

### (RACS CIS) Agreement Between:

- (1) **RACS CIS – Recruitment & Contractor Services Limited.** (“RACS CIS”) A duly incorporated Limited Company in England & Wales. Registered Office - 51 Market Place, Warminster, Wiltshire BA12 9AZ
- and
- (2) **Personal Services Limited Company - \* LIMITED (“PSC”)** A duly incorporated Limited Company registered in England & Wales. (\*) denotes a specific Limited Company as named and as accepted by Companies House (in accordance with the Companies Act 2006) and as selected by the Director for Limited Company formation purposes.

#### Recitals

RACS CIS hereby agrees to provide and/or introduce third party professional services as selected herein for the use thereof by the PSC; those services being incidental to the running of a Limited Company and as chosen specifically by the Director of the Limited Company (the PSC).

The PSC hereby agrees to pay RACS CIS the fees and costs as set in the PSC Options form – Pricing agreement(s) and/or chosen structure(s) can change from time to time where a notice period of no less than 30 days will be given in writing by either party.

#### Definitions

“**Eligible Individual**” – One who has the right to become a Director of an incorporated Limited Company in England and Wales and one who is duly vetted and accepted by Companies House for this purpose.

“**Director**” – the ‘Eligible Individual’ who has been officially appointed responsible (in accordance with The Companies Act 2006) for the PSC as chief controlling officer and the sole share holder of said PSC.

“**Candidate**” – the ‘Eligible Individual’ who wishes to join the services of RACS CIS. Potentially to become the Director of the PSC by using the services of RACS CIS.

“**Contractor**” – Can be any combination of the ‘Eligible Individual’, the ‘Director’ and/or the ‘Candidate’ or all three respectively.

“**PSC Options Form 1**” – A detailed array of PSC options available from RACS CIS and other third party providers, and those specifically as chosen by the Director of the PSC, for the purposes of running the PSC.

“**PSC Options Form 2**” – A detailed array of fees and costs available to the PSC for the use of the services from RACS CIS (including third party professional bodies), and as chosen by the Director of the PSC, for the purposes of running the PSC.

#### End User

An individual, Limited Company or corporate body who engages the services, directly or indirectly, of the PSC.

Unless otherwise clear from the context throughout this agreement, all reference to “the singular” include “the plural”.

#### Terms & Conditions of Business

In all circumstances and where possible - RACS CIS will endeavour to tailor specific advice and recommendations towards any prospective candidate wishing to join the service(s) (in so far as may be practical) and based purely upon answers given by the candidate to a representative of RACS CIS.

The advice and recommendation process will be denominated the ‘Best Advice Matrix’ (BAM). A personal recommendation letter indicating all specific advice given will be produced in all cases.

Should the advice and recommendations indicate that RACS CIS is a viable option for the candidate, or where the candidate has specifically chosen RACS CIS (and has signed the PSC Application Form accordingly) then the following terms and conditions will apply:

#### Section 1 - Formation of the Limited Company (PSC)

- 1.1 The Contractor hereby instructs RACS CIS to procure the

PSC for and on the Contractor’s behalf. The Contractor hereby instructs and authorises RACS CIS to use all reasonable endeavours to ensure the Contractor is appointed as the Sole Director (as an eligible individual) of the PSC.

1.2 The PSC agrees from time to time to enter into any reasonable separate agreement, comply with, support and provide any further information reasonably required, that may be required by RACS CIS so as to comply with any of the requirements, terms and conditions that are set out herein and at the discretion of RACS CIS for the purposes of Limited Company Formation and/or assistance with filing or statutory annual returns.

1.3 It is agreed that the Registered Office (being optional and selected at outset) will not change unless written authority is given or unless the PSC ceases trading and in which case the registered office will revert to the last known UK address of the last known Director of the PSC (if not already so).

1.4 Unless **otherwise requested** by the Director of the PSC and in accordance with the Companies Act 2006, the following PSC ‘Limited Company structure’ will be formed:

1.4.1 The Sole Director will be the Contractor.

1.4.2 The PSC will have no office of Company Secretary (in accordance with the Companies Act 2006 and valid from 6<sup>th</sup> April 2008).

