

**TERMS OF ENGAGEMENT**

Updated: May 2016

This document is to confirm our understanding of the terms of our engagement and the nature and extent of the services we will provide. Unless otherwise agreed between us in writing, this document records the entire agreement between us in relation to our engagement. The terms recorded in this Agreement 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.

These terms of engagement relates to the following entities:

Full Legal Name of Entity	IRD Number	Office Use			
		Type	MYOB/XERO	B/Link	FF/E/Q

**TERMS OF ENGAGEMENT**

**General:**

With regard to the general aspects of the engagement, it is understood and agreed that: -

- a) The client accepts responsibility for all records and information supplied to Kendall Wakeman (KW) and for its completeness and accuracy. KW does not accept responsibility for the maintenance of adequate accounting records or internal control structure in the client’s organisation;
- b) The client accepts responsibility for any failure to supply KW with all relevant records and information;
- c) The client accepts responsibility for ensuring that all relevant records and information are at the offices of KW or as otherwise agreed in reasonable and sufficient time for processing to be completed by KW before any statutory or other deadline;
- d) Where the services of an external consultant are required, involving the disclosure of confidential client information, the client’s prior consent will be obtained by KW;
- e) The client accepts that work papers, drafts, internal memoranda and similar documents prepared by KW in connection with the engagement remain the property of KW at all times;
- f) The client accepts that KW shall have the right to exercise a possessory lien over any records in their possession relating to any outstanding fee;
- g) The arrangements outlined herein will continue in effect from year to year unless varied in writing.

**Financial Statements (Compilation):**

- a) Other than tax return schedules of income and expenditure, financial statements will be prepared in accordance with the generally accepted accountancy practice, and either the Financial Reporting Act 1993 or if appropriate on a Special Purpose reporting basis;
- b) The client accepts responsibility for providing KW with all information necessary to properly prepare the financial statements and present full disclosure of all required matters;
- c) The client accepts responsibility for the accuracy and completeness of the assertions in the financial statements;
- d) Our procedures will not include verification or validation procedures. No audit or review engagement will be performed and accordingly no assurance will be expressed;

- e) Included in our compilation report will be a Compilation Report statement, as follows:

*Scope*

*On the basis of the information you provided we have compiled, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, the financial statements of (name of entity) for the period ended (insert date) as set out in pages ...to ... These have been prepared in accordance with the financial reporting framework described in Note 1 to the financial statements.*

*Responsibilities*

*You are solely responsible for the information contained in the financial statements and have determined that the basis of accounting used is appropriate to meet your needs and for the purposes 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.*

*No audit or review engagements undertaken*

*Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provide. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.*

- f) The client accepts that, where included, a Disclaimer of Liability by KW forms part of the financial statements and is to remain attached to all copies of the financial statements distributed to third parties;
- g) It is not intended that the engagement of KW for the Compilation of Financial Statements be relied upon to prevent or detect fraud and error and the client accepts sole responsibility for such detection and prevention.

### **Tax and Compliance Services:**

KW contracts the services of Takapuna Tax Services Limited (“TTS”) to prepare and submit the tax returns for KW clients (see Tax Agency below). Any costs incurred with this service are KW expense. You will not incur any additional costs for work undertaken by TTS unless you expressly authorise TTS to do so.

If requested by the client, KW will arrange for the preparation and filing, on time, the following returns:

- a) Income tax returns and election notices for (taxpayer and/or associated persons)
- b) GST returns
- c) Any overdue IRD returns as may be required
- d) Statistics New Zealand returns as required

### **GST calculation and Filing with the IRD:**

KW will upon receipt of information from you calculate the GST payable or receivable on a monthly / bi-monthly / 6 monthly basis and supply by way of support information the audit trail supporting the calculation. This calculation will be advised to you ahead of the due date for filing to the Inland Revenue Department. It is your responsibility to check the calculation and advise us as soon as possible to any error or omission. If KW does not receive by email any notice of any error or omission within 24 hours of the due date for filing, you authorise KW to file electronically the GST return for the given period.

### **Advisory Services:**

It is understood and agreed that KW may provide general business advisory services and/or tax advisory services from time to time, as required or as requested by the client.

