

OUR TERMS OF ENGAGEMENT

1. INTRODUCTION

It is a requirement of the New Zealand Institute of Chartered Accountants and the Inland Revenue Department that we hold a signed letter of engagement from you before acting for you.

These terms of engagement set out the basis of our professional relationship with you, and the nature and extent of services we will provide, and we ask that you read them carefully.

Having a good relationship is important and part of maintaining that good relationship is ensuring that we have a common understanding and expectation of the services you are engaging us for.

This letter outlines the contractual obligations of each of us including all of the entities outlined above. "You" means, throughout this letter:

- (i) For sole traders; the trader personally;
- (ii) For partnerships; each partner both jointly and severally;
- (iii) For companies; the company and also each director both jointly and severally;
- (iv) For Trusts; each trustee, both jointly and severally;
- (v) For other entities; the entity itself where it has separate legal existence and its office holders.

2. CUSTOMER DUE DILIGENCE

As from 1 October 2018 we are required to comply with the Anti-Money Laundering and Counter Financing of Terrorism Act 2009 (**AML/CFT Act**) and are now obliged to carry out what the AML/CFT Act calls "customer due diligence" on both prospective and existing clients, monitor accounts, keep records and report any unusual or suspicious transactions where required by the AML/CFT Act or any other law.

We may require additional information and documentation for these purposes and will periodically advise you what is required. We may retain the information and documents, provide them to another entity and disclose them to any law enforcement or regulatory agency as required by law. If we ask you for additional information please provide the requested information and documents promptly.

If the required information or documents are not provided or it is suspected that there may be any business dealings or transactions in breach of applicable law we may refuse to enter into a business relationship with you, refuse to handle and deposit money on trust for you and report any unusual transaction as required by law.

2. FINANCIAL STATEMENTS

We will:

- 2.1 Prepare annual and/or periodic Financial Statements from information provided by you.
- 2.2 Perform the engagement in accordance with Service Engagement Standard No.2 Compilation of Financial Information (SES-2) issued by the New Zealand Institute of Chartered Accountants.
- 2.3 Prepare the Financial Statements in accordance with generally accepted accounting practice (GAAP) in New Zealand;
OR in the case of trusts, partners, small companies and sole traders we may prepare the financial statements as special purpose tax based financial statements;
- 2.4 Attach to all Financial Statements a compilation report and disclaimer of liability as per Appendix 1.
- 2.5 Conspicuously mark each page of the Financial Statements as being unaudited.
- 2.6 Determine at our sole discretion not to issue financial statements if for any reason we are unable to complete the compilation of your financial information, or we consider the information to be misleading.
- 2.7 **We will not** conduct an audit or review assignment on your accounting records.
- 2.8 **We will not** express an audit or review opinion or provide any other form of assurance on the Financial Statements.
- 2.9 **We will not** attempt to prevent or detect fraud or error.

You will:

- 2.10 Provide us with accurate and complete information necessary to compile the Financial Statements.
- 2.11 Accept responsibility for any failure to supply us with relevant records or information.
- 2.12 Retain the risk of loss or destruction of all records and information supplied to us.
- 2.13 Accept full responsibility for the accuracy and completeness of any assertions in the Financial Statements.
- 2.14 Attach our compilation report and disclaimer when distributing the Financial Statements to third parties and acknowledge that Financial Statements prepared by us are for your purposes only and that we will not be liable for any losses, claims or demands by any third person who may rely upon them.

3 TAXATION SERVICES

INCOME TAX

We will:

- 3.1 Use the records and information you provide to prepare and file with Inland Revenue Department income tax returns as required.
- 3.2 Calculate and advise you of the taxation payable or refundable by reference to those returns.
- 3.3 Include you on our agency listing with the Inland Revenue Department.
- 3.4 Advise you of any queries directed to us by the Inland Revenue Department.
- 3.5 Respond to any Inland Revenue Department queries on the basis of information available to us.
- 3.6 Review any Inland Revenue Department assessments, determinations or statements of accounts that we receive.
- 3.7 Maintain taxation files and records for the relevant minimum statutory period.
- 3.8 Prepare Statistics New Zealand returns as required.