1.4.3 Authorised shareholdings will be 1,000 (ONE THOUSAND) shares within the Limited Company (of which 999 (NINE HUNDRED & NINETY NINE) shares will be retained within the Limited Company for future disbursement by the Director).

1.4.4 A total of 1 (ONE) share out of the authorised 1,000 (ONE THOUSAND) shares shall be issued to the sole Director.

1.4.5 The registered office will be that of: 51 Market Place, Warminster, Wiltshire. BA12 9AZ – this is strictly optional, but in any event must be a valid UK postal address in accordance with current Companies House guidelines.

1.4.6 All of the above Clauses (1.4.1 to 1.4.5) are completely optional and for the avoidance of doubt can be changed at any time, provided authorisation has been formally given by the Director of the PSC.

1.5 The Contractor hereby authorises RACS CIS to assist the PSC (where required) in selecting from a list of UK Business Banking providers, a business bank account for which the PSC shall have total control and as the Sole Director shall remain the only authorised signatory (subject to and restrictive of acceptance by the issuing Bank). This will remain the responsibility of the PSC.

1.6 It is further understood that RACS CIS will have no involvement whatsoever in respect of the PSC’s bank account or indeed any of the PSC’s financial decisions and/or influences over any finances.

#### Section 2 - Disclosure of Information

2.1 The Contractor hereby agrees to disclose to RACS CIS all information reasonably requested by RACS CIS in order to procure the PSC on the Contractor’s behalf and in accordance with the Companies Act 2006.

2.2 RACS CIS hereby agrees to maintain and enforce a reasonable level of confidentiality about the Contractor and the PSC in any dealings with any third party.

2.3 The Contractor hereby authorises RACS CIS to disclose all relevant information and to make all necessary enquiries to any relevant body(s) so as to determine whether the Contractor is an Eligible Individual to hold a Directorship of the PSC.

#### Section 3 - Fees and Costs

3.1 The Contractor agrees to pay RACS CIS the Company formation sum as (illustrated in Table A) and in respect of Section 1 above (subject to Clauses 3.2 & 3.3 below). This sum shall fall due upon the execution of this Agreement.

3.2 The Contractor agrees to pay RACS CIS all fixed fees and costs in a timely fashion and when due and as clearly indicated and chosen by the Contractor on the PSC Options Form(s) 1 & 2 (accompanying these Terms and Conditions).

3.3 The Contractor agrees to pay all third parties (via RACS CIS or directly) all fixed fees and costs in a timely fashion and when due and as clearly indicated and chosen by the Contractor on the PSC Options Form(s) 1 & 2 (accompanying these Terms and Conditions).

3.4 The sum(s) referred to in Clause 3.1, 3.2 and 3.3 and shall be payable by the Contractor to RACS CIS within twenty eight days of the Contractor receiving written confirmation of the incorporation of the PSC from RACS CIS.

3.5 The Contractor shall be responsible for all other incidental costs and disbursements incurred by RACS CIS in fulfilling their

obligations under this agreement and those costs newly raised by any government body either now or in the future for the purposes of running a Limited Company.

- 3.6 The Contractor agrees and acknowledges that RACS CIS will not make good and tax loss, interest, penalties or any other financial penalty imposed by HMRC, The Treasury, Companies House or any other government or corporate body for the purposes of running a PSC or for any other reason associated to the PSC.

#### Section 4 - Table A

Items	Fee
Change of Limited Co Name	£15.00
Change of Director / Share Holder / Share Transfer	£10.00
Annual Companies House REGISTER Return	£25.00
Striking-Off a Limited Company	£75.00
Non Standard Items	
Where non standard annual filing or annual return assistance is requested – E.g. Special Resolutions, Board Minutes etc. a fee will be pre-agreed prior to the work commencing and will arise in addition to any service previously selected. All FEES shown are EX VAT	

**NOTE:** The PSC accepts that fees and costs may be amended from time to time and RACS CIS confirms that any changes made to the fees and costs will be confirmed in writing to PSC at least 30 days before said changes take effect.

