

**Health Professions Council  
Council Meeting – 31 May 2007**

**ENGAGEMENT LETTER – BAKER TILLY**

**Executive Summary and Recommendations**

**Introduction**

At its meeting on 14 December 2007 Council agreed to the reappointment of Baker Tilly as HPC's external auditors.

The attached is the engagement letter for the 2007 which Baker Tilly has provided to HPC.

**Decision**

The Council is requested to note the document. No decision is required.

**Background information**

See minutes Council meeting 14 December 2006 – minute 46.06/254

**Resource implications**

None

**Financial implications**

None

**Appendices**

None

**Date of paper**

21 May 2007

18 APR 2007



BAKER TILLY

Our ref: DB/MH/246524/ce/2007/L05

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Marc Seale Esq  
Health Professions Council  
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17 April 2007

Dear Marc,

### Engagement Letters

Following our telephone conversation, I have pleasure in enclosing our standard audit engagement letters relating to the audit of HPC for the year ended 31 March 2007.

I would be grateful if you could table the engagement letters at your next meeting and arrange for one of the copies to be signed and returned to me for my records.

If you have any queries with regards to the above please do of course let me know.

Best wishes

Yours sincerely

**David Blacher**  
Baker Tilly UK Audit LLP

Encl.

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# TERMS AND CONDITIONS OF BUSINESS

## DEFINITIONS

*"Baker Tilly" or "the LLP" or "We" or derivatives:* The United Kingdom LLP to which this Engagement Letter applies, as identified in the Engagement Letter.

*"Baker Tilly Entities":* Baker Tilly UK Holdings Limited and persons, bodies corporate or partnerships controlled (directly or indirectly) by it.

*"Baker Tilly Parties":* Baker Tilly Entities and all other independent member firms of the Baker Tilly International organisation and in each case their affiliates, partners, principals, members, owners, directors, staff and agents, and any successor or assignee..

*"Client Party" or "you" or derivatives:* The addressees of the Engagement Letter, related reports and comfort letters.

*"Engagement Letter":* The letter that incorporates the Terms and Conditions of Business and the Terms and Conditions of Business.

*"Prospectus":* Any Listing Particulars, Offer Document, Prospectus, Circular and Admission Document or any other relevant formal document as defined within the Engagement Letter.

*"Services":* The services delivered to the Client Party by Baker Tilly and which are the subject of the Engagement Letter.

*"Transaction":* The actual or proposed transaction or matter in connection with which the Services are to be provided.

An English limited liability partnership is a body corporate which has "members" and not "partners". Baker Tilly has nevertheless decided to retain the traditional title of "partner". Therefore, when we refer in the Engagement Letter or otherwise in the course of your dealings with us to an individual being a "partner", that title means the individual is a member of the LLP or one of the other Baker Tilly Entities.

## 1 Engagement terms

1.1 All work by the LLP for the Client Party will be in accordance with the Engagement Letter, of which the Terms and Conditions of Business form an integral part, or any subsequent written variation agreed by an authorised representative of the LLP and the Client Party. You or we may terminate the

engagement at any time without penalty. If the work is terminated, by you or by us, before the work is completed, the LLP shall be entitled to its fees accrued until the date the engagement is terminated. Notice of termination must be given in writing.

1.2 The Engagement Letter forms the whole agreement between us in relation to the subject matter hereof. In addition you warrant that in entering into the Engagement Letter you have not relied on any representation made by us except for any such representation that is expressly set out in the Engagement Letter.

1.3 The Engagement Letter replaces and supersedes any previous proposal, discussion, correspondence or agreement between us in relation to the Services.

1.4 Amendment to the Terms and Conditions of Business may be made only by specific reference to the relevant clause in the Terms and Conditions of Business. In the event of a conflict between the Terms and Conditions of Business and the letter incorporating the Terms and Conditions of Business, the letter will prevail.

1.5 The obligations of each addressee of the Engagement Letter under the 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 Changes in scope

2.1 The scope of our work will be limited to the matters set out in the Engagement Letter. However, this does not preclude us from considering changes to the scope of our work as the assignment proceeds.

2.2 Should you require any additional services, we will be pleased to discuss any request with you. We would note, however, that we are under no obligation to provide such additional services.

2.3 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. The Engagement Letter will remain in place and fully effective until varied or replaced by written agreement between us.

2.4 Any agreement to provide additional services will include the payment of



reasonable additional fees and a reasonable additional period to provide such services.

- 2.5 Prior to accepting or imposing any contractual terms that would commit you to providing or obtaining any report from us, please discuss the matter with us first. Following such discussion, we will advise you whether or not we would undertake any additional services and, if so, the terms on which such work would be undertaken.

### **3 Investment business**

- 3.1 We may, in the course of professional services set out in the Engagement Letter, assist you with regard to exempt regulated activities that are incidental to the other professional services.

- 3.2 If, during the provision of the Services, you need advice on investments, we may have to refer you to someone who is authorised and regulated by the Financial Services Authority ("FSA"), as we are not. We are able, in certain circumstances, to offer a limited range of investment services because we are a member firm of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

- 3.3 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.

### **4 Fees and expenses**

- 4.1 Unless otherwise specifically agreed in the Engagement Letter, our fees will be based on hourly rates that take account of the level of partners and staff assigned to the engagement.

- 4.2 Expenses incurred, including travel and subsistence, and goods and services purchased on the Client Party's behalf, are re-charged to you.

- 4.3 It is Baker Tilly's policy to agree a specific billing schedule with each Client Party but in the absence of such agreement, the following shall apply:

- a) in relation to most non-recurring work (e.g. audit and corporate finance work) we will bill 50% of the expected fee on commencement of work, 25% of the expected fee when the field work is completed and bill the balance of our fee (including disbursements and extra charges) on completion of the Services;
- b) where other non-recurring work (e.g. company tax "health checks" and other

corporate tax planning advice) is undertaken, it is billed when the Service has been provided;

- c) when dealing with recurring work, such as personal and corporation tax computations, bills are rendered on completion of the computations and/or tax return. A further bill is rendered for any additional costs arising from correspondence following submission of those documents to the Inland Revenue; and
- d) where continuous work is undertaken (e.g. advisory services, preparation of VAT returns and accountancy work), fees will be rendered monthly or quarterly depending upon the extent of the work undertaken. Fees will normally be billed when the value of the work performed since the last bill exceeds £250.

- 4.4 All fees and expenses will be subject to VAT (or exempt from VAT) in accordance with VAT regulations and guidance.

- 4.5 Time for payment of fees and expenses shall be of the essence, and you agree to pay promptly all sums due under the Engagement Letter. A VAT invoice will be issued on receipt of payment.

- 4.6 We may charge interest on any outstanding balances at the rate prescribed from time to time in accordance with Section 6 of the Late Payment of Commercial Debts (Interest) Act 1998.

- 4.7 Fee estimates given by us are given in good faith but will not be contractually binding.

- 4.8 We may offer facilities for standing order payments based on agreed estimates for future annual fees. As an alternative to the schedule of payments relating to fieldwork we also accept monthly or quarterly standing orders against our estimated annual fee. In these cases an annual adjustment is made to deal with extra work and disbursements.

### **5 Limitation of liability**

- 5.1 You agree that the following provisions will govern the extent of Baker Tilly's liability for loss or damage you may suffer arising out of this engagement.

- 5.2 Baker Tilly's liability will be limited to that proportion of loss and damage which is just and equitable having regard to the extent of the Client Party's own responsibility and that of any other party who may also be liable to the Client Party in respect of it.