You will:

- 3.9 Provide us with accurate and complete information necessary to complete your Income Tax returns and any other taxation statements, returns or documents.
- 3.10 Accept the full and exclusive responsibility for the accuracy and completeness of those returns, statements, records and documents.
- 3.11 Accept the full and exclusive responsibility for meeting your tax obligations and any penalties and/or use of money interest imposed by the Inland Revenue Department for any reason whatsoever, including, without limitation, lateness, errors, or wrong estimates.
- 3.12 Complete such questionnaires and other procedures as we require for the purposes of eliciting relevant tax information and ensure the accuracy and completeness.
- 3.13 Monitor and check final tax returns for reasonableness and correctness.

4 GOODS AND SERVICES TAX (GST) *(delete one)*

- 4.1 We will prepare your GST returns for the required periods on the basis of information that you supply to us;
OR
- 4.2 You will prepare and file all GST returns by their due dates. We shall endeavour to reconcile them with your Financial Statements and advise you of any apparent discrepancies.

5 FRINGE BENEFIT TAX *(delete one)*

- 5.1 We will prepare the appropriate period returns based on the information that you supply to us;
OR
- 5.2 You alone will be responsible for the preparation and filing of all Fringe Benefit tax returns by the due dates.

6 INLAND REVENUE DEPARTMENT LINKING (delete one)

6.1 You agree to complete and sign a Client Authority to Act form authorising us to link you to our IRD Tax Agency in relation to all tax types, and further authorise us (including our staff and contractors) to act on your behalf for all tax types, discuss with the Inland Revenue Department any matters relating to a tax type or activity for which we represent you, and to obtain any information or documents on your behalf through all Inland Revenue media and communication channels.

OR

6.2 You will not be linked to our practice and we will not act on your behalf for any purposes concerning the Inland Revenue Department. Consequently, the IRD will serve all notices on you and you will deal directly with IRD, receive and check all assessment notices and ensure all taxes are paid by the due date. No reminders will be issued from this office.

7 STATUTORY RECORD KEEPING

7.1 Unless you have instructed us otherwise, where you are a company we will maintain the following statutory records for you:

- (i) Register of Members;
- (ii) Register of Directors and Shareholders;
- (iii) Register of Directors' Shareholdings;
- (iv) Register of Directors' Interests;
- (v) Register of Charges;
- (vi) Minute Book for Shareholders' meetings and resolutions;
- (vii) Minute Book for Directors' meetings and resolutions.

7.2 You will provide us in a timely manner with all of the information needed to maintain the statutory records, including any changes thereto and copies of minutes and share transfers and details of charges and directors' interests.

8 REGISTERED OFFICE

8.1 Where you are a company our office is to be your registered office unless you have elected otherwise.

9 COMPANIES ACT 1993 ANNUAL RETURNS

9.1 Where you are a company our office will prepare and lodge all annual returns with the Registrar of Companies unless you have advised that you will attend to this yourself.

10 DISTRIBUTIONS AND SOLVENCY

10.1 Where you are a company, you acknowledge that we have neither direct nor indirect liability of any type or to any extent whatsoever to you or your shareholders, directors, employees or creditors for your solvency or otherwise and you alone take full responsibility to ensure that any dividends, shareholder and / or director remuneration and distributions are at all times in accordance with legislative regulations and will not imperil your solvency or impair your ability to pay your creditors when they fall due, despite any advice that we may have directly or indirectly given to you.

11 INSURANCE

11.1 You alone are responsible for placing adequate and extensive insurance cover, including, if you are a company, directors' insurance. You will have your insurance cover regularly reviewed by your insurance broker or underwriter. We are neither responsible nor liable for this function.

12 CONFIDENTIALITY

12.1 Each party agrees to treat all information and ideas communicated to it by the other confidentially and agree not to divulge it to any third party, without the other party's express consent.

12.2 Apart from the foregoing or otherwise as required by law or professional obligations (see 12.3 below), we will:

- (i) maintain strict confidentiality about your records and affairs;
- (ii) not deliver your records to any other person without your prior consent.