### **Our Responsibilities:**

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 prepare the returns.

1. Your returns will include the following statement: “Prepared without review from information provided by the taxpayer”, along with our Firm name as the preparer of your returns.

City Office: 1 Princes Street, Auckland.

Takapuna Office: Level 3, 12 Huron Street, Takapuna, Auckland.

Postal: PO Box 28-818, Remuera, Auckland, 1541.

Ph: 64-9-366-1333 Fax: 64-9-366-1344 Email: ca@kendallwakeman.co.nz

2. 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.
3. 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.
4. We will advise you about any amounts of tax to be paid and the due dates for payment.

**Your Responsibilities:**

1. 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, and meets all your obligations set out in the tax laws.
2. You must confirm that you have told us about all sources of income, that all your expense claims were incurred to earn income, and that you have all the supporting documents required by IRD.
3. If you are aware of any illegal or possibly illegal acts that may affect your tax returns, you must let us know full details of these.
4. If you choose to use your own address as the mailing address, we recommend that you immediately provide us with copies of any correspondence you receive from IRD. This is because there may be a deadline for reply, and if it is not met proposed assessments or reassessments may be issued and you may lose the chance to challenge any issues.
5. You are responsible for paying any penalties and/or interest arising from late payments, errors and wrong estimates or from any other cause.

**Tax Agency:**

KW engages the services of Takapuna Tax Services Ltd (“TTS”), an independent firm to complete and file all tax returns with the Inland Revenue Department for KW clients. By signing this letter you authorise Takapuna Tax Services Limited to act as your tax agent with the Inland Revenue Department for all tax types and for all your associated entities. As your tax agent TTS will have access to your tax records at the Inland Revenue Department obtaining information from the Inland Revenue through all channels, including electronic ones. Under TTS agency you will receive an extension of time for filing your income tax returns, provided that your returns have been filed on time in prior years.

**Information and Disclosure:**

The conduct of this engagement is in accordance with the professional standards, rules and ethical requirements of generally accepted accounting practices. 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.

**Limitation of Liability:**

We will not be responsible or liable if information we need to carry out our tasks properly is withheld or concealed from us or wrongly represented to us. 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.

**Variation**

Terms of engagement may vary from time to time depending on the nature of the engagement and/or the relationship KW has with the client. Variation of the general Terms of Engagement may occur by mutual agreement.

## TERMS OF TRADE

### Fees

Kendall Wakeman (KW) base fees on the time spent on your business matters, and value of Service provided. In determining a fee, we take into account:

- a) The skill and knowledge required for the type of professional services involved;
- b) The level of training and experience of the persons necessarily engaged in performing the professional services;
- c) The time necessarily occupied by each person engaged in performing the professional services;
- d) The degree of risk and responsibility that performing those services entails;
- e) The importance of the matter to the client;
- f) The complexity of the matter and the difficulty of the work involved;
- g) The urgency and circumstances in which the professional services are performed.

We calculate and bill our fees monthly. Each fee invoice represents work completed by us to the date indicated in that account and will be forwarded to you by the 5th of the month following the fee date.

Disbursements are payments made by us on your behalf. These costs are passed on to you as part of our normal monthly billing and include MYOB, MYOB Banklink and Xero charges we have incurred.

### Credit Terms

As the work is carried out for a Company and/or Trust, it is acknowledged that the work is being carried out at the request of those persons who sign this letter as Directors and/or Trustees and **such persons accept responsibility and liability jointly and severally for the payment of the account.**

If the account is not received by due date, KW shall be entitled to look to any or all of the parties signing this letter for payment without being obligated first to seek or enforce payment from the client itself.

If payment of any account is not received by the due date:

- a) We may decline to continue further work until the account is paid or arrangements made for payment.
- b) In accordance with normal commercial practice, we may charge a late payment penalty on any balance outstanding after due date at a rate of 3.5% per calendar month or part thereof compounded from due date to date of actual payment.
- c) We reserve the right to place any outstanding account in the hands of our Solicitors or debt collection agency for collection by legal action if necessary. In those circumstances, the client and each of the signatories consent to KW 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. In the event that the account is placed with our Solicitors or debt collection agency, all fees and/or Court costs incurred in recovery action will be added to the amount owing and will be recoverable from the client and/or the signatories.

