

Terms of Engagement – Annual Accounts/Financial Statements & Taxation Returns

This document sets out the standard terms of our engagement so that both parties are aware of the responsibilities we have and of the areas where you retain responsibility.

Our obligations

Pocock Hudson Limited will compile your financial statements and taxation returns from information provided by you, in accordance with the applicable standards as issued by the New Zealand Institute of Chartered Accountants. We will:

- Compile the financial information accurately with due professional care
- Process the information in an effective and efficient manner
- Respect the confidentiality of any information acquired in the course of our work

Disclaimers

Our standard disclaimer will be attached to all statements and documents we compile. A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by you and does not involve the verification of that information. We will not perform an audit or review on the financial statements and therefore neither we nor any of our employees accept any responsibility for the accuracy 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 [and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

Our services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. Our services cannot be relied upon to detect fraud or error in your organisation.

It is understood and agreed that:

- Provide us with accurate and complete information necessary to compile such statements and you will accept responsibility for any failure to supply us with all the relevant records and information. This includes information supplied to us for the preparation of Goods and Services Tax Returns.
- The responsibility for the accuracy and completeness of the assertions in the financial statements remains with you.
- The financial statements will be conspicuously marked as unaudited and you will attach our disclaimer (which is in a form approved by the New Zealand Institute of Chartered Accountants when distributing the financial statements to third parties.
- The financial statements will be prepared in accordance with generally accepted accounting practices.
- You are responsible for all records and information supplied to us as well as the failure to supply all relevant records and information.

Our fees

Our fees will be based on the amount of time taken to complete the assignment at our standard scale charge out rates. We will endeavour to keep our fees at a minimum through the effective use of various levels of staff, in keeping with the level of complexity.

If requested, we can provide a fee estimate for any work undertaken. Please note however that an estimate is not a quote. Where the costs are likely to significantly vary from the estimate, we will provide you with an update.

You agree to pay us our fees for these services. You accept we will invoice you on a monthly basis and/or on completion of the assignment and our invoices will be payable within 20 days.

Your responsibility for meeting your tax obligations

As a taxpayer you have primary responsibility for meeting your tax obligations. These obligations include keeping the required records, ensuring tax returns are true and correct, filing your tax returns on time and meeting your tax payment obligations. The Inland Revenue Department penalties regime is based on voluntary compliance and a new standard of reasonable care. Penalties range from 20% of the tax omitted to 150% dependent on the seriousness of the breach, together with use of money interest, and late payment penalties.

As our advice will be based on the information you provide, we cannot accept responsibility for any inaccuracies or omissions in that information or for any delays or other problems beyond our control.

As considerable uncertainty can arise when applying tax law to specific situations, we cannot guarantee our advice will be accepted by the Inland Revenue Department. Where we identify situations that give rise to considerable uncertainty, we will discuss the issues involved with you.

Your acceptance of our terms of engagement

To confirm your understanding and acceptance of our terms of engagement, please sign the acknowledgment on the last page of this letter. Please return the signed copy of this letter to us and retain the other copy for your information.

Your acknowledgment

We/I acknowledge and accept the terms of engagement set out in this letter and we/I authorise Pocock Hudson Limited to act as our/my income tax agent with the Inland Revenue Department. We authorise you to seek any additional information (via Telephone, Fax or Online Services) that may be required for the purpose of preparing our financial statements and statutory requirements with the Inland Revenue Department and Registrar of Companies, from our Solicitor, Advisor, Employees, Bank or other financial institutions (including, but not limited to ACC; Insurance Companies and Financial Advisors) and we hereby also authorise our Solicitor, Advisor, Employees, Bank or other financial institution to supply such information.

We confirm that Pocock Hudson will provide assistance in meeting tax obligations, including advice on payments and/or reminder letters for taxes due. However, the responsibility for paying the correct tax on time rests with us the taxpayer and not Pocock Hudson Limited as agents.

Client/Authorised Signatory

Date

Client/Authorised Signatory

Date