

# Subcontracting



## SUBCONTRACTING & OUTSOURCING BUSINESS AGREEMENT WITH ACCOUNTANCY FIRMS

This Sub Contracting & Outsourcing Business Agreement (hereinafter to be Termed as "Agreement") is made at

\_\_\_\_\_ day of \_\_\_\_\_ 200

by and between \_\_\_\_\_

with its principal offices located at \_\_\_\_\_

Whereas **The Client Firm** is engaged in providing highly professional and technical services including Accounting, Book-keeping, VAT, Taxation, Tax Returns, Business Consultation advice, Financial advice etc which involves high level of responsibility, confidentiality and information security towards its clients in regards with their business information.

And Whereas, **The Client Firm** wishes to outsource Accounting, Book-keeping, VAT, Payroll and Tax Returns preparation work relating to its clients to **DASPL**. In return, **DASPL** has consented to provide services as per requirement of **The Client Firm**.

**The Client Firm** will be handing over sensitive business information, documents and matters of the utmost confidential nature to **DASPL** in order to enable it to provide requisite services aforementioned. **DASPL** shall remain entitled to carry out its work at its premises within and / or outside the United Kingdom.

Therefore, on confirmation of the promises and undertakings extended by **DASPL** to confirm to requisite standards of secrecy, responsibility and constraints desired, whereby **DASPL** will not mention to any Third Party that it does work for **The Client Firm** nor will **DASPL** contact the clients of the **The Client Firm**, **The Client Firm** has decided to enter into this **Agreement** for consideration and price agreed upon as per following terms and conditions.

In consideration for **The Client Firm** business deal and disclosure of confidential trade/business information to **DASPL** and consideration, both the parties mutually covenant and restrict/bind themselves to the terms and conditions, contained in this **Agreement**, as follows:

### Section 1: Obligations of DASPL

- 1.1 **DASPL** will keep information and data records of clients of **The Client Firm** Confidential and secured and will not contact them unless desired or permitted by A Partner in writing by **The Client Firm**
- 1.2 **DASPL** will not engage in any activity that would make it a competitor of **The Client Firm** in providing Accounting, Book-keeping, Payroll, VAT, Taxation, Business Consultancy, Financial Services, Tax Return to its clients
- 1.3 **DASPL** will keep **The Client Firm** client information confidential / secret and not disclose this information to a Third Party without express permission or direction / instruction given by a Partner in writing of **The Client Firm**
- 1.4 **DASPL** will aim to complete assignments(s) within a reasonable time frame, which will be based on the assignment completion date mutually agreed between **DASPL** and **The Client Firm** subject to force majeure. Provided all information is available Accounts will be ready within 3 weeks, (after **DASPL** has been given the final go ahead to complete on information given. **DASPL** cannot finalise until this message is received). VAT within 3 days, Payroll within 24 hours, Tax Returns within 3 days, Cash Flow & Management Accounts within 3 days.
- 1.5 **DASPL** will keep **The Client Firm** informed and updated regarding progress of each assignment.

### Section 2: The Client Firm Obligation

- 2.1 **The Client Firm** shall advice and / or inform **DASPL** of all and any specific requirement(s) pertaining and relating to all and any assignment(s) prior to its commencement, within a rational time period.
- 2.2 **The Client Firm** will pay **DASPL** invoices 14 days from receipt. **DASPL** will raise invoices only after file/work is completed. (not applicable for clients on package deal)
- 2.3 **The Client Firm** shall keep confidential all and every financial arrangement(s) Between **The Client Firm** and **DASPL**
- 2.4 **The Client Firm** will assist **DASPL** in case its clients use different software than which **The Client Firm** does, in order **DASPL** can complete the assignment correctly as instructed by **The Client Firm**.

### Section 3: Law & Jurisdiction

- 3.1 This **Agreement** and all matters arising from it including all country dispute resolutions shall be governed by and construed in accordance within English Law or origin of the client firm.

