

# Terms of Engagement

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## 1. INTRODUCTION

- 1.1 Goodman Derrick LLP is constituted as a limited liability partnership registered in England and Wales with registered number OC321066. All references in these Terms, any letter of engagement to which they are attached and any other documents or correspondence you receive from us to "Goodman Derrick", "the firm", "we" or "us" shall be read as referring to Goodman Derrick LLP. When we refer in these Terms, or otherwise in the course of your dealings with us, to a person being a 'partner' that title means a member of the LLP. You are referred to in these Terms as "you" or "the client".
- 1.2 These Terms together with the engagement letter provided to you at the commencement of your instructions ("Engagement Letter") comprise the contract between you and us and regulate the terms on which we provide services and charge for those services. If there is any conflict between these Terms and the Engagement Letter then the latter will take precedence. Your continuing instructions constitute your acceptance of these Terms and the Engagement Letter. These Terms, the Engagement Letter and any additional express terms constitute the entire agreement between us.
- 1.3 Unless otherwise agreed in writing with the Client Partner, these Terms apply to any further instructions you give us.

## 2. CLIENT PARTNER

- 2.1 We operate a 'Client Partner' system to ensure that there is a partner who has overall responsibility for the conduct of our engagement. Your Client Partner is identified in the Engagement Letter.
- 2.2 It is clearly important that you are kept fully informed of progress in carrying out your instructions. We will discuss and agree a method of reporting which is specifically suited to your needs.

## 3. INSTRUCTIONS AND SCOPE OF ENGAGEMENT

- 3.1 We shall carry out our engagement as described in the Engagement Letter. You may not place reliance on draft or interim reports and advice whether oral or written as our advice may vary considerably from the final report or advice in a matter. We shall not be responsible for any failure to advise on any matter which falls outside the scope and limitations of our engagement and will have no responsibility to you for events or changes in law which take place after our advice has been rendered or any failure to advise you thereof.
- 3.2 We shall be entitled to act on the instructions of your authorised employees or agents and to rely on any information provided to us by such persons.
- 3.3 Advice rendered by us is provided solely for the client's benefit and solely for the purpose of the instructions to which it relates. It may not be used or relied on for any other purpose or by any person other than you, without our prior written agreement. In particular, unless otherwise provided, nothing in these Terms confers any right on any third party pursuant to the Contracts (Rights of Third Parties) Act 1999.

## 4. CHARGES AND DISBURSEMENTS

### 4.1 Calculation of Charges

- 4.1.1 Our charges are based primarily on the time we spend in dealing with a matter and will include, for example, and where appropriate, meetings with you and perhaps others; drafting documents and correspondence; perusing and considering papers; research; attending Court; interviewing witnesses; telephone attendances; and any time spent travelling and waiting.
- 4.1.2 Hourly charge out rates for relevant fee earners who will be engaged on your matter are set out in the Engagement Letter. These rates are subject to periodic review and automatic adjustment.
- 4.1.3 The time spent by a fee earner on your engagement is logged using a computerised time recording system. For these purposes, each hour is divided into ten units of 6 minutes' duration. The number of units spent by the fee earner is recorded against your file using this system. This enables us to maintain an accurate and up to date record of the charges accumulated on your matter(s).
- 4.1.4 In addition to the time spent on a matter, in calculating our charges we may take into account a number of additional factors such as: the importance and complexity of the matter; the speed or urgency of it; the location(s) where the work is required to be undertaken; the expertise or specialist knowledge required; and, if appropriate, the value of the property or subject matter involved.
- 4.1.5 We will, where possible, give you an estimate of our charges upon acceptance of your instructions. Where necessary we will endeavour to revise this estimate from time to time. Unless it is clearly presented as such, our estimate should not be regarded as a fixed quotation but should be used as an indication of the level of charges and disbursements you may incur by instructing us.

### 4.2 Disbursements

- 4.2.1 In appointing us to act on your behalf, you also authorise us, to incur, as your agent, such expenses and disbursements as we consider reasonably necessary ("Disbursements"). We will obviously consult you before incurring any significant Disbursements.
- 4.2.2 Examples of Disbursements that we may incur as your agent include: court fees; fees of counsel and other experts; trade mark and patent agents; overseas lawyers; expert witnesses; search and registration fees; stamp duty; bank transaction costs; courier charges; translation and interpreters' fees; document reproduction; travel expenses; accommodation and meals while travelling away from the office; and photocopying expenses. We may invoice you separately for these and, in any event, reserve the right to charge a reasonable fee for the administrative costs of incurring, dealing with and paying disbursements.
- 4.2.3 Save in exceptional circumstances where the costs are substantial, ordinary postal, telephone and facsimile charges are included within the hourly charging rates and will not be charged separately.

