

STANDARD TERMS OF BUSINESS

The following standard terms of business apply to all engagements accepted by Armstrong Watson LLP, Armstrong Watson Audit Limited and Armstrong Watson Trustees Limited. All work carried out is subject to these terms except where changes are expressly agreed in writing.

Armstrong Watson LLP is a limited liability partnership registered in England & Wales, Company No. OC415608. The Registered Office is at 15 Victoria Place, Carlisle, CA1 1EW.

Armstrong Watson Audit Limited is a limited company registered in England & Wales, Company No. 8800970. The Registered Office is at 15 Victoria Place, Carlisle, CA1 1EW. The company VAT number is 181567684.

Armstrong Watson Audit Limited is registered by the Institute of Chartered Accountants in England and Wales (ICAEW) to carry out audit work in the UK and Ireland.

Details of our audit registration can be viewed at www.auditregister.org.uk under reference number C003784010.

Armstrong Watson Trustees Limited is a limited company, registered in England & Wales, Company No. 8449656. The Registered Office is at 15 Victoria Place, Carlisle, CA1 1EW.

The Services will be provided by a limited liability partnership, incorporated in England & Wales or a limited liability company. Armstrong Watson has decided to retain the title partner to describe an individual who is authorised to commit Armstrong Watson.

DEFINITIONS

'**Client Party**' or '**you**' or derivatives: The addressee(s) of the Engagement Letter.

'**Deliverables**': The letters, reports, information, advice or opinions given by us in connection with the Services.

'**Engagement Letter**': The letter that incorporates these Terms and Conditions of Business together with these Terms and Conditions of Business or as may be varied from time to time in accordance with Clauses 2.3 and/or 3.1.

'**Information**': All documents, information and assistance, IT systems and infrastructure that we may require to undertake the Services.

'**Armstrong Watson**' or '**We**' or derivatives: The English body corporate which is a party to the Engagement Letter and delivering the Services under its terms.

'**Services**': The services delivered to the Client Party by Armstrong Watson and which are detailed in and are subject to the terms of the Engagement Letter.

'**Virtual Storage Facilities**': Means any internet or other electronic facility (whether cloud based or not) designed to store information which relates to Services.

1 Professional obligations

- 1.1 We will observe the Bye-laws, regulations and ethical guidelines of the ICAEW and accept instructions to act for you on the basis that we will act in accordance with those guidelines.
- 1.2 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 other professional pronouncements applicable to this engagement.
- 1.3 We reserve the right during our engagement with you to deliver services to other clients whose interests might compete with yours or are or may be adverse to yours,

subject to 1.2 above. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you unless we are unable to do so because of our confidentiality obligations. However, we cannot guarantee that our procedures will identify all such situations as we cannot always be certain what you would regard as a conflict. We have safeguards that can be implemented to protect the interests of different clients if a conflict arises. Where conflicts are identified which cannot be managed in a way that protects your interests then we regret that we will be unable to provide further services.

- 1.4 If a conflict of interest should arise, either between two or more of our clients, or in the provision of multiple services to a single client, we will take such steps as are necessary to deal with the conflict. In resolving the conflict, we would be guided by the code of ethics of ICAEW which can be viewed as part of the Regulations and Guidance at www.icaew.com/regulations.

2 Engagement terms

- 2.1 All Services provided by Armstrong Watson for the Client Party will be in accordance with the Engagement Letter subject to any subsequent written variation, agreed by an authorised representative of Armstrong Watson and the Client Party. If for whatever reason that does not happen we will treat the fact that you have instructed us to commence the Services as deemed agreement.
- 2.2 The Engagement Letter replaces and supersedes any previous proposal, discussion, correspondence, representation or agreement between us in relation to the Services and forms the whole agreement between us in relation to the same. This clause shall have the effect of excluding the liability of any party to the Engagement Letter for any misrepresentation (other than a fraudulent misrepresentation) made prior to the date of the Engagement Letter.
- 2.3 Amendment to these Terms and Conditions of Business may be made only by specific reference to the relevant clause in these Terms and Conditions of Business. In the event of a conflict between these Terms and Conditions of Business and the letter incorporating these Terms and Conditions of Business, the letter will prevail only to the extent of such conflict.
- 2.4 The obligations of each addressee of the Engagement Letter under these Terms and Conditions of Business are several such that no one addressee has any liability or responsibility for the actions or defaults of another.
- 2.5 You or we may terminate the engagement pursuant to the Engagement Letter by written notice, at any time, without penalty, though if this occurs whether at your behest or ours, before the Services have been completed, Armstrong Watson shall be entitled to its fees, expenses, disbursements and VAT, to the date of termination.
- 2.6 The terms of the Engagement Letter will apply to any Services whether such Services were performed or provided before or after the signing of the Engagement Letter.