12.3 As members of the Institute of Chartered Accountants, we are subject to and bound by the disciplinary procedures and rules of the Institute, and our work and files are subject to the practice review rules of the Institute under which compliance with professional standards by members is monitored. These procedures and rules require us to disclose to the Institute, its reviewers and/or its disciplinary bodies our files and work papers including client information.

- (i) By allowing us to undertake this engagement (whether or not you sign this letter), you acknowledge that, if requested, our files relating to this engagement will be made available to the Institute, its reviewers and/or its disciplinary bodies.
- (ii) We assure you that the same ethical standards regarding confidentiality that we adhere to apply equally to the Institute's reviewers.

13 USE AND DISTRIBUTION OF THE FINANCIAL INFORMATION

13.1 We understand that the intended use and distribution of the financial information we will compile is for internal management purposes and for taxation purposes only. If this should change in any material respect, you will inform us immediately. We will not accept any responsibility to any person, other than you, for the contents of the financial information /statement(s).

No person should rely on the financial statements without having an audit or review engagement conducted.

14 AUTHORITY

- 14.1 Except as provided in clause 6.2 you authorise us to act as your agent for all purposes and in relation to all tax types concerning the Inland Revenue Department. Without limiting the generality of this authorisation, you specifically authorize us to obtain and provide such information from and to the Inland Revenue Department as may be helpful or necessary for all tax types and to file such returns and answer such queries as may be required.
- 14.2 In respect of all services we provide, you authorise us to obtain and provide information and to all persons as may be helpful or necessary for us to properly provide such services.

15 GENERAL

- 15.1 Our work, recommendations and advice will be based exclusively on the information that you provide us or which we agree to obtain elsewhere. You agree to inform us as soon as possible of any changes in your circumstances or any information provided to us.
- 15.2 You agree to review all the work we prepare for you, especially financial statements, income tax returns, company, shareholder and trustee resolutions and related documents for accuracy and completeness before approving them.

16 ACKNOWLEDGEMENTS

- 16.1 You acknowledge that:
 - (i) Financial records must be held for at least 7 years;
 - (ii) These terms of engagement will continue in effect from year to year unless we agree to change them;
 - (iii) You have read and understand the contents of this letter and the attached TERMS OF BUSINESS which form part of and are intended to be read in conjunction with this letter and you agree to be bound by these conditions;
 - (iv) By continuing to instruct us you are agreeing to these terms and conditions whether or not you sign and return the attached acknowledgement.

17 ACCEPTANCE OF TERMS

- 17.1 If you have any questions about the contents of this letter or the Terms of Business then please contact us. If the services outlined are in accordance with your requirements and if these terms are acceptable to you, please sign a copy of this letter in the space provided and return it to us.

Yours faithfully

RPL ACCOUNTANTS LTD

I/we have read and understand the **TERMS OF BUSINESS** (attached) of RPL Accountants Ltd which form part of, and are intended to be read in conjunction with this Letter of Engagement and agree to be bound by these terms.

Signed:

Full Name: _____

Position: _____

Full Name: _____

Position: _____

Dated: this _____ day of _____ 20__

1. Definitions

- 1.1 "RPL" shall mean RPL Accountants Ltd, its successors and any person acting on behalf of and with the authority of RPL Accountants Ltd.
- 1.2 "Client" shall mean the Client (or any person acting on behalf of and with the authority of the Client) as described on any quotation, work authorisation or other form as provided by RPL to the Client.
- 1.3 "Guarantor" means that person (or persons), or entity, who agrees to be liable for the debts of the Client on a principal debtor basis.
- 1.4 "Services" shall mean all Services (including any documentation) supplied by RPL to the Client and includes any advice or recommendations and are as described on the invoices, quotation, work authorisation or any other forms as provided by RPL to the Client.
- 1.5 "Price" shall mean the fees payable for the Services as agreed between RPL and the Client in accordance with clause 3 of this contract.

