Engagement Letter

[Date]

[Client Name]
[Address 1]
[Address 2]
[Address 3]

Dear [Salutation]

Thank you for engaging Count on Us as your accounting, tax, and business advisors. We look forward to working with you.

This letter sets out our **terms of engagement** with you. We do not wish to be excessively formal, but it is important that there is a clear understanding between us to avoid disappointing expectations. Also, our professional body requires us to cover a range of matters, which makes the terms more detailed.

As far as possible we have arranged the details in appendices to make them easier to assimilate. Please check what we have set down here agrees with your understanding.

The terms apply to all the entities and individuals identified in the **New client information Form**.

They will continue unless varied or cancelled by either of us by notice in writing to the other.

Who we are acting for

We are acting for [clients/you] only. Where you would like us to act for anyone else, we will issue a separate engagement letter to them.

Background

We understand that:

[Description of client's facts];

[Description of transaction background]; and

[Other facts and circumstances relied upon].

Period of engagement

This engagement will start on [date]/starts on the date that you sign and return this document to us. The first period for which we will be responsible is [tax year ending/accounts period ending etc]. Previous [tax years/account periods] are not included as part of this engagement unless specifically agreed by us.

Fees

Our fees will be charged in accordance with the attached terms and conditions. Please review these to ensure you understand the basis of our charges and our payment terms.

By way of summary, we estimate that our fees for [insert period] will be as follows:

[service item]	$[ ]
[set up fee]	$[ ]
TOTAL	$[ ] +GST

Please check that the services outlined here match your understanding and then sign and return this agreement. Please also initial each page to signify you have read it. We enclose a copy for your records.

Yours sincerely

Peter Nankivell

Partner

Count on Us Chartered Accountants

I/We agree to the terms of engagement set out below, on behalf of myself/ourselves and all associated entities and warrant that I/we have authority to do so.

Signed:		Date:	
	Name:		
Signed:		Date:	
	Name:		
For and behalf of:			
	Entity Name:		

TERMS OF ENGAGEMENT

1.0 Who Does What?

1.1 Our responsibilities

1. Using information supplied by you, we will use our professional skills to compile annual financial statements and an income tax return. This work will be performed in accordance with the Service Engagement Standard (SES-2) issued by the New Zealand Institute of Chartered Accountants. We can provide a copy of these Standards at your request.

   Annual accounts for companies will be prepared in accordance with the Financial Reporting Act 2013. Other than for exempt companies, these are general purpose reports and must be prepared in accordance with New Zealand Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs). If necessary, additional explanations will be added to ensure that a true and fair view is given.

   Annual accounts for exempt companies will be prepared either in accordance with the simpler format of the Tax Administration (Financial Statements) Order 2014 unless otherwise specified.

   Periodic accounts for management are not governed by legislation and will be prepared on the basis you request.

2. We will describe what general basis of accounting we use to compile the accounts in notes to the financial statements along with any significant departures from that basis. Significant departures will also be referred to in our compilation report. For all accounts we will prepare Special Purpose Annual Financial Statements according to the principles contained in the Income Tax Act 2007 as follows:

   2.1 Trusts – Tax Administration (Financial Statements – Domestic Trusts) Order 2022 (TAFSDTO)

   2.2 Companies – Tax Administration (Financial Statements) Order 2014 (TAFSO)

   2.3 Partnerships – Tax Administration (Financial Statements) Order 2014 (TAFSO)

   2.4 Sole Traders –Tax Administration (Financial Statements) Order 2014 (TAFSO)

3. It is not a professional requirement to be independent before carrying out compilation work. However, we will outline any other relationship in our compilation report, for example where a Director of Count on Us is a trustee of a client trust.

4. 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.

5. We will not take active steps to identify weaknesses in your internal accounting system, errors, illegal acts, or other irregularities, for example, fraud or non-compliance with laws and regulations. However, should we become suspicious of omissions or irregularities, we will report it to you.

6. We will deliver financial statements and other outputs to the applicable individual, partners of a partnership, directors of a company and trustees of a trust. We will file tax returns with appropriate supporting data. It is up to you to provide copies to other interested parties, e.g. company shareholders.

7. We will explain or redraft any element of these terms to ensure you understand them and think they are reasonable.

8. We will inform you if we become aware of any conflict of interest in our relationship with you (including between the various persons this engagement letter covers) or in our relationship with you and another

client. Where conflicts are identified which cannot be managed in a way that protects your interests or you do not consent to the way in which we propose to manage the conflict then we will be unable to provide further services to some or all of the persons to whom this engagement applies. If this arises, we will inform you promptly.

We may act for other clients whose interests are not the same as or are adverse to yours, subject to the obligations of conflicts of interest and confidentiality referred to above.

