

SCHEDULE OF SERVICES FOR KFS ONLINE LTD

This schedule should be read in conjunction with your engagement letter and the standard terms of business.

Bookkeeping and monthly accounts (if applicable)

We will prepare from the information and explanations provided by you:

- a) Records of bank receipts and payments;
- b) Records of cash receipts and payments;
- c) Reconciliations of the bank and cash control accounts;
- d) A record of sales;
- e) A record of purchases;

You are responsible for providing us with the following information required for us to prepare the accounting records:

- a) Sales invoices;
- b) Purchase invoices;
- c) Bank statements;
- d) Details of bank and cash payments;
- e) Details of bank and cash receipts;

We prepare a monthly profit and loss account and balance sheet based on the information supplied. This is intended to assist you in monitoring your business only. The accounts are not suitable to use for your tax return as they may not be adjusted for debtors, creditors, stock and other items which are required to produce a set of financial accounts.

VAT services (if applicable)

We will prepare your VAT returns on the basis of the information and explanations supplied by you. We will tell you how much you should pay and when. If appropriate we will initiate repayment claims where tax has been overpaid.

We will forward to you the completed return calculations for you to review, before you approve the VAT return for onward transmission by us to HM Revenue & Customs.

We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter and fees, at our option. Where appropriate we will discuss and agree an additional fee for this work when it is commissioned by you.

Where specialist advice is required in certain areas we may need to seek this from or refer you to appropriate specialists.

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.

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.

You are legally responsible for:

- a) ensuring that your returns are correct and complete;
- b) filing any returns by the due date; and
- c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.

The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for you are complete before he/she approves and signs them.

To enable us to carry out our work you agree:

- a) that all returns are to be made on the basis of full disclosure;
- b) that you are responsible for ensuring that the information provided is, to the best of your knowledge, accurate and complete. The VAT returns are prepared solely on the basis of the information provided by you and we accept no responsibility for any VAT liabilities arising due to inaccuracies or omissions in the information you provide which may lead to a misleading declaration on which penalties and interest may arise;
- c) that we can approach such third parties as may be appropriate for information we consider necessary to deal with the VAT returns; and
- d) to provide us with all the records relevant to the preparation of your VAT returns within 14 days of the end of the VAT return period. If the records are provided later or are incomplete or unclear thereby delaying the preparation/review and submission of the VAT return, we accept no responsibility for any charges or penalties that may arise.

You will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

You are responsible for bringing to our attention any errors, omissions or inaccuracies in your VAT returns which you become aware of after the returns have been submitted in order that we may assist you to make a voluntary disclosure.

If you are involved with any other business which is not registered for VAT you are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability to be VAT registered, you must give us clear instructions to assist you in the VAT registration process.

You should notify us of your instructions in good time to enable the VAT registration application form to be submitted within the statutory time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

If EC Sales Lists need to be completed you are responsible for obtaining all of your customers' VAT registration numbers in other member states and to check any that you are not completely satisfied with, with HMRC. EC Sales List preparation is not included in our VAT services and additional fees will apply.

Accounts – sole traders and partnerships (if applicable)

We will prepare your accounts as agents on your behalf.

We will prepare the accounts from the records provided by you.

You agree that at the end of your financial year you will provide us with details of

- a) stocks and work in progress;
- b) amounts owing to creditors;
- c) amounts owing by customers;
- d) accruals and prepayments; and
- e) amounts recoverable under contracts.

Our report will be based on information gained from yourselves, and we accept no responsibility for any losses arising out of implementing our report. Further, our report requires us to rely substantially upon your representations. Therefore, we can accept no responsibility for any losses for issues not addressed in our report. As part of our normal procedures we may request you to

provide written confirmation of any oral information and explanations given to us during the course of our work.

We will not be carrying out any audit work as part of this assignment and accordingly will not verify the assets and liabilities of the business, nor the items of expenditure and income. To carry out an audit would entail additional work so that we could report on the truth and fairness of the accounts. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.

We have a professional duty to compile accounts that conform with generally accepted accounting principles. Where we identify that the accounts do not conform to accepted accounting principles we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing.

To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.

The intended user of the report is the proprietor. The report will be addressed to the proprietor.

Personal Tax Services (if applicable)

We will prepare your self-assessment tax returns together with any supplementary pages required from the information and explanations that you provide to us. After obtaining your approval we will submit your returns to HM Revenue & Customs (HMRC).