3 Changes in scope

- 3.1 Should you require any services in addition to the Services from time to time, we will be pleased to discuss any request with you. However, prior to accepting or imposing any contractual terms that would commit you to obtaining or providing any Deliverables from us, please discuss the matter with us first. Following such discussions, we will advise you whether or not we are willing to undertake any

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- services in addition to the Services and, if so, the terms on which such services would be undertaken.
- 3.2 Any agreement to provide additional services will include the payment of reasonable additional fees and a reasonable additional period within which to provide such services.
- 4 Investment services**
- 4.1 We are not authorised by the Financial Services Authority and as such cannot give advice on investments. However, Armstrong Watson is included on the register maintained by the Financial Conduct Authority (FCA) so that we can carry on insurance mediation activity, which is broadly the advising on, 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 Conduct Authority website at www.fca.org.uk/register. As Armstrong Watson is licenced by the ICAEW, we may be able to provide certain investment services that are complementary to, or arise out of, the professional services we are providing to you.
- 4.2 Such advice may include:
- advise you on investments generally, but not recommend a particular investment or type of investment;
 - advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
 - advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;
 - assist you in making arrangements for transactions in investments in certain circumstances; and
 - manage investments or act as trustee (or done of a power of attorney) where decisions to invest are taken on the advice of an authorised person.
- 4.3 For corporate clients Armstrong Watson may also, on the understanding that the shares or other securities of the company are not publicly traded:
- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
 - arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
 - arrange for the issue of new shares; and
 - act as the addressee to receive confirmation of acceptance of offer documents etc.
- 4.4 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 in respect of exempt regulated activities undertaken.
- 4.5 Should you require investment advice that we are currently unable to give we will introduce you to Armstrong Watson Financial Planning Limited (AWFP), a firm authorised by the FCA. AWFP is an associated business to this practice and one in which we have a financial interest.
- 4.6 AWFP will issue its own terms and conditions letter.
- 5 Client monies**
- 5.1 Armstrong Watson 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 ICAEW.
- 5.2 In order to avoid an excessive amount of administration, interest will only be paid to you where the amount of interest that would be earned on the balances held on your behalf in any calendar year exceeds £25. Any such interest would be calculated using the prevailing rate applied by The Royal Bank of Scotland Plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.
- 5.3 If the total sum of money held on your behalf is likely to give rise to a significant amount of interest, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.
- 6 Fees**
- 6.1 Our fees are computed on the basis of time spent on your affairs by the principals and our staff, and on the levels of skill and responsibility involved. Disbursements represent travel, accommodation and other expenses incurred in dealing with your affairs.
- 6.2 If it is necessary to carry out work outside the responsibilities outlined in the specific letter of engagement it will involve additional fees. Accordingly we would like to point out that it is in your interests to ensure that your records etc are completed to the agreed stage.
- 6.3 A request for payment of fees will normally be sent each month, the only exceptions to this being where substantial additional work is done, in which case requests may be sent at more frequent intervals, and where total costs at the end of the month are less than £200, in which case they may be carried over to the succeeding month.
- Please note that as the services which we provide are normally of a continuous nature a VAT invoice will not be issued until payment is received by us.
- 6.4 We may request that you make arrangements to pay a proportion of your fee on a monthly standing order. These standing orders will be applied to fees arising from work agreed in this letter of engagement for the current and ensuing years. Once we have been able to assess the amount of work and time involved we would be grateful if you would agree to pay an amount to us on a regular basis.
- 6.5 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 on all overdue debts at the current rate under the Late Payment of Commercial Debts (Interest) Act 1998. Should a fee note remain unpaid after 90 days we reserve the right to cease all work on your behalf until the outstanding fee note is paid. This would include work of a continuing nature such as payroll processing.
- 6.6 In the event that this firm ceases to act in relation your affairs you agree to meet all reasonable costs of providing information to your new advisors. In particular you agree to meet these costs even where we are required by law to provide information to a successor firm.
- 7 Retention of and access to records**
- 7.1 During the course of our work we will collect information from you and others acting on your behalf and will return

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any original documents to you following the preparation of your financial statements and returns. You should retain these records for at least seven years from the end of the accounting year to which they relate.

7.2 Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. If you require retention of any document you must notify us of that fact in writing.

