

Terms of Engagement

The New Zealand Institute of Chartered Accountants requires us to record and communicate the nature of the work that we do for you as well as our terms of business.

We have set out the basics below and enhance the detail as attached at Appendix 1 and 2.

Authority to Act

You authorise us to act as my/our accountant and to communicate with and obtain information from any third party if the information sought is relevant to our work.

You authorise us to act as tax agent for the tax types associated with your business entity indicated below in the 'We do' column. You also authorise us, as becomes necessary, to sign tax returns on your behalf

You authorise us to obtain and access from Inland Revenue any tax information and records required relating to the current and future taxation affairs and tax types for the entities/individuals named below. This information is obtainable using methods such as phone, internet, fax or online services, this includes obtaining information via inline services available on Inland Revenue's website.

You authorise us to bank, on your behalf, for your credit, any and all deposits received in your name from Inland Revenue or any other third party to your nominated bank account.

You authorise us to bank, on your behalf, for your credit, any and all deposits received in your name from Inland Revenue or any other third party to our Trust account. On every occasion that this occurs we will communicate and verify with you in writing (or by way of email), your instructions (written or verbal) and will confirm your approval particularly if the funds are to be used to offset our fees.

Please indicate your acceptance of this proposal by checking that the services match your understanding and then signing the enclosed copy of this letter and returning it to us.

Yours sincerely

Principal
Sellar & Sellar

The services and terms set out and referred to in the attached appendix are as agreed:

Entity Name	IRD Number	Authorised Signature	Date
Joe Bloggs	XXX-XXX-XXX		

All individuals over 18 are required to sign and a director/trustee/partner as appropriate is to sign for the respective entities concerned.

Joe Bloggs

Who Does What?

Tick as applicable

	Seller & Seller Responsibility ✓	Client Responsibility ✓
Financial and Tax		
Wages		
PAYE returns		
GST returns		
FBT returns		
RWT returns		
Monthly cash flow		
Annual accounts		
Income tax returns for the entities/individuals		
Management of all tax assessments		
Provision of our income tax payment reminder and collection service		
Regular income tax planning		
Company and Trust		
Trustees' resolutions		
Trust administration		
Annual trust administration risk review		
Company directors' and shareholders' resolutions		
Company statutory records		
Provision of our office as the registered office of your company		
Filing of your annual company return with the Registrar of Companies		
Annual administration review of your company records		
Other Services		
CRS Rural Software Support		
BankLink data supply service		
Xero application support		
ACC administration and advisory		
Collation of creditors/Payment of your supplier accounts		
Debtor Invoicing		

Client signature

Date

Appendix 1

Basis of fees

Our fees are based on the time it takes us to do the work and the experience and qualifications of the people involved. Our more experienced people will deal with more complex and high value work – naturally at a higher hourly rate.

Fees rendered by our firm can also be generally agreed with an 'upfront pricing Agreement' based on the value of time spent on each assignment. If no upfront price agreement has been made, then the fees rendered will be on the value of time spent on each assignment.

Guarantee

You are the judge of our performance. If you think the fee is excessive for the work done or if you are dissatisfied with our work we invite you to contact any partner of the firm, who will investigate without cost to you and suggest a remedy. If you are still not happy you may also lay a complaint with the Chartered Accountants Australia and New Zealand.

1. What we will do

- 1.1 We will use our professional skills to do the work you have requested based on information supplied by you. This work will be performed in accordance with Service Engagement Standard No.2 Compilation of Financial Information issued by the Chartered Accountants Australia and New Zealand.
- 1.2 Financial accounts will be prepared in accordance with any applicable legislation. For partnerships, trusts, sole traders and other entities where the format of accounts is not dictated by legislation, we will prepare special purpose annual financial statements according to the principles contained in the Income Tax Act 2007. Periodic accounts for management are not governed by legislation and will be prepared on the basis requested by management.
- 1.3 The general basis of accounting used to compile the accounts will be described in the notes to the financial statements together with any significant departures from that basis. Significant departures will also be referred to in our compilation report (see 1.5 below).
- 1.4 We will inform you of any suspicions of omissions or irregularities that come to our notice.
- 1.5 We will provide a compilation report on all annual accounts that include a balance sheet. An example of a typical report, not specific to your circumstances, is attached.
- 1.6 We retain legal ownership of working papers prepared by us.
- 1.7 We will explain or redraft any element of these terms to ensure that you understand them and think they are reasonable.