We will calculate your income tax, national insurance contributions (NIC) and any capital gains tax liabilities and tell you how much you should pay and when, and initiate repayment claims if tax or NIC has been overpaid.

Other than as regards tax credits which are in effect a social security benefit we will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

We will review PAYE notices of coding provided to us and advise accordingly.

We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include advising on ad hoc transactions, preparing additional supplementary pages to your tax return and calculating any related liabilities, dealing with any enquiry opened into your tax return by HMRC, preparing any amended returns which may be required and corresponding with HMRC as necessary and advising on the rules relating to and assisting with VAT registration

Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

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.

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.

You are legally responsible for:

- a) ensuring that your self-assessment tax returns are correct and complete;
- b) filing any returns by the due date; and
- c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.

Taxpayers who sign their returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are complete before you approve them.

To enable us to carry out our work you agree:

- a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) to provide full information necessary for dealing with your affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs; and
 - d) to provide us with information in sufficient time for your tax return to be completed and submitted by the due date following the end of the tax year. In order that we can do this, we need to receive all relevant information by 30 July following the end of the tax year. We may agree to complete your return within a shorter period but may charge an additional fee for doing so.
- You will keep us informed of material changes in your circumstances that could affect your tax liability. If you are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise. You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.
- You are responsible for monitoring your monthly turnover to establish whether you are liable to register for VAT. If you exceed the VAT registration threshold, and wish us to assist you in notifying HMRC of your liability to be VAT registered we will be pleased to assist you in the VAT registration process. You should notify us of your instructions to assist in your VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which you exceeded the VAT registration threshold in force at that time. We will not be responsible if you fail to notify us in time and incur a late registration penalty as a result.

Company Accounts (if applicable)

We will prepare your accounts as agents on your behalf.

As director(s) of the company, you are required by statute to prepare accounts (financial statements) for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts you must:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent; and
- c) Prepare the accounts on the going concern basis unless it is not appropriate to presume that the company will continue in business.

It is your responsibility to keep proper accounting records which disclose with reasonable accuracy at any particular time the financial position of the company. It is also your responsibility to safeguard the assets of the company and for taking reasonable steps for the prevention of and detection of fraud and other irregularities with an appropriate system of internal controls.

You are responsible for determining whether, in respect of the year concerned, the company meets the conditions for exemption from an audit set out in section 477 of the Companies Act 2006, and for determining whether, in respect of the year, the exemption is not available for any of the reasons set out in Section 478 of the Companies Act 2006.

You are also responsible for making available to us, as and when required, all the company's accounting records and all other relevant records and related information, including minutes of management and shareholders' meetings.

You will also be responsible for preparing details of the following at the yearend:

- a) stocks and work in progress;
- b) fixed assets;
- c) amounts owing to suppliers;

- d) amounts owing by customers; and
- e) amounts recoverable under contracts.

Our work will not be an audit of the accounts in accordance with International Auditing Standards. Accordingly, we shall not seek any independent evidence to support the entries in the accounting records, or to prove the existence, ownership or valuation of assets or completeness of income, liabilities or disclosure in the accounts. Nor shall we assess the reasonableness of any estimates or judgements made in the preparation of the accounts. Consequently, our work will not provide any assurance that the accounting records are free from material misstatement, irregularities or error. As part of our normal procedures we may request you to provide written confirmation of any oral information and explanations given to us during the course of our work.

We have a professional duty to compile accounts that conform with generally accepted accounting principles. The accounts of a limited company are required to comply with the disclosure requirements of the Companies Act 2006 and Applicable Accounting Standards. Where we identify that the accounts do not conform to accepted accounting principles or standards we will inform you and suggest amendments be put through the accounts before being published. We have a professional responsibility not to allow our name to be associated with accounts that may be misleading. In extreme cases, where this matter cannot be resolved, we will withdraw from the engagement and notify you in writing of the reasons.

We will not be carrying out any audit work as part of this assignment and accordingly will not verify the assets and liabilities of the company, nor the items of expenditure and income. To carry out an audit would entail additional work to comply with International Auditing Standards so that we could report on the truth and fairness of the financial statements. We would also like to emphasise that we cannot undertake to discover any shortcomings in your systems or irregularities on the part of your employees.

