

# BRADFORD WATTS

## TAX EVASION CODE OF CONDUCT POLICY

### Summary

This code of conduct summarises the procedures of Bradford Watts Ltd. and its subsidiaries to ensure all Bradford Watts Ltd. associated persons, including employees and those acting on our behalf, do not facilitate tax evasion.

### Statement

Tax evasion, tax fraud and attempts to facilitate such actions are antithetical to the ethos of Bradford Watts Ltd. These crimes cheat the government out of revenue it needs to create the conditions for our business to flourish. It amounts to little more than stealing from our customers and from ourselves. Bradford Watts Ltd. is committed to no tolerance for tax evasion, and we are committed to a dedicated programme to counter the risk of any employee, contractor, business partner or representative of our company engaging in the criminal facilitation of tax evasion.

We expect everyone who works with our company to fully comply with their tax obligations. We will not tolerate, permit or allow any person associated with us to engage in the facilitation of tax evasion or tax fraud by any of our customers, suppliers, business partners, contractors or employees anywhere in the world.

Bradford Watts Ltd. is committed to complying in full with the tax laws everywhere we operate, and we choose to do this by respecting not only the letter of the law, but the spirit of the underlying tax policy intent. We aim to pay the right amount of tax at the right time, on all the eligible profits we make.

Our total tax contribution last year was £26,617.86, which equates to an effective tax rate of 19%. We believe in paying our fair share, and that everyone working with us should too.

### Accountability and Governance

The board of our company has approved this policy and our commitment to no tolerance of tax evasion or its facilitation.

A, Lysandrou Finance Director, is responsible for monitoring compliance with this policy and is supported by his senior manager F. Pimley.

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## Employee responsibilities

Our code of conduct sets the standards of behaviour we expect all employees to adhere to. Our employees have a responsibility to take reasonable action to prevent harm to Bradford Watts Ltd. and we hold our employees accountable for their actions and omissions. Any actions that breach the Criminal Finances Act 2017 and the tax laws of wherever we operate brings harm to Bradford Watts Ltd. and will not be tolerated.

You are responsible for properly following Bradford Watts Ltd. policies and procedures. These should generally ensure that all taxes are properly paid. If you are ever asked by anyone either inside or outside our company to go outside our standard procedures, this should be reported without delay, as someone may be attempting to evade tax.

Any employee who has any concerns relating to any potential breach of this policy must immediately follow our whistleblowing policy (Appendix:01) and report the matter without delay.

## Training and Communication

All employees must familiarise themselves with our prevention of tax evasion training and ensure they have the appropriate level of knowledge for their specific roles. All employees must take into account tax evasion-focused communications from senior management and be aware of the latest internal information regarding prevention of tax evasion.

## Our risk assessment

Our risk assessment (Appendix:02) covers the categories of business operations we are involved in where there is a risk of tax evasion.

## High risk areas for our business include:

- Accounts payable
- Accounts receivable
- Payment to contractors

## The key factors which may increase risk include:

- Cash transactions
- Transactions in certain regions of the world.

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## Accounts Payable

- We only contract with businesses which have good reputations.
- Ensure all information on an invoice is correct and as expected.
- Have the full contact details of the supplier and ensure it matches to where the payment is being made.
- Specify in contacts that VAT and other sales taxes must be added to invoices and have written reasons why such added taxes are not required.
- Do not pay suppliers in cash. If cash payments must be made, ensure they are properly invoiced and a receipt is supplied.

## Accounts Receivable

- Ensure correct procedures are followed.
- Do not process off-system invoices.
- Ensure all invoices have the correct VAT coding.

## Contractors

- Any wage payments outside of payroll must be expressly approved.
- Where tax is required to be deducted at the source this must be done.
- Payments to contractors should only be made in strict accordance with company policies.
- Cash payments should not be made. If they are, invoices and receipts must be present. Any tax related withholdings must be deducted and recorded.
- Payments without deductions should only be made if there is a reasonable expectation that the recipient will meet their tax obligations.

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## Our clients

Bradford Watts Ltd. is committed to the following principles:

- Our relationship with our clients is built on honesty, integrity, mutual trust and a commitment to professionalism.
- Our clients expect us to give the best possible advice and work in their best possible interest.
- Tax evasion is antithetical to who we are as a company and goes against every fibre of our dedication to professionalism in our business.
- We firmly believe that any action which would breach tax laws or the Criminal Finances Act is not in the best interest of our clients.
- The advice we give our clients we would give to ourselves and we endeavour to ensure all advice we give on tax matters is consistent with the law and with HMRC guidance.
- Neither our company or any person associated with our business will give advice to a client that would result in a breach of the Criminal Finances Act, either for Bradford Watts Ltd or our client.
- We do not condone or support tax evasion and we will not facilitate, give advice or in any way assist our clients to commit tax evasion offences.
- We will not support or work with clients who seek to criminally evade taxes, wherever in the world the tax is owed.