- 5.3 Baker Tilly's aggregate liability in respect of all claims by all addressees of the Engagement Letter shall be limited to the amount specified in the Engagement Letter or, if no amount is specified there, to £1million if the Transaction value is equal to or less than £1 million, and otherwise to £1 million plus one third of the excess of the Transaction value over £1 million up to a maximum total limit of aggregate liability of £25 million.
- 5.4 Where there is more than one Client Party the limit of liability specified above will have to be allocated between the Client Parties. It is agreed 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. For the avoidance of doubt the aggregate of all such allocations shall not exceed the limit applicable pursuant to clause 5.3 above.
- 5.5 Claims will be made only against the LLP and not against any other Baker Tilly Parties save to the extent that any Baker Tilly Parties perform services pursuant to their own separate letter of engagement. You agree that any other Baker Tilly Parties may rely upon the Contract (Rights of Third Parties) Act 1999 should they need to enforce this clause.
- 5.6 Any claims 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.
- 5.7 Except as expressly provided in the Engagement Letter no person other than a party to the Engagement Letter may enforce the Engagement Letter by virtue of the Contracts (Rights of Third Parties) Act 1999 (the "Act"). Notwithstanding any benefits or rights conferred by the Engagement Letter on any third party by virtue of the Act, the parties to the Engagement Letter may agree to vary or rescind the Engagement Letter without any third party's consent.
- 5.8 These provisions do not apply in relation to:
- a) death or personal injury;
  - b) loss and damage arising from fraud or wilful default on our part; and
  - c) any other situations in which the limitation of our liability is prohibited by law.
- 6 Staff**
- 6.1 Without our written approval, you will not offer employment to any member of Baker Tilly's or of any Baker Tilly Entities' staff ("Staff") working on an engagement for you; nor will you use the services of any such member of Staff, either independently or via a third party, for a period of six months following the end of any involvement by the individual concerned with any engagement for you. Breach of this condition will render you liable to pay liquidated damages equal to four months' fees for the Staff member concerned.
- 6.2 Your obligations under clause 6.1 shall not apply to anyone who (A) has responded to any advertisement for a position that is generally available to the public; or (B) who, at the time of the solicitation is not employed by us (and has not been employed by us for sixty (60) days), or (C) is solicited through the use of an independent employment agency (so long as it is not directed to solicit the staff of Baker Tilly or any Baker Tilly Entity).
- 7 Working for other parties**
- 7.1 The functions and duties that the LLP undertakes on behalf of the Client Parties shall not be exclusive in that nothing in the Engagement Letter shall prevent or restrict Baker Tilly from carrying on its profession or business. In particular, Baker Tilly reserves the right to act at any time for other clients who may be competitors of yours or in respect of whom issues of commercial conflict may arise.
- 8 Conflicts of interest**
- 8.1 In accordance with relevant ethical requirements we have put in place procedures to identify situations where a specific legal or ethical conflict of interest may arise. However, we cannot be certain that our procedures will identify all such situations, in part because it is difficult for us to anticipate what you would regard as a conflict. If you are, or become, aware of any potential conflict affecting our provision of the Services, you will notify us immediately.
- 8.2 Where a specific legal or ethical conflict, actual or potential, is identified, and we believe that implementing appropriate procedures can properly safeguard your interests, we will promptly notify you (subject only to clause 10 and to any obligations we may owe to third parties),



explain the safeguards to be implemented and obtain your consent to their implementation. There may, however, be circumstances where we consider that your position cannot be safeguarded and in such circumstances, the Services may be terminated. In order to maintain confidentiality, we may not be able to explain all the reasons for terminating the Services.

## **9 Publicity**

9.1 Baker Tilly is keen to obtain publicity for work undertaken on behalf of clients. This could include both internal and external publicity. Unless details of the work undertaken for you are publicly available, written permission to attribute work for you externally will always be obtained in advance. Notwithstanding this condition, we assume the right to use references in proposals or other similar submissions made to other prospective clients, unless you expressly prohibit such disclosure.

## **10 Confidentiality**

10.1 Subject to clause 11 below:

- a) Baker Tilly and each Client Party shall (and will use their reasonable endeavours to procure that their partners, directors, officers, agents, contractors and employees shall) at all times keep confidential and shall not use, except in connection with the performance of the Services or otherwise as reasonably necessary for the purposes of the Transaction or as expressly stated in the Engagement Letter or subsequently agreed to in writing or as otherwise required or permitted or permissible in law, any confidential information, letters, reports, information, advice or opinions obtained or given in connection with the Services or Transaction;
- b) We accept no liability to any other party who is shown or gains access to any letters, reports, information, advice or opinions that we give to you in the course of providing the Services;
- c) On the basis set out in clause 1.5, you agree to accept responsibility for and hold the Baker Tilly Parties and their agents harmless from any claim (including any claim for negligence) arising out of any un-authorized disclosure, by the Client Parties and others engaged by you, of letters, reports and opinions, provisional or final, given by Baker Tilly whether in writing or otherwise. This undertaking will extend to the cost of defending any such claim, including payment at our

usual rates for the time that we spend in defending it; and

- d) You will keep confidential any methodologies and technology used to carry out the Services. Baker Tilly retains copyright in all such material provided to you.

## **11 Compulsory disclosures**

11.1 Clause 10 shall not prohibit disclosures required by law or by the rules of any governmental or regulatory body or disclosures made for the purposes of pursuing any legitimate claims that you may have against us or (as the case may be) we may have against you or other persons

11.2 Clause 10 shall not prohibit the disclosure of any reports or letters provided in connection with the Services where it is reasonably necessary for the purposes of:

- a) notifying insurers concerning any actual or potential dispute relating to the Services; or
- b) resolving any actual or potential dispute relating to the Services; or
- c) in connection with any defence advanced in any proceedings advanced in any jurisdiction.

11.3 Clause 10 shall also not prohibit the disclosure of any information which is now within the public domain, or which is obtained from a third party who is entitled to disclose it publicly, and shall cease to apply to any information which subsequently enters the public domain except as a result of a disclosure which is contrary to these provisions.

## **12 Continuation**

12.1 The provisions of clauses 10 and 11 shall continue in full force and effect notwithstanding the termination of our appointment hereunder or the completion of the Services.

## **13 Information relevant to the Services**

13.1 When reasonably requested by us, you accept responsibility for making available to us and/or granting full access to, as and when required, all documents, information and assistance, IT systems and infrastructure (together referred to as "Information") that we may require for the purpose of undertaking the Services. You will ensure that all such Information is complete and accurate and, to the extent permissible by law, we will not be responsible for any consequences that may arise from your failure to do so.

