

Letter of Engagement

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Tax Compliance and Business Advisory Services

Thank you for instructing us to act as your chartered accountants and business advisers. To ensure that there are no misunderstandings regarding the nature and extent of the services that we will provide to you, this letter together with the attached Service Requirements Checklist, record the entire agreement between us in relation to our engagement.

Terms of Engagement

On the basis of information and instructions you provide, we will compile any required financial statements for you. This engagement will be performed in accordance with Service Engagement Standard No. 2 Compilation of Financial Information (SES-2) issued by Chartered Accountants Australia + New Zealand. SES-2 specifies that on completion of the engagement we will issue a compilation report and an appropriate disclaimer which will form part of the financial statements.

The financial statements will be prepared in accordance with generally accepted accounting practice in New Zealand and this will be disclosed as part of the financial statements. Any known departures from generally accepted accounting practice will be disclosed within the financial statements and referred to in our compilation report.

In addition, we will carry out other tasks as specified by you on the Service Requirements Checklist. The services to be provided will include all matters ancillary to those services such as, for example, dealing with and responding to queries raised by the Inland Revenue Department. This letter of engagement will apply in respect of your financial year ended 31 March 20____ and for future years unless otherwise agreed.

Extent of Services

We will not audit, review or carry out any other checks on the accuracy or completeness of the information you provide. It is up to you to give us accurate and complete information to enable us to provide the services described in this letter and we accept no liability for the accuracy or completeness of any information supplied by you in any form. Accordingly, no assurance on any assertions contained in the financial information compiled will be provided.

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 and regulations. However, we will inform you of any such matters which come to our attention during the course of our engagement.

The information you are to supply and any other information that we consider necessary to complete the engagement must be provided in a timely manner in order for the assignment to be completed on a timely basis. 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. If the services to be provided include tax compliance services then the following will apply:

- You may use our office address as the mailing address for assessments and/or correspondence from Inland Revenue. If you do this we will send you copies of any letters received along with recommendations for your reply if necessary.
- If you use our office address as the mailing address for assessments we will check the assessments and let you know the amounts and due dates of tax instalments. You are then responsible for paying the correct tax on time.
- We will advise you about any amounts of tax to be paid and the due dates for payment. If your tax seems to have been overpaid at any time we will make a refund claim on your behalf.
- In the case of tax compliance services our function is limited to providing you with information and advice to aid you in making decisions about your tax. However, the ultimate responsibility for making those decisions remains with you.
- You are responsible for what appears in your tax returns. This means you must ensure that the information you give us is accurate and complete.
- If you choose to use your own address as the mailing address for assessments and/or correspondence from Inland Revenue we recommend that you provide us immediately with copies of any correspondence you receive from Inland Revenue. This is because there may be a deadline for reply that you are unaware of.
- You are ultimately responsible for paying any Inland Revenue Department penalties arising from late payments, errors, wrong estimates or any other reason. However, if any penalties are incurred directly due to our error or omission, then we are responsible for such penalties.



Independence

Independence is not required for a compilation engagement. If we are aware that we are not independent of the entity for which we are preparing financial statements, this fact will be stated in our compilation report. However, we will not conduct a comprehensive review to determine whether we are or are not independent of the entity.

Use and Distribution of the Financial Information

We understand that the intended use and distribution of the financial information we will compile is for the special purpose management reporting and of calculating income tax. If this should change in any material respect, you will inform us immediately.

You may make copies of any reports for your own internal use or for providing to a third party. However, we accept no duty or responsibility to any party other than yourself who may seek to rely on our reports and furthermore you indemnify us against any claim by such other party in respect of the reports.

Information and Disclosure

All assignments will be conducted in accordance with the professional standards, rules and ethical requirements of Chartered Accountants Australia + New Zealand. Information we obtain in the course of this engagement is subject to confidentiality requirements, in addition to our obligations under the Privacy Act 1993. We will not disclose that information to other parties without your express consent, except as required by law or professional obligations. In order for us to perform your assignments efficiently we require authority to liaise with both the Inland Revenue Department and other financial institutions that you are connected to. An Authority to Disclose and Receive Information form for each entity and individual is attached to this letter which we need signed and returned to us.