## Our commitment

Bradford Watts Ltd. is committed to the following principles:

- Our business is carried out fairly, honestly, and openly in every part of our workOur values inform everything we do.
- We will never sell any product or service where we know or suspect that any aspect of the transaction is being misused, abused or otherwise corrupted for the purposes of tax evasion.
- We will never buy any product or service from any supplier where it is known or suspected that any aspect of the transaction is being misused, abused or otherwise corrupted for the purposes of tax evasion.
- We will immediately terminate any agreement or business relationship as soon as our company learns of or suspects tax evasion may be taking place.
- We will not progress any business opportunity where there is any suspicion that any aspect of it may involve tax evasion.
- We will not do business with others who do not also hold to at least the same standard of preventing tax evasion.
- Our company will regularly monitor and review this policy.
- Any employee found in breach of this policy will be subject to disciplinary action.
- We will not tolerate any contractor, business partner, representative or other third party associated with us failing to uphold this policy.
- No employee will suffer demotion, penalty, or any other adverse action for reporting any breach of this policy or from refusing to carry out an action which may lead to a breach of this policy..

D, Pitcher MD



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# Summary of key contacts

David Pitcher – MICOB – MD

Email: [David.pitcher@bradfordwatts.co.uk](mailto:David.pitcher@bradfordwatts.co.uk)

Mobile: 07966 238590

Jay Taylor – Director (Health & Safety Director)

Email: [jtaylor@bradfordwatts.co.uk](mailto:jtaylor@bradfordwatts.co.uk)

Mobile: 07973 540209

Andrew Lysandrou – Finance Director

Email: [alysandrou@bradfordwatts.co.uk](mailto:alysandrou@bradfordwatts.co.uk)

Mobile: 07970 389143

Mark Golden – Associate Director

Email: [mgolden@bradfordwatts.co.uk](mailto:mgolden@bradfordwatts.co.uk)

Mobile: 07802 658277

Fraser Pimley - TechIOSH - SHEQ Manager

Email: [fpimley@bradfordwatts.co.uk](mailto:fpimley@bradfordwatts.co.uk)

Mobile: 07518 925390

Bracey's Accountants (Audit) Limited

Registered Auditor

Unit 1 The Cam Centre

Wilbury Way

Hitchin

Herts

SG4 0TW

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## Whistleblowing policy

### What does this policy cover, and who is covered?

All employees, contractors, consultants, officers, suppliers, casual and agency workers are covered by this policy.

It sets out what they should do if they have reason to believe that something dangerous, unlawful, or unethical is apparent at work and it is affecting (or risks affecting) them or other colleagues.

When reporting concerns of this nature, it is commonly referred to as 'whistleblowing'.

We are committed to operating at all times, and within everything that we do, to the highest standards of integrity.

However, all organisations can occasionally be affected by conduct that is dangerous, against the law or breaches ethical or professional codes.

Please follow the procedure outlined at Part II of this policy to immediately report any concerns that you have about this kind of conduct, so that we can take the necessary action to address these concerns as swiftly as practicably possible.

This policy also covers the actions of third parties such as suppliers, service providers, and clients, as well as our staff. If you are concerned about a third party, please also raise them with us before approaching anyone else. Bradford Watts Ltd. SHEQ Manager, Fraser Pimley, will be able to explain how you should proceed.

We will always take your concerns seriously and they will be thoroughly investigated by appropriate personnel. Most importantly, you should feel confident to follow the Part II procedure with confidence. There will be no reprisals for individuals who bring these concerns to our attention – we value and respect all such reports and those who make them to us. We all play an important role in ensuring that our business and everyone working in and with it acts professionally, lawfully, and appropriately.

This policy is not part of ANY employment contract.

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## What sorts of activities are typically considered relevant to whistleblowing?

This is not an exhaustive list, but the types of concerns you may want to raise with us by whistleblowing could include:

- Any activity you suspect is criminal
- Any activity you suspect puts health and safety at risk
- Any activity you suspect may damage the environment
- Any activity you suspect breaches our policy on bribery and corruption
- Any failure to comply with legal or regulatory obligations
- Any failure to meet professional requirements
- Any attempt to conceal one or more of these activities

Contact: F. Pimley, Bradford Watts Ltd. SHEQ Manager, or any member of your management team if you are unsure whether something that you are concerned about is covered by this policy.

