

## ENGAGEMENT LETTER

This document is to confirm our understanding of the terms of our engagement and the nature and extent of the services we will provide to the following entities and individuals:

<b>CLIENT:</b> _____	<b>IRD No:</b> _____
<b>CONTACT DETAILS:</b>	

Unless otherwise agreed between us in writing, this document records the entire agreement between us in relation to our engagement. The terms recorded in this document will remain in force until varied or cancelled by either of us by notice in writing to the other.

### Services to be Provided:

Prepare Annual Financial Statements	<input type="checkbox"/>	Prepare Income Tax Schedules	<input type="checkbox"/>
Prepare Periodic Management Accounts	<input type="checkbox"/>	Preparing & filing GST Returns	<input type="checkbox"/>
Preparing & Filing Income Tax Returns	<input type="checkbox"/>	Preparing & Filing FBT Returns	<input type="checkbox"/>
Preparing & Filing Statistics Returns	<input type="checkbox"/>	Prepare financial Forecasts	<input type="checkbox"/>
Checking and dealing with Tax Assessments	<input type="checkbox"/>	Prepare & File Annual Return	<input type="checkbox"/>
Prepare Statutory Resolutions and Minutes	<input type="checkbox"/>	Advising on business matters	<input type="checkbox"/>
Linking the entities with the IRD & providing our address for service of notices	<input type="checkbox"/>		<input type="checkbox"/>

Other (specify): \_\_\_\_\_

### Extent of Services

- Our procedures will not include verification or validation procedures. **No audit or review engagement will be performed and accordingly no assurance will be performed.**
- Our engagement does not include the investigation or discovery of internal control weaknesses, errors, illegal acts or other irregularities, including without limitation, fraud, or non-compliance with laws or regulations. However we will inform you of any such matters which come to our attention during the course of our engagement. The responsibility for prevention and detection lies with you.
- If, for any reason, we are unable to complete the compilation of your financial information, or we consider the information to be misleading, we may refer to such matters within our compilation report or we may determine, at our sole discretion, not to issue a report.

### Use and distribution of the financial information

- Apart from tax return schedules we understand that the financial information we will compile is for your personal use only. If this should change in any material respect, please inform us immediately. We will not accept any responsibility to any person, other than you, for the contents of the compiled financial information.

### Our Responsibilities

- We will conduct this engagement in accordance with the professional standards, rules and ethical requirements of the Chartered Accountants Australia and New Zealand (CAANZ).
- We will document such matters which are important in providing evidence that this compilation work has been carried out in accordance with the said standards and shall retain a record of all significant information used in the compilation.
- We will ensure that the financial information as prepared is consistent with our understanding of your business entity and consistent with the financial data provided by you, the client, and prepared, to the best of our knowledge, with the basis of accounting on which the information has been prepared.
- We will respect the confidentiality of information acquired in the course of the compilation and shall not disclose any such information to a third party without specific authority or unless there is a legal or professional duty to disclose. In particular, your records may be required by CAANZ for the purpose of the Institutes quality assurance function.
- **Noncompliance with Laws & Regulations** – We will comply with the by-laws, regulations and ethical guidelines of Chartered Accountants Australia and New Zealand and the New Zealand Institute of Chartered Accountants. This includes the NZICA Code of Ethics, which among other things contains provisions that apply if we become aware of any actual or potential ‘non-compliance with governing laws or regulations’ (NOCLAR). Where any such non-compliance poses substantial harm (such as serious adverse consequences to investors, creditors, employees or the public), we may be required to disclose the matter to an appropriate authority.

- We will inform you of any matters that come to our attention which causes us to believe or suspect that errors or misstatements, illegal acts or other irregularities exist, in relation to the entity of the financial information that is the subject of the engagement.