1.2 Your responsibilities

1. You are responsible for providing us with all information needed to properly compile the accounts and returns promptly at the times agreed. We will provide a checklist to help you identify that information.
2. You are responsible for the assertions in the financial statements and for what appears in your tax returns. It is up to you to ensure the information you give us is accurate and complete and meets all your obligations set out in the tax laws.
3. You must disclose all sources of income and can only claim expenses that were incurred to earn income. You must have all the supporting documents required by Inland Revenue.
4. You are responsible for paying your taxes by the due dates, and for paying any penalties and/or interest arising from late payments, errors, wrong estimates, or any other cause.
5. Where Count on Us is not acting as trustee for a client trust, it is the trustees' obligation to meet the requirements of the Trusts Act 2019 (not the firm's).
6. For client companies,
   (a) you will advise Count on Us in advance of any proposed company shareholder change as these can carry unintended tax consequences. Count on Us will not be responsible for any losses caused by such a change if not advised to us in advance.
   (b) you will advise Count on Us within 6 months of the start of the company's financial year (30 September for most companies) if the shareholders wish to opt in or opt out of statutory financial reporting or audit requirements in accordance with ss 207H to 207K of the Companies Act 1993. Count on Us will not be responsible for any consequences caused by the relevant resolutions not being completed within the specified time frame if not advised to us in advance.
7. You are responsible for the adequacy of your insurance and ACC covers.
8. You authorise us to approach third parties as may be appropriate for information that we consider necessary to deal with your affairs.
9. You will inform us if the information we compile is intended for disclosure to any person or body and how you expect them to use it. This does not apply to:
   - The directors, shareholders, partners, trustees, or equivalent office holders of your enterprises as listed in this letter, and
   - Inland Revenue.
10. You will let us know if any of these terms are unclear or seem unreasonable and we will explain or redraft to make sure you are happy.
11. You must advise of any changes to your contact details. We may send any communications to the last contact details you have provided. Unless you instruct us otherwise we may, where appropriate, communicate with you and with third parties via email or by other electronic means. The recipient is responsible for virus checking emails and any attachments. There is a risk of non-receipt, delayed receipt, inadvertent misdirection or interception by third parties in any form of communication, whether electronic, postal or otherwise. We are not responsible for any such matters beyond our

control.

12. If you have any concerns about our costs or services, please speak to the person responsible for this engagement, who is identified in our engagement letter. To resolve your concerns we have policies and procedures in place to deal appropriately with complaints and will use best endeavours to resolve a complaint or dispute to the mutual satisfaction of the parties involved. We may require you to detail your complaint in writing to allow us to fully investigate any concerns that you raise.

1.3 Tick as applicable. Ignore whichever does not apply

Financial and Tax	**Count on Us do** ✓	**You do** ✓
Annual accounts		
Income tax returns for the individuals and entities named above		
Management of all tax assessments		
Provision of our income tax payment reminder and collection service		
PAYE returns		
GST returns		
FBT returns		
RWT returns		
Company and Trust		
Company directors' and shareholders' resolutions		
Company statutory records		
Provision of our office as the registered office of your company		
Filing of your annual company return with the Registrar of Companies		
Trustees' resolutions		
Trust administration		
Initial trust administration risk review and annual review thereafter		
Other Services		
Xero application support		
ACC administration and advisory		
Other tasks and provision as mutually agreed and documented		

2.0 Fees, Disbursements, Billing, and Payment

1. We normally agree the price with you before we start the work. The fixed price agreement quote is provided to you [in the appendix at the back of this letter/in the table below] If no upfront price agreement has been made, the fee is based on the time we take to do the work and the value of the service provided. We consider factors such as expertise required, risk, responsibility, importance, complexity, urgency, and results achieved.
2. We will bill you when the work is completed and our invoices are due for payment within 7 days of issue.

Any fees quoted are exclusive of GST which will be added to our invoice.

3. Where appropriate we will add any authorised disbursements and expenses to our invoices incurred while performing our services for you. This includes third-party service charges, such as Xero, MYOB, Audit Shield. In some instances, 3rd party providers can pay Count on Us commissions for providing these services, this includes Xero subscription and Audit Shield.
4. If the scope of the work should change, or an estimate of the fee be exceeded, we will promptly advise you in writing and agree necessary changes to the fee structure or billing arrangements.
5. Invoices are payable within 7 days from the date of invoice unless otherwise agreed. We may issue interim invoices for work in progress, with a final invoice on completion. We can also arrange with you to make regular payments in advance if that suits your business better.
6. If the work is carried out for a limited liability company, the persons who sign this letter acknowledge that the work is being carried out at their request and accept responsibility and liability with the client and each other for the payment of the account. If payment is not received by the due date, Count on Us is entitled to look to any or all of the parties signing this letter for payment without being obligated first to seek payment from the entity/client itself.
7. If payment of any invoice is not received by the due date, we may:
   - Discontinue further work until the account is paid
   - Charge interest of 1.5% per calendar month on any outstanding balance after the due date. This interest will be compounded from the due date to actual payment.
   - Give the debt to our solicitor or debt collection agency for collection. In such circumstances you consent to us providing our solicitor or debt collection agency with information necessary to collect the debt. Recovery fees and costs will be charged to you as well as the debt owing.
   - Hold all records and related material which have been used for this engagement until all outstanding fees are settled.
8. If permitted by law and not prohibited by professional standards or guidelines, we may exercise a lien over all materials or records in our possession relating to all engagements for you until all outstanding fees and disbursements are paid in full.