2. What we will NOT do

- 2.1 We will not conduct an audit or any other independent verification work.
- 2.2 Consequently we will not express any kind of opinion on the accuracy of the material we compile or its suitability for any purpose.
- 2.3 We will not necessarily establish or maintain independence. It is not a professional requirement to be independent before carrying out compilation work of this nature. However, any other relationship will be described in our compilation report.
- 2.4 We will not take active steps to identify weaknesses in your internal accounting system, errors, illegal acts or other irregularities, for example, fraud or non-compliance with laws and regulations. However, should we become suspicious of any irregularities we will report it to you (see 1.4 above).
- 2.5 We will not accept liability in negligence or for any other reason to anyone but you and your enterprises listed at the head of the main letter. A disclaimer to this effect will be included in our compilation report.

3. What you will do

- 3.1 You will deliver accurate, complete information needed to compile the accounts and returns promptly at the times agreed. We will provide a checklist to assist in identifying the information we require.
- 3.2 You remain responsible for the reliability, accuracy and completeness of the financial information compiled, including tax returns. You have delegated certain tasks to us, as tabled in the main letter, and we are responsible for carrying out those tasks in a professional manner. You cannot abrogate the ultimate responsibility for ensuring that the financial information is compiled properly.
- 3.3 You will inform us if the information we compile is intended to be disclosed to any person or body and how they are expected to use it. This does not apply to:
 - 3.3.1. the directors, shareholders, partners, trustees or equivalent office holders of your enterprises as listed at the head of the main letter, and
 - 3.3.2. the Inland Revenue Department.
- 3.4 You confirm that we have authority to communicate with and obtain information from any third party if the information sought is relevant to our work.
- 3.5 You agree that the Chartered Accountants Australia and New Zealand may have access to the records and information we hold that support our working papers. This is an essential part of the Institute's quality assurance function. The likelihood that any particular engagement is selected is very small. All Institute employees and contractors are required to maintain the strictest confidentiality.
- 3.6 You will pay our fees on time. Invoices for work done in a calendar month will be delivered by the 7th working day of the following month and are due for payment by the 20th of that month. If your bill or part thereof remains unpaid more than 30 days after due date, we reserve the right to charge you interest at the current overdraft interest rate.



Appendix 2

The following is a sample of a typical Compilation Report and Disclaimer which will appear on the financial information we prepare.

COMPILATION REPORT to the directors/partners/trustees/proprietor of [Entity Name]

Scope

We have compiled these financial statements of [Entity Name] for the [year/period] ended [Date Month Year] as set out on pages [first page number] to [last page number] from the information you provided. Our work was carried out to the professional standards promulgated by the Chartered Accountants Australia and New Zealand, in particular Service Engagement Standard No. 2: *Compilation of Financial Information*. The financial statements have been prepared, as you instructed, in accordance with [the financial reporting framework/basis of accounting] described in Note 1 to the financial statements (the statement of accounting policies).

Departure from reporting framework (if required)

We draw attention to Note [Note Number] of the financial statements. There is a departure from the identified financial reporting framework in that [Describe departure].

No assurance expressed

You directed us to use accounting expertise to compile the financial statements from information you provided. Your instructions did not include verification or validation of that information. No audit or review engagement has been performed and accordingly we express no assurance on the financial information.

Responsibilities

You are responsible for the information contained in the financial statements and have determined that the [the financial reporting framework/basis of accounting] adopted is appropriate for your intended uses of the financial statements. The intended users are you and the Inland Revenue Department.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence (if required)

We are not independent of [Entity Name] because [reason why not independent, for example, the accountant is a formal or de facto shareholder / director / partner / trustee / lender].

Disclaimer of liability statement (when appropriate)

As mentioned earlier in our report, we have compiled the financial information based on information provided to us which has not been subject to an audit or review engagement. Accordingly, neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

Signature and date

On behalf of Sellar & Sellar

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PRINCIPALS Dominic C. Stewart BCA CA | Graeme A. Bayliss BBS CA



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND