

<b>POLICY NAME</b>	<b>Expenses Policy</b>
<b>PURPOSE</b>	<b>To provide clear rules and guidelines to the Company and its workers on Expenses.</b>
<b>APPLIES TO</b>	<b>All Staff</b>
<b>DATE IMPLEMENTED</b>	<b>January 2015</b>

## **1 Introduction**

- 1.1 This policy explains Arctics Limited (trading as Igloo and referred to as the Company's) policy on expenses. This policy applies to both site and office based employees. If any part of this policy is relevant to only one category of employee, it will clearly be stated as such.

## **2 Overview and Objectives**

- 2.1 It is the intent of this policy to conform to all HM Revenue and Customs ("HMRC") requirements and if these requirements are stricter than the Company's practices then the more stringent requirements will apply.
- 2.2 Employees will only be reimbursed the actual pre-authorized reasonable cost of expenses incurred wholly, exclusively and necessarily in connection with the performance of the duties of their employment and for which they would not otherwise receive compensation.
- 2.3 Employees are expected to minimise costs to the Company and to continue working efficiently. They should not incur expenditure which they would not have incurred if it were their own money. It is everyone's responsibility to ensure that costs are controlled and that expenses cannot be deemed to be extravagant.
- 2.4 Employees are expected to adhere to this policy and to behave with honesty and integrity when making business expense claims. Any attempt to submit a false claim will be treated as gross misconduct and may result in instant dismissal in accordance with the Company's disciplinary policy.

## **3 Eligibility for Expenses**

- 3.1 This policy covers the following expenditure:
- (a) Travel by Car
  - (b) Travel by Rail
  - (c) Accommodation and meals
- 3.2 The Company will only reimburse expenses properly and reasonably incurred by employees in the performance of their duties. If any reasonable doubt with regards to the eligibility of specific expenses exists, then guidance should be sought from your Line Manager.

- 3.3 The classification of an employee as site based or office based is very important for tax purposes. This particularly applies when claiming travel expenses.

#### **4 Procedure for Reimbursement of Expenses**

- 4.1 Employees should as an over-riding principle obtain approval from their Line Manager prior to any significant expenses being incurred.
- 4.2 Expenses incurred on behalf of the Company should be recorded on the appropriate Expense Claim Form and be signed by the employee. The narrative should include a full description of the expense, why it was incurred and where.
- 4.3 The expense form, together with all receipts (including all VAT receipts, where appropriate) and other documentary evidence, should then be submitted **monthly** to the Accounts Department. If receipts are not provided as evidence of the claim, the expense form must detail the reasons for not obtaining a receipt. The Company will then form a decision as to whether the expense will be paid.
- 4.4 Expenses will only be reimbursed once the expense form has been submitted, authorised, checked and approved by your Line Manager who will then forward the relevant documentation to the Accounts Department. Hence, any delay in submitting or authorising an expense form will delay reimbursement.
- 4.5 The Accounts Department will review all expense forms and challenge any expense they believe not to be in line with the expenses policy and/or a legitimate business expenses. Any non-approved expenses or expenses not in accordance with this policy will not be reimbursed.
- 4.6 Expenses are payable one month in arrears. Expense forms and receipts must be submitted within one month of incurring the expense. Failure to do so will result in expenses not being reimbursed.

#### **5 Mileage Rates**

- 5.1 Employees with Company cars/vehicles or in receipt of a car allowance and who are not in receipt of a fuel card, may (subject to the rules set out below) claim for genuine business mileage incurred whilst travelling in the performance of their duties of employment at the appropriate fuel reimbursement rate as advised by the Company from time to time.
- 5.2 Employees using their own car who are not in receipt of a car allowance or Company car may claim for genuine business mileage at the casual car user rate in line with HMRC authorised mileage rates as amended from time to time.
- 5.3 Fuel VAT receipts are required to cover all claims, including the fuel element of the casual car user rate. If the claim is not supported by a VAT receipt, covering at least the value of the business mileage at the appropriate fuel reimbursement rate, it will be reimbursed net of any VAT shortfall.

- 5.4 Employees driving their own vehicles for business purposes and claiming the casual car user's rate must ensure that their private motor insurance policy covers them for full business use.

## **6 Car Maintenance and Incidental Costs**

- 6.1 No reimbursement will be provided for the cost of car washing, valeting, oil or windscreen wash.

## **7 Road Tolls**

- 7.1 Employees who incur the cost of road tolls (e.g. M6 Toll) whilst on Company business should reclaim the cost of the charge through the expense system. However, charges resulting from non-payment of the congestion charge are the responsibility of the employee. In relation to Company cars the penalty fee may include an administration fee charged.

- 7.2 Road tolls incurred as part of the cost of ordinary commuting will not be reimbursed.

## **8 Class of Service**

- 8.1 All employees must travel economy class within the UK. Should employees wish to upgrade, they must pay for the upgrade themselves.

## **9 Accommodation and Meals**

### **Hotels**

- 9.1.1 Where possible, employees are able to request that the Company book accommodation centrally. In order for the Company to be able to do this the following criteria will need to be met:

- (a) Sufficient notice prior to the date of accommodation needs to be provided;
- (b) Details of location, number of rooms (with names) and number of nights;
- (c) Signed authorisation by the appropriate Line Manager.

If all of the above criteria are not met, the Company will not be able to book accommodation and the employee will have to meet the cost and reclaim the expenses.

- 9.1.2 Employees may claim the accommodation costs incurred for overnight stays when they are working away from their normal place of employment and it is impractical to return home. This is subject to management approval according to individual circumstances. This is especially important if an employee is likely to be driving for a significant time before or after a meeting. Employees requiring hotel accommodation should, where possible, seek in advance the approval of their Line Manager first.

- 9.1.3 Hotel facilities differ widely from one location to another. Generally, "luxury" establishments should not be used where more reasonable accommodation is available. When making such bookings a common sense attitude to expense will be expected. Such accommodation must also be a bona fide hotel or B&B.

9.1.4 If the employee has booked the hotel themselves, they must pay the bill before leaving the hotel and obtain a VAT receipt to support the claim for reimbursement. Costs that can be reclaimed include:

- (a) The cost of the room and breakfast (the allowance for breakfast is £10)
- (b) The allowance for an evening meal (including one alcoholic drink) is £25.

Any costs incurred above these amounts will be the responsibility of the employee.

Where the Company are paying the total bill, all costs in excess of £25 for an evening meal or in excess of £10 for breakfast will be deducted from the employees' next salary payment.

The employee will not be entitled to receive the differentiation in costs for any meals below the above agreed allowance.

Personal incidental expenses, such as cigarettes, drinks, videos, newspapers, personal telephone calls, etc., are not reimbursable by the Company.

9.1.5 Where employees have a Company mobile phone, these should be used. Other telephone calls will be deemed to be private and not reimbursable, unless the name of the Company being called is identified. Hotel telephones carry an excessive premium and their use should be limited by using alternative means.

9.1.6 Where the hotel accommodation has been booked and paid by the Company centrally, the guidance contained in 9.1.3 to 9.1.5 will still apply. If expenses are incurred on the hotel bill which is in breach of the Companies Expenses Policy, then the Company will seek to reclaim such costs from the employee by means of deduction from their salary.

9.1.7 Employees who arrange accommodation with friends or relatives, whilst on short-term Company business trips, are allowed to claim reimbursement of their contribution to the cost of their board and lodging.

***The contents of this document may change from time to time, in line with legislative and Company requirements.***