



Accounts and business tax

Your annual accounts are a very important piece of the compliance jigsaw that you, as a business owner, must complete accurately and promptly. You don't have the time or expertise to produce the accounts yourself and want to outsource this work as painlessly as possible. But you do want to be sure that the figures are reliable, technically compliant and that all possible ways of reducing the taxable profits have been identified and explained to you.

Our accounts and business tax service has been designed to fully meet these needs and includes the following key features:

- we will have a planning discussion with you well in advance of your year end
- just before the year end we will remind you of the information we need and agree a start date
- documents you provide to us will be scanned and returned with a PDF copy for easy retention by you
- we promise to have your accounts and tax computations ready within 30 working days
- if during our work we identify ways to make your record-keeping easier we will help you to implement changes
- we will undertake a full review of the figures and make tax reduction recommendations to you
- you will be provided with a copy of the accounts in PDF format for easy storage and distribution by you
- we will file the accounts and tax returns with HM Revenue & Customs and Companies House, on time for you

We want you to be clear about what you can expect from us and let you know what we need from you.

OUR RESPONSIBILITIES

You have asked us to help you prepare the financial statements in accordance with the requirements of the Companies Act 1985 to enable profits to be calculated to meet the requirements of section 42 of the Finance Act 1998, as amended by the Finance Act 2002 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.

We shall plan our work on the basis that no report on the financial statements is required by statute or regulation for the year, unless you inform us in writing to the contrary.

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.

You have told us that the company is exempt from an audit of the financial statements. We will not check whether this is the case. However if we find that the company is not entitled to the exemption, we will inform you of this.

Our work will not be an audit of the financial statements in accordance with International Standards of Auditing (UK and Ireland). 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.

We will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.

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. Furthermore, as directors you have a duty to prepare financial statements that comply with the Companies Act 1985 and applicable accounting standards. If we find that the financial statements do not conform to generally accepted accounting principles, or if the accounting policies adopted are not immediately apparent, we must disclose this in the financial statements.

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 are misleading, we will withdraw from the engagement.



PEARSON & ASSOCIATES

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.

We have agreed to carry out the following accounting and other services on your behalf:

- write up the accounting records of the company and;
- complete the postings to the nominal ledger.

A private company is required to file its financial statements at Companies House within ten months of the year end. The company will be liable to a fine if it fails to do so. We have agreed to act as your agent and to submit the financial statements to the Registrar of Companies. We accept no responsibility for fines or regulatory action taken against the directors or members where the statutory financial statements are not available for filing due to delays caused by you.

We will calculate the company's corporation tax liability from the financial statements prepared by us and other information and explanations provided by you. We will advise you on the adequacy of your records for this purpose but we will not carry out an audit of those records.

We will prepare the company's corporation tax self assessment tax return with all supporting schedules. We will deal with HM Revenue & Customs on your behalf regarding any amendments required to the return and amend the return as necessary.

We will send you the tax return and supporting schedules for you to approve and sign, and by signing you will take responsibility for its content. We will then submit it on your behalf, with the financial statements and computations, to HM Revenue & Customs. You authorise us to file the return electronically.

We will tell you the amounts of corporation tax to be paid and the dates by which the company should make the payments. If appropriate we will initiate repayment claims when tax has been overpaid. Would you please ensure that no payments are made to HM Revenue & Customs before we have confirmed that the Statements of Account are correct.

If the company's profits exceed £1.5 million a year, you must pay quarterly instalments of tax due starting six and a half months into the accounting period. Interest will be charged on instalments paid late and credited on those paid early. If you provide appropriate management information on time, we will tell you whether you should make quarterly tax payments.

We will inform you of possible claims and elections arising from the tax return and from information you have supplied. If instructed by you, we will on your behalf make such claims and elections in the form and manner required by HM Revenue & Customs.

We will deal on your behalf with all communications relating to the company's tax return which HM Revenue & Customs sends us or which you pass to us. However, if HM Revenue & Customs chooses your tax return for enquiry this work will need to be done under a separate assignment, in which case we will seek further instructions from you.

We will observe the professional rules and practice guidelines of our professional Institute and accept instructions to act for you on the basis that we act in accordance with those guidelines. In particular you give us authority to correct HM Revenue & Customs' errors, even if doing so results in correction of an error made in your favour.

We will be pleased to assist the company generally in tax matters if you wish. To enable us to do this you will need to instruct us in good time and we will issue a separate fee quotation.

