

EASTWOOD BOURKE LIMITED

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Solutions for Business

Website: www.eastwoodbourke.co.nz



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

12th November 2019

GBE/9999

Dear

RE: Terms of Engagement for Services - Compilation

To:

The New Zealand Institute of Chartered Accountants requires we record and communicate the nature of the work that we do for you and our terms of business. Please check that we have ticked the appropriate boxes of tasks that we will do for you, or that you will be doing yourself. If this agrees with your understanding please sign the second copy of this engagement letter in the space provided.

Who Does What?

	We do	You do	N/A
Annual Financial Statements			
SPECIAL PURPOSE REPORTING	✓		
Companies: Company Income Tax & Imputation Returns	✓		
Income Tax Returns for Shareholders	✓		
Company Dividends & Resolutions	✓		
Companies Office Annual Returns	✓		
Maintain Company Minute Book & Registers	✓		
Other Duties: Regular Payroll & 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, company and business advisory matters on the terms and conditions stated in this Engagement Letter and attached Schedule. These Terms & Conditions continue from year to year and cover all work requested (either verbally, email, or in writing). We may update these terms from time to time by uploading a new version on our website at www.eastwoodbourke.co.nz and by email to you.

You acknowledge that you have authority to agree to these Terms & Conditions for all entities listed and others that you ask us to act for. For the purpose of these Terms “you” and “your” means you personally and the entities listed on your Engagement Agreement letter with us, and any others you have asked us to act for. “Us, “we” and “our” means Eastwood Bourke Ltd.

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 skill, urgency, complexity, time, disbursements, knowledge and responsibility involved. Where requested, and if possible, we will provide an estimate or fixed quote with agreed payment terms before we begin our work, for a set scope of work. Where a fixed quote or estimate is provided we reserve the right to invoice separately for any work outside the scope of the quote or estimate.

Our payment terms are within 14 days of invoice, unless otherwise agreed in writing. Overdue accounts may incur interest at 1.5% per month. You agree to us retaining your records and information where there are unpaid invoices.

We reserve the right to place any outstanding account in the hands of our solicitors or a debt collection agency for collection by legal action if necessary. In this situation all fees and/or Court costs incurred will be added to the amount owing and will be recoverable from you. Although our invoice may not be addressed to you, you accept liability for our charges for this work and any subsequent collection costs.

Complaints Process

You are the judge of our performance. If you think the fee is excessive for the work done or are dissatisfied with our work you are invited to contact me, to 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.

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

Yours faithfully



GERARD EASTWOOD
EASTWOOD BOURKE LIMITED

Email: gerard@eastwoodbourke.co.nz

Website: www.eastwoodbourke.co.nz

We accept the terms outlined above.

Director

Date

TERMS & CONDITIONS - SCHEDULE:

1. We agree to:

- 1.1 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 Prepare financial statements in accordance with any applicable legislation. Where not dictated by legislation we will prepare special purpose annual financial statements according to the principles contained in the Income Tax Act 2007. Periodic financial statements for management are not governed by legislation and will be prepared on the basis requested by management. 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. We will provide a compilation report on all annual financial statements that include a Balance Sheet.
- 1.3 Inform you of any material suspicions of omissions or irregularities that come to our notice.
- 1.4 We retain legal ownership of working papers, checklists and other records created by us.
- 1.5 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).
- 1.6 Take instruction from you or others who by reason of their role or normal practice can be regarded as acting with your authority (*eg. spouse, directors, trustees, CFO or manager*) unless advised otherwise.
- 1.7 Advise you of any potential conflict of interest we identify and work with you to determine a solution. This may involve you or another party needing to seek independent advice.
- 1.8 Maintain the confidentiality of your information, subject to and with the exception of *where we're required or* requested to make certain disclosures legal requirements such as under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009; requests for information from other service providers that you have engaged; peer reviews as required by CAANZ; practice reviews conducted by CAANZ; or *where we're required to pass information* onto public authorities under the non-compliance with laws and regulations (NOCLAR) standard.
- 1.9 Uphold your rights under the Privacy Act 1993. We may collect personal information about you and those associated with you as part of our services. You have the right to access and correct that personal information. We may use the information to send you communications or offer services which we consider may benefit you.
- 1.10 When requested, to explain any element of these terms to ensure that you understand them.