### Section 4: Dispute Resolution

- 4.1 In case of any dispute arising as a consequence of or in relation to interpretation of any clause of this **Agreement** shall be referred to and resolved by reverting to Arbitration, through a mutually appointed Arbitrator/Umpire whose decision and findings shall be binding on both the parties. This Arbitrator/Umpire shall be a judge of both law and facts and an expert approved by the ICAEW or ACCA. or professional accountant body of the client firm

### Section 5: Work Quality: Client Firm dependency

**The Client Firm** accepts that **DASPL** cannot and will not be speaking or communicating to the client of **The Client Firm**. Under these circumstances

**DASPL** is totally dependent upon **The Client Firm** in getting clear instructions and guidelines and where necessary comments on assumptions made. Without this Co-operation from **The Client Firm**, it will be difficult for **DASPL** to produce the quality work it is promising to **The Client Firm**.

*In brief, if you feel you cannot communicate effectively by email and phone conversations, **The Client Firm** should not give **DASPL** any work to do as this business agreement will not work.*

**DASPL** will ask for missing information, queries and matters that are of concern on a regular basis whilst preparing the work instructed and **The Client Firm** will need to answer these. *Failure to respond quickly by **Client Firm** will result in delays.*

**DASPL** will appoint a Dedicated fully qualified Chartered Accountant from their Vadodara offices to **The Client Firm**. He/She will liase with **The Client Firm** both by email & phone on a regular basis whilst work is in progress.

When **DASPL** sends draft accounts, electronically, **The Client Firm** needs to comment as to assumptions made to be changed or anything, however small, which it believes to be incorrect to be highlighted.



**DASPL** will not despatch final file to **The Client Firm** until it receives confirmation to do so or if it hears nothing after 48 hours of the second set of draft accounts forwarded to **The Client Firm**.

As long as communications are clear, queries highlighted, **DASPL** will produce quality work, which should not require the Manager to review the file longer than 3 hours. Partner time will be further 1 hour. However, during our first few files with you, as we get to know your standards of working, the initial files may require more time. This you would agree will apply in the case you took any new employee. Therefore for the first few files maximum please allow for a Senior / Manager time of say 5 hours with partner time of 2 hours. Thereafter you should find that the overall Manager / Partner time should reduce to 4 hours per file.

However if **DASPL** has been instructed to finalise on the basis of substantial missing information and on little or no guidelines given when asked, **The Client Firm** will have to spend more time on review and is quite likely to find having to make several adjustments. **DASPL** is happy to do these adjustments at no further costs; irrespective. However **DASPL** in this situation will not re-imburse any of its fees as stated later here.

**The Client Firm** also has to acknowledge that there are possibilities of certain minor human errors being due to wrong interpretation of certain documents. As full schedules are prepared, **The Client Firm** will be able to pick upon this very quickly.

**The Client Firm** also acknowledges that **DASPL** quality is up to senior position. I.e. it does expect **The Client Firm** to review the work of a senior; in brief someone of Manager level will review **DASPL** work. If **The Client Firm** does not have a Manager, the Partner or Owner will review **DASPL** work

**DASPL** will re-imburse **The Client Firm** where **The Client Firm** has communicated well and where there is very little missing information

10% of its fees if Review took longer than 5 working hours at Senior/Manager/Partner level

20% of its fees if Review took longer than 8 working hours at Senior/Manager/Partner level

**If the Senior/Manager/Partner of The Client Firm feels it is going to take longer than 4 hours to review, The Client Firm should inform DASPL and DASPL can request for the working file to be returned back to them in order that the work is completed to instructions as specified by The Client Firm.**

*The Client Firm is signing the Final accounts and thereby takes full responsibility of the Final Accounts. Further The Client Firm should not forward us work of businesses they are themselves not familiar with. For example, if The Client Firm has never done a Travel Agency set of Accounts they should not forward such a file to us. It is not that we cannot do these accounts, it is that as we are not in a position to talk to the final client directly, and this can result in DASPL not achieving its normal standards.*

## Section 6: Professional Indemnity

**DASPL** will indemnify **The Client Firm** for any gross negligence made by **DASPL**. **The Client Firm** will have its own Professional Indemnity policy.