7.3 Documents and records prepared by you or your staff will remain your property unless there is an express or implied agreement to the contrary. Letters or other communications from you to ourselves will remain our property.

Documents and records produced by us in the course of our work in dealing with your affairs will remain our property unless there is an agreement to the contrary.

8 Quality control

8.1 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.

8.2 When dealing with HM Revenue & Customs on your behalf we are required to be honest and to take reasonable care to ensure that your returns are correct. To enable us to do this, you are required to be honest with us and to provide us with all necessary information in a timely manner. For more information about 'Your Charter' for your dealings with HM Revenue & Customs, see www.hmrc.gov.uk/charter/index.htm. To the best of our abilities, we will ensure that HM Revenue & Customs meet their side of the Charter in their dealings with you.

9 Help us to give you the right service

9.1 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know, by writing to the Senior Partner, Mr A J Johnston, Fairview House, Victoria Place, Carlisle, CA1 1HP.

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 you feel that we have given you a less than satisfactory service, we undertake to do everything reasonable to address your concerns. If you are still not satisfied, you may of course take up matters with the ICAEW.

9.3 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 Standard Terms of Business and associated Engagement letters. We therefore 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 dates;
- either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.

9.4 In addition this agreement may be terminated for any reason if 90 days notice is given.

10 Discovery of fraud

10.1 We will not be responsible for detecting fraud or misrepresentation (whether by the Client Party, its management, employees or third parties). We will, subject to our legal obligations, without accepting any liability for doing so, inform the Client Party if we become aware of fraud.

10.2 We will not be responsible for the consequences of any deficiency in Information provided in the course of our provision of Services.

11 Applicable law

11.1 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.

11.2 If any provision in this Standard Terms of Business or any associated engagement letter, or its application, are found to be invalid, illegal or otherwise unenforceable in any respect, the validity, legality or enforceability of any other provisions shall not in any way be affected or impaired.

11.3 In appropriate cases the Law of Scotland will apply and Section 11.1 will be amended accordingly. In any case of doubt or dispute we shall have the right to decide which jurisdiction is appropriate.

12 Changes in the law

12.1 We will not accept responsibility if you act on advice previously given by us without first confirming with us that the advice is still valid in light of any change in the law or your circumstances.

12.2 We will accept no liability for losses arising from changes in the law or the interpretation thereof that occur after the date on which the advice is given.

13 Internet communication

13.1 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 connected 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.

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

14 Data Protection Act 1998

14.1 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

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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. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is Armstrong Watson.

14.2 Sections 11 and 12 of the Data Protection Act 1998 place express obligations on you as a data controller where we as a data processor undertake the processing of personal data on your behalf. An example would be where we operate a payroll service for you. We therefore confirm that we will at all times comply with the requirements of the Data Protection Act 1998 when processing data on your behalf. In particular we confirm that we have adequate security measures in place and that we will comply with any obligations equivalent to those placed on you as a data controller.

14.3 In signing the Engagement Letter you also confirm that you are willing to receive unsolicited marketing material from Armstrong Watson. Please contact your engagement partner at Armstrong Watson should you no longer wish to receive such materials.

15 Contracts (Rights of Third Parties) Act 1999

15.1 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.

15.2 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.

16 The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007

16.1 In common with all accountancy and legal practices we are required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 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.

16.2 As part of our regulatory duties, we are obliged to verify as a minimum the identity, place of residence, source of funds and of wealth of our clients. As part of this process we will make searches about you using an electronic reference agency that will supply us with information including that from the Electoral Register. This process may also require sight of certain documentation. We are unable to act on your behalf until our verification requirements have been met.

The agencies will record details of these searches, but this does NOT affect your credit rating or credit score.

16.3 We have a duty under section 330 of the Proceeds of Crime Act 2002 to report to the National Crime Agency (NCA) 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.

16.4 The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act 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.

This definition is very wide and would include such crimes as:

- deliberate tax evasion;
- deliberate failure to inform the tax authorities of known underpayments or excessive repayments;
- fraudulent claiming of benefits or grants; or
- obtaining a contract through bribery.

Clearly this list is by no means an exhaustive.

16.5 We are obliged by law to report any instances of money laundering to NCA 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.

16.6 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.

17 Limitation of liability

17.1 The following clauses limit Armstrong Watson's liability to the Client Party by Armstrong Watson in respect of any negligence, default, or breach of duty, or breach of trust, occurring in the course of the provision of Services pursuant to the Engagement Letter.

17.2 For the Purposes of this clause, 'Person' means any corporate body, individual or other person, including:

- a) any director or employee of the Client Party,
- b) persons associated with the Client Party,
- c) persons providing or who have provided finance or services to the Client Party including other professionals, and
- d) any governmental or regulatory authority or body where such governmental or regulatory authority or body is in breach of duty, whether statutory or otherwise, and irrespective of whether such authority or body has, in respect of the relevant loss or damage, any statutory immunity from liability for damages, but excluding the Client Party itself and Armstrong Watson.

17.3 Where any Person, whether or not that Person is or could be made a party to or a witness in any relevant proceedings, is also liable to the Client Party for, or has otherwise caused or contributed to, all or part of the same loss or damage as Armstrong Watson (a 'Responsible Person'), and/or where the Client Party itself has contributed to such loss or damage, Armstrong Watson's liability shall be limited to such amount as is just and equitable having regard to the extent to which each of Armstrong Watson, any such Responsible Person and the Client Party is liable for, or has otherwise caused or contributed to, such loss or damage. Any limitation, exclusion or restriction (however arising) on the liability of any Responsible Person and any other matter (whenever arising), including inability to pay or insolvency, affecting the possibility of recovering compensation from any Responsible Person shall be ignored in determining whether and to what extent that Responsible Person is liable to the Client Party for, or has caused or contributed to, such loss or damage. Neither Armstrong Watson nor

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- the Client Party shall unreasonably resist the joinder to the proceedings or the calling as a witness in the proceedings of any Responsible Person.
- 17.4 If the effect of clause 17.3 would be to limit Armstrong Watson's liability to less than such amount as is fair and reasonable, as determined in accordance with that clause, this clause shall have effect as if it limited Armstrong Watson's liability to such amount as is fair and reasonable, as so determined.
- 17.5 Armstrong Watson's aggregate liability in respect of all claims by you shall be limited to the amount specified in the Engagement Letter or, if no amount is specified there, to £1million.
- 17.6 It is further agreed that, in order to give effect to the agreed principle that we shall not be liable more than once in respect of any loss or damage a Client Party may suffer arising out of the Services the subject of the Engagement Letter, any amount otherwise payable to a Client Party by reason of a claim under the Engagement Letter in respect of any such loss or damage shall be reduced by any amount paid to that Client Party in respect of the same loss or damage by reason of a claim under any other letter of engagement entered into between ourselves (or other Armstrong Watson Entities) and that Client Party or otherwise.
- 17.7 For the avoidance of doubt where there is more than one Client Party, Armstrong Watson's aggregate liability to all Client parties shall not exceed the limit applicable pursuant to clause 17.5 above. In that event the limit of liability specified above will have to be allocated between the Client Parties. It is acknowledged that such allocation will be entirely a matter for the Client Parties, provided always that if (for whatever reason) no such allocation is agreed, no Client Party shall dispute the validity, enforceability or operation of the limit of liability on the ground that no such allocation was agreed.
- 17.8 Any claim must be formally commenced within two years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than four years after the cause of action arises. This provision expressly overrides any statutory provision that would otherwise apply.
- 17.9 Except as expressly provided herein, no person may enforce the Engagement Letter by virtue of the Contracts (Rights of Third Parties) Act 1999 (the 'Act').
- 17.10 These provisions do not apply in relation to:
- a) Death or personal injury;
 - b) Loss and damage arising from fraud on our part; and
 - c) Any other situations in which the limitation of our liability is prohibited by law.
- 17.11 For details of our professional indemnity insurance, as required by the provisions of the Provision of Services Regulations 2009, our professional indemnity insurer is AXIS Specialty Europe SE and others c/o Bluefin Insurance Services Ltd, Howard House, Dovenby, Cockermouth, Cumbria CA13 0PN. The territorial coverage is worldwide.
- 18 Use of our name in statements or documents issued by you**
- 18.1 You are not permitted to use our name in any statement or document that you may issue unless our prior written consent has been obtained. The only exception to this restriction would be statements or documents that in accordance with applicable law are to be made public.
- 19 Draft/interim work or oral advice**
- 19.1 In the course of our providing services to you we may provide advice or reports or other work products in draft or interim form, or orally. However, final written work products will always prevail over any draft, interim or oral statements. Where you request it, we will provide you with written confirmation of matters stated orally.
- 20 Interpretation**
- 20.1 If any provision of our engagement letter or terms of business is held to be void, then that provision will be deemed not to form part of this contract. In the event of any conflict between these terms of business and the engagement letter or appendices, the relevant provision in the engagement letter or schedules will take precedence.