- 13.2 You agree to grant us a free licence to use your intellectual property rights to the extent necessary for the provision of the Service.
- 13.3 To the extent that such Information is not in your control or possession, you will also use your best endeavours to procure that the required Information is made available to us.
- 13.4 You undertake to notify us promptly if anything occurs within a reasonable time after Information has been provided to us to render any such Information untrue, unfair or misleading. You also undertake (if required by us) to take all reasonable steps to correct any document, announcement or communication issued, containing, referring to or based upon any such information.
- 13.5 You acknowledge that Information made available by you or otherwise known to individuals within Baker Tilly or other Baker Tilly Entities who are not engaged in the provision of the Services shall not be deemed to have been made available to the individuals within Baker Tilly who are engaged in the provision of the Services. Further, we shall not be obliged to disclose to you, nor to take into account in providing the Services, any information if to do so might breach obligations owed to other persons or the rules of any governmental or regulatory authorities.
- 14 Other professional advisers**
- 14.1 In order to provide the Services, it may be necessary or desirable that other professional advisers are instructed to provide assistance where we do not have the relevant expertise. Where other professional advisers are instructed, we will place reliance on their opinion and we will refer to their opinion and our reliance upon it in any report as appropriate.
- 14.2 You shall be responsible for the appointment of other professional advisers relevant to the Transaction and for their fees and expenses.
- 14.3 We shall have no liability for the non-delivery or non-performance of services by a third party (other than our express agents) in relation to our Services or any part thereof. Additionally, we shall not be liable for the acts, omissions, misrepresentation or error of any third party supplier introduced or recommended by us.
- 15 Electronic publication of documents including our reports, letters or opinions**
- 15.1 We acknowledge that there may be circumstances where the Client Party may wish to publish the financial statements and audit report, a financial promotion, Prospectus or other document (together referred to as the "Document") that includes our reports and letters, on its website or distribute it by e-mail. We reserve the right to withhold our consent to the electronic publication of such a document if, in our reasonable opinion, it is to be published in an inappropriate manner.
- 15.2 The Client Party is responsible for ensuring that any such publication properly presents the Document, advising us in advance, and obtaining our consent in respect of intended publication. It is also responsible for the controls over, and the security of, the website, and for establishing and controlling the process for electronically distributing the Document.
- 15.3 The website will include a clear statement of responsibility for the maintenance and integrity of the website. In the absence of such a statement we will include a note at the end of our reports and/or letters to the effect that "The maintenance and integrity of the company's website is the responsibility of the directors. The work carried out by [the relevant LLP] does not involve consideration of those matters and, accordingly, we accept no responsibility for any changes that may have occurred to the Document since it was initially presented on the website".
- 16 Nature of our work**
- 16.1 Except as specifically agreed and referred to in the Engagement Letter, our work will not be an audit as conducted in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board or any other auditing standards. We will not seek to verify the accuracy of the Information provided to us. In many cases we will accept the explanations and assurances we receive from the directors, officers and employees of the entity the subject of this engagement.
- 16.2 We will, however, satisfy ourselves that such Information is consistent with other information provided to us. We may also request written confirmation from relevant persons that such Information provided to us is complete and accurate and that any report prepared by us in connection with the Services is factually accurate and contains all matters of significance within the scope of the Engagement Letter.
- 16.3 Our review may not discover matters that would, under normal circumstances, come to our attention if we were to undertake an audit. It may not cover matters that are not apparent to us from reasonable enquiry.



- 16.4 Where we are engaged to prepare a report and/or letter for inclusion in, or in connection with, a Prospectus, our work will be undertaken in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board.
- 16.5 In relation to information technology systems, we make no representation or warranty that our advice is complete or that any action you take or do not take as a consequence of our advice will result in the functionality and/or performance of your computer systems.
- 17 Discovery of fraud**
- 17.1 We will not direct our work to the discovery of errors or misstatements that we consider to be immaterial. Our work will not be planned in order to prevent or detect irregularities, fraud or misrepresentation by management or external parties.
- 17.2 We will not be responsible or liable for any loss, damage, or expense whatsoever and howsoever caused, incurred sustained or arising if information material to our Services is withheld or concealed from us or wrongly represented to us or from fraudulent acts, misrepresentation or wilful default on the part of any party to the Transaction and their directors, officers, employees, agents or advisers. This exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry.
- 18 Recommendations**
- 18.1 Our work and findings shall not in any way constitute recommendations regarding the completion of the proposed Transaction. You are responsible for determining whether the scope of our work is sufficient for your purposes in the context of your wider investigations and due diligence. If we were to perform additional procedures or extend the scope of our work into other areas we might identify other matters that may affect our Services.
- 19 Compliance**
- 19.1 You will ensure that you have and/or obtain all authorisations, consents and approvals of any governmental or other regulatory body or authority as are necessary to enable you to engage in the Transaction and carry on the activities in respect of which the Services are provided.
- 19.2 You will ensure that you, together with all directors, officers, employees and agents, will at all times comply with all applicable legal and regulatory provisions of which you are, or should reasonably be, aware in any jurisdiction including the United Kingdom, to the extent applicable.
- 19.3 As with other professional services firms, we are subject to stringent requirements to identify our clients for the purposes of anti-money laundering legislation. We are likely to request from you, and retain, some information and documentation for these purposes and/or make searches of appropriate databases. If satisfactory evidence of your identity is not provided within a reasonable time, there may be circumstances in which we are not able to proceed with the engagement.
- 19.4 The nature of our business is such that, under the Proceeds of Crime Act 2002, partners and staff of the LLP are required to report all knowledge or suspicion that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed, regardless of whether that offence has been committed by you or a third party. If, as a result of the provision of the Services, we have knowledge or suspicion that such an offence has been committed we are required to make a report to the Serious Organised Crime Agency. In such circumstances we are not permitted to discuss such reports with you.
- 20 Communication and meetings**
- 20.1 We will raise all matters that we consider to be of significance with you and, where appropriate, your advisers as they arise during the course of our work.
- 20.2 We shall keep you informed on the progress of our work and give prompt warning of any matter which comes to our attention that, in our opinion, may affect our ability to provide any of the requested reports, letters, confirmations and assurances without qualification and also of any material problems which arise which we consider may affect the delivery or timing of any of our reports or letters, or affect the feasibility or timing of the assignment or are likely to cause you to revise the scope of our work.
- 20.3 Informal oral comments made in discussion with you about any report or draft report to be prepared as part of the Services will not have any greater significance than explanations or other material contained in the final report. Reliance should only be placed on information and comments set out in the final signed report. Oral statements which we make, and are considered by us to be significant, will be included in the report.



- 20.4 During the course of our Services we may show drafts of our reports to you. This is done on the basis that they are subject to revision and alteration and no reliance should be placed on any draft document without our prior written consent. We have no responsibility to update our reports and letters for events that take place after they have been issued.
- 20.5 Where it is agreed between us that any of our comfort letters, reports, consent letters and other work associated with the Transaction, will be included in or referred to in a public document, we shall need to be satisfied with the form and context in which our reports and statements attributed to us are presented in the final version before giving consent to the inclusion of them in the public document. In such circumstances, you agree we shall be given the opportunity to attend drafting meetings and will be promptly forwarded copies of the proofs of the public document for our review.
- 21 Electronic communication**
- 21.1 During the conduct of this engagement we may wish to communicate electronically with each other. However the electronic transmission of information cannot be guaranteed to be secure or error free, as it will be transmitted over a public network, and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. We each agree to use reasonable procedures to check for the most recently known viruses before sending information electronically, but we recognise that such procedures cannot be a guarantee that transmissions will be virus free.
- 21.2 We shall each be responsible for protecting our own interests in relation to electronic communications. Neither of us (in each case including our respective partners, directors, employees or agents) shall be liable to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us or in reliance of such information.
- 22 Ownership of Papers and Intellectual Property**
- 22.1 All correspondence and papers in our possession or control and generated for our internal purposes (including our working papers) or addressed to us relating to the Services or the subject matter of the Services shall be our sole property.
- 22.1 We retain all copyright and other intellectual property rights in everything developed by us either before or during the course of the provision of the Services, including rights in all reports, written advice or other materials provided by us.
- 23 Document Retention Policy**
- 23.1 Whilst certain documents may legally belong to you, unless you tell us not to, we intend to destroy correspondence and other papers that we store, electronically or otherwise, which are more than seven years old, other than documents which we think may be of continuing significance.
- 24 Timetable**
- 24.1 We will discuss with you the nature and timing of the programme of work we intend to carry out and the most effective way of implementing it. Deadlines for completing the various aspects of our work will be agreed following such consultation. The timetable for completion of the Services assumes that the information we require to carry out our work will be made available in good order on a timely basis.
- 25 Custody**
- 25.1 Where we provide custody of title documents belonging to you, we:
- a) will charge for such services separately from our other fees, on the basis stated in the section titled Fees;
  - b) will provide you with annual statements or records of title documents; and
  - c) may appoint sub-custodians to undertake the arrangements for the custody of your title documents.
- 26 Client Money**
- 26.1 Interest will be paid on client money held on your behalf where such interest exceeds £20 per annum at a rate no less than that applicable to small deposits subject to the minimum period of notice of withdrawal.
- 27 Force Majeure**
- 27.1 Neither of us will be liable to the other for any delay or failure to fulfil obligations caused by circumstances outside our reasonable control.
- 28 Assignment**
- 28.1 Neither of us may transfer nor assign any rights or obligations under the Engagement Letter without the prior written consent of the other party.
- 29 Quality assurance**
- 29.1 As a matter of routine, we carry out quality assurance procedures on all work performed by our staff and partners. If at any time you wish to discuss with us how our Services to you could be improved, or if you are

dissatisfied with the Services you are receiving, please let us know by writing to Stephen Bowles, the partner responsible for handling complaints, at [the relevant LLP], 46 Clarendon Road, Watford, WD17 1JJ.