If an audit of the accounts is required, you will need to notify us in writing. Should our work indicate that the company is not entitled to exemption from an audit of the accounts, we will inform you. To ensure that anyone reading the accounts is aware that we have not carried out an audit, we will attach to the accounts a report stating this fact.

The intended users of the report are the directors. The report will be addressed to the directors. Once we have issued our report we have no further direct responsibility in relation to the accounts for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting that may affect the accounts.

Company Tax Services (if applicable)

We will prepare the company's corporation tax return. After obtaining approval and signature we will submit it to HM Revenue & Customs.

We will prepare the corporation tax computation and supporting schedules required for preparation of the company tax return from accounts, information and explanations provided to us on your behalf.

We will tell you how much tax the company should pay and when. If appropriate, we will initiate repayment claims when tax has been overpaid.

We will inform you if instalment payments of corporation tax are due for an accounting period and the dates they are payable. We will calculate the quarterly instalments which should be made on the basis of information supplied by you by the date agreed.

We will advise you as to possible tax return related claims and elections arising from information supplied by you. Where instructed by you, we will make such claims and elections in the form and manner required by HMRC.

We will also provide other such taxation advisory and ad hoc services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate

we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- advising you when corporation tax is due on loans by the company to directors or shareholders or their associates, and calculating the payments due or the amount repayable when the loans are repaid.
- dealing with any enquiry opened into the company's tax return by HMRC.
- preparing any amended returns which may be required and corresponding with HMRC as necessary. Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists. 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.

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.

The Directors, on behalf of the company, are legally responsible for:

- a) ensuring that the Corporation tax return is correct and complete;
 - b) filing any returns by the due date; and
 - c) making payment of tax on time. Failure to do this may lead to automatic penalties, surcharges and/or interest.
- d) The signatory to the return cannot delegate this legal responsibility to others. The signatory agrees to check that returns we have prepared for the company are complete before he/she approves and signs them. To enable us to carry out our work the Directors agree:
- a) that all returns are to be made on the basis of full disclosure of all sources of income, charges, allowances and capital transactions;
 - b) 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;
 - c) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with the company's affairs;
 - d) to provide us with information in sufficient time for the company's tax return to be completed and submitted by the due date. In order that we can do this we need to receive all relevant information within 2 months of the end of the company's financial year/period. Where feasible we may agree to complete your return within a shorter period but may charge an additional fee for doing so;
 - e) to provide information on matters affecting the company's tax liability for the accounting period in respect of which instalments are due at least four weeks before the due date of each instalment. This information should include details of trading profits and other taxable activities up to the date the information is provided, together with estimates to the end of the accounting period; and
 - f) to provide us with information on advances or loans made to directors, shareholders or their associates during an accounting period and any repayments made or write offs authorised at least within three months of the end of the relevant accounting period.

The Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise.

You will forward to us HMRC statements of account, copies of notices of assessment, letters and other communications received from HMRC in time to enable us to deal with them as may be necessary within the statutory time limits. Although HMRC have the authority to communicate with us through the form 64-8 it is essential that you let us have copies of any correspondence received from HMRC to avoid any breakdown in communication.

You are responsible for monitoring the monthly turnover to establish whether the company is liable to register for VAT, if it is not already registered. If the company exceeds the VAT registration

threshold, and you wish us to assist in notifying HMRC of the Company's liability to be VAT registered we will be pleased to assist in the VAT registration process. You should notify us of your instructions to act in relation to the company's VAT registration in good time to enable a VAT registration form to be submitted within the time limit of one month following the month in which the current VAT registration turnover threshold was exceeded. We will not be responsible if we are not notified in time and a late registration penalty is incurred.

Payroll Services (if applicable)

We will prepare your UK payroll for each payroll period to meet UK employment tax requirements specifically:

- Calculating the pay as you earn (PAYE) deductions
- Calculating the employees' National Insurance Contributions (NIC) deductions
- Calculating the employer's NIC liabilities
- Calculating statutory payments, for example, Statutory Sick Pay and/or Statutory Maternity Pay
- Calculating other statutory and non-statutory deductions

Unless the payroll is run for a director(s) who are paid no more than below the NI earnings threshold we will prepare and send to you the following documents for each payroll period at or before the time of payment:

- Payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals
- A payslip for each employee unless not required
- A P45 for each leaver
- A report showing your PAYE and NIC liability and due date for payment We will prepare and send to you the following documents by the statutory due dates at the end of the payroll year:
 - Form P60 for each employee on the payroll at the year end
 - P35 (your yearend annual return) a summary of the annual employer's declarations, including the total payroll payments and deductions for your approval before the year end online declaration is made to HMRC
 - P14 or P60 for all staff who were on the payroll during the payroll year
 - We will submit your forms P35 and P14 after they have been approved by you.