#### 4.3 Invoices and VAT

- 4.3.1 Our charges are exclusive of VAT which, where applicable, will be payable in addition at the appropriate rate.
- 4.3.2 Please note that we can only address our invoices to the client. If therefore you have agreed with another party that it will be responsible for our charges, the invoice will nevertheless be addressed to you as our client and you will be liable for payment of the charges, notwithstanding any such agreement. Where funds for payment of our charges are provided by a third party, please note that the VAT applicable to our charges will not be recoverable by the third party.
- 4.3.3 Payment terms for all invoices are 30 days from the date of invoice. We reserve the right to charge interest for late settlement with effect from one month after you receive an invoice at the rate allowed on judgement debts from time to time if all or part of an invoice remains unpaid.
- 4.3.4 We are happy to provide detailed breakdowns of our invoices upon request.
- 4.3.5 If you have any comments or concerns about an invoice, please speak in the first instance to the Client Partner. If that does not resolve the problem to your satisfaction or if you would prefer to speak to another partner, please contact the firm's Senior Partner.
- 4.3.6 You may also have the right to object to an invoice by making a complaint to the Local Complaints Service (or the Office for Legal Complaints) and/or by applying to the court for an assessment of the invoice under Part III of the Solicitor's Act 1974.

#### 4.4 Interim Invoices

It is our standard practice to issue interim invoices on a monthly or quarterly basis in respect of our charges by reference to the work done over the period covered by the invoice. We reserve the right to withdraw from the matter and render a final invoice at any time in the event that interim invoices are not settled by the due date. Special provisions apply to interim invoices which may be rendered during the course of contentious matters and these are explained in paragraph 5.2.

#### 4.5 Final Invoices

Final invoices will usually be rendered as soon as practicable after the conclusion of the matter to which they relate and will cover all work carried out during the period specified in the invoice. Further work carried out after a final invoice has been rendered will be separately charged at an appropriate point.

#### 4.6 Payments on Account of Charges

We reserve the right to require an advance payment on account of our charges and/or Disbursements. Where such a payment has been requested, work will not commence or continue on the matter until payment has been received in cleared funds. Similarly, if payment is requested on account of a Disbursement, that Disbursement will not be incurred until the payment has been received in cleared funds.

### 5. CONTENTIOUS MATTERS

- 5.1 Dispute resolution processes and litigation are often protracted and it can take considerable time before matters are settled or determined. It is therefore our standard practice to render regular interim invoices at appropriate stages during the course of the proceedings.
- 5.2 In most contentious matters an overall evaluation of our charges cannot be made until the matter is completed, when the factors mentioned in paragraph 4.1.4 will be taken into account. At our discretion we may therefore render interim and on account invoices while the matter progresses and pending delivery of a final invoice. An interim and on account invoice is only a request for payment on account of costs and is not intended to be a final invoice. If we have delivered interim and on account invoices your statutory rights will only run from the date of delivery of the final invoice. Please note that the final invoice may exceed the aggregate amount of interim and on account invoices previously rendered.
- 5.3 It is important that you understand that you will be responsible for paying our invoices in full, regardless of the outcome of the matter and whether or not your opponent is ordered to pay all or part of your costs. Even if you are successful, the amount of costs you have to pay may be greater than the amount of costs you recover from your opponent. If the opponent receives funding from the Legal Services Commission, you may not get back any of your costs, even if you win the case.
- 5.4 You will also be responsible for paying the charges and disbursements of seeking to recover any costs that the Court orders your opponent to pay.
- 5.5 Even if you succeed overall in the case, you may be ordered to pay the costs of interim hearings or disputes or in respect of other steps where, for example, you are judged by the Court to have acted unreasonably or disproportionately.
- 5.6 Similarly, if you lose the whole or part of your claim, you are likely to be ordered to pay your opponent's costs or a substantial part of them. Orders for costs may be made at any stage in the proceedings and the Court will usually require payment of any such costs within 14 days. If your opponent's lawyers are acting under a conditional fee agreement you may be liable to pay a success fee and any insurance premium in addition to your opponent's standard costs.

### 6. CLIENT MONIES

- 6.1 Where we hold your money on our general client account we will not account to you for interest unless the amount calculated is £50 or more, unless it would be fair and reasonable to do so. We will only place funds on deposit if you request this in writing.
- 6.2 Our principal bankers for the placing of client monies are Royal Bank of Scotland plc. However we may from time to time transfer any part of our client monies to alternative UK banks regulated by the Financial Services Authority. Please contact us if you would like up to date details of the bank(s) where our client monies are held. We cannot accept liability for loss of client money resulting from a failure or collapse of the bank(s) where our client account monies are held.
- 6.3 The Financial Services Compensation Scheme ("FSCS") has confirmed that the scheme applies to client money; the scheme currently covers deposits belonging to clients who are individuals or small businesses up to £50,000 per client, per authorised deposit-taking institution. If you are entitled to benefit from the scheme you should be aware that the £50,000 limit applies to you in respect of all

deposits, so if you hold other personal monies in the same bank as our client account, the limit remains £50,000 in total.