#### Section 5 - Disclaimer as to Liability

- 5.1 The Contractor accepts that upon the incorporation of the PSC the Contractor shall be solely responsible for the day-to-day running of the PSC to include (but not limited to) all incidental work and liabilities, financial affairs and periodical submissions.
- 5.2 The Contractor hereby accepts that, upon the incorporation of the PSC, RACS CIS shall bear no responsibility or liability for the activities of the PSC.
- 5.3 The Contractor further accepts that the liabilities referred to in Clause 5.2 to include all financial, taxation and legal matters. Whether RACS CIS is engaged or not.

#### Section 6 – Engagement of Service(s) by PSC - Options

- 6.1 The Director has the ability at outset and usually in accordance with any specific advice and recommendations derived from the BAM, to choose selected services from a series of options available (illustrated in the PSC Options Form(s) 1 & 2) and likewise to ensure that the Limited Company set-up processes are agreed from the start. Any decision made can be altered at any time, but never retrospectively and provided adequate notice is given to the relevant parties in writing.
- 6.2 Under the terms and conditions of this Agreement and where specifically chosen in the PSC Options Form 1 & 2, RACS CIS is hereby authorised to arrange, instruct and engage the following services for and on behalf of the PSC;
- 6.3 General salary options should be selected at outset but can be amended at any time provided authorisation is given in writing. Note: Where a contractor’s current assignment falls foul of IR35 it is recommended by RACS CIS that the Director draws personal remuneration at 100% PAYE Salary. Thus, these options include;
- 6.3.1 Salary Frequency – a selection should be made of weekly or monthly payroll.
- 6.3.2 Salary Setting – a selection should be made from the amount of salary to be drawn, taking into consideration any amount from the ‘national minimum wage’, or ‘national insurance threshold’ to an opted ‘set salary’ or indeed ‘all sales’ as salary.
- 6.3.3 Dividend Frequency – a selection should be made as to the frequency of the payment of dividends (according to funds available with the PSC). Typically dividends should be paid annually or bi-annually but can be paid quarterly or even during every payroll.
- 6.3.4 It is RACS CIS policy to educate Directors into taking less frequent dividends and work towards bi-annual

- or even annual payment issue.
- 6.4 Services offered to the Director have been selected according to a Directors experience in running their PSC and as indicated on the PSC Option Form. NOTE: RACS CISs policy is to educate the Director into becoming more experienced in this area. Therefore, the PSC/Director is not obliged in anyway whatsoever to take any or either of the following:
- 6.4.1 Gold Service and/or
  - 6.4.2 Silver Service and/or
  - 6.4.3 Bronze Service and/or
  - 6.4.4 Individual service(s) offered by RACS CIS and/or
  - 6.4.5 Third party professional parties;
- and is therefore free to use any other external provider for the same purposes.
- 6.5 Limited Company Formation – please read Section 1. of this agreement. The cost of this service is indicated in the PSC Options Form 2.
- 6.6 Support with Company filing and statutory returns are offered at a cost per item and as indicated in Section 4 (Table A). This list is not exhaustive and unique/specific items that are not listed will be charged separately and in addition to any service chosen on the PSC Options Form. For the sake of clarity and as indicated in Clause 1.2.2 at outset the PSC shall not have an office of Company Secretary, this office is optional.
- 6.7 The PSC undertakes to provide all information as required in accordance with this agreement and in particular as is necessary for RACS CIS to perform their obligations under this Agreement to RACS CIS as soon as is reasonably practicable and in any event within twenty-eight days of the said information being requested.
- 6.8 The PSC understands that all statutory annual returns to government departments (HMRC, Companies House, etc.) are the overall responsibility of the PSC Director and RACS CIS cannot be held responsible for any incorrect, late or unfiled items.
- 6.9 Notwithstanding Clause 6.8 above, and for the sake of clarity, it is hereby agreed that the PSC shall indemnify RACS CIS against any incorrect, late or unfiled statutory items and the financial penalties related thereto, either before, on the date of, or following the execution of this Agreement.
- 6.10 The PSC shall, from time to time and at regular intervals, inform and update RACS CIS with information concerning the PSC. In particular, this includes information passed to or from any third party relating to information pertaining to assistance with statutory filing and returns.
- 6.11 Payroll Bureau Services – will include full PAYE payroll (based on selected frequency) and if selected on the PSC Option Form.
- 6.12 RACS CIS is hereby authorised to run a payroll for the PSC on a regular basis in accordance with the PSC Options Form payroll frequency (either Weekly or Monthly as selected).
- 6.13 RACS CIS will calculate the salary made to any individual /employee /Director of the PSC who may be identified from time to time in writing and determined at a 'salary level' set by a Director (or contained in the PSC Options Form) in accordance with government legislation and UK taxation legislation.
- 6.14 The PSC agrees to ensure that any salary payments made are never less in value than the National Minimum Wage per Employee/Director of the PSC.
- 6.15 RACS CIS is further authorised and instructed to calculate a regular dividend payment as set by a Director of the PSC (or contained in the PSC Options Form) to any shareholder of the PSC who may be identified from time to time in writing based on the amount of company profit generated by the PSC and subject to UK taxation legislation and individual shareholding(s).

