

1 June 2019

Dear Client

The NZ Institute of Chartered Accountants requires that we set out in written form the terms of our engagement and the nature and extent of the services, which we will provide. Unless otherwise agreed between us in writing, this letter records the entire agreement between us in relation to our engagement. The terms recorded in this letter will remain in force until varied by us in writing to you, or until cancelled by either of us by notice in writing to the other.

TERMS OF ENGAGEMENT FOR COMPILATION OF FINANCIAL STATEMENTS

Based on information that you provide, we will compile your financial statements and Income Tax return. We will also prepare any Income Tax returns required by related parties. Our work will be performed in accordance with the standards issued by the NZ Institute of Chartered Accountants.

The financial information will be prepared as Special Purpose Financial Statements to meet the requirements of the Income Tax Act 2007 and this will be disclosed in the notes to the financial statements. Where the financial statements are for a company, they will also be prepared to comply with the Financial Reporting Act 1993. Because of the Special Purpose nature of the financial statements they may not be suitable for other purposes and should not be considered general purpose financial statements.

Compilation of the financial statements is limited primarily to collecting, classifying and summarising the information that you provide to us. A compilation does not involve the verification of that information. No audit or review engagement will be performed and accordingly no assurance as to the accuracy of the financial statements will be expressed.

We will attach our compilation report including a disclaimer of liability to the financial statements that we prepare.

From time to time we may provide other services at your request. Those other services will also be subject to the general terms and conditions contained in this letter.

EXTENT OF SERVICES

You are responsible for ensuring that the accounting records and other information that you supply to us are accurate and complete. You are therefore responsible for the reliability, accuracy and completeness of the financial statements compiled from those records and information. You have responsibility for the maintenance of adequate records, an adequate internal control structure and the selection and application of appropriate accounting policies within your business. In addition, you are solely responsible to the users of the financial statements we compile. These matters are not our responsibility.

You will be required to review and approve the financial statements and Income Tax returns for reasonableness and correctness, and you will need to understand the importance and risks of signing the income tax returns as being true and correct.

The information you are to supply and any other information that we consider necessary to complete the engagement must be provided on a timely basis in order that the engagement can be completed on a timely basis.

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.

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.

INDEPENDENCE

Independence is not a requirement for a compilation engagement.

If we are aware that we are not independent of your business, this fact will be stated in our report. However, we will not conduct a comprehensive review to determine whether we are, or are not, independent.



USE AND DISTRIBUTION OF THE FINANCIAL INFORMATION

We understand that the intended use of the financial information is for internal management reporting and for the preparation of Income Tax returns. If this should change in any material respect, you should inform us immediately. We do not accept any responsibility to any person, other than you, for the contents of the financial statements.

INFORMATION AND DISCLOSURE

The conduct of this engagement is in accordance with the professional standards, rules and ethical requirements of the New Zealand Institute of Chartered Accountants. 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. However, we may disclose non-financial and non-tax details to third parties for the purpose of debt recovery.

FEES

Unless we agree otherwise with you, our fees will be based on hours worked charged at rates appropriate to the work performed and the levels of expertise required.

We will invoice you once the work has been completed. We may also make an interim billing where finalisation of the financial statements is delayed for whatever reason. Payment of our account will be due 14 days after the date the invoice has been issued. If you fail to pay on time, then we may refuse to undertake any more work until full payment has been received. If you are not able to pay in full by the due date, then please contact us, as we are usually happy to arrange payment in instalments. Unpaid accounts where no payment arrangement exists may be charged a non-payment fee of \$20 for each month the account remains unpaid. If you do not pay us by the due date and we engage a debt collection firm or incur legal fees in recovering payment from you, then any costs associated with the recovery action will be payable by you.

In the unfortunate circumstance that a disagreement arises between us over our fees, if the matter cannot be resolved amicably by discussion (which is our preferred option) then we both agree to use the Fees Resolution Service of the NZ Institute of Chartered Accountants to resolve the matter. Details of this Service are available from the Institute. 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 all outstanding fees are settled.

OUTSOURCING

We may outsource the work that we do for you to either an individual or an organisation outside of our firm. We will be responsible for the accuracy and completeness of the work performed by the outsource person. We may make information about you available to the outsourcing person for the purposes of the work that they are performing. We will ensure that the organisation or person has policies and procedures in place so as not to store information about you beyond the length of their assignment. We will be responsible for paying the outsourcer the fee for the assignment which may, in whole or in part, make up any fee we charge to you.

OWNERSHIP OF WORK PAPERS

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.

Our work may involve the collection of personal information relevant or incidental to the engagement. Any such information will be held at our offices and will be retained for as long as may be relevant to the engagement, and, except where otherwise noted in this letter, will only be used or disclosed for purposes related to the engagement. Individuals concerned will be able to contact us to access information held concerning them and, if necessary, seek correction to that information.

We look forward to working with you and trust that you will make available to us, in a timely manner, the records, documentation and other information requested in connection with our compilation.

The terms recorded in this letter will be effective for this and all future engagements that are similar in nature unless we advise you of any change in our arrangements.

Yours faithfully

KOLLER & HASSALL LIMITED



(A.J. Hassall)
Director



(K.M. Hansell)
Director