## Bullying or Harassment:

If your complaint is about the behaviour of others towards you, our bullying and harassment policy or grievance policy contain the relevant guidance on how to proceed. These types of behaviour are not covered by this whistleblowing policy.

## Confidentiality and Anonymity:

You are always encouraged to raise concerns openly, and we actively discourage anonymous whistleblowing. This is because it is not always easy to manage and to investigate anonymous reports, especially since if we are unable to ask you for clarification for further details, we may struggle to clarify and find evidence to support your allegations and/or reach an informed conclusion. In these circumstances, we risk missing evidence or opportunities to gather important supporting information, or identify helpful witnesses, because we may simply be unaware of their existence, in spite of our best efforts to uncover them.

However, if you prefer to keep your identity anonymous, we will do all that we can to ensure that you retain your anonymity, and the confidentiality of your concerns, as far as possible. If we need to disclose your identity to others as part of the investigation, we will always discuss with you beforehand both our desire and our reasons for wishing to identify you.

## We protect whistleblowers:

There are no reprisals for mistakes or if following our investigations, (which we will always conduct thoroughly and conscientiously), we conclude that there has been no breach of law, policy, or unethical conduct. However, to qualify for protection, the disclosure must, in the '*reasonable belief*' of the worker making the disclosure, show that one or more of the following events has happened, is happening or is likely to happen and that it is in the public interest to make the disclosure:

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- A criminal offence
- Failure to comply with any legal obligation
- Miscarriage of justice
- Danger to health & safety of any individual
- Danger to the environment, or,
- Deliberate concealment of any of any of the above.

If at any time, you do not feel that you have been fairly or properly treated by us in the handling of your whistleblowing concern, you must inform us immediately. You should inform the Bradford Watts Ltd. SHEQ Manager in the first instance; and if you are not satisfied with the outcome of that conversation, you should follow the process set out in our grievance policy.

We also protect whistleblowers from others, so where a whistleblower reports to us that they have been treated inappropriately by others, (including having received threats as a result of raising their concerns), we will take disciplinary action against those individuals. The consequences of us taking this action could include dismissal of such individual(s) for gross misconduct. Whistleblowers may also be entitled to take legal action against those individuals.

If you would like more information about your rights as a whistleblower and how you are entitled to be protected, you can contact <https://protect-advice.org.uk/> which is an independent charity offering free, confidential whistleblowing advice – or call them on: 030 2117 2520.

Whistleblowing to others outside of Bradford Watts Ltd.:

Our policy covers the process for raising, investigating, and resolving wrongdoing within Bradford Watts Ltd.’s offices and all external places of work.

The whistleblowing procedure that we have carefully put in place has been designed to ensure that to the best of our ability, we are able to resolve any concerns raised and to protect you as part of this process.

For these reasons, we anticipate that it would be extremely rare, if ever necessary, for you needing to involve anyone outside of Bradford Watts Ltd. as part of this process.

However, we recognise that potentially, in exceptional circumstances, you might wish to involve an external body – an industry regulator, for example – and/or the independent charity Public Concern at Work, who can direct you towards the appropriate regulator for the type of issue you want to raise.

Involving the press/media:

Involving the media in a whistleblowing matter often has the effect of inflaming the situation, not assisting it. It can significantly hamper evidence gathering and the willingness of other relevant individuals to support the process.

We therefore strongly discourage you from involving the media. We will treat any contact with the press as a serious disciplinary issue justifying dismissal unless exceptional circumstances exist. For example, we would generally expect you to have taken all reasonable steps to deal with the matter internally, or with an external regulator, and to have taken full advice from a lawyer or from Public Concern at Work, before you could justify involving the press.