2. What we will NOT Agree to:

- 2.1 This is neither an audit or review engagement. We will not conduct any independent verification work. We will not express any opinion on the accuracy of the material we compile or suitability for any purpose.
- 2.2 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.
- 2.3 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.
- 2.4 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.

3. You Agree to:

- 3.1 Acknowledge that advice or opinions we provide are not binding on the Inland Revenue Department or other regulatory bodies.
- 3.2 Rely only on our finalised advice, not on verbal, draft or interim advice or reports.
- 3.3 Maintain tax non-disclosure rights by not providing Inland Revenue or third parties copies of our advice without first obtaining professional assistance.
- 3.4 Read and understand the work we present you with, and if you don't understand it you agree to let us know.
- 3.5 Provide complete and accurate information in a timely fashion and to accept responsibility for all records and information supplied to us, and for any failure to supply us with all relevant records and information. We will provide a checklist to assist identifying the information we require. You also accept that the quality of our work is determined by the accuracy and completeness of information you provide.

- 3.6 Maintain all supporting documentation required by tax and other laws, including bank statements, receipts, tax invoices, cashbooks, payroll records, workpapers and investment documentation..
- 3.7 Meet all tax obligations including taking “reasonable care” in interpreting tax laws, in keeping required records, ensuring tax returns are true and correct, filing your tax returns on time and meeting your tax payment obligations. A breach of these obligations may result in Inland Revenue imposing interest and/or penalties.
- 3.8 Accept responsibility, review and approve for reasonableness and correctness all financial information prepared by us, including tax returns, annual financial statements, tax returns, management reports, budgets and projections, and understand the risks of signing all documents.
- 3.9 Listen to any advice we offer, and we acknowledge your right to reject that advice.
- 3.10 Accept that we work to a materiality threshold, meaning we’re aiming to get everything sufficiently correct so not to put you at risk of IRD audit and help you make informed business decisions, rather than making sure everything is 100% correct 100% of the time.
- 3.11 Ensure that all tax payments are made on time, and while we will endeavour to remind you of all payment dates and amounts, you are ultimately responsible for meeting all your tax payment obligations.
- 3.12 Authorise us to file tax returns for all tax types with the Inland Revenue Department on your behalf, and indemnify us for any loss suffered as a result of us filing that tax return.
- 3.13 Indemnify us for all losses, including costs we incur and our time at our normal rates, arising from any breach by you of these Terms.
- 3.14 Store all financial records in New Zealand as required by the Tax Administration Act 1994
- 3.15 Meet all Companies Act 1993 and Financial Reporting Act 2013 obligations, including Company Registries and Minutes/Resolutions, and accept that we undertake all work in a professional capacity and are not acting as a director, deemed or otherwise, under the Companies Act 1993.
- 3.16 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.
- 3.17 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. All Institute employees and contractors are required to maintain strict confidentiality.
- 3.18 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.

Liability

Our work is intended solely for your benefit and solely at your request. We do not accept responsibility to any other party for advice resulting from our work, or decisions based on that work, or accept any responsibility on any grounds, including liability in negligence. No one should rely on the financial statements without having an audit conducted, nor should they rely on any forecasts of future profits, cash flows or financial positions which we can in no way guarantee or otherwise warrant that results will be achieved.

Our work is based on our understanding of current taxation laws at the time of performing that work. Our advice is not binding on the Inland Revenue Department and we cannot guarantee they will adopt the same opinion as us as a result of future judicial, legislative or IRD policy changes. We accept no responsibility for different outcomes arising from such changes, or from IRD disagreeing with our opinions on taxation interpretation.

We will not be liable if you breach any of the terms in these Terms & Conditions, or in our Engagement Agreement.

You will only look to Eastwood Bourke Ltd or to our insurer to satisfy our obligations or liabilities to you. None of our employees, contractors, Directors or shareholders (“Persons”) will be personally liable to you and you will not commence action against any of these Persons. This clause is for the benefit of, and enforceable by, those Persons for the purposes of the Contracts (Privity) Act 1982.

Anti-Money Laundering & Countering Financing of Terrorism Act (AML)

Under AML we may be required to verify your identity and address. This may extend to individuals and entities connected to you. Where Enhanced Customer Due Diligence is required we will also need to verify your source of funds or wealth. If we are unable to obtain and verify required documentation, we may be unable to act for you.