### Right to Claim a General Lien over Books and Records:

It is agreed that KW shall be entitled to exercise a general lien over all the books, records, related documents and other such chattels that may come into our possession for the purpose of performing professional services for you until all our costs and charges whatsoever for professional services of any nature to you have been fully paid.

### Ownership of Books, Records and Other Documents:

It is agreed that ownership of all documents supplied by you to assist in the performance of professional services on your behalf shall remain your property. It is also agreed that all documents produced by KW in the performance of these professional services shall remain our property. For the avoidance of doubt, it is agreed that we shall retain ownership of all work papers and drafts created and used by KW in the course of performing professional services for you.

### Payment

Payment is due on the 20<sup>th</sup> month following invoice, and may be made by cheque, credit card, or direct credit to a bank account nominated by us.

If there are any issues concerning the amount of our fee, they must be communicated to us in writing **within 15 days** of the date of the invoice; otherwise it is agreed that the amount is due and payable.

Should you require further information or clarification, please telephone Alan Towers 09 366 1333.

### Agreed Tasks

Agreed tasks per attached schedule.

### Authorisation to obtain information subject to the Privacy Act

I authorise Kendall Wakeman and staff to communicate with the appropriate bankers, solicitors, finance companies and other persons or organisations to obtain such further information as is required to carry out the above engagement.

### Acknowledgement of NZICA Practice Review

We acknowledge the possibility of the my client's file being reviewed as part of the practice review process

### Please sign and return this agreement:

We agree to the above terms of engagement and terms of trade on behalf of the above named Entities and all associated entities and warrant that we have authority to do so.

Full Name of Authorised Person: \_\_\_\_\_

Position (Director/Trustee/Partner) \_\_\_\_\_



\_\_\_\_\_ Date: \_\_\_\_\_

Full Name of Authorised Person: \_\_\_\_\_

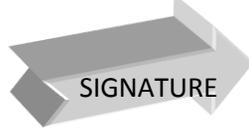
Position (Director/Trustee/Partner) \_\_\_\_\_



\_\_\_\_\_ Date: \_\_\_\_\_

Full Name of Authorised Person(s): \_\_\_\_\_

Position (Director/Trustee/Partner) \_\_\_\_\_



\_\_\_\_\_ Date: \_\_\_\_\_

Full Legal Name of Entity

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**AGREED TASK SCHEDULE**

Companies Office Requirements	Kendall Wakeman	Client
Shall be the registered office of the Company	<input type="checkbox"/>	<input type="checkbox"/>
Shall prepare Annual Companies Office return	<input type="checkbox"/>	<input type="checkbox"/>
Shall maintain the Companies Records	<input type="checkbox"/>	<input type="checkbox"/>

Monthly Accounting	Kendall Wakeman	Client
Prepare Wages for weekly/fortnight/monthly payment	<input type="checkbox"/>	<input type="checkbox"/>
Prepare GST Return           monthly/2 monthly/6 monthly	<input type="checkbox"/>	<input type="checkbox"/>

**GST calculation and Filing with the IRD:**  
*KW will upon receipt of information from you calculate the GST payable or receivable on a monthly / bi-monthly / 6 monthly basis and supply by way of support information the audit trail supporting the calculation. This calculation will be advised to you ahead of the due date for filing to the Inland Revenue Department. It is your responsibility to check the calculation and advise us as soon as possible to any error or omission. If KW does not receive by email any notice of any error or omission within 24 hours of the due date for filing, you authorise KW to file electronically the GST return for the given period.*

**Initials:** \_\_\_\_\_

Financial Accounts & Tax Returns	Kendall Wakeman	Client
Prepare Accounts to Trial Balance	<input type="checkbox"/>	<input type="checkbox"/>
Prepare Financial Accounts	<input type="checkbox"/>	<input type="checkbox"/>
Prepare IR4 Company Income Tax Return	<input type="checkbox"/>	<input type="checkbox"/>
Prepare IR10	<input type="checkbox"/>	<input type="checkbox"/>
Prepare IR4J Imputation Credit Account	<input type="checkbox"/>	<input type="checkbox"/>
Prepare IR4NS	<input type="