

# EASTWOOD BOURKE LIMITED

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*Solutions for Business*

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CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND

12<sup>th</sup> June 2017

GBE/9999

Dear

## RE: Terms of Engagement for Services - Compilation

To: \_\_\_\_\_.

The New Zealand Institute of Chartered Accountants requires us to record and communicate the nature of the work that we do for you and the related terms of business. We are sure you will agree that clarity is desirable. Please check that we have ticked the appropriate boxes of tasks that we will do for you, or that you will be doing yourself. Assuming that what we have ticked agrees with your understanding please sign the second copy of this engagement letter in the space provided (page 4). **Here we go:**

### Who Does What?

	We do	You do	N/A
Annual Financial Statements <b>SPECIAL PURPOSE REPORTING</b>	✓		
<b>Companies:</b> Company Income Tax & Imputation Returns			✓
Income Tax Returns for Shareholders			✓
Company Dividends & Resolutions			✓
Companies Office Annual Returns			✓
Maintain Company Minute Book & Registers			✓
<b>Partnerships:</b> Partnership Income Tax Return			✓
Income Tax Returns for Partners			✓
<b>Trusts:</b> Trust Income Tax Return			✓
Income Tax Returns for Beneficiaries			✓
Trustee Resolutions			✓
<b>Sole Traders:</b> Self Employed Income Tax Return	✓		
<b>Other Duties:</b> Regular Payroll			✓
Monthly PAYE Returns			✓
GST Returns		✓	
FBT Returns			✓
RWT Returns			✓
Attending to Payment of Taxes Due		✓	
Completing Statistics Department Forms			✓

# Engagements Terms:

This is an engagement for the compilation of annual financial statements for your business and associated tax, dividends and business advisory matters.

## **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, performed in accordance with Service Engagement Standard No.2 *Compilation of Financial Information* issued by the New Zealand Institute of Chartered Accountants.
- 1.2 Annual financial statements for companies will be prepared in accordance with the Financial Reporting Act 1993. Other than for exempt companies, these are general purpose reports and must be prepared in accordance with generally accepted accounting practice in New Zealand. If necessary, additional explanations will be added to ensure that a true and fair view is given.
- 1.3 Annual financial statements for exempt companies may be prepared either in accordance with generally accepted accounting practice in New Zealand as described above or in accordance with the simpler format of the Financial Reporting Order 1994.
- 1.4 Other financial statements will be prepared in accordance with any applicable legislation. For partnerships, trusts, sole traders and other entities where the format of financial statements is not dictated by legislation we will prepare special purpose annual financial statements according to the principles contained in the Income Tax Act 2004. Periodic financial statements for management are not governed by legislation and will be prepared on the basis requested by management.
- 1.5 The general basis of accounting used to compile the financial statements 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 1.7 below).
- 1.6 We will inform you of any suspicions of omissions or irregularities that come to our notice.
- 1.7 We will provide a compilation report on all annual financial statements that include a statement of financial position.
- 1.8 We retain legal ownership of working papers prepared by us.
- 1.9 We reserve the right to exercise a lien over records used in the completion of our work for this entity and any associated entities until any outstanding fees have been paid (including fees of any associated entities).
- 1.10 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 This is neither an audit or review engagement. 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.

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 financial statements and returns promptly at the times agreed. We will provide a checklist to assist in identifying the information we require.

3.2 You will remain responsible for the reliability, accuracy and completeness of the financial information compiled. 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 revoke 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:

- the directors, shareholders, partners, trustees or equivalent office holders of your enterprise.
- the Inland Revenue Department.

3.4 You will 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 will agree that the New Zealand Institute of Chartered Accountants 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 small. All Institute employees and contractors are required to maintain strict confidentiality.

3.6 You will pay our fees on a timely basis. Invoices for work done in a calendar month will be delivered by the 14<sup>th</sup> of the following month and are due for payment by the 28<sup>th</sup> of the month following the invoice date. In circumstances where you are unable to pay by the due date you will contact us to discuss alternative payment arrangements. We reserve the right to charge monthly interest on invoices that remain unpaid 90 days after date of invoice (*calculated at a rate no greater than the current BNZ Global Plus Business Visa interest rate*).

3.7 You will let us know if any of these terms are unclear or not what you think is reasonable and we will explain or redraft to make sure you are happy.

### **Authority to Act**

We require signed authorities to act as tax agent for all taxpayers associated with your affairs. Your acceptance of these engagement terms will also serve as your authority for us to complete the required tasks and where necessary to act on your behalf and access your records with Inland Revenue for all tax types. Further, you authorise Eastwood Bourke Limited to sign any IRD or ACC returns on your behalf if it is necessary to do so.

## **Basis of Fees**

Our fees are based on the time it takes us to do the work and the experience of the personnel involved. More complex tasks are performed by more senior accountants at a higher hourly rate. You can assist minimise the time taken by providing complete & accurate records (including completed questionnaires), and responding to our queries promptly.

## **Complaints Process**

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 you are invited to contact any principal of the firm, who will investigate without cost to you and suggest a remedy. If you are still not happy you may lay a complaint with the New Zealand Institute of Chartered Accountants.

## **Our Services/Referral**

We take this opportunity to enclose a brochure outlining the range of accounting, taxation and business advisory services we are able to provide to you. Also, should the opportunity arise we would welcome and appreciate any referral of new clients looking for an accounting, taxation and/or advisory service provider to their business.

Please indicate your acceptance of these engagement terms by signing the enclosed second copy (page 4) and returning it to us.

Yours faithfully



**GERARD EASTWOOD**  
**EASTWOOD BOURKE LIMITED**

Email: [gerard@eastwoodbourke.co.nz](mailto:gerard@eastwoodbourke.co.nz)

Website: [www.eastwoodbourke.co.nz](http://www.eastwoodbourke.co.nz)

**We accept the terms outlined above.**

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Director/Trustee/Partner/Manager

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Date