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Part II:

Bradford Watts Ltd. procedure for raising a whistleblowing concern:

Please follow this procedure:

- Raise your concerns with the Bradford Watts Ltd. SHEQ Manager or a member of your management team in the first instance. You may do so in writing or in person.
- If you would prefer not to discuss your concerns with the Bradford Watts Ltd. SHEQ Manager, or you consider that your concerns are extremely serious, you should write to Mr. F. Pimley.
- Please explain that you are raising your concerns as part of the Bradford Watts Ltd. whistleblowing policy and procedure. Then set out all the key facts, including names of those involved and all relevant dates.
- You will be invited to a meeting at which you can discuss your concerns. You are entitled to bring someone with you to this meeting – and any subsequent meetings. That companion may be a colleague (or a trade union representative, if relevant). Anyone who accompanies you will be asked to agree to keep strictly confidential the contents of the meeting including any materials disclosed and/or examined during it. This obligation of confidentiality will extend before, during and after the meeting and any following investigation that we conduct in relation to the concerns raised by you.
- Following this meeting, we will investigate the matters raised and we may request that you come to additional meetings to assist us in our efforts. We may also decide to involve relevant external (or internal) specialists to help us conduct a thorough, fair, and responsible investigation.
- Our relevant personnel involved in this investigation will keep you informed about the progress of the investigation as far as they are able. For a number of reasons, generally relating to legal obligations, including obligations of confidence, to others, or in relation to any legal advice that we may decide to take on our own behalf, we may not be able to share every detail of our discoveries or deliberations with you. We will always endeavour, however, to reassure you, as best as we can, of the fact that we are taking your concerns seriously and that we are conducting a responsible investigation. It is possible that the outcome of our investigations will not be one that you find satisfactory. If this happens, you are entitled to complain to F. Pimley and request a review of what has been done and concluded.

If you have raised a concern in good faith, our process and all those involved in giving effect to it will support and protect you. However, if a false concern is raised with us in bad faith (e.g., for malicious reasons), we will invoke our disciplinary policy and you may be subject to disciplinary action.

Bradford Watts Ltd. reserve the right to amend this policy at any time.

F. Pimley.  
SHEQ Manager



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## TAX EVASION RISK ASSESSMENT PROCESSES

### Data Collection

- **Financial Statements:** Analyse income statements, balance sheets, and cash flow statements.
- **Tax Returns:** Examine previous tax returns for discrepancies or unusual patterns.
- **Third-Party Information:** Utilise data from banks, employers, and other third parties.
- **Public Records:** Check for public records like property ownership, court filings, etc.

### Indicators of Risk

- **Inconsistent Income Reporting:** Significant discrepancies between reported income and lifestyle or known assets.
- **Unusual Deductions:** High or unusual deductions that do not align with industry norms.
- **Cash Transactions:** Excessive use of cash transactions which are harder to trace.
- **Offshore Accounts:** Use of offshore accounts or complex financial structures.
- **Frequent Amendments:** Frequent amendments to tax returns or financial statements.
- **Round Numbers:** Frequent use of round numbers in financial reporting.

### Analytical Techniques

- **Comparative Analysis:** Compare the company's financial data with industry benchmarks and peers.
- **Trend Analysis:** Evaluate trends over time to identify irregularities.
- **Ratio Analysis:** Use financial ratios to assess financial health and anomalies.
- **Benford's Law:** Apply Benford's Law to detect unusual patterns in numerical data.

### Technology and Tools

- **Data Analytics Software:** Use Microsoft Xcel software to analyse data extracted from CvberQube, a bespoke construction accounting package.
- **Machine Learning:** Implement machine learning algorithms to predict the likelihood of tax evasion.
- **AI and Automation:** Use AI to automate repetitive tasks and improve accuracy in identifying red flags.

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## Risk Scoring Models

- **Risk Scores:** Create a scoring model based on identified risk indicators.
- **Weighting Factors:** Assign weights to different factors based on their predictive power.
- **Thresholds:** Establish thresholds for action, such as audits or further investigation.

## Regulatory Compliance

- **Know the Law:** Ensure a thorough understanding of tax laws and regulations.
- **Updates:** Stay updated with any changes in tax legislation and compliance requirements.

## Audit and Investigation

- **Flag High-Risk Cases:** Prioritise cases with high-risk scores for audit or investigation.
- **Detailed Examination:** Conduct detailed examinations of flagged cases.
- **Interview and Verification:** Conduct interviews with taxpayers and verify the information provided.

## Preventive Measures

- **Education and Awareness:** Educate taxpayers about compliance and the consequences of evasion.
- **Simplify Compliance:** Simplify tax compliance processes to reduce the temptation to evade taxes.
- **Incentives:** Provide incentives for voluntary disclosure and timely payment of taxes.

## Collaboration

- **Inter-Agency Cooperation:** Collaborate with other government agencies to share information and resources.
- **International Cooperation:** Work with international bodies to tackle cross-border tax evasion.

## Continuous Improvement

- **Review and Update:** Regularly review and update risk assessment models and techniques.
- **Feedback Loop:** Use feedback from audits and investigations to refine risk assessment processes.

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