2. Acceptance

- 2.1 Any instructions received by RPL from the Client for the supply of Services and/or the Client's acceptance of Services supplied by RPL shall constitute acceptance of the terms and conditions contained herein.
- 2.2 Where more than one Client has entered into this agreement, the Clients shall be jointly and severally liable for all payments of the Price.
- 2.3 Upon acceptance of these terms and conditions by the Client the terms and conditions are binding and can only be amended with the written consent of the RPL.
- 2.4 The Client shall give RPL not less than fourteen (14) days prior written notice of any proposed change of ownership of the Client or any change in the Client's name and/or any other change in the Client's details (including but not limited to, changes in the Client's address, facsimile number, or business practice). The Client shall be liable for any loss incurred by RPL as a result of the Client's failure to comply with this clause.
- 2.5 On completion of any Services RPL will either retain any documents for a period of seven (7) years after which the documents will be destroyed unless otherwise requested by the Client, or return the documents to the Client.

3. Services

- 3.1 The Services shall be as described in the letter of engagement provided by RPL to the Client.

4. Terms and Conditions

- 4.1 These terms and conditions are to be read in conjunction with RPL's letter of engagement. If there are any inconsistencies between the two documents then the terms and conditions contained in RPL's letter of engagement shall prevail.

5. Fees

- 5.1 RPL fees are based on hours worked charged at rates appropriate to the work performed and the levels of expertise required.
- 5.2 In the event that a disagreement arises between RPL and the Client over fees, if the matter cannot be resolved between the parties then both parties agree to use the Fees Resolution Service of the New Zealand Institute of Chartered Accountants to resolve the matter.
- 5.3 RPL shall be entitled to retain possession of the Client's records that have been used in relation to this engagement until outstanding fees are settled.

6. Price And Payment

- 6.1 At RPL's sole discretion the Price shall be either:
- as indicated on invoices provided by RPL to the Client in respect of Services supplied; or
 - RPL's quoted Price (subject to clause 6.2) which shall be binding upon RPL provided that the Client shall accept RPL's quotation in writing within thirty (30) days.
- 6.2 RPL reserves the right to change the Price in the event of a variation to RPL's quotation.
- 6.3 At RPL's sole discretion a deposit may be required.

- 6.4 At RPL's sole discretion:

- detailed progress payment claims may be submitted by RPL, in accordance with RPL's specified payment schedule at intervals not less than monthly for Services performed up to the end of each month. Such payment claims may include the reasonable value of authorised variations; or
- payment for approved Client's shall be due twenty (20) days following the end of the month in which a statement is posted to the Client's address or address for notices

- 6.5 Time for payment for the Services shall be of the essence and will be stated on the invoice or any other forms. If no time is stated then payment shall be fourteen (14) days following the date of the invoice.

- 6.6 Payment will be made by cheque, or by direct credit, or by any other method as agreed to between the Client and RPL.

- 6.7 GST and other taxes and duties that may be applicable shall be added to the Price except when they are expressly included in the Price.

7. Delivery Of Services

- 7.1 The failure of RPL to deliver shall not entitle either party to treat this contract as repudiated.
- 7.2 RPL shall not be liable for any loss or damage whatsoever due to failure by RPL to deliver the Services (or any of them) promptly or at all, where due to circumstances beyond the control of RPL.

8. Confidentiality

- 8.1 Each party agrees to treat all information and ideas communicated to it by the other confidentially and agree not to divulge it to any third party, without the other party's express consent. The parties will not copy any such information supplied, and will either return it or destroy it (together with any copies thereof) on request of the other party.
- 8.2 Apart from the foregoing or otherwise as required by law, we will:
- maintain strict confidentiality about your records and affairs;
 - not deliver your records to any other person without your prior consent.

9. Ownership of Work Papers

- 9.1 Material that you provide to us remains yours and will be returned to you when the engagement is completed, subject to clause 5.3.
- 9.2 Work papers that we create remain our property.
- 9.3 If your affairs at some time in the future are handled by another Chartered Accountant, we will make available, as required by our Code of Ethics, such information regarding your affairs that is essential to enable your new Chartered Accountant to perform the services we previously provided.

10. Errors And Omissions

- 10.1 The Client shall within seven (7) days of completion of services notify RPL of any alleged errors, omissions or failure to comply with the agreed scope of work, otherwise the Services shall be conclusively presumed to be in accordance with the terms and conditions and free from any errors or omissions.
- 10.2 Where RPL has agreed there have been material errors or omissions or a failure to comply with the agreed scope of work, RPL's liability is limited to rectify such errors, omissions or failure to comply.