29.2 We undertake to look carefully and promptly into any complaint and to do all we can to explain the position to you. If we have given you a less than satisfactory service we would like the opportunity to do what we can to put it right. Ultimately, you may of course take up matters with the Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall, PO Box 433, Moorgate Place, London EC2P 2BJ or, in relation to audit work, the Institute of Chartered Accountants of Scotland, CA House, 21 Haymarket Yards, Edinburgh, EH12 5BH.

### **30 Provision of services by Baker Tilly Parties**

30.1 Baker Tilly is an independent member of the Baker Tilly International organisation. This organisation comprises independent member firms in many countries, some of which use "Baker Tilly" as part of their business name. These firms are separate legal entities and have no connection with Baker Tilly other than through their common membership of Baker Tilly International.

30.2 Unless specifically agreed, no Baker Tilly Party is the agent or partner of the LLP and no Baker Tilly Parties have authority to enter into any legal obligations on behalf of the LLP. If we introduce you to Baker Tilly Parties we do not accept any liability for work that they carry out on your behalf and you must make your own contractual arrangements with them directly.

30.3 If you instruct Baker Tilly Parties to provide services to you, the Baker Tilly Parties and not the LLP is responsible for any such advice given or services provided. Any such services will be separate from those provided by the LLP and will be subject to a separate engagement letter between the Baker Tilly Party and yourself. You agree that fees and commissions receivable by the Baker Tilly Party in relation to services provided to you will not reduce or otherwise affect the fees payable by you in respect of services provided by the LLP under this, or any other then-current engagement letter.

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

31.1 Under the Data Protection Act 1998, certain information provided to us by you may not be disclosed by us to any third party without your prior written consent. There may be circumstances, as noted above, where you

may require services provided by third parties such as other Baker Tilly Parties. For these purposes, you hereby authorise us to release such information as may be necessary for that third party to deliver such services to you.

31.2 Otherwise, we agree that in relation to any personal data you may provide to us in the course of our work, we shall act as data processors and shall process such data in accordance with your instructions and keep such information confidential and secure.

31.3 In signing the Engagement Letter you also confirm that you are willing to receive unsolicited marketing material from Baker Tilly and any Baker Tilly Entities. Please contact your engagement partner at Baker Tilly should you no longer wish to receive such materials.

### **32 Choice of law**

32.1 UK legal jurisdictions allow parties to choose the law applicable to a contract. This Engagement Letter will be subject to the law of the country in the UK in which your engagement partner resides, as identified in the Engagement Letter to which these Terms and Conditions of Business form a part, unless we agree with you in writing that some other law will apply before the start date of this Engagement Letter. The applicable Courts shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.





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## ENGAGEMENT LETTER

Between BAKER TILLY UK AUDIT LLP  
and HEALTH PROFESSIONS COUNCIL (HPC)

To the Council Members of Health Professions Council (HPC)

### INTRODUCTION

The purpose of this letter is to set out the basis on which we act as auditors of the Council and the respective areas of responsibility of the Council Members and ourselves. Our services are provided in accordance with the attached Terms and Conditions of Business date April 2007, which form part of this Engagement Letter.

### AUDIT

#### Responsibilities of Council Members and auditors

As Council Members of the HPC, you are responsible for ensuring that the Council maintains proper accounting records and for preparing financial statements which give a true and fair view and have been prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder. You are also responsible for making available to us, as and when required, all the Council's accounting records and all other *relevant* records and related information, including minutes of all management and Council's meetings.

We have a statutory responsibility to report to the members whether in our opinion the financial statements give a true and fair view and whether they have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder, and whether in our opinion the information given in the Council Management Commentary is consistent with the financial statements. In arriving at our opinion, we are required to consider the following matters, and to report on any in respect of which we are not satisfied:



- a) whether proper accounting records have been kept by the Council and proper returns adequate for our audit have been received from branches not visited by us;
- b) whether the Council's balance sheet and profit and loss account are in agreement with the accounting records and returns; and
- c) whether we have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In addition, there are certain other matters which, according to the circumstances, may need to be dealt with in our report. For example, where the financial statements do not give details of Council Members' remuneration or of other transactions, the Health Professions Order 2001 and Privy Council directions made thereunder requires us to disclose such matters in our report.

We have a professional responsibility to report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider:

- a) whether the departure is required in order for the financial statements to give a true and fair view; and
- b) whether adequate disclosure has been made concerning the departure.

Our professional responsibilities also include:

- including in our report a description of the Council Members' responsibilities for the financial statements where the financial statements or accompanying information do not include such a description; and
- considering whether other information in documents containing audited financial statements is consistent with those financial statements.

### **Scope of audit**

Our audit will be conducted in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether proper accounting records have been maintained by the Council. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.

The nature and extent of our procedures will vary according to our assessment of the Council's accounting system and, where we wish to place reliance on it, the system





of internal control, and may cover any aspect of the business's operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the Council's systems but if such weaknesses come to our notice during the course of our audit which we think should be brought to your attention we shall report them to you. Any such report may not be provided to third parties without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the Council in mind and that we accept no duty or responsibility to any other party as concerns the reports.

As part of our normal audit procedures, we may request you to provide written confirmation of oral representations which we have received from you during the course of our audit on matters having a material effect on the financial statements. In connection with the representations and the supply of information to us generally, we draw your attention to section 389A of the Companies Act 1985 under which it is an offence for an officer of the Council to mislead the auditors.

In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the chairman's statement, operating and financial review remuneration committee's report and the Council Members' report, which are due to be issued with the financial statements. We are also entitled to attend any general meetings of the Council and to receive notice of any such meetings.

The responsibility for safeguarding the assets of the Council and for the prevention and detection of fraud error and non-compliance with law or regulations rests with yourselves. However, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with law or regulations) but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist. If at any time the Council Members wish us to undertake detailed checking with the specific objective of investigating possible irregularities, we shall be pleased to receive your instructions.

Once we have issued our report we have no further direct responsibility in relation to the financial statements 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 which may affect the financial statements.

#### **Communication of audit matters to those charged with governance**

We will agree with those within the Council charged with governance, the timing and form of communication between ourselves.

#### **TERMS AND CONDITIONS OF BUSINESS AND ADDITIONAL TERMS**

Our Terms and Conditions of Business form part of this Engagement Letter. They include certain of the definitions used in this letter. Please read carefully these Terms



and Conditions of Business, which apply to all our work, as they include various exclusions and limitations on our liability, save where excluded below.

It is agreed that Clauses 5.1 to 5.4 (Limitation of Liability), 14 (Other Professional Advisers) and 16 (Nature of Work) shall not apply in relation to this audit assignment.

### **JURISDICTION**

This engagement letter shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

### **AGREEMENT OF TERMS**

We shall be grateful if you will confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, in the prepaid envelope provided, or let us know if the services covered are not in accordance with your understanding of the assignment to be carried out under the terms of this engagement.