We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- dealing with any enquiry opened into the payroll returns by HMRC
- preparing any amended returns which may be required and corresponding with HMRC as necessary Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

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.

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.

You are legally responsible for:

- a) ensuring that your payroll returns are correct and complete;
- b) filing any returns by the due date; and
- c) making payment of tax and NIC on time. Failure to do this may lead to automatic penalties, surcharges and/or interest. Signatories to returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are correct and complete before you approve and sign them.

To enable us to carry out our work you agree:

- a) that all returns are to be made on the basis of full disclosure;

- b) to provide full information necessary for dealing with your payroll affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) to agree with us the names of the persons authorised by you to notify us of changes in employees and in rates of pay. We will process the changes only if notified by that/those individuals;
- d) to advise us in writing of changes of payroll pay dates;
- e) to notify us at least 3 working days prior to the payroll date of all transactions or events which may need to be reflected in the payroll for the period, including details of all new employees and details of their remuneration packages, all leavers and details of termination arrangements, all remuneration changes etc
- f) the Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise; and
- g) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs. If the information required to complete the payroll services set out above is received less than 3 days before the payroll date, we will still endeavour to process the payroll to meet the agreed payroll date but we will not be liable for any costs or other losses arising if the payroll is late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.

Construction Industry Scheme (CIS) Services (if applicable)

We will prepare your UK CIS calculations for each payment period to meet your UK CIS requirements specifically:

- Calculating the individuals CIS deductions
- Calculating the employer's CIS suffered if applicable
- Calculating other statutory and non-statutory deductions

We will verify all new subcontractors and inform you of their CIS status. It is your responsibility to disclose all details that will allow the correct verification status. These details include:

- a) full name and address
- b) National insurance number
- c) Unique Tax reference number

For partnerships we require the details of the leading partner and for limited companies we require:

- a) their company registration number
- b) full company name
- c) VAT registration number where applicable

We will prepare and send to you the following documents for each CIS pay run at or before the time of payment:

- CIS summary report (CIS300) showing the reconciliation from gross to net for each subcontractor and all relevant payment totals
- A payslip for each subcontractor unless not required
- A report showing your CIS liability and due date for payment.

We will prepare and send to you the necessary documents due for filing by the statutory due dates at the end of the CIS payroll year.

We will also provide such other taxation ad hoc and advisory services as may be agreed from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate we will discuss and agree an additional fee for such work when it is commissioned by you. Examples of such work include:

- dealing with any enquiry opened into the CIS returns by HMRC
- preparing any amended returns which may be required and corresponding with HMRC as necessary Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

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.

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.

You are legally responsible for:

- a) ensuring that your CIS returns are correct and complete;
- b) filing any returns by the due date; and
- c) making payment of tax on time.

Failure to do this may lead to automatic penalties, surcharges and/or interest. Signatories to returns cannot delegate this legal responsibility to others. You agree to check that returns we have prepared for you are correct and complete before you approve and sign them.

To enable us to carry out our work you agree:

- a) that all returns are to be made on the basis of full disclosure;
- b) to provide full information necessary for dealing with your payroll affairs: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
- c) to agree with us the names of the persons authorised by you to notify us of changes in employees and in rates of pay. We will process the changes only if notified by that/those individuals;
- d) to advise us in writing of changes of CIS pay dates;
- e) to notify us at least 3 working days prior to the CIS payment date of all transactions or events which may need to be reflected in the CIS pay for the period, including details of all new subcontractors and details of their remuneration, all details of termination arrangements, all remuneration changes etc
- f) the Directors will keep us informed of material changes in circumstances that could affect the tax liabilities of the company. If the Directors are unsure whether the change is material or not please let us know so that we can assess the significance or otherwise; and
- g) to authorise us to approach such third parties as may be appropriate for information that we consider necessary to deal with your affairs. If the information required to complete the CIS services set out above is received less than 3 days before the payroll date, we will still endeavour to process the pay scheme to meet the agreed date but we will not be liable for any costs or other losses arising if the CIS pay run is late in these circumstances. We may charge an additional fee for work carried out in a shorter time period.