- 6.16 The PSC hereby indemnifies RACS CIS against any claim that may be made against the PSC or any third party in respect of Employment, Sickness, Maternity or any related rights (including working time regulations). For the sake of clarity, RACS CIS is not the employer of the PSC Director.
- 6.17 RACS CIS will produce the following information for the purposes of complying to HMRC best practices for running a payroll:
- i. Produce regular PAYE pay advice slips – for the individuals' information and retention (for 12 months after year-end). Copy pay advice slips will be charged at £0.50 per item.
  - ii. Produce frequent dividend vouchers dependent upon when dividends have been taken out of the Limited Company – for information and retention (for 12 months after year-end).
  - iii. Produce a standard and timely notification of all monies that should be set-aside for Tax, National Insurance, Corporation Tax and VAT where applicable.
  - iv. Send timely and regular notifications to the PSC of when payment is due to HMRC (for Tax, National Insurance, Corporation Tax and VAT) and the amounts pertaining thereto.
  - v. Complete all online filing (PAYE) requirements in relation to payroll such as; P35's, P14's and P60's for the PSC.
  - vi. Send out annual P60's where applicable to all members of the PSC.
- 6.18 The PSC authorises RACS CIS to liaise with HMRC on all subjects concerning payroll for the PSC including (but not exhaustive) tax queries, tax code changes, previous employment amendments.
- 6.19 RACS CIS cannot be held responsible for any anomalies in taxation due or previously paid to HMRC, especially where other third parties are involved. These issues could include deductions by previous employers, invoice disputes, information about sales into the Limited Company being incorrect and other items outside of RACS CIS information range/knowledge base.
- 6.20 The PSC hereby indemnifies RACS CIS against any claim that may be made against the PSC for underpaid tax. RACS CIS will not make good any tax loss for the PSC under any circumstances.

### 7 - Expenses (If Selected under Payroll Bureau)

- 7.1 Daily incidental expenditure (e.g. travel, meals, subsistence, accommodation etc) must be supported by VAT receipts where possible and indicated according to expense claim procedures laid down by HMRC. All claims must be supported by signed notification of detailed breakdowns.
- 7.2 Mileage allowance is paid in accordance with HMRC mileage rates for a particular tax year. These claims must be supported by written evidence & signed accordingly by the Director of the PSC. Directors must detail journey Start & End points and the reasons for said journey. Petrol receipts must be provided on an occasional basis. VAT fuel receipts must be submitted for Limited Company cars.
- 7.3 Where expenses have been submitted to RACS CIS and Limited Company Profit is not sufficient to off-set any or all of the outstanding expense(s) RACS CIS cannot be held liable under any circumstances and the expense(s) will not be processed. Furthermore, RACS CIS will endeavour to off-set the expense(s) at a future period when there is sufficient Limited Company profit.
- 7.4 Should a PSC leave the services of RACS CIS then any unclaimed expenses will be forwarded to the Director of the PSC and will not be off-set against the PSC company profit by RACS CIS. RACS CIS cannot be held liable for any unclaimed expense(s).
- 7.5 Due to the nature of your contracting status, you are entitled to 'off-set' certain business expenses against the overall tax liability of your PSC. These allowable expenses are deducted from your Limited Company profit before corporation tax is calculated and are effectively paid "tax free".

