raised.
- 13.6. We revise our rates from time to time, and details of rates in force at any time are available on request.
- 13.7. Our terms relating to payment of amounts invoiced (fees and disbursements) and not covered by standing orders, where appropriate, are strictly 30 days net. We reserve the right to charge interest at the rate of 2% per month (APR 26.8%) in the case of overdue accounts, accruing on a daily basis from the due date until date of actual payment. You are liable to pay the interest together with any overdue amount. This clause shall not apply to payments which you contest in good faith.
- 13.8. Notwithstanding clause 13.7, we may, at our absolute discretion, alternatively claim interest under the Late Payment of Commercial Debts (Interest) Act 1998.
- 13.9. In addition, we may terminate our engagement and cease acting if payment of any fees billed is unduly delayed. However, it is not our intention to use these arrangements in a way which is unfair or unreasonable.
- 13.10. We reserve the right to charge you reasonable costs and expenses incurred as a result of you not complying with our payment terms including charges for preparing and sending you reminder letters and expenses of tracing you and enforcing our terms.
- 13.11. In the event that this firm ceases to act in relation to your affairs you agree to meet all reasonable costs of providing information to your new advisers. In particular you agree to meet these costs even where we are required by law to provide information to a successor firm. Where a third party has agreed to pay or contribute to our charges, you nevertheless remain primarily responsible for payment of our invoices.

14. Commissions or Other Benefits

- 14.1. In some circumstances, commissions or other benefits may become payable to us in respect of transactions which we arrange for you with third parties, in which case you will be notified in writing of the amount and terms of payment. The fees that would otherwise be payable by you as described will not take into account the benefit to us of such amounts. You consent to such commission or other benefits being retained by us without our being liable to account to you for any such amounts.

15. Investment Service

- 15.1. We are licensed by the Institute of Chartered Accountants in England and Wales to carry out a limited range of investment services, which are incidental to the provision of professional accountancy services and are carried out because they arise out of, or are complementary to, our provision of those accountancy services to you.
- 15.2. However, we are not authorised by the Financial Services Authority ("FSA") to carry out 'mainstream' investment business activities (as defined by the Financial Services and Markets Act 2000).
- 15.3. Should you require any specific investment advice, we may introduce you to an independent permitted third party ("PTP") who is authorised by the FSA and has the appropriate permissions from the FSA to undertake the regulated activity in question.
- 15.4. To enable us to provide you with a proper service there may be occasions when we will need to contact you without your express permission concerning investment business matters. For example it may be in your interests to sell a particular investment and we would wish to inform you of this. Therefore we may contact you in such circumstances. We shall, of course, comply with any restrictions you may wish to impose which you notify to us in writing.

- 15.5. In addition, we are not authorised by the FSA to carry out general insurance business. However, we are included on the register maintained by the FSA so that we can carry on insurance mediation activity which is broadly the advising on the selling and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Institute of Chartered Accountants in England and Wales. The register can be accessed via the Financial Services Authority website at www.fsa.gov.uk/register.
- 15.6. Any tax planning advice that we provide to you in the course of our engagement involving investments will consider only the possible tax consequences of changes in the portfolio. We offer no comment on the possible other merits or otherwise of particular acquisitions or disposals of specific investments, and you should seek professional advice on such matters.
- 15.7. Should you require us to assist in arranging any of your investment business with the PTP that PTP will take full responsibility for all aspects of compliance under any regulations required by the Act.
- 15.8. If we introduce you to a PTP, we will act solely as introducers and are not authorised to offer alternative advice. As a result of our introducing you to a PTP we may receive commission or other benefits from the PTP.
- 15.9. In the event of our receiving any such commission or benefits we will notify you in writing of the amount and terms of payment. You consent to such commissions and benefits being retained by us without our being liable to account to you for such amounts. If you would like more information on any commission payments, please contact the partner with whom you usually deal or John Coombs or Clifford Nightingale in our Exeter Office.
- 15.10. In the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the Chartered Accountants' Compensation Scheme.
- 15.11. Other investment services we may provide include the following:
- advising you on investments generally, but not recommending a particular investment or type of investment
 - assisting you in making arrangements for transactions in investments in certain circumstances
 - advising and assisting you on transactions concerning shares or other securities not quoted on a recognised exchange

16. Aquila Financial Management Limited

- 16.1. As referred to above, we may refer you to Aquila Financial Management Limited, in particular, as a specified PTP.
- 16.2. Aquila Financial Management Limited is an independent firm of financial advisers which has had a working relationship with Simpkins Edwards for many years. Simpkins Edwards are beneficial owners of income producing shares in Aquila Financial Management Limited.
- 16.3. Aquila Financial Management Limited assumes full responsibility for the financial advice given by it, affording you the protection of the Financial Services and Markets Act 2000.
- 16.4. Under these arrangements we do not normally receive commission from Aquila Financial Management Limited. In the event that such commission is paid you will be notified in accordance with 14.1 above.

17. Data Protection Act 1998

- 17.1. Whilst the information you provide us is confidential we must observe the requirements of the Data Protection Act 1998. We may therefore process personal data such as your name and address in order to carry out your instructions. We may also pass your personal data to other professionals in order to obtain advice and to comply with our contractual obligations.
- 17.2. By accepting these terms and conditions you consent to such checks being made. In performing these checks personal information provided by you may be disclosed to a registered Credit Reference Agency which may keep a record of that information. This will be done to confirm your identity and a credit check will not be performed and your credit rating will be unaffected. All information provided by you will be treated securely by us and strictly in accordance with the Data Protection Act 1998.
- 17.3. We may use personal information provided by you in order to conduct appropriate anti-fraud checks. Personal information that you provide may be disclosed to a credit reference or fraud prevention agency, which may keep a record of that information.
- 17.4. In addition, we may use this information to advise you of any marketing events or provide you with information which we believe may be of interest to you. If you would prefer us not to do this please inform the person handling your matter or contact John Coombs in our Exeter office.
- 17.5. You have a right of access to the personal data that we hold about you. If you wish to make a Subject Access Request, please contact our Data Protection Compliance Officer, John Coombs. We are entitled to charge you a processing fee of £10 to process your request.

18. Applicable Law

- 18.1. These Terms of Business and the letter are governed by, and construed in accordance with, English law. The Courts of England ("Courts") will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement and any matter arising from it.
- 18.2. Each party irrevocably waives any right it may have to object to any action being brought in those Courts, to claim that the action has been brought in an inappropriate forum, or to claim that those Courts do not have jurisdiction.
- 18.3. If any provision in these Terms of Business or any letter of engagement, or its application, are found to be invalid, illegal or otherwise unenforceable in any respect that part of the Terms of Business or letter of engagement will be severed and the remainder shall survive unaffected to the fullest extent permitted by law.
- 18.4. A person who is not party to this agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.

19. General

- 19.1. We may in the future revise the terms and conditions set out in our Terms of Business and in that event such revised terms and conditions shall only apply in relation to services provided after the date of receipt of the same by you, but so that such revised terms will not affect the respective rights and obligations of the parties accrued prior to the effective date of the change.

By instructing us to commence work on this matter you will be taken to have accepted these Terms of Business.