## Your Responsibilities

- You are responsible for the accuracy and completeness of the accounting records and other information supplied to us, and for the reliability, accuracy and completeness of the financial information compiled on the basis of those records and information.
- You will provide, in a timely manner, accurate and complete information necessary to ensure the engagement can be completed on a timely basis.
- You will inform us of all income you have received and that all expense claims were incurred to earn income, and that you have all supporting documents required by the IRD. You will also provide us with copies of any correspondence you receive from the IRD immediately to ensure we can meet any deadline imposed by the IRD.
- You will review and approve the final compilation report for reasonableness and correctness, and understand the importance and risks of signing statutory and legal documents as being true and correct.
- You agree that the financial information will be prepared in accordance with the financial reporting framework or basis of accounting disclosed in the notes to the compiled financial information.
- You are responsible for paying the correct amount of tax on time and for paying any penalties and interest arising from late payments, errors, wrong estimates or any other reason. If we have not advised you of a tax payment you acknowledge that you will contact us before the due date to ascertain if tax is payable.
- You will attach our compilation report and disclaimer when distributing the compilation to third parties.
- You will inform us, in a timely manner, of any facts, discovered after the completion of the compilation engagement, that may have an impact on the compiled financial information. Where we believe the compiled financial information needs to be revised, you agree that revised financial information is to be compiled and that you will destroy all previously issued compiled financial information. You also agree, that anyone who received the previously issued financial information will be informed of the changes.
- You authorise us to obtain necessary information from all relevant parties and to act as your tax agent and obtain information for all tax types (except NCP and CPR), and obtain information through all IRD media and communication channels including electronic ones.
- You accept responsibility for advising us of all relevant matters including director's interest in a contract with the company and use of company information.
- You are responsible for the adequacy of your own insurance and ACC covers.
- You will inform us, in advance, of any intended shareholding change as any change can carry unintended taxation consequences. Sawden and Associates Ltd will not accept any liability for shareholding changes where specific advice was not obtained from us.
- You acknowledge that as a condition of preparing your GST, FBT or PAYE returns you will complete, sign as correct and return to us any checklist that we may send you.
- You will inform us of any changes to your GST status including your GST filing cycle, GST registration/deregistration and the use of the GST ratio method.

## Compiled Financial Information

- The applicable financial reporting framework or basis for accounting used to compile the financial information, together with any known material departures will be disclosed in the compiled financial report and will be referred to in the compilation report issued for the engagement.
- Where required by legislation or requested by you, annual accounts will be prepared in accordance with generally accepted accounting practice in New Zealand. The law applies to FMC reporting entities, large companies, most other companies with 10 or more shareholders, most large partnerships and limited partnerships, specified not-for-profit entities, retirement villages and others. Other annual accounts will be prepared in compliance with the minimum requirements of the Tax Administration (Financial Statements) Order 2014.
- You also agree that annual accounts for all other entities such as trusts, LTC's, sole traders and partnerships will be prepared as a special purpose report in compliance with the Income Tax Act 2007.
- You agree that reports not governed by legislation, such as periodic management accounts, cash flow forecasts, budgets etc, will be prepared as a special purpose report in compliance with the Income Tax Act 2007.
- The compiled financial information (except for IRD returns and income tax schedules) will contain a sentence on each page similar to the following: "Compiled without undertaking an audit engagement or review engagement" and "Refer to Compilation Report".

## Compilation Report and Disclaimer

- A compilation report will be attached to the compiled information (apart from IRD prescribed forms) so prepared, similar to the following:
 

"On the basis of information you provided and in accordance with Service Engagement Standard No 2: *Compilation of Financial Information*, we have compiled the financial statements of [name of entity] for the period ended [date]. These statements have been prepared, as you instructed, in accordance with the financial reporting framework or basis of accounting described in Note 1 to these financial statements. You are solely responsible for the information contained in the financial statements and you have determined that the financial reporting framework or basis of preparation adopted is appropriate for your intended uses of the financial statements. The intended users are you and [specify other known users]. 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. Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Your instructions did not include verification or validation of that information. Therefore, no audit or review engagement has been performed and accordingly we express no assurance on the financial information"
- A compilation engagement requires us to apply compilation procedures, in accordance with SES-2 *Compilation of Financial Information*, to compile the financial information from information which you provide to us. Those compilation procedures do not include the performance of an audit or review in respect of either of the information

you provide or the financial information which is compiled from it. A disclaimer of liability will be attached to the financial information similar to the following:

“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 I nor any of my 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.”

## **Independence**

- Independence is not a requirement for a compilation engagement and a comprehensive review to determine this fact will not be carried out. However, if we are aware that we are not independent we will state this fact in our compilation report.

## **Unsolicited Electronic Messages Act 2007**

- In accordance with the Unsolicited Electronic Messages Act 2007, you consent to receiving emails, texts or other electronic transmissions such as newsletters, items of interest or promotional material involving our firm, unless you notify us to the contrary.

## **Ownership of work papers**

- If you transfer your affairs to a another chartered accountant, we will make available, as required by the Code of Ethics, such information regarding your affairs, to enable your new chartered accountant to perform the services we previously provided.
- Ownership of material provided by you remains yours. Documents produced by us remain our property. We will store your records that we hold on your behalf for a period of seven years after the applicable balance date. At the end of that period, unless you advise, the records will be destroyed.

## **Trust Funds**

- Funds held by our firm on behalf of your business/entity will be held in a Trust Account which is completely separate from the firm's funds in accordance with the rules of CAANZ. The trust account will be used for the purpose of negotiating cheques received on your behalf such as tax refunds, to withdrawal fees and disbursements on your behalf and to make payments on your behalf including outstanding fees owed to Sawden & Associates Ltd.
- If the IRD decide not to issue cheques for your refunds, we will supply the IRD with our trust account number, which may override your prior details, to receive your refunds. Your refunds will be checked for correctness, any outstanding fees owed to Sawden & Associates Ltd deducted with your permission, & the balance forwarded to you.