For the avoidance of doubt, the terms covered by the Engagement Letter shall take effect upon your written agreement to them, or upon commencement of the work to which they relate, whichever is the sooner.

Yours faithfully

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Date .....17/4/07.....

Encs. Terms and Conditions of Business dated April 2007

Contents noted and agreed  
For and on behalf of the Council  
of Health Professions Council

Signed .....

Date .....

CHIEF EXECUTIVE



# TERMS AND CONDITIONS OF BUSINESS

## DEFINITIONS

*"Baker Tilly" or "the LLP" or "We" or derivatives:* The United Kingdom LLP to which this Engagement Letter applies, as identified in the Engagement Letter.

*"Baker Tilly Entities":* Baker Tilly UK Holdings Limited and persons, bodies corporate or partnerships controlled (directly or indirectly) by it.

*"Baker Tilly Parties":* Baker Tilly Entities and all other independent member firms of the Baker Tilly International organisation and in each case their affiliates, partners, principals, members, owners, directors, staff and agents, and any successor or assignee..

*"Client Party" or "you" or derivatives:* The addressees of the Engagement Letter, related reports and comfort letters.

*"Engagement Letter":* The letter that incorporates the Terms and Conditions of Business and the Terms and Conditions of Business.

*"Prospectus":* Any Listing Particulars, Offer Document, Prospectus, Circular and Admission Document or any other relevant formal document as defined within the Engagement Letter.

*"Services":* The services delivered to the Client Party by Baker Tilly and which are the subject of the Engagement Letter.

*"Transaction":* The actual or proposed transaction or matter in connection with which the Services are to be provided.

An English limited liability partnership is a body corporate which has "members" and not "partners". Baker Tilly has nevertheless decided to retain the traditional title of "partner". Therefore, when we refer in the Engagement Letter or otherwise in the course of your dealings with us to an individual being a "partner", that title means the individual is a member of the LLP or one of the other Baker Tilly Entities.

## 1 Engagement terms

1.1 All work by the LLP for the Client Party will be in accordance with the Engagement Letter, of which the Terms and Conditions of Business form an integral part, or any subsequent written variation agreed by an authorised representative of the LLP and the Client Party. You or we may terminate the

engagement at any time without penalty. If the work is terminated, by you or by us, before the work is completed, the LLP shall be entitled to its fees accrued until the date the engagement is terminated. Notice of termination must be given in writing.

1.2 The Engagement Letter forms the whole agreement between us in relation to the subject matter hereof. In addition you warrant that in entering into the Engagement Letter you have not relied on any representation made by us except for any such representation that is expressly set out in the Engagement Letter.

1.3 The Engagement Letter replaces and supersedes any previous proposal, discussion, correspondence or agreement between us in relation to the Services.

1.4 Amendment to the Terms and Conditions of Business may be made only by specific reference to the relevant clause in the Terms and Conditions of Business. In the event of a conflict between the Terms and Conditions of Business and the letter incorporating the Terms and Conditions of Business, the letter will prevail.

1.5 The obligations of each addressee of the Engagement Letter under the 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 Changes in scope

2.1 The scope of our work will be limited to the matters set out in the Engagement Letter. However, this does not preclude us from considering changes to the scope of our work as the assignment proceeds.

2.2 Should you require any additional services, we will be pleased to discuss any request with you. We would note, however, that we are under no obligation to provide such additional services.

2.3 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. The Engagement Letter will remain in place and fully effective until varied or replaced by written agreement between us.

2.4 Any agreement to provide additional services will include the payment of

reasonable additional fees and a reasonable additional period to provide such services.

- 2.5 Prior to accepting or imposing any contractual terms that would commit you to providing or obtaining any report from us, please discuss the matter with us first. Following such discussion, we will advise you whether or not we would undertake any additional services and, if so, the terms on which such work would be undertaken.

### **3 Investment business**

- 3.1 We may, in the course of professional services set out in the Engagement Letter, assist you with regard to exempt regulated activities that are incidental to the other professional services.

- 3.2 If, during the provision of the Services, you need advice on investments, we may have to refer you to someone who is authorised and regulated by the Financial Services Authority ("FSA"), as we are not. We are able, in certain circumstances, to offer a limited range of investment services because we are a member firm of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

- 3.3 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.

### **4 Fees and expenses**

- 4.1 Unless otherwise specifically agreed in the Engagement Letter, our fees will be based on hourly rates that take account of the level of partners and staff assigned to the engagement.

- 4.2 Expenses incurred, including travel and subsistence, and goods and services purchased on the Client Party's behalf, are re-charged to you.

- 4.3 It is Baker Tilly's policy to agree a specific billing schedule with each Client Party but in the absence of such agreement, the following shall apply:

- a) in relation to most non-recurring work (e.g. audit and corporate finance work) we will bill 50% of the expected fee on commencement of work, 25% of the expected fee when the field work is completed and bill the balance of our fee (including disbursements and extra charges) on completion of the Services;
- b) where other non-recurring work (e.g. company tax "health checks" and other

corporate tax planning advice) is undertaken, it is billed when the Service has been provided;

- c) when dealing with recurring work, such as personal and corporation tax computations, bills are rendered on completion of the computations and/or tax return. A further bill is rendered for any additional costs arising from correspondence following submission of those documents to the Inland Revenue; and
- d) where continuous work is undertaken (e.g. advisory services, preparation of VAT returns and accountancy work), fees will be rendered monthly or quarterly depending upon the extent of the work undertaken. Fees will normally be billed when the value of the work performed since the last bill exceeds £250.

- 4.4 All fees and expenses will be subject to VAT (or exempt from VAT) in accordance with VAT regulations and guidance.

- 4.5 Time for payment of fees and expenses shall be of the essence, and you agree to pay promptly all sums due under the Engagement Letter. A VAT invoice will be issued on receipt of payment.

- 4.6 We may charge interest on any outstanding balances at the rate prescribed from time to time in accordance with Section 6 of the Late Payment of Commercial Debts (Interest) Act 1998.

- 4.7 Fee estimates given by us are given in good faith but will not be contractually binding.

- 4.8 We may offer facilities for standing order payments based on agreed estimates for future annual fees. As an alternative to the schedule of payments relating to fieldwork we also accept monthly or quarterly standing orders against our estimated annual fee. In these cases an annual adjustment is made to deal with extra work and disbursements.

### **5 Limitation of liability**

- 5.1 You agree that the following provisions will govern the extent of Baker Tilly's liability for loss or damage you may suffer arising out of this engagement.

- 5.2 Baker Tilly's liability will be limited to that proportion of loss and damage which is just and equitable having regard to the extent of the Client Party's own responsibility and that of any other party who may also be liable to the Client Party in respect of it.