11. Default & Consequences of Default

- 11.1 Interest on overdue invoices shall accrue daily from the date when payment becomes due, until the date of payment, at a rate of not more than two and one half percent (2.5%) per calendar month (and at the RPL's sole discretion such interest shall compound monthly at such a rate) after as well as before any judgment.
- 11.2 In the event that the Client's payment is dishonoured for any reason the Client shall be liable for any dishonour fees incurred by the RPL
- 11.3 If the Client defaults in payment of any invoice when due, the Client shall indemnify RPL from and against all costs and disbursements incurred by RPL in pursuing the debt including legal costs on a solicitor and own client basis and RPL's collection agency costs.

- 11.4 Without prejudice to any other remedies RPL may have, if at any time the Client is in breach of any obligation (including those relating to payment), RPL may suspend or terminate the supply of Services to the Client and any of its other obligations under the terms and conditions. RPL will not be liable to the Client for any loss or damage the Client suffers because RPL has exercised its rights under this clause.
- 11.5 If any account remains overdue after thirty (30) days then at the discretion of RPL an amount of the greater of \$20.00 or 10.00% of the amount overdue (up to a maximum of \$200) shall be levied for administration fees which sum shall become immediately due and payable.
- 11.6 Without prejudice to the RPL's other remedies at law the RPL shall be entitled to suspend or terminate the supply of services to the Client and all work in progress and amounts owing to RPL shall, whether or not due for payment, become immediately payable in the event that:
- any money payable to RPL becomes overdue, or in RPL's opinion the Client will be unable to meet its payments as they fall due; or the Client becomes insolvent, convenes a meeting with its creditors or proposes or enters into an arrangement with creditors, or makes an assignment for the benefit of its creditors; or
 - a receiver, manager, liquidator (provisional or otherwise) or similar person is appointed in respect of the Client or any asset of the Client.
- 12. Cancellation**
- 12.1 RPL may cancel any contract to which these terms and conditions apply or cancel delivery of Services at any time before the Services are delivered by giving written notice to the Client. On giving such notice RPL shall repay to the Client any sums paid in respect of the Price. RPL shall not be liable for any loss or damage whatever arising from such cancellation.
- 12.2 In the event that the Client cancels delivery of Services the Client shall be liable for any loss incurred by RPL (including, but not limited to, any loss of profits) up to the time of cancellation.
- 13. Privacy Act 1993**
- 13.1 The Client and the Guarantor/s (if separate to the Client) authorises RPL to:
- collect, retain and use any information about the Client and/or Guarantors, for the purpose of assessing the Client's and/or Guarantors creditworthiness or marketing products and services to the Client and/or Guarantors; and
 - disclose information about the Client and/or Guarantors, whether collected by the RPL from the Client and/or Guarantors directly or obtained by RPL from any other source, to any other credit provider or any credit reporting agency for the purposes of providing or obtaining a credit reference, debt collection or notifying a default by the Client and/or Guarantors.
- 13.2 Where the Client and/or Guarantors are an individual the authorities under clause 13.1 are authorities or consents for the purposes of the Privacy Act 1993.
- 13.3 The Client and/or Guarantors shall have the right to request RPL for a copy of the information about the Client and/or Guarantors retained by RPL and the right to request RPL to correct any incorrect information about the Client and/or Guarantors held by RPL.
- 14. Security And Charge**
- 14.1 Despite anything to the contrary contained herein or any other rights which RPL may have howsoever:
- where the Client and/or the Guarantor (if any) is the owner of land, realty or any other asset capable of being charged, both the Client and/or the Guarantor agree to mortgage and/or charge all of their joint and/or several interest in the said land, realty or any other asset to RPL or RPL's nominee to secure all amounts and other monetary obligations payable under these terms and conditions. The Client and/or the Guarantor acknowledge and agree that RPL (or RPL's nominee) shall be entitled to lodge where appropriate a caveat, which caveat shall be withdrawn once all payments and other monetary obligations payable hereunder have been met.
 - should RPL elect to proceed in any manner in accordance with this clause and/or its sub-clauses, the Client and/or Guarantor shall indemnify RPL from and against all RPL's costs and disbursements including legal costs on a solicitor and own client basis.