## Section 7: Review of DASPL work

**The Client Firm** is requested to review **DASPL** work. It should not simply take the **DASPL** work as being final. All **DASPL** work has to be considered as Draft.

Comments as to serious errors of work done by **DASPL** should be forwarded to **DASPL** in order that **DASPL** is both aware of this and can improve its quality.

**The Client Firm must have its own Professional Indemnity and is ultimately responsible for the Final Accounts. DASPL is in effect a sub contractor, to be seen in effect as an employee of The Client Firm, following The Client Firm's instructions.**

## Section 8: Initial period

This should also be seen as a get to know each other period. Every Practice obviously recognises that any new employee needs some training and guidelines to start working to the Firms standards. These 5 sets of accounts will ensure that **DASPL** does future jobs even better.

**DASPL** will possibly require an additional 2 weeks to complete these first 5 accounts.

## Section 9: Software

**DASPL** has many software licences. However, if **The Client Firm** uses a programme, which is not common, **DASPL** will request a copy. It undertakes to use the programme only for **The Client Firm**. This will not breach any licencing rules. Similarly **DASPL** cannot use a particular software to prepare work for **The Client Firm** if that Client Firm does not hold that software licence.

## Section 10: Use of DASPL Services

**The Client Firm** must have the ability to communicate and give instructions by email, letter, and by phone verbal instructions.

**DASPL kindly requests The Client Firm not to get into this agreement if The Client Firm is aware it will not be able to communicate and give clear instructions by email.**

## Section 11: New instructions

Once you have work ready you scan/ download your documents down the VPN network and inform by email to [alpesh@daspl.com](mailto:alpesh@daspl.com) accordingly and cc to [niteshmy@daspl.com](mailto:niteshmy@daspl.com).

You will receive confirmation within 2 days.

## Section 12: Explanation

**12.1** This **Agreement** amongst the parties supersedes all prior proposals, discussions and writings by and between the parties relating to subject matter of this **Agreement**.

This **Agreement** may be mutually modified, amended or supplemented but, only by or through a written substitute duly executed by both the parties, that is specifically to be referenced as an amendment to this **Agreement**.

**12.2** In case any one or more of the terms and conditions of this **Agreement** becomes void, or is found/declared to be in contravention to the provisions of any law, for the time being in force, rest of the terms of the **Agreement** shall persist.

## Section 13: Operation Policy & VPN Server Facility

### Operation Policy

#### Stage 1: The Basics

##### Documents

We request that you forward all the relevant documents in one go & software back ups in one go to us in order that no time is lost in getting more missing information & we can start to work on your instructions.

All needs to be scanned through to us, preferably through our VPN network instead of email. VPN is secure, confidential & reliable. Large emails may not be delivered safely.

Cheque stubbs, Paying books, petty cash vouchers, sales vouchers, Should be entered on spreadsheet and scanned to us.

##### Last Year Working File

It is important that you scan this down to us as well in order that we prepare this years working file in exactly the same format; i.e. same references, schedules, accounting basis.

Without last years file, you will need to give clear instructions as to how we are to prepare your work. We want to make sure we deliver what you expect from us; the same if not higher standards.



## Software

Whilst we have most of the major software packages under licence, it may be possible that we may not have yours. In this case please send us a copy and manual, password & other codes. No licencing rules are broken, if we are using this software as a sub contractor for you only.

In some cases you may require a second site licence or a portable one. Most software licences approve this without any additional cost; some however may impose a charge. Please check with them by simply saying we need to use the software in another office on another site.