- 5.3 Baker Tilly's aggregate liability in respect of all claims by all addressees of the Engagement Letter shall be limited to the amount specified in the Engagement Letter or, if no amount is specified there, to £1 million if the Transaction value is equal to or less than £1 million, and otherwise to £1 million plus one third of the excess of the Transaction value over £1 million up to a maximum total limit of aggregate liability of £25 million.
- 5.4 Where there is more than one Client Party the limit of liability specified above will have to be allocated between the Client Parties. It is agreed 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. For the avoidance of doubt the aggregate of all such allocations shall not exceed the limit applicable pursuant to clause 5.3 above.
- 5.5 Claims will be made only against the LLP and not against any other Baker Tilly Parties save to the extent that any Baker Tilly Parties perform services pursuant to their own separate letter of engagement. You agree that any other Baker Tilly Parties may rely upon the Contract (Rights of Third Parties) Act 1999 should they need to enforce this clause.
- 5.6 Any claims 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.
- 5.7 Except as expressly provided in the Engagement Letter no person other than a party to the Engagement Letter may enforce the Engagement Letter by virtue of the Contracts (Rights of Third Parties) Act 1999 (the "Act"). Notwithstanding any benefits or rights conferred by the Engagement Letter on any third party by virtue of the Act, the parties to the Engagement Letter may agree to vary or rescind the Engagement Letter without any third party's consent.
- 5.8 These provisions do not apply in relation to:
- death or personal injury;
  - loss and damage arising from fraud or wilful default on our part; and
  - any other situations in which the limitation of our liability is prohibited by law.
- 6 Staff**
- 6.1 Without our written approval, you will not offer employment to any member of Baker Tilly's or of any Baker Tilly Entities' staff ("Staff") working on an engagement for you; nor will you use the services of any such member of Staff, either independently or via a third party, for a period of six months following the end of any involvement by the individual concerned with any engagement for you. Breach of this condition will render you liable to pay liquidated damages equal to four months' fees for the Staff member concerned.
- 6.2 Your obligations under clause 6.1 shall not apply to anyone who (A) has responded to any advertisement for a position that is generally available to the public; or (B) who, at the time of the solicitation is not employed by us (and has not been employed by us for sixty (60) days), or (C) is solicited through the use of an independent employment agency (so long as it is not directed to solicit the staff of Baker Tilly or any Baker Tilly Entity).
- 7 Working for other parties**
- 7.1 The functions and duties that the LLP undertakes on behalf of the Client Parties shall not be exclusive in that nothing in the Engagement Letter shall prevent or restrict Baker Tilly from carrying on its profession or business. In particular, Baker Tilly reserves the right to act at any time for other clients who may be competitors of yours or in respect of whom issues of commercial conflict may arise.
- 8 Conflicts of interest**
- 8.1 In accordance with relevant ethical requirements we have put in place procedures to identify situations where a specific legal or ethical conflict of interest may arise. However, we cannot be certain that our procedures will identify all such situations, in part because it is difficult for us to anticipate what you would regard as a conflict. If you are, or become, aware of any potential conflict affecting our provision of the Services, you will notify us immediately.
- 8.2 Where a specific legal or ethical conflict, actual or potential, is identified, and we believe that implementing appropriate procedures can properly safeguard your interests, we will promptly notify you (subject only to clause 10 and to any obligations we may owe to third parties).

explain the safeguards to be implemented and obtain your consent to their implementation. There may, however, be circumstances where we consider that your position cannot be safeguarded and in such circumstances, the Services may be terminated. In order to maintain confidentiality, we may not be able to explain all the reasons for terminating the Services.

## **9 Publicity**

9.1 Baker Tilly is keen to obtain publicity for work undertaken on behalf of clients. This could include both internal and external publicity. Unless details of the work undertaken for you are publicly available, written permission to attribute work for you externally will always be obtained in advance. Notwithstanding this condition, we assume the right to use references in proposals or other similar submissions made to other prospective clients, unless you expressly prohibit such disclosure.

## **10 Confidentiality**

10.1 Subject to clause 11 below:

- a) Baker Tilly and each Client Party shall (and will use their reasonable endeavours to procure that their partners, directors, officers, agents, contractors and employees shall) at all times keep confidential and shall not use, except in connection with the performance of the Services or otherwise as reasonably necessary for the purposes of the Transaction or as expressly stated in the Engagement Letter or subsequently agreed to in writing or as otherwise required or permitted or permissible in law, any confidential information, letters, reports, information, advice or opinions obtained or given in connection with the Services or Transaction;
- b) We accept no liability to any other party who is shown or gains access to any letters, reports, information, advice or opinions that we give to you in the course of providing the Services;
- c) On the basis set out in clause 1.5, you agree to accept responsibility for and hold the Baker Tilly Parties and their agents harmless from any claim (including any claim for negligence) arising out of any un-authorised disclosure, by the Client Parties and others engaged by you, of letters, reports and opinions, provisional or final, given by Baker Tilly whether in writing or otherwise. This undertaking will extend to the cost of defending any such claim, including payment at our

usual rates for the time that we spend in defending it; and

- d) You will keep confidential any methodologies and technology used to carry out the Services. Baker Tilly retains copyright in all such material provided to you.

## **11 Compulsory disclosures**

11.1 Clause 10 shall not prohibit disclosures required by law or by the rules of any governmental or regulatory body or disclosures made for the purposes of pursuing any legitimate claims that you may have against us or (as the case may be) we may have against you or other persons

11.2 Clause 10 shall not prohibit the disclosure of any reports or letters provided in connection with the Services where it is reasonably necessary for the purposes of:

- a) notifying insurers concerning any actual or potential dispute relating to the Services; or
- b) resolving any actual or potential dispute relating to the Services; or
- c) in connection with any defence advanced in any proceedings advanced in any jurisdiction.

11.3 Clause 10 shall also not prohibit the disclosure of any information which is now within the public domain, or which is obtained from a third party who is entitled to disclose it publicly, and shall cease to apply to any information which subsequently enters the public domain except as a result of a disclosure which is contrary to these provisions.

## **12 Continuation**

12.1 The provisions of clauses 10 and 11 shall continue in full force and effect notwithstanding the termination of our appointment hereunder or the completion of the Services.

## **13 Information relevant to the Services**

13.1 When reasonably requested by us, you accept responsibility for making available to us and/or granting full access to, as and when required, all documents, information and assistance, IT systems and infrastructure (together referred to as "Information") that we may require for the purpose of undertaking the Services. You will ensure that all such Information is complete and accurate and, to the extent permissible by law, we will not be responsible for any consequences that may arise from your failure to do so.

- 13.2 You agree to grant us a free licence to use your intellectual property rights to the extent necessary for the provision of the Service.
- 13.3 To the extent that such Information is not in your control or possession, you will also use your best endeavours to procure that the required Information is made available to us.
- 13.4 You undertake to notify us promptly if anything occurs within a reasonable time after Information has been provided to us to render any such Information untrue, unfair or misleading. You also undertake (if required by us) to take all reasonable steps to correct any document, announcement or communication issued, containing, referring to or based upon any such information.
- 13.5 You acknowledge that Information made available by you or otherwise known to individuals within Baker Tilly or other Baker Tilly Entities who are not engaged in the provision of the Services shall not be deemed to have been made available to the individuals within Baker Tilly who are engaged in the provision of the Services. Further, we shall not be obliged to disclose to you, nor to take into account in providing the Services, any information if to do so might breach obligations owed to other persons or the rules of any governmental or regulatory authorities.
- 14 Other professional advisers**
- 14.1 In order to provide the Services, it may be necessary or desirable that other professional advisers are instructed to provide assistance where we do not have the relevant expertise. Where other professional advisers are instructed, we will place reliance on their opinion and we will refer to their opinion and our reliance upon it in any report as appropriate.
- 14.2 You shall be responsible for the appointment of other professional advisers relevant to the Transaction and for their fees and expenses.
- 14.3 We shall have no liability for the non-delivery or non-performance of services by a third party (other than our express agents) in relation to our Services or any part thereof. Additionally, we shall not be liable for the acts, omissions, misrepresentation or error of any third party supplier introduced or recommended by us.
- 15 Electronic publication of documents including our reports, letters or opinions**
- 15.1 We acknowledge that there may be circumstances where the Client Party may wish to publish the financial statements and audit report, a financial promotion, Prospectus or other document (together referred to as the "Document") that includes our reports and letters, on its website or distribute it by e-mail. We reserve the right to withhold our consent to the electronic publication of such a document if, in our reasonable opinion, it is to be published in an inappropriate manner.
- 15.2 The Client Party is responsible for ensuring that any such publication properly presents the Document, advising us in advance, and obtaining our consent in respect of intended publication. It is also responsible for the controls over, and the security of, the website, and for establishing and controlling the process for electronically distributing the Document.
- 15.3 The website will include a clear statement of responsibility for the maintenance and integrity of the website. In the absence of such a statement we will include a note at the end of our reports and/or letters to the effect that "The maintenance and integrity of the company's website is the responsibility of the directors. The work carried out by [the relevant LLP] does not involve consideration of those matters and, accordingly, we accept no responsibility for any changes that may have occurred to the Document since it was initially presented on the website".
- 16 Nature of our work**
- 16.1 Except as specifically agreed and referred to in the Engagement Letter, our work will not be an audit as conducted in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board or any other auditing standards. We will not seek to verify the accuracy of the Information provided to us. In many cases we will accept the explanations and assurances we receive from the directors, officers and employees of the entity the subject of this engagement.
- 16.2 We will, however, satisfy ourselves that such Information is consistent with other information provided to us. We may also request written confirmation from relevant persons that such Information provided to us is complete and accurate and that any report prepared by us in connection with the Services is factually accurate and contains all matters of significance within the scope of the Engagement Letter.
- 16.3 Our review may not discover matters that would, under normal circumstances, come to our attention if we were to undertake an audit. It may not cover matters that are not apparent to us from reasonable enquiry.



