



Chartered Accountants

John Nobilo, B.Com.,CA (PP)

Member of NZICA

10 June 2020

The Managing Director
XXXXXXXXXXXXXXXXX Ltd
XX XXXXXXXXXXXXX
XXXXXXX

Dear XXXXXX,

Compilation Engagements and General Services

This document is to confirm National Accountants Ltd’s understanding of the terms of our engagement and the nature and extent of the services we will provide to XXXXXXXXXXXXXXXX Ltd (herein referred to as “The Company”). Unless otherwise agreed between us in writing this letter records the entire agreement between us in relation to National Accountants Ltd’s engagement. The terms recorded in this letter will remain in force until varied by National Accountants Ltd in writing to you, or until cancelled by either of us by notice in writing to the other.

The nature of the engagement is annual accounts and tax returns and sundry tax and accounting services.

This is neither an audit or review engagement and accordingly no assurances will be expressed by National Accountants Ltd.

1 Analysis of Accounting Records

As requested, we will be responsible for the preparation of annual financial statements from information provided by you in accordance with Statement of Compilation Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

If S206 of the Companies Act 1993 does not apply (Audit Requirement), it would be necessary for us to attach to all financial statements prepared by us a Disclaimer of Liability in the following terms:

“We have compiled the Financial Statements of XXXXXXXXXXXXXXXX Ltd for the year ended 31 March 2020, comprising pages x-x, as per the index.

National Accountants Ltd has compiled the financial information in accordance with SES-2 Compilation of Financial Information of the New Zealand Institute of Chartered Accountants based on information provided to us which has not been subject to an audit or review in respect of either of the information provided or the financial information which is provided from it. Accordingly neither National Accountants Ltd nor any of its employees accept any responsibility for the reliability, accuracy or completeness of the compiled 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.

The Company accepts that the above disclaimer by National Accountants Ltd forms part of the financial statements and is to remain attached to all copies of the financial statements distributed to third parties.

We are required by the New Zealand Institute of Chartered Accountants *Service Engagement Standard No 2* to attach a disclaimer in the above form to all financial statements issued by our firm so that any person who examines those statements is made aware of the duties we have performed. Since we shall not be conducting an audit or review assignment on the accounting records of the company, we shall be unable to express an audit or review opinion or provide any other form of assurance on the financial statements.

Practice Review

The New Zealand Institute of Chartered Accountants requires practitioners to be subject to review from time to time in order to ensure that professional standards are being maintained. Reviews are based on a sample of files and your file may be selected by the reviewer for examination. The reviewer is officially appointed by the Institute, and is bound by declarations of secrecy, meaning utmost confidentiality is maintained. Further, the reviewer is the only person from the Institute who has access to your records, and no copies are made, but the review could include anonymous reference to information provided by you. If you have any questions about practice review please do not hesitate to contact us.

General

It is understood and agreed that:

- The applicable reporting framework or basis of accounting to be disclosed as part of the financial information, together with any departures is the special purpose reporting regime.
- The management of the Company is responsible for the accuracy and completeness of the accounting records and other information supplied to National Accountants Ltd, and for the reliability, accuracy and completeness of the financial information compiled on the basis of those records and information. The information to be supplied and any other information that National Accountants Ltd considers necessary to complete the engagement will be supplied on a timely basis. The Company accepts the responsibility for ensuring that all relevant records and information are at the offices of National Accountants Ltd or as otherwise agreed in reasonable and sufficient time for processing to be completed by National Accountants Ltd before any statutory or other deadline. We will not audit, review, or carry out any other checks on the accuracy or completeness of the information the company provides. We will not be responsible or liable if information needed to carry out its tasks properly is withheld or concealed or wrongly represented to it.
- The engagement cannot be relied upon to disclose internal control weaknesses, errors, illegal acts, or other irregularities e.g. fraud or non-compliance with laws and regulations applicable to the entity. We will inform the appropriate level of management of the company or those charged with the governance of the company as appropriate, of any matters that come to our attention in the course of performing the compilation engagement which cause us to believe or suspect that errors or misstatements, illegal acts or other irregularities exist, either in relation to the entity or the financial information that is the subject of the engagement. It is not intended that the

engagement of National Accountants Ltd for the compilation of financial statements be relied upon to prevent or detect fraud or error.

- The intended use and distribution of the information once compiled, including expected use of the information by third parties, is for internal management purposes, IRD, Bank and Owners only. The form of the report to be issued regarding the financial information compiled is annual financial statements. The frequency of reports to be issued regarding the financial information compiled is annually.

- The independence of National Accountants Ltd is not a requirement for an engagement to compile financial information.

- Material that you provide to us remains yours and will be returned to you when the engagement is completed. Working papers prepared by us in relation to the assignment are our property.

- Where the services of an external consultant are required, involving the disclosure of confidential client information, the company's prior consent will be obtained by National Accountants Ltd.

2 *Registered Office*

Your office is the registered office of the company.

3 *Company Minutes/Director's Report*

We prepare annual company minutes and directors' reports as required on completion of annual financial statements.

4 *Maintenance of Statutory Records*

We understand that we are responsible for the maintenance of the following statutory records:

- a) Register of Members
- b) Register of Directors and Secretaries
- c) Register of Directors' Shareholding
- d) Register of Directors' Interests
- e) Register of Charges
- f) Minute Book - Shareholders' Meetings
- g) Minute Book - Directors' Meetings
- h) Other Statutory Records

5 *Filing of Returns with Registrar of Companies*

We understand that we are responsible for the preparation and lodgement of all returns as required.