Because tax rules often change, you must ask us to look again at the tax advice we have already given you if a transaction is delayed, or if you are to make an apparently similar transaction.

We will confirm in writing advice upon which company may wish to rely.

YOUR RESPONSIBILITIES

As directors of the company you are responsible for maintaining proper accounting records and for preparing financial statements which give a true and fair view and which have been prepared in accordance with the Companies Act 1985 (the Act).

In preparing the financial statements, you are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



PEARSON & ASSOCIATES

You are responsible for keeping proper accounting records that set out with reasonable accuracy at any time the company's financial position and for ensuring that the financial statements comply with the Act. You are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

You are also responsible for deciding whether, in each financial year, the company meets the conditions for exemption from an audit, as set out in section 249A (or 249AA) of the Act, and for deciding whether, the exemption cannot be claimed that year for any of the reasons set out in section 249B.

You are responsible for ensuring that the company complies with laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.

You have undertaken to make available to us, as and when required, all the company's accounting records and related financial information, including minutes of shareholders' and directors' meetings, that we need to do our work. Each director is required to take all steps that he ought to take as a director in order to make himself aware of any relevant information and to establish that we are aware of that information.

If financial information is published, which includes a report by us or is otherwise connected to us, on the company's website or by other electronic means, you must inform us of the electronic publication and get our consent before it occurs and ensure that it presents the financial information properly. We have the right to withhold consent to the electronic publication of the financial statements if they are to be published in an inappropriate manner.

You must set up controls to prevent or detect quickly any changes to electronically published information. We are not responsible for reviewing these controls nor for keeping the information under review after it is first published. You are responsible for the maintenance and integrity of electronically published information and we accept no responsibility for changes made to any information after it is first posted.

You have agreed that you will:

- keep the records of receipts and payments;
- reconcile the balances monthly with the bank statements;
- post and balance the purchases and sales ledgers;
- extract a detailed list of ledger balances;
- provide to us a stock valuation at the accounting date
- provide to us a work-in-progress valuation at the accounting date

The company is legally responsible for making correct corporation tax returns by the due date and for payment of tax on time. Failure to meet the deadlines may result in automatic penalties, surcharges and/or interest.

To enable us to carry out our work you agree:

- that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
- to provide full information necessary for dealing with the company's affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- to provide us with information in enough time for the company's tax return to be completed and submitted by the due date. To do this, we need to receive all relevant information within 7 months of the end of the accounting period;
- that we can approach appropriate third parties for information that we consider necessary to deal with your affairs;
- to forward to us on receipt copies of all HM Revenue & Customs' notices of assessment, letters and other communications so that we can deal with them on your behalf as may be necessary within the statutory time limits; and
- to keep us informed about significant transactions or changes in your circumstances if they are likely to affect your tax position.

We will submit form 64-8 to HM Revenue & Customs which authorises HM Revenue & Customs to send us copies of formal notices. In practice HM Revenue & Customs will treat this as authority to correspond with us, in which case they will not correspond with the company except to the extent that they are formally required to do so. However, this authority does not apply to all HM Revenue & Customs' correspondence and, even where it does, HM Revenue & Customs sometimes overlook it. You should therefore always send us the originals or copies of all communications you receive from HM Revenue & Customs.

You will continue to deal with all matters required by law, such as but not limited to: Pay As You Earn including year end returns P35/P14/P60; forms P11D; returns for sub-contractors; forms CT61; tax credit claims; and VAT returns. If we have agreed to assist you with these matters, our terms for so doing will be specified separately.



AGREEMENT OF TERMS

These terms take effect when we receive written or email confirmation that you wish us to provide this service and will continue until we receive written or email confirmation that you no longer wish us to provide this service.

We will deal with matters arising in earlier years as appropriate and will cease to deal with matters relating to current years as soon as we receive notice that you no longer wish us to provide this service.

We will provide the service set out above with reasonable care and skill. However, to the fullest extent permitted by law, we will not be responsible for any losses, penalties, surcharges, interest or additional tax liabilities where you or others supply incorrect or incomplete information, or fail to supply any appropriate information or where you fail to act on our advice or respond promptly to communications from us, HM Revenue & Customs or Companies House.

You will not hold us, our directors and staff, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with the service outlined above. You have agreed that you will not bring any claim in connection with the service we provide to you against any of our directors or employees personally.