## Stage 2: Actual Operations

### Documents

A. Once we receive your documents etc we log in all information received and thereafter forward you a list of what we have received and what documents we still require (as we take a view that a complete record job needs to be done). We have standardised this format and your Practice may not consider some of it to be relevant. Please therefore reply back to us as to .

- (1) Irrelevant...Please disregard
- (2) Will get back to you on the following:-
- (3) Enclosed is following from missing information request

B. Once we process all the documents we have, we will forward you a list of fundamental queries which may include identification of certain documents; explanation of certain documents/ transactions and finally there may be some handwriting we may not be able to read properly and therefore will need your assistance.

The earlier you reply the sooner we can continue to complete your instructions. Your reply will be much appreciated.

C. Thereafter the next stage of queries will be when we are preparing the Accounts/ Tax Return/VAT Return/ etc. We will endeavour to forward you all of these queries in one go. (on some occasions and we apologise, some explanations can result in different more queries).

D. Upon reply, we will forward you our first draft accounts with full working file to date. We will list assumptions made, estimates made, points of queries we still require resolved (in suspense account), points to review with client & of concern; outstanding points.

E. **We request that you review our work to date & come back to us what we need to adjust, why etc, any major approach we have taken incorrectly ( this is unlikely but possible ), your comments, answers to queries, comments & amendments for estimates, assumptions, outstanding points, suspense account, etc.**

**If you have not given us adequate information & not answered our queries, please note that you will naturally end up spending much more time in reviewing our work & reviewing the first draft.**

F. Upon receipt, we will proceed as per your instructions & thereafter forward you the 2nd draft now and once again the whole working file. **We will highlight the pages in the working file that have been amended.** We will also forward list of points, points to review etc. the updated version and suspense account; the revised estimates, assumptions.

G. We thereafter await your confirmation that all is in order & we can close the file at our end or if we receive requests from you to make further changes we will do so and forward the 3rd draft (4th..5th.) along with the amended pages until you are satisfied.

H. For Ltd companies, we will forward a provisional CT and we are happy to forward a final one upon you sending us final data.

I. Finally we are happy to make adjustments post client review.

## Communications

Throughout the period we have work in progress, you will receive phone calls from your dedicated Chartered Accountant on a weekly basis (more if required) and regular emails.

We believe in confirming everything in writing.

Please see us a new employee of yours. Every new employee takes a little time to settle down as he has to understand your Firm's style of working, and to adjust to fellow colleagues. Some say it takes on average 3 months to get a new employee to settle down before they start producing work to expected standards.

A new employee needs to be guided & needs to be instructed correctly. His work needs to be reviewed at regular intervals, normally twice a day; and he needs replies to his queries as soon as possible in order he can complete task given on time.

We believe we are in exactly the same position as a new Employee of yours.

- It will take us about 5 files to settle down.....and you will see our best thereafter, substantially less time than a new employee
- We do require clear instructions
- We do require our emails to be replied to and we do require queries to be answered as early as possible. We do require you to review our drafts
- We do require our phone calls to be answered

We do require adequate client information to complete our task

**If the above does not happen, we regret that you will find the work flow to be slow & you will need more time to review our work.**

## Year End Accounts & Book -Keeping

In the event you are going to request us to do a full creditors or full debtors listings, which will be a separate assignment than normal preparation of year end accounts and will be based on hourly charges, kindly ensure that

- We have previous opening lists
- All necessary documents
- You have allowed for time required to do Book-Keeping

A. If we are to do Accounts only, there will be no need to scan us client documents apart from all nominal expenses, purchases of fixed assets, capital introduced, loan & other finance agreements, VAT returns with workings, all the Business Bank statements, cheque stubbs, instead of scanning us all sales & purchase invoices of the client. We would prefer all the Nominal Ledgers of assets, liabilities and P&L Accounts, opening & closing trial balance where book-keeping data not made available in the cases where book-keeping has already done for a client

B. If we have to do Book-Keeping, we will need all sales & purchase invoices or very good cash Book; details of all payments paid & to whom; details of all receipts received & from whom; and opening balances.