## **Anti-Money Laundering and Countering Financing of Terrorism Act 2009**

- We are part of a reporting entity under the terms of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and as such have obligations to be met:
  - We are required to carry out Customer Due Diligence (CDD) on all our Customers which includes customer identification and verification – Know Your Client (KYC).
  - We are required to report all suspicious transactions at the time of the suspicious activity.
  - We are required to prepare an annual Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) report

## **Terms and Conditions of Trade**

Our Terms and Conditions of trade are set out below and should be read and understood before signing this document.

### **1. Definitions**

- 1.1 “Sawdens” shall mean Sawden tax & accounting, Sawden & Associates Limited, or any agents or employees thereof.
- 1.2 “Client” shall mean the Client, any person acting on behalf of and with the authority of the Client, or any person purchasing Services from Sawdens.
- 1.3 “Services” shall mean all services provided by Sawdens to the Client and shall include without limitation all accounting services and the completion and supply of accounting documentation and all charges for time and attendances, labour, hire charges, insurance charges, or any fee or charge associated with the supply of Services by Sawdens to the Client.
- 1.4 “Price” shall mean the cost of the Services as agreed between Sawdens and the Client and includes all disbursements eg charges Sawdens pay to others on the Client's behalf subject to clause 4 of this contract.

### **2. Acceptance**

- 2.1 Any instructions received by Sawdens from the Client for the supply of Services shall constitute a binding contract and acceptance of the terms and conditions contained herein.

### **3. Collection and use of information**

- 3.1 The Client authorises Sawdens to collect, retain and use any information about the Client, for the purpose of assessing the Client's credit worthiness, enforcing any rights under this contract, or marketing any Services provided by Sawdens to any other party.
- 3.2 The Client authorises Sawdens to disclose any information obtained to any person for the purposes set out in clause 3.1.
- 3.3 Where the Client is a natural person the authorities under clauses 3.1 and 3.2 are authorities or consents for the purposes of the Privacy Act 1993.

#### **4. Price**

- 4.1 Where no price is stated in writing or agreed to orally the Services shall be deemed to be sold at the current amount as such Services are sold by Sawdens at the time of the contract.
- 4.2 Our fees are charged on a time and cost basis and will include any disbursements made on your behalf. However certain products and services such as company formations, annual returns etc are charged at a standard price.
- 4.3 The price may be increased by the amount of any reasonable increase in the cost of supply of the Services that is beyond the control of Sawdens between the date of the contract and supply of the Services.

#### **5. Payment**

- 5.1 Payment for Services shall be made in full on or before the 14<sup>th</sup> day following the date of the invoice ("the due date").
- 5.2 Interest may be charged on any amount owing after the due date at the rate of 2.5% per month or part month.
- 5.3 Any expenses, disbursements and legal costs incurred by Sawdens in the enforcement of any rights contained in this contract shall be paid by the Client, including any reasonable solicitor's fees or debt collection agency fees.
- 5.4 Receipt of a cheque, bill of exchange, or other negotiable instrument shall not constitute payment until such negotiable instrument is paid in full.
- 5.5 A deposit may be required.

#### **6. Agency**

- 6.1 The Client authorises Sawdens to contract either as principal or agent for the provision of Services that are the matter of this contract.
- 6.2 Where Sawdens enters into a contract of the type referred to in clause 6.1 it shall be read with and form part of this agreement and the Client agrees to pay any amounts due under that contract.

#### **7. General Lien**

- 7.1 The Client agrees that Sawdens may exercise a general lien with respect to any documentation in Sawdens' possession for all sums outstanding under the contract between Sawdens and the Client. Such lien will be complied with in accordance with CAANZ requirements.

#### **8. Liability**

- 8.1 The Consumer Guarantees Act 1993, the Fair Trading Act 1986 and other statutes may imply warranties or conditions or impose obligations upon Sawdens which cannot by law (or which can only to a limited extent by law) be excluded or modified. In respect of any such implied warranties, conditions or terms imposed on Sawdens, Sawdens' liability shall, where it is allowed, be excluded or if not able to be excluded only apply to the minimum extent required by the relevant statute.
- 8.2 Except as otherwise provided by clause 8.1 Sawdens shall not be liable for:
  - 8.2.1 Any loss or damage of any kind whatsoever, arising from the supply of Services by Sawdens to the Client, including consequential loss whether suffered or incurred by the Client or another person and whether in contract or tort (including negligence) or otherwise and irrespective of whether such loss or damage arises directly or indirectly from Services provided by Sawdens to the Client; and
  - 8.2.2 The Client shall indemnify Sawdens against all claims and loss of any kind whatsoever however caused or arising and without limiting the generality of the foregoing of this clause whether caused or arising as a result of the negligence of Sawdens or otherwise, brought by any person in connection with any matter, act, omission, or error by Sawdens its agents or employees in connection with the Services.
  - 8.2.3 If contrary to the disclaimer of liability contained in these terms and conditions of trade Sawdens is deemed liable to the Client, following and arising from the supply of Services by Sawdens to the Client, then such liability is limited in its aggregate to \$500.