- 16.4 Where we are engaged to prepare a report and/or letter for inclusion in, or in connection with, a Prospectus, our work will be undertaken in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board.
- 16.5 In relation to information technology systems, we make no representation or warranty that our advice is complete or that any action you take or do not take as a consequence of our advice will result in the functionality and/or performance of your computer systems.
- 17 Discovery of fraud**
- 17.1 We will not direct our work to the discovery of errors or misstatements that we consider to be immaterial. Our work will not be planned in order to prevent or detect irregularities, fraud or misrepresentation by management or external parties.
- 17.2 We will not be responsible or liable for any loss, damage, or expense whatsoever and howsoever caused, incurred sustained or arising if information material to our Services is withheld or concealed from us or wrongly represented to us or from fraudulent acts, misrepresentation or wilful default on the part of any party to the Transaction and their directors, officers, employees, agents or advisers. This exclusion shall not apply where such misrepresentation, withholding or concealment is or should (in carrying out the procedures which we have agreed to perform with reasonable care and skill) have been evident to us without further enquiry.
- 18 Recommendations**
- 18.1 Our work and findings shall not in any way constitute recommendations regarding the completion of the proposed Transaction. You are responsible for determining whether the scope of our work is sufficient for your purposes in the context of your wider investigations and due diligence. If we were to perform additional procedures or extend the scope of our work into other areas we might identify other matters that may affect our Services.
- 19 Compliance**
- 19.1 You will ensure that you have and/or obtain all authorisations, consents and approvals of any governmental or other regulatory body or authority as are necessary to enable you to engage in the Transaction and carry on the activities in respect of which the Services are provided.
- 19.2 You will ensure that you, together with all directors, officers, employees and agents, will at all times comply with all applicable legal and regulatory provisions of which you are, or should reasonably be, aware in any jurisdiction including the United Kingdom, to the extent applicable.
- 19.3 As with other professional services firms, we are subject to stringent requirements to identify our clients for the purposes of anti-money laundering legislation. We are likely to request from you, and retain, some information and documentation for these purposes and/or make searches of appropriate databases. If satisfactory evidence of your identity is not provided within a reasonable time, there may be circumstances in which we are not able to proceed with the engagement.
- 19.4 The nature of our business is such that, under the Proceeds of Crime Act 2002, partners and staff of the LLP are required to report all knowledge or suspicion that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed, regardless of whether that offence has been committed by you or a third party. If, as a result of the provision of the Services, we have knowledge or suspicion that such an offence has been committed we are required to make a report to the Serious Organised Crime Agency. In such circumstances we are not permitted to discuss such reports with you.
- 20 Communication and meetings**
- 20.1 We will raise all matters that we consider to be of significance with you and, where appropriate, your advisers as they arise during the course of our work.
- 20.2 We shall keep you informed on the progress of our work and give prompt warning of any matter which comes to our attention that, in our opinion, may affect our ability to provide any of the requested reports, letters, confirmations and assurances without qualification and also of any material problems which arise which we consider may affect the delivery or timing of any of our reports or letters, or affect the feasibility or timing of the assignment or are likely to cause you to revise the scope of our work.
- 20.3 Informal oral comments made in discussion with you about any report or draft report to be prepared as part of the Services will not have any greater significance than explanations or other material contained in the final report. Reliance should only be placed on information and comments set out in the final signed report. Oral statements which we make, and are considered by us to be significant, will be included in the report.

- 20.4 During the course of our Services we may show drafts of our reports to you. This is done on the basis that they are subject to revision and alteration and no reliance should be placed on any draft document without our prior written consent. We have no responsibility to update our reports and letters for events that take place after they have been issued.
- 20.5 Where it is agreed between us that any of our comfort letters, reports, consent letters and other work associated with the Transaction, will be included in or referred to in a public document, we shall need to be satisfied with the form and context in which our reports and statements attributed to us are presented in the final version before giving consent to the inclusion of them in the public document. In such circumstances, you agree we shall be given the opportunity to attend drafting meetings and will be promptly forwarded copies of the proofs of the public document for our review.
- 21 Electronic communication**
- 21.1 During the conduct of this engagement we may wish to communicate electronically with each other. However the electronic transmission of information cannot be guaranteed to be secure or error free, as it will be transmitted over a public network, and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. We each agree to use reasonable procedures to check for the most recently known viruses before sending information electronically, but we recognise that such procedures cannot be a guarantee that transmissions will be virus free.
- 21.2 We shall each be responsible for protecting our own interests in relation to electronic communications. Neither of us (in each case including our respective partners, directors, employees or agents) shall be liable to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us or in reliance of such information.
- 22 Ownership of Papers and Intellectual Property**
- 22.1 All correspondence and papers in our possession or control and generated for our internal purposes (including our working papers) or addressed to us relating to the Services or the subject matter of the Services shall be our sole property.
- 22.1 We retain all copyright and other intellectual property rights in everything developed by us either before or during the course of the provision of the Services, including rights in all reports, written advice or other materials provided by us.
- 23 Document Retention Policy**
- 23.1 Whilst certain documents may legally belong to you, unless you tell us not to, we intend to destroy correspondence and other papers that we store, electronically or otherwise, which are more than seven years old, other than documents which we think may be of continuing significance.
- 24 Timetable**
- 24.1 We will discuss with you the nature and timing of the programme of work we intend to carry out and the most effective way of implementing it. Deadlines for completing the various aspects of our work will be agreed following such consultation. The timetable for completion of the Services assumes that the information we require to carry out our work will be made available in good order on a timely basis.
- 25 Custody**
- 25.1 Where we provide custody of title documents belonging to you, we:
- will charge for such services separately from our other fees, on the basis stated in the section titled Fees;
  - will provide you with annual statements or records of title documents; and
  - may appoint sub-custodians to undertake the arrangements for the custody of your title documents.
- 26 Client Money**
- 26.1 Interest will be paid on client money held on your behalf where such interest exceeds £20 per annum at a rate no less than that applicable to small deposits subject to the minimum period of notice of withdrawal.
- 27 Force Majeure**
- 27.1 Neither of us will be liable to the other for any delay or failure to fulfil obligations caused by circumstances outside our reasonable control.
- 28 Assignment**
- 28.1 Neither of us may transfer nor assign any rights or obligations under the Engagement Letter without the prior written consent of the other party.
- 29 Quality assurance**
- 29.1 As a matter of routine, we carry out quality assurance procedures on all work performed by our staff and partners. If at any time you wish to discuss with us how our Services to you could be improved, or if you are

dissatisfied with the Services you are receiving, please let us know by writing to Stephen Bowles, the partner responsible for handling complaints, at [the relevant LLP], 46 Clarendon Road, Watford, WD17 1JJ.