C. On wages, please send us monthly summaries and P35, P60, P14, P11D, details of payments of social security. No need to send individual wage payslips.

D. Stock valuation report in case there is one. Clients own creditors & debtors list if there is one.



**Payroll**

Please forward us your software with last Payroll run. We will take it from there.

We thereafter simply need details of Employee Name, hours at what hourly rate or pay per week/month. Details of deductions and in future change of PAYE coding.

Let us know new persons joining, their details, Name , Male/Female, Mr/Mrs/Ms, Date of Birth, Address, NI number, PAYE coding, last payslip or P45, etc & those leaving.

Upon receipt, we will contact you in case anything is not clear. Otherwise we will process, double check & forward processed data for you to print.

We will communicate by phone & email..

We always phone you, therefore there are no costs from your side. In case you have Skype, let us know.

We are happy to forward you

- 1: Letter per client
- 2: All summaries
- 3: BACS form
- 4: Cash schedule if required

We are happy to make any number of adjustments.

We are happy to do all your forms P45, P46, P38, etc & we are happy to do on line filing for P35.

At year end, which we will complete no later than 30 April , we will forward you P14, P60, P35.

Will be happy to assist in P11D processing.

We offer a comprehensive Payroll service.

**Book- Keeping & VAT**

Kindly forward us all the documents by scan.

Happy to process Sales & Purchase Ledger, VAT, Bank Rec. Software's currently used are Sage, VT, TAS, Quickbooks, MYOB and of course Excel. Happy to use others. These will be processed & thereafter we will forward you queries. Upon receipt of your reply, work will be finalised.

We can turnaround jobs within 3 working days. We will forward you a WIP report in order that you are aware of which jobs are at what stage.

**Tax Returns**

Forward us the information & software you use; we will process, forward queries & upon receipt, complete & re-send to you the data. Could not be simpler.

**Section 14: Termination**

14.1 Both **The Client Firm** and **DASPL** do hereby mutually agree that The Client Firm can terminate this Agreement by giving 1 Month Notice.

The parties hereto have set their respective hands onto this Agreement on this

Day of \_\_\_\_\_ of \_\_\_\_\_ 200 \_\_\_\_\_ first Aforementioned.

**For The Client**

Name

Position

Signature

Date

**For The Firm for DASPL.**

Name

Position

Signature

Date

Note : Two original copies of this **Agreement** have been signed in original and executed, both parties shall be in possession of one original copy each.

**VPN Server Facility**

**We highly recommend that you scan all your documents that we will require to prepare your work by using our VPN network. This will save on download time and it will be 100% accurate. We will call you later to discuss this further and we will also email you instructions.**

**The other big advantage is that your work will be done faster and there will be no need for any documents to leave your office.**

A. To save time, we request you scan all documents to us through our VPN network rather than ask for collection from your offices. This way we get the copy documents we require to process your work & you have all your clients prime documents with you.

B. In most cases, if we get scanned documents from you, especially all that are required to do your work, we will complete

- Accounts : Within 21 days of receipt
- Tax Returns : Within 3 days of receipt
- Payroll : 24 hours
- Management Accounts : Within 3 days
- Cash Flow projection : Within 3 days
- VAT Returns : Within 3 days
- Book Keeping : Within 3 days

*All working files will be downloaded for you.*

C. Upon your confirm that you want to be connected, we will call you & email you as to how the VPN system operates and give you instructions. It is easy to connect and makes downloading 100% secure, confidential and accurate.

**Requirements:-**

- 1. You should have either windows XP or windows 2000 with internet access to enter this network.
- 2. Any good configuration P4 or Celeron computer will work for this system.

If you fulfill the above requirement and if you want to use this facility please let us know so that we can send you the step for getting connected to our VPN server along with user name and password.