#### **9. Consumer Guarantees Act 1993**

- 9.1 The guarantees contained in the Consumer Guarantees Act 1993 are excluded where the Client acquires Services from Sawdens for the purposes of a business in terms of section 2 and 43 of that Act.

#### **10. Copyright and Intellectual Property**

- 10.1 Sawdens owns and has copyright in all work, designs, software, systems, solutions, drawings, specifications, electronic data and documents produced by Sawdens in connection with the Services provided pursuant to this contract and the Client may use the work only if paid for in full and for the purpose for which it was intended and supplied by Sawdens.

#### **11. Personal Guarantee of Company Directors or Trustees**

- 11.1 If the Client is a company or trust, the director(s) or trustee(s) signing this contract, in consideration for Sawdens agreeing to supply Services and grant credit to the Client at their request, also sign this contract in their personal capacity and jointly and severally personally undertake as principal debtors to Sawdens the payment of any and all monies now or hereafter owed by the Client to Sawdens and indemnify Sawdens against non-payment by the Client. Any personal liability of a signatory hereto shall not exclude the Client in any way whatsoever from the liabilities & obligations contained in this contract. The signatories and Client shall be jointly & severally liable under the terms and conditions of this contract & for payment of all sums due hereunder.

#### **12. Miscellaneous**

- 12.1 Sawdens shall not be liable for delay or failure to perform its obligations if the cause of the delay or failure is beyond its control.

- 12.2 Failure by Sawdens to enforce any of the terms and conditions contained in this contract shall not be deemed to be a waiver of any of the rights or obligations Sawdens has under this contract.
- 12.3 If any provision of this contract shall be invalid, void or illegal or unenforceable the validity, existence, legality and enforceability of the remaining provisions shall not be affected, prejudiced or impaired.
- 12.4 In the unfortunate circumstance that a disagreement arises and cannot be resolved amicably we both agree to use the Disputes Tribunal for disputes involving a \$15,000 fee or less and the Fees Resolution Service of the CAANZ for disputes involving a fee over \$15,000.

**Engagement Letter Agreement**

I/We have read and agree to be bound by this Engagement letter including the Authority to Act and obtain information with respect to Inland Revenue and the terms and conditions of trade. I/We warrant to Sawden & Associates Limited trading as Sawden tax & accounting that I/we am/are duly authorised to enter into this application and future contracts on behalf of the Client. I/we also acknowledge that pursuant to the personal guarantee contained in the terms and conditions of trade that, where relevant, I/we am/are also signing this application form in my/our personal capacity. If the applicant is a company or trust then this application form must be signed by a company director of the company or a trustee of the trust

**Authority to Act and Obtain Information with respect to Inland Revenue (IRD)**

By signing this Engagement Letter the person(s) named below gives authority to Sawden & Associates Ltd to act on behalf of the client named below for all tax types (except NCP or CPR) until further notice. Authority is also given to obtain information from IRD about all tax types (except NCP or CPR). This includes obtaining information through all IRD media and communication channels including electronic ones.

**Professional Trustee Limitation of Liability**

The professional trustee (including individual(s) or a Trustee Company) signs this engagement letter as a trustee of the named Trust and its liability (if any) under the said engagement letter shall not be a personal liability but shall be limited to the net assets for the time being of the Trust which are under the control of the trustee(s) in the ordinary course of the administration of the Trust.

**Name:** \_\_\_\_\_ **Signed:** \_\_\_\_\_

**Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(Director, Trustee, Partner, Sole Trader, Individual)

**Name:** \_\_\_\_\_ **Signed:** \_\_\_\_\_

**Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(Director, Trustee, Partner, Sole Trader, Individual)

**Name:** \_\_\_\_\_ **Signed:** \_\_\_\_\_

**Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(Director, Trustee, Partner, Sole Trader, Individual)

**Name:** \_\_\_\_\_ **Signed:** \_\_\_\_\_

**Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(Director, Trustee, Partner, Sole Trader, Individual)

**Name:** \_\_\_\_\_ **Signed:** \_\_\_\_\_

**Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
(Director, Trustee, Partner, Sole Trader, Individual)

**Signed for and on behalf of :**

**Client:** \_\_\_\_\_ **IRD No:** \_\_\_\_\_

**Signed for and on behalf of Sawden & Associates Ltd:**

**Sawden:** \_\_\_\_\_ **Date:** \_\_\_\_\_