- 7.6 Conditions - All expenses must have been incurred wholly and exclusively in line with your business activities – For processing purposes RACS CIS expects all expenses to be supported by receipts (VAT where applicable). Any non-receipted items must be signed-off by the Director of the PSC before inclusion.
- 7.7 This expenses procedure details the expenses which are considered by HM Revenue & Customs (HMRC) as tax allowable and are therefore not likely to incur any future tax liabilities. The allowable expenses are limited, therefore in the event that you expect to incur expenditure on any items not included within this HMRC standard policy and which you consider should be tax deductible, you should contact RACS CIS, your accountant, a tax adviser or HMRC for guidance.
- 7.8 Any assets purchased by the PSC with a net value of which are in excess of £200.00 must be disclosed as capital expenditure of the PSC. Such items will be accounted for on an ongoing basis, where the annual depreciation and capital allowances will be accounted for and adjusted in the yearend accounts.
- 7.9 Such items (as in Clause 7.8 above) cannot be claimed under normal revenue expenses. It is responsibility of the individual PSC to inform any party responsible on the purchase, sale, disposal and/or loss of these items.

### Section 8 - Overdue Accounts

- 8.1 Monies (Fees & Costs) not received by RACS CIS when requested for any service chosen and subsequent work done will result in the PSC receiving an e-mail enquiry or 1<sup>st</sup> letter including statement notifying of the oversight made by the PSC.
- 8.2 All monies outstanding for a further week will instigate a 2<sup>nd</sup> letter on behalf of RACS CIS enclosing all relevant schedules and copy invoices where applicable.
- 8.3 Should the debt be outstanding for an additional week (and no attempt has been made to contact RACS CIS) then RACS CIS reserves the right to immediately cease any or all chosen services and a 3<sup>rd</sup> letter will be sent informing the PSC detailing court proceedings will commence at County Court level.
- 8.4 In all cases RACS CIS reserves the right to charge interest at the rate of 2% over Barclay's base rate per month or pro-rata for part month for any period during which an account is overdue.
- 8.5 RACS CIS reserves the right to issue proceedings for recovery of any debt together with administrative charges, interest (before as well as after judgement) and legal costs without further communication to the PSC.

### Section 9 - Dispute Procedures

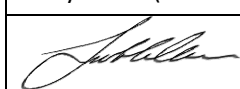
- 9.1 Any disputes by the PSC must be advised in writing by e-mail or post to your designated staff member of RACS CIS assigned to manage your account.
- 9.2 RACS CIS will try to resolve any disputes within 24 hours. If the immediate staff member of RACS CIS is unable to resolve the dispute within 24 hours the PSC will be notified in writing, the dispute will then pass to a Director of RACS CIS responsible for the area in which the dispute has been made.
- 9.3 If at any time the PSC is not happy with the reply or outcome of any dispute the case will be put to the Managing Director of RACS CIS Group. The PSC may request at any time written documentation of all dispute procedures carried out by RACS CIS.

### Section 10 - Changes to Terms & Conditions

- 10.1 RACS CIS can change the terms and conditions of business at any time without prior agreement from the PSC. All changes will be notified in writing no less than 30 days prior to the implementation of said changes.

## Declaration & Signatures – I have read, understood and hereby agree to the above Terms and Conditions.

Signed:	
Name:	
Date:	

Name:	Terry Hillier (on behalf of RACS CIS)
Signed:	
Position:	Managing Director