29.2 We undertake to look carefully and promptly into any complaint and to do all we can to explain the position to you. If we have given you a less than satisfactory service we would like the opportunity to do what we can to put it right. Ultimately, you may of course take up matters with the Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall, PO Box 433, Moorgate Place, London EC2P 2BJ or, in relation to audit work, the Institute of Chartered Accountants of Scotland, CA House, 21 Haymarket Yards, Edinburgh, EH12 5BH.

### **30 Provision of services by Baker Tilly Parties**

30.1 Baker Tilly is an independent member of the Baker Tilly International organisation. This organisation comprises independent member firms in many countries, some of which use "Baker Tilly" as part of their business name. These firms are separate legal entities and have no connection with Baker Tilly other than through their common membership of Baker Tilly International.

30.2 Unless specifically agreed, no Baker Tilly Party is the agent or partner of the LLP and no Baker Tilly Parties have authority to enter into any legal obligations on behalf of the LLP. If we introduce you to Baker Tilly Parties we do not accept any liability for work that they carry out on your behalf and you must make your own contractual arrangements with them directly.

30.3 If you instruct Baker Tilly Parties to provide services to you, the Baker Tilly Parties and not the LLP is responsible for any such advice given or services provided. Any such services will be separate from those provided by the LLP and will be subject to a separate engagement letter between the Baker Tilly Party and yourself. You agree that fees and commissions receivable by the Baker Tilly Party in relation to services provided to you will not reduce or otherwise affect the fees payable by you in respect of services provided by the LLP under this, or any other then-current engagement letter.

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

31.1 Under the Data Protection Act 1998, certain information provided to us by you may not be disclosed by us to any third party without your prior written consent. There may be circumstances, as noted above, where you

may require services provided by third parties such as other Baker Tilly Parties. For these purposes, you hereby authorise us to release such information as may be necessary for that third party to deliver such services to you.

31.2 Otherwise, we agree that in relation to any personal data you may provide to us in the course of our work, we shall act as data processors and shall process such data in accordance with your instructions and keep such information confidential and secure.

31.3 In signing the Engagement Letter you also confirm that you are willing to receive unsolicited marketing material from Baker Tilly and any Baker Tilly Entities. Please contact your engagement partner at Baker Tilly should you no longer wish to receive such materials.

### **32 Choice of law**

32.1 UK legal jurisdictions allow parties to choose the law applicable to a contract. This Engagement Letter will be subject to the law of the country in the UK in which your engagement partner resides, as identified in the Engagement Letter to which these Terms and Conditions of Business form a part, unless we agree with you in writing that some other law will apply before the start date of this Engagement Letter. The applicable Courts shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.





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## ENGAGEMENT LETTER

Between BAKER TILLY UK AUDIT LLP  
and HEALTH PROFESSIONS COUNCIL (HPC)

To the Council Members of Health Professions Council (HPC)

### INTRODUCTION

The purpose of this letter is to set out the basis on which we act as auditors of the Council and the respective areas of responsibility of the Council Members and ourselves. Our services are provided in accordance with the attached Terms and Conditions of Business date April 2007, which form part of this Engagement Letter.

### AUDIT

#### Responsibilities of Council Members and auditors

As Council Members of the HPC, you are responsible for ensuring that the Council maintains proper accounting records and for preparing financial statements which give a true and fair view and have been prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder. You are also responsible for making available to us, as and when required, all the Council's accounting records and all other *relevant* records and related information, including minutes of all management and Council's meetings.

We have a statutory responsibility to report to the members whether in our opinion the financial statements give a true and fair view and whether they have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder, and whether in our opinion the information given in the Council Management Commentary is consistent with the financial statements. In arriving at our opinion, we are required to consider the following matters, and to report on any in respect of which we are not satisfied:



- a) whether proper accounting records have been kept by the Council and proper returns adequate for our audit have been received from branches not visited by us;
- b) whether the Council's balance sheet and profit and loss account are in agreement with the accounting records and returns; and
- c) whether we have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In addition, there are certain other matters which, according to the circumstances, may need to be dealt with in our report. For example, where the financial statements do not give details of Council Members' remuneration or of other transactions, the Health Professions Order 2001 and Privy Council directions made thereunder requires us to disclose such matters in our report.

We have a professional responsibility to report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider:

- a) whether the departure is required in order for the financial statements to give a true and fair view; and
- b) whether adequate disclosure has been made concerning the departure.

Our professional responsibilities also include:

- including in our report a description of the Council Members' responsibilities for the financial statements where the financial statements or accompanying information do not include such a description; and
- considering whether other information in documents containing audited financial statements is consistent with those financial statements.

### **Scope of audit**

Our audit will be conducted in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, and will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether proper accounting records have been maintained by the Council. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.

The nature and extent of our procedures will vary according to our assessment of the Council's accounting system and, where we wish to place reliance on it, the system





of internal control, and may cover any aspect of the business's operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the Council's systems but if such weaknesses come to our notice during the course of our audit which we think should be brought to your attention we shall report them to you. Any such report may not be provided to third parties without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the Council in mind and that we accept no duty or responsibility to any other party as concerns the reports.

As part of our normal audit procedures, we may request you to provide written confirmation of oral representations which we have received from you during the course of our audit on matters having a material effect on the financial statements. In connection with the representations and the supply of information to us generally, we draw your attention to section 389A of the Companies Act 1985 under which it is an offence for an officer of the Council to mislead the auditors.

In order to assist us with the examination of your financial statements, we shall request sight of all documents or statements, including the chairman's statement, operating and financial review remuneration committee's report and the Council Members' report, which are due to be issued with the financial statements. We are also entitled to attend any general meetings of the Council and to receive notice of any such meetings.

The responsibility for safeguarding the assets of the Council and for the prevention and detection of fraud error and non-compliance with law or regulations rests with yourselves. However, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with law or regulations) but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist. If at any time the Council Members wish us to undertake detailed checking with the specific objective of investigating possible irregularities, we shall be pleased to receive your instructions.

Once we have issued our report we have no further direct responsibility in relation to the financial statements 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 which may affect the financial statements.

#### **Communication of audit matters to those charged with governance**

We will agree with those within the Council charged with governance, the timing and form of communication between ourselves.

#### **TERMS AND CONDITIONS OF BUSINESS AND ADDITIONAL TERMS**

Our Terms and Conditions of Business form part of this Engagement Letter. They include certain of the definitions used in this letter. Please read carefully these Terms





and Conditions of Business, which apply to all our work, as they include various exclusions and limitations on our liability, save where excluded below.

It is agreed that Clauses 5.1 to 5.4 (Limitation of Liability), 14 (Other Professional Advisers) and 16 (Nature of Work) shall not apply in relation to this audit assignment.

### **JURISDICTION**

This engagement letter shall be governed by, and construed in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

### **AGREEMENT OF TERMS**

We shall be grateful if you will confirm in writing your agreement to these terms by signing and returning the enclosed copy of this letter, in the prepaid envelope provided, or let us know if the services covered are not in accordance with your understanding of the assignment to be carried out under the terms of this engagement.

For the avoidance of doubt, the terms covered by the Engagement Letter shall take effect upon your written agreement to them, or upon commencement of the work to which they relate, whichever is the sooner.

Yours faithfully

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Date 17/4/07

Encs. Terms and Conditions of Business dated April 2007

Contents noted and agreed  
For and on behalf of the Council  
of Health Professions Council

Signed .....

Date .....

CHIEF EXECUTIVE