 - the Client and/or the Guarantor (if any) agree to irrevocably nominate constitute and appoint RPL or RPL's nominee as Client's and/or Guarantor's true and lawful attorney to perform all necessary acts to give effect to the provisions of this clause 14.1.
- 15. Lien**
- 15.1 Where the Client has left any of the Client's documentation with RPL for RPL to provide any Services in relation to that documentation and RPL has not received or been tendered the whole of the Price, or the payment has been dishonoured, RPL shall have:
- a lien on the documentation; and
 - the right to retain the documentation whilst RPL is in possession of the documentation until such time as payment has been made in full; and
 - the lien of RPL shall continue despite the commencement of proceedings, or judgment for the Price having been obtained; and
 - RPL shall be under no obligation to release the documentation to the Client if the Client is in default of payment except as may be required by any law or statute.
- 16. Liability Limitations**
- 16.1 In the event of any breach of this contract by RPL the remedies of the Client shall be limited to damages. Under no circumstances shall the liability of the RPL exceed the lesser of five times the value of the fees for the specific engagement or the sum of one hundred thousand dollars (\$100,000).
- 16.2 The Client agrees to indemnify RPL, its directors, associates, employees, contractors and any other person who may be sought to be made liable in excess of the limit of liability described in clause 16.1 in respect of any activity arising from or connected with these terms in respect of any claim of whatever kind, including negligence, that may be made by any person and any costs and expenses that may be incurred by RPL.
- 16.3 RPL shall be under no liability whatever to the Client for any indirect loss and/or expense (including loss of profit) suffered by the Client arising out of a breach by RPL of these terms and conditions.
- 17. General**
- 17.1 If any provision of these terms and conditions shall be invalid, void, illegal or unenforceable the validity, existence, legality and enforceability of the remaining provisions shall not be affected, prejudiced or impaired.
- 17.2 These terms and conditions and any contract to which they apply shall be governed by the laws of New Zealand and are subject to the jurisdiction of the courts of New Zealand.
- 17.3 The Client shall not be entitled to set off against or deduct from the Price any sums owed or claimed to be owed to the Client by RPL.
- 17.4 The RPL reserves the right to review these terms and conditions at any time. If, following any such review, there is to be any change to these terms and conditions, then that change will take effect from the date on which RPL notifies the Client of such change.
- 17.5 The provisions of the Contractual Remedies Act 1979 shall apply to this contract as if section 15(d) were omitted from the Contractual Remedies Act 1979.
- 17.6 Neither party shall be liable for any default due to any act of God, war, terrorism, strike, lock-out, industrial action, fire, flood, drought, storm or other event beyond the reasonable control of either party.
- 17.7 The failure by RPL to enforce any provision of these terms and conditions shall not be treated as a waiver of the provision, nor shall it affect RPL's right to subsequently enforce that provision.

APPENDIX 1

Compilation Report and Disclaimer For the Year ended 31st March 20____

Compilation Report to the Directors of A Company Limited.

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, the financial statements of A Company Limited for the year ended 31 March 20____. As described in Note 1 to the financial statements, these financial statements are a special purpose report, for internal management and taxation purposes only.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the accounting policies used are appropriate to meet your needs and for the purpose that the financial statements were prepared.

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.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Departure from Reporting Framework

As this is a Special Purpose Report the accounting policies adopted are not necessarily in conformity with generally accepted accounting practice. Accordingly the financial statements should only be relied on for the expressly stated purpose.

Disclaimer

We have compiled the financial information of A Company Limited for the year ended 31 March 20____.

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by A Company Limited and does not involve the verification of that information. We have not performed

an audit or review on the financial statements and therefore neither we, nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the material from which the financial statements have been prepared.

Further, the statements have been prepared at the request of and for the purpose of A Company Limited and neither we nor any of our employees 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.

RPL Accountants Ltd

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