- 6.4 You should note that some deposit-taking institutions have several brands, i.e. where the same institution is trading under different names. You should check either with your own bank(s), the FSA or a financial adviser for more information.
- 6.5 By engaging us you consent to our supplying your details to the FSCS in the event of a bank failure.

## **7. OWNERSHIP AND STORAGE OF MATERIALS**

- 7.1 After completing your instructions, we are entitled to keep all of the papers, documents and materials created or accumulated by us during the course of our engagement ("the File") while our costs remain unpaid. After our costs have been paid in full, you are entitled to have all or any part of the File returned to you on request, although we are entitled to retain copies of all materials. Please note that we retain all intellectual property rights, including copyright, in all materials created by us during the course of our engagement.
- 7.2 We will keep the File for no more than 7 years from the date of the final invoice on the understanding that we have your authority to destroy it after this time. We shall not destroy any materials that you ask us to deposit in safe custody for which service we shall be entitled to charge a reasonable fee.
- 7.3 If we retrieve materials from storage in relation to continuing or new instructions from you, we will not normally charge for such retrieval. In other circumstances we reserve the right to make a charge based on time spent and costs incurred in retrieving and producing materials to you, or another at your request.

## **8. LIMITATION OF LIABILITY**

- 8.1 Our liability to you in respect of any breach of contract, tort, breach of statutory duty or otherwise arising out of or in connection with our engagement or the services we provide shall be limited to £25,000,000 in aggregate.
- 8.2 We exclude all and any liability for any indirect loss or damage of any kind (whether foreseeable or unforeseeable at the date of commencement of our engagement), or for loss of goodwill or loss of reputation.
- 8.3 In certain situations there may be a risk that we will be prejudiced as a result of your arrangements with other advisers who limit their liability to you. This could arise because we are one of several professionals advising you and you have agreed a limitation of liability with another of your advisers. If this occurs in circumstances where we would otherwise be jointly liable with that other adviser for a claim, you agree that our position will not be adversely affected by any limitation that you have agreed for that other adviser's potential liability and that our liability to you is limited accordingly.
- 8.4 It is the responsibility of Goodman Derrick LLP (a limited liability entity) to provide you with the services set out in the Engagement Letter. Accordingly, you agree not to bring any claim personally against any of our members, employees or consultants in connection with our services. Each such member, employee or consultant shall be entitled to the benefit of this paragraph 8 under the Contracts (Rights of Third Parties) Act 1999.
- 8.5 Where we instruct third parties on your behalf we are not responsible for any act or omission of any such third party.
- 8.6 Nothing in these Terms excludes or limits our liability for death or personal injury resulting from our negligence, fraud, or for other liability which cannot lawfully be excluded or limited.

## **9. JOINT AND SEVERAL LIABILITY**

Where the engagement letter is addressed to more than one person or entity, each shall be jointly and severally liable for our fees, Disbursements and other costs. By "**jointly and severally liable**", we mean that you and the persons or entities in question are jointly responsible for ensuring that our bill is paid, and we can pursue all or any one of you for the whole amount that is due to us.

## **10. TAX ADVICE**

Unless specifically agreed in writing in the Engagement Letter our advice to you will not extend to the tax implications of the subject matter of your instructions.

## **11. PRIVACY AND DATA PROTECTION**

Goodman Derrick LLP is a registered data controller under the Data Protection Act 1998. Your details will be kept on our database for all purposes connected with our engagement and so that we can send you relevant information on our services and on events which may be of interest to you. Your details will be processed and kept secure in accordance with the Data Protection Act 1998. The data will not be disclosed to third parties except as provided above or if the firm merges with another firm or Limited Liability Partnership. Any questions or concerns regarding our use of your data should be addressed to your Client Partner.

## **12. CONFIDENTIALITY AND COMMUNICATION**

- 12.1 Information communicated to us by you is kept confidential and we will not disclose it to third parties except as authorised by you or as required by law or by any competent authority. If, with your authority, we are working in conjunction with other professional advisers on your behalf, we may disclose any relevant aspect of your affairs to them unless you provide written instructions to the contrary. Where you provide us with email, fax or postal addresses to which material is to be sent, we shall assume, unless you tell us otherwise, that these arrangements are sufficiently secure.
- 12.2 We are most likely to communicate with you by e-mail via the Internet and likewise with third parties in the course of carrying out your instructions. As you know, the Internet is not wholly secure and there are risks if sensitive information is sent in this manner. Please advise us if you do not want us to communicate with you by e-mail. In the absence of any such advice, we accept no responsibility or liability to you in respect of any loss arising from or in connection with the electronic communication of information by us.
- 12.3 We protect the integrity of the firm's computer systems by screening for viruses in e-mails sent or received and we expect you to do the same.