3.0 Everything Else

3.1 Ownership of Records and Related Material

1. You retain ownership of all documents you provide to us so we can carry out your work. We will return them to you when the work is completed. All documents, workpapers and drafts that we create remain our property. We store them for 7 years after the appropriate balance date. After 7 years we may destroy them at our discretion using a secure document destruction service.
2. If your affairs at some time in the future are handled by you or another accountant, we will make available such information regarding your affairs that is essential to enable you or your new accountant to perform the services we previously provided including any xero subscription held by us.

3.2 Authority to Act

1. By signing this agreement, you authorise us to act as your tax agent with Inland Revenue for all tax types and all your associated entities. You give us permission to access your tax records, including electronic records, held by Inland Revenue. Under our tax agency you will receive an extension of time for filing your income tax returns and paying income tax, provided your returns have been filed on time in prior years.
2. You also agree to authorise us to communicate with your bankers, solicitors, finance companies, government agencies and any other relevant third party to obtain information required to complete our work for you.

3.3 Information and Disclosure

1. We conduct this engagement in accordance with professional standards, rules and ethical requirements of Chartered Accountants Australia and New Zealand (CAANZ). Information we obtain in the course of this engagement is subject to confidentiality requirements, as well as our obligations under the Privacy Act 2020. We will not disclose that information to other parties, without your express consent, except as required by law or professional obligations, staff or subcontracted labour.
2. One such professional obligation includes a provision of the NZICA Code of Ethics which deals with actual or potential "non-compliance with laws and regulations" (NOCLAR). If, during the ordinary course of completing our engagement, we become aware of any such non-compliance which poses substantial harm (such as adverse consequences to investors, creditors, employees or the public), we may be required to disclose this information to an appropriate authority.
3. We will not share your confidential information with anyone outside the firm without your permission unless there is a legal (eg AML suspicious transaction reporting) or professional obligation to do so.
4. As members of CAANZ we are subject to disciplinary procedures and rules. Our work and files are subject to practice review by which compliance with professional standards is monitored. You agree that CAANZ, its reviewers and/or its disciplinary bodies may have access to our files, including client information, relating to this engagement. All CAANZ employees and contractors are required to maintain the strictest confidentiality.
5. Our engagement is governed by New Zealand law. The New Zealand courts have non-exclusive jurisdiction in relation to any dispute between us.

3.4 Outsourcing and third-party providers

1. To provide our services to you, we may need to access and use services and products that are owned by third parties. We may provide your information to these third parties solely as required to perform our work for you and not for any other purpose. This requires information being sent to our service provider overseas in accordance with our Privacy Policy.
2. If you have any concern about our use of third-party and cloud-based services, please speak to us.
3. In accepting this engagement, you provide us with your express consent to disclose your information to:
   - our service providers or regulatory bodies to the extent required to provide our services to you;
   - our professional advisors or insurers to the extent required to protect our interests regarding this engagement;
4. Certain third-party providers will require a direct authority in order for your information to be provided to us for use in completing the engagement. If we require a direct authority from you, we will advise you and provide you with express instructions on completing.
5. We will take reasonable steps to ensure any such recipient (other than a regulatory body) keeps such

information confidential on the same basis we maintain regarding your information.

6. Your information will be kept by third-party providers in electronic format. Other third parties store information "in the cloud" so we do not know its physical location.
7. We may retain your information during and after our engagement:
   - to comply with legal requirements
   - as part of our regular IT back-up and archiving practices
   - to perform our work for you under this engagement
   - to comply with our professional and ethical obligations
8. We will continue to hold all such information confidentially.
9. If we want to mention that you are a client for promotional purposes, we will seek your permission before doing so.