6 *Income Tax Returns*

The preparation and lodgement of income tax returns for the Company is to be the responsibility of this office. By signing this letter the company authorises National Accountants Ltd to act as its tax agent with the Inland Revenue Department for all tax types and associated entities. As tax agent, National Accountants Ltd will have access to all relevant tax records at the Inland

Revenue Department. Under our tax agency the Company will receive an 'Extension of Time' for filing tax returns, provided that tax returns have been filed on time in prior years. We reserve the right to remove the name of the Company from our Inland Revenue Department 'Agency List' if it fails to provide the information required to enable the completion of its tax returns by due date.

7 Tax Assessments

Our address is used by the Inland Revenue Department for service of notices and we are responsible for checking tax assessments. We shall also endeavour to advise the amounts and due dates of tax instalments. However, the responsibility for paying the correct tax and paying on time rests with the taxpayer and not me as agent. Any penalties arising from lateness, errors, wrong estimates or for any other reason are payable by you as the taxpayer.

8 Annual Imputation Credit Account

We prepare and file the Annual Imputation Credit Account Return in conjunction with the Company's income tax return.

9 Goods and Services Tax

We understand that you are responsible for the preparation and filing by due dates of all returns. We shall, however, endeavour to reconcile your GST returns to your annual financial statements and advise you of any apparent discrepancy.

10 Fringe Benefit Tax

We understand that you are responsible for the preparation and filing of all Fringe Benefit Tax Returns.

11 Insurance

We confirm our understanding that the adequacy and extent of your insurance covers are regularly reviewed by brokers/insurance companies and discussed with you by them and that we are not responsible nor liable for this function.

12 Wages and PAYE

We understand that you are responsible for the monthly completion of IR66N pay-in slips and payment of PAYE deductions by due dates.

13 Department of Statistics Returns

You are to prepare Department of Statistics Returns as required.

14 Our Fees

We will base our fees on the time spent on business matters for the company and the value of the services provided. In determining a fee we will take into account;

- The skill and knowledge required for the type of professional service involved.
- The level of training and experience of the persons engaged in performing the professional services.
- The time occupied by each person engaged in performing the professional services.
- The degree of risk and responsibility that performing those services entails.
- The importance of the matter to the company.
- The complexity of the matter and the difficulty of the work involved.
- The urgency and circumstances in which the professional services are performed.

If the work carried out by National Accountants Ltd is for a limited liability company or other incorporated body, or trust, the persons signing this letter acknowledge that the work is being carried out at their request and accept responsibility jointly and severally with that entity and each other for the payment of its fees.

Fees are due for payment on the 20th day of the month following the month in which they are invoiced.

If fees are overdue we may, at our option:

- Decline to carry out further work until the fees are paid or arrangements are made for its payment.
- Charge a late payment fee at a rate of 1.5% per month compounded from the due date to the actual date of payment.
- Place any outstanding account in the hands of its solicitors or a debt-collection agency for collection. In those circumstances the company and each of the signatories to this form consent to National Accountants Ltd providing its solicitors or debt-collection agency with such details relating to the client and the signatories as may be necessary to collect such outstanding account. All fees and Court costs will be added to the amount owing and will be recoverable from the client and/or the signatories.

National Accountants Ltd shall be entitled to exercise a general lien over all the books, records, related documents and such other chattels that may come into its possession for the purposes of performing professional services until all outstanding fees have been paid.

In the event that a disagreement arises between the Company and National Accountants Ltd over fees the parties agree to use the Fees Resolution Service of the New Zealand Institute of Chartered Accountants to resolve the matter.

15 Other General Terms

National Accountants Ltd may provide to the company general business and/or tax advisory services as required.

The conduct of this engagement is in accordance with the professional standards, Rules, and Code of Ethics of the New Zealand Institute of Chartered Accountants. Information obtained in

the course of this engagement is subject to confidentiality requirements in addition to National Accountants Ltd's obligations under the Privacy Act 1993. National Accountants Ltd will not disclose that information to other parties without the company's express consent, except as required by law or professional obligations.

Funds held by National Accountants Ltd on behalf of the company will be held in a Trust Account which is completely separate from the firm's funds in accordance with the Rules of the New Zealand Institute of Chartered Accountants.

National Accountants Ltd will store the records that it holds on the Company's behalf for a period of seven years after the appropriate balance date. At the end of that period National Accountants Ltd will notify the Company and unless the latter requests their return they will be destroyed using a secure document destruction service.

The Company authorises National Accountants Ltd to seek information it requires for the performance of its assignments from the company's solicitors, bankers, and finance companies.

It is a condition and precedent to any liability that any claim against National Accountants Ltd must be made and notified within one year of the date the performance of the work specified in this agreement. Any liability will be limited to five times the amount invoiced in respect of any assignment (GST and disbursements excluded) or the sum of \$100,000 whichever is the lesser.

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

Yours faithfully

National Accountants Ltd
Chartered Accountants

The services and terms set out above are as agreed.

xxxxxxxxxxxxxxxx Ltd

Per:.....

xxxxxxxxxxx – Director, Trustee and Partner

_____ 2020