**13. MONEY LAUNDERING**

- 13.1 We have a legal requirement to satisfy ourselves as to the identity of our clients and any ultimate beneficial owner and in accordance with our legal duties we operate a money laundering reporting procedure. It may be necessary for us to ask you a series of questions touching upon your own identity, place of residence and the source of any relevant funds. We have subscribed to an on-line ID verification service which in most cases will enable us to satisfy the obligatory identification procedures at the outset without the need for requiring documentary evidence such as passports etc. A small fee is payable for this service. We will use this service, for your convenience, unless you tell us otherwise.
- 13.2 In certain circumstances information may be revealed by the firm to the appropriate authorities in relation to any suspicion of money laundering, tax evasion or terrorist financing and this overrides our duty of confidentiality to you.
- 13.3 We may also be required to cease to continue to do any work on the client matter until such time as we receive formal authorisation from the authorities to do so. We shall incur no liability to you for any loss, damages, penalties, interest, costs or charges which you may suffer or incur if we are so prohibited from acting, or delayed in continuing to act on your behalf.

**14. CLIENT SERVICE**

We are confident of providing you with a high quality service. However, if you have any comments or concerns about the services that we provide (including any invoice), or if you wish to discuss any aspect of the way in which your instructions are being handled, please speak in the first instance to the Client Partner. If that does not resolve the problem to your satisfaction or if you would prefer to speak to another partner, please contact the firm's Senior Partner.

**15. PROPERTY**

- 15.1 If you instruct us on the sale or purchase of real property, you should be aware that the price will be recorded at HM Land Registry where it can be inspected by any member of the public.
- 15.2 Leases frequently contain provisions for rent review, break rights and possibly other events arising on particular dates during the lease term. We cannot take responsibility for advance notification to you of such future dates. Nor can we be responsible for giving you notification that your lease term is coming to an end or your obligations at that time. Therefore you should review the lease at least six months before the expiry date and take professional advice as necessary.
- 15.3 The acquisition of or dealing with interests in land, whether freehold or leasehold, will frequently give rise to a charge to Stamp Duty Land Tax ("SDLT"). We will advise as to when a transaction on which we are instructed gives rise to a charge to SDLT and the extent of it. With certain leases, for instance where there is a rent review within 5 years of the grant of it, or where future rental levels are determined by factors which are unknown at the time of entry into them, such as shop turnover, subsequent SDLT payments may fall due during the lease term. We will advise you should this be the case but the computation and payment of such SDLT will be your responsibility, unless at the time when payment is due we are consulted in relation to it. Save in this particular circumstance we will prepare the appropriate forms for you and lodge them online with HM Revenue & Customs with the appropriate payment (subject to being in client funds to do so).

**16. NON - SOLICITATION**

Save with our prior written consent, you agree not, directly or indirectly, to offer employment to or engage the services of any member, employee or consultant involved in the provision of services to you either during the period of such provision or for a period of 12 months following the end of the involvement of the individual concerned.

**17. APPLICABLE LAW**

These Terms and our engagement (and any dispute arising in connection with them) are governed by the laws of England and Wales. You irrevocably agree that the courts of England and Wales will have exclusive jurisdiction over any dispute or matter arising in connection with these Terms or our engagement save that we shall have the right, at our sole and absolute discretion to commence proceedings in any alternative competent jurisdiction.

**18. TERMINATION**

- 18.1 You may terminate our engagement in writing at any time but we shall be entitled to retain any money held by us on your account (in addition to the File) while there is money owing to us for our charges and disbursements and any VAT.
- 18.2 In some circumstances, you may consider we should stop acting for you, for example, if you cannot give clear or proper instructions as to how to proceed, or if you decide not to proceed with the matter upon which you have consulted us.
- 18.3 We will stop acting for you only with good reason, for example, where there is a conflict of interest or if you do not pay an invoice, or fail to comply with our request for a payment on account or if a serious breakdown in confidence arises. We will give you reasonable notice of our intention to stop acting for you. Our retainer to act for you in any specific matter will in any event end when we have fulfilled your instructions in relation to that matter.
- 18.4 If you or we decide to end the engagement, you are liable to pay our charges and disbursements in accordance with Clause 4 of these Terms up to the date of the termination of the engagement and, if we are required to make a Court application to come off the record, you will also be liable for those costs.

This is an important document. Please keep it in a safe place for future reference.

Effective: March 2010