3.5 Client Due Diligence

1. Count on Us must comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act). Our work for you may be captured under the Act in conducting certain activities, including acting as a formation agent, acting as a nominee shareholder or trustee, managing client funds, or engaging in transactions for buying or selling land or a business or other legal entity/arrangement. If you request us to perform any of these captured activities, we will only perform such work after we have conducted customer due diligence required under the AML/CFT Act and satisfied ourselves that we can proceed with the work.
2. When we conduct customer due diligence required by the AML/CFT Act, the information we request from you will differ depending on the entity (for example, individuals, companies, and trusts are subject to different requirements) and the level of assessed risk. Information required may include passports, address verification by way of recent utility bill, bank statement, or government agency letter, Certificates of Incorporation or Registration, Trust Deeds or Partnership Agreements, proof of authority of persons acting for you, and proof of source of funds.
3. As well as our obligations to undertake due diligence, the AML/CFT Act requires us to report suspicious activity or prescribed transactions to the relevant authority. Under such circumstances, we may not disclose information to you about suspicious activity reports or prescribed transactions, in accordance with FIU Suspicious Activity Reporting Guidelines.
4. Similarly, we may be required to verify your identity to comply with our professional obligations and/or Inland Revenue requirements.

3.6 Liability

1. We will not accept liability for negligence or any other reason to anyone but you, the persons who sign this letter. We will include a disclaimer to this effect in our compilation report. We set a limit on our liability to you for negligence or any other reason at 10 times the annual accounting fee.
2. We will not be responsible or liable if information we need to carry out our tasks properly is withheld, concealed, or erroneously supplied to us. We also will not be responsible for transactions that we are unaware of that exist outside of the financial records, such as property or barter transactions. Any claim against us must be made and notified to us within one year of the date we complete the work set out in this agreement.

3.7 Qualifications on our services

To the extent our services involve the performance of services established by law, nothing in the engagement letter or these terms reduce our obligations under such law.

You must not act on advice given by us on an earlier occasion without first confirming with us that the advice is still valid.

Our services are limited exclusively to those you have engaged us to perform. Unless otherwise specified in the engagement letter, our services cannot be relied upon to disclose irregularities and errors, including fraud and other illegal acts, in your affairs. Neither an audit nor a review will be conducted and, accordingly, no assurance will be expressed.

Where our engagement is recurring we may amend our engagement letter and these terms where we consider it is necessary or appropriate to do so. If you do not accept such amendments, you must notify us promptly in which case either party may terminate our engagement in accordance with section 18 below and those amendments will not apply prior to such termination.

3.8 Reliance on advice

We will endeavour to record all advice on important matters in writing. Advice given verbally is not intended to be relied upon unless confirmed in writing. If we provide verbal advice (for example during a meeting or telephone conversation) that you wish to rely on, you must ask us to confirm the advice in writing.

3.9 Investment and financial advisory advice

We are prohibited from providing you with investment or financial advice regulated under the Financial Markets Conduct Act 2013, as amended by the Financial Services Legislation Amendment Act 2019.

3.10 Interpretation

If any provision of the engagement letter or these terms is void, that provision will be severed and the remainder will continue to apply. If there is any conflict between the engagement letter and these terms, these terms prevail.

3.11 Termination

Either party may terminate this agreement by giving not less that 30 days' notice in writing to the other party except where a conflict of interest has arisen, you fail to cooperate with us or we have reason to believe that you have provided us or any other person with misleading or factually inaccurate information, in which case we may terminate this agreement immediately. Termination will not affect any accrued rights.

4.0 Sample Compilation Report and Disclaimer

The following example shows a typical Compilation Report and Disclaimer which appears on financial information we prepare.

COMPILATION REPORT to the directors/partners/trustees/proprietor

of

[Entity Name]

Scope

We have compiled these financial statements of [Entity Name] for the [year/period] ended [Date Month Year] as set out on pages [first page number] to [last page number] from the information you provided. Our work was carried out to the professional standards promulgated by Chartered Accountants Australia and New Zealand, in particular Service Engagement Standard No. 2: *Compilation of Financial Information* [or equivalent standard]. The financial statements have been prepared, as you instructed, in accordance with [the financial reporting framework/basis of accounting] described in Note 1 to the financial statements (the statement of accounting policies).

Departure from reporting framework (if required)

We draw attention to Note [Note Number] of the financial statements. There is a departure from the identified financial reporting framework in that [Describe departure].

No assurance expressed

You directed us to use accounting expertise to compile the financial statements from information you provided. Your instructions did not include verification or validation of that information. No audit or review engagement has been performed and accordingly we express no assurance on the financial information.

Responsibilities

You are responsible for the information contained in the financial statements and have determined that the [the financial reporting framework/basis of accounting] adopted is appropriate for your intended uses of the financial statements. The intended users are you and the Inland Revenue Department.

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.

Independence (if required)

We are not independent of [Entity Name] because [reason why not independent, for example, the accountant is a formal or de facto shareholder / director / partner / trustee / lender].

Disclaimer of liability statement (when appropriate)

As mentioned earlier in our report, 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 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.

[*Signature of partner*]

Count on Us Chartered Accountants

13 Bay Road, Kilbirnie