

Our Ref://SAILDESIGN

Your Ref:

Saildesign Ltd  
2nd Floor  
40D Gledstanes Road  
Barons Court  
London  
W14 9HU

1 April 2005

Dear Paul,

**Saildesign Ltd**  
**VAT Compliance**

This letter sets out the basis on which we will act in relation to your VAT affairs. You are legally responsible for making a correct VAT return, and for payment of its VAT on time. Our appointment as agents does not absolve it from its statutory obligations. We would therefore draw your attention to the normal time limit of one month from the end of the period covered by the return. By this time, the return must be signed by you and be in the possession of Customs. Substantial penalties may arise if this time limit is not observed. It is therefore essential that we, as your agent, are supplied with all relevant information in good time so that we can complete the return on your behalf.

We shall be responsible for preparing your VAT returns from the records of the business, we shall not audit or otherwise check the underlying records. When the VAT return has been completed from the information supplied, we shall send you the return form as soon as we can together with the records with copies of our working papers for you to review. If you are satisfied you should then sign the return and submit it to Customs. If you think the return is incorrect please consult us immediately.

The preparation of the VAT returns will be carried out by ourselves as agents for and whilst we shall prepare the returns as accurately as possible from the information made available to us, we can take no responsibility for the completeness and accuracy of the information which is supplied to us. In particular, we can accept no responsibility for any default surcharge that may arise if:

- the books and records are not available to us in good time.
- the books and records prove to be incomplete or unclear, thereby delaying the preparation and submission of the VAT return; or
- you fail to submit the return to Customs on time after we have sent the return to you for signature.

In order for us to prepare the VAT returns, we shall require the following information:

- (1) All VAT returns submitted to Customs in the current VAT year;
- (2) Blank returns issued by Customs;
- (3) Debit and credit notes received or issued in the relevant period;
- (4) The full books, bank statements and other records for the relevant period;
- (5) Details of errors for which adjustment is now required;
- (6) Details of all transactions which will not be covered by the above whether trading or otherwise;
- (7) Details of special rulings by Customs;

(8) Details of any VAT penalty notices with ongoing relevance;

in respect of all transactions which have come to light since the last VAT return was prepared, and which require adjustment.

#### **VAT consultancy**

We shall provide consultancy advice on VAT matters (such as specific transactions which are contemplated) as and when requested to do so by yourselves.

#### **Help us to give you the best service**

We aim to provide the best possible service to our clients. If you would like to discuss how our service could be improved please let us know by contacting us..

We undertake to look into any complaint carefully and promptly and do all we can to explain the position to you. We will do everything reasonable to put matters right. Prompt communication enables us to take prompt action on your behalf.

#### **Applicable law**

This engagement letter is governed by, and construed in accordance with, English law. The Courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. 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.

#### **Internet communication**

Internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their despatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connecting with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

It is the responsibility of the recipient to carry out a virus check on any attachments received.

#### **Data Protection Act 1998**

We may obtain, use, process and disclose personal data about you in order that we may discharge the services agreed under this engagement letter, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance. You have a right of access, under data protection legislation, to the personal data that we hold about you. We confirm that when processing data on your behalf we will comply with the provisions of the Data Protection Act 1998.

#### **Contracts (Rights of Third Parties) Act 1999**

Persons who are not party to this agreement shall have no rights 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.

The advice that we give to you is for your sole use 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.

#### **Fees**

Our fees are normally dealt with on a set fee for this type of work. This will be discussed and agreed between us at the outset. Any future increases in these set fees will also be agreed between us in the first instance. Our fees will be charged separately for this service and will be billed at appropriate intervals during the course of the year.

Unless specifically agreed, payment of our invoices is due within 14 days from the date of the invoice.

### **Money laundering**

We have a duty under section 330 of the Proceeds of Crime Act 2002 to report to the National Criminal Intelligence Service (NCIS) if we know, or have reasonable cause to suspect, that you, or anyone connected with your business, are or have been 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.

The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act and includes the acquisition, possession or involvement in arrangements for concealing the benefits of any activity that constitutes a criminal offence in the UK. This definition is very wide and would include:

- tax evasion through deliberate understatement of income or overstatement of expenses or stocks; or
- deliberate failure to inform the tax authorities of known underpayments.

We are obliged by law to report to NCIS without your knowledge and consent and in fact we would commit the criminal offence of tipping off under section 333 of the Proceeds of Crime Act were we to inform you of any suspicions or that a report had been made.

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 Institute of Chartered Accountants in England and Wales.

### **Limitation of liability**

We will provide our professional services with reasonable care and skill. However, we will not be held responsible for any losses arising from the supply by you or others of incorrect or incomplete information, or your or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or other relevant authorities.

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 agreement. You have agreed 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.

### **Agreement of terms**

Once agreed, this letter will remain effective from the date of signature until it is replaced or terminated. Either party may vary or terminate our authority to act on your behalf at any time without penalty. Notice of termination must be given in writing.

Would you please confirm your agreement to the terms set out in this letter by signing and returning the enclosed copy. If anything is unclear to you or you require any further information please let me know.

Yours faithfully

  
Russell & Co

I/We am/are in agreement with the terms and conditions set out above.

Signed



For and on behalf of

Saildesign Ltd

Name and position



Dated