However, as members of the Chartered Accountants Australia and New Zealand, 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. 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 disciplinary bodies.

We assure you that the same ethical standards regarding confidentiality that we adhere to apply equally to the Institute's reviewers.

Disclaimer

We will compile 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.

Fees and Payment

Unless otherwise agreed with you in writing our fees are calculated on the basis of the time spent on the assignment by our team and on the levels of skill and responsibility involved. If required by you we will provide you with either an estimate, or firm quotation, of the fees involved prior to commencing an assignment. Our invoices will generally be issued on a monthly basis and all invoices will be due for payment on the 20th of the month following invoice date. Fees may also be paid by monthly fee payment (as agreed).

In the event where your overdue account is referred to a collection agency and/or law firm, you will be liable for all costs which would be incurred as if the debt is collected in full, including commission on collection of the additional costs and also including legal demand costs. You should be aware that, like all other providers of services, we are entitled to retain possession of your records that have been used in relation to this engagement until outstanding fees are settled.

H P Hanna Ltd receives a small discount and/or fee payment for administrative costs from XERO (for clients who subscribe via H P Hanna Ltd) and Accountancy Insurance (for clients who accept the annual Audit Insurance policy)

Authorisation

So that we comply with the Privacy Act 1993, the Tax Administration Act 1984 (to the extent that it applies) and any other law relating to privacy while providing services to you, you agree to complete and execute the Authority to Disclose and Receive Information forms attached to this letter. We may ask you for other authorisations if necessary.



Anti-Money Laundering/Countering Financing of Terrorism/Customer Due Diligence

We are required to comply with all laws binding on us including (but not limited to):

- the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act); and
- the Common Reporting Standard (CRS).
- the United States Foreign Account Tax Compliance Act (FATCA); and

To meet these requirements, we may be required to conduct Customer Due Diligence (CDD) on you, persons acting on your behalf, and other relevant persons such as your beneficial owners or persons who have effective control of you as a client. We may not be able to act or continue acting for you until this is completed to the required standard.

We will advise you what information and documents are required for these purposes. This information could include formal identification, address confirmation, source of funds, transaction details, ownership structures, tax identification details, and any other information considered relevant. Please ensure the information and documents requested are provided promptly to avoid any delays in us acting for you. We will retain the information and documents and may be required to disclose them to government agencies as required by law. We may not be permitted to advise you of the instances when we are required to disclose this information. We may also be required to provide this information to banks with which we place your funds through our trust account.

Money We Hold for You

We may sometimes hold money on your behalf. It will be held in trust in a client bank account, which is completely separate from the firm's funds. Chartered Accountants Australia + New Zealand has strict rules about the way accountancy firms must handle their clients' money and we follow these rules.

Ownership of Work Papers & Future Years

Material that you provide to us remains yours and will be returned to you when the engagement is completed. Work papers that we create remain our property. Where we provide taxation services for you we will store tax 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 ask us to send that information to you, the records will be destroyed using a secure document destruction service. **This letter applies for future years unless you or we wish to end or change the arrangement.**

Conclusion

If you have any questions regarding this letter of engagement please do not hesitate to call us. It is a requirement of Chartered Accountants Australia + New Zealand that we provide you with this letter and that you return a signed copy to us. In order to signify your acceptance of the terms of engagement, please sign this letter and return it to us with the following:

"Authority to Disclose and Receive Information" form and **"Service Requirements Checklist"** (one for each entity)

We appreciate your business and thank you for engaging us. Yours faithfully
H P Hanna Ltd

Name of Client

Accepted By

Signature

Name of person signing (please print)

Title/position of person signing

Date

Accepted By

Signature

Name of person signing (please print)

Title/position of person signing

Date

Acknowledged on behalf of H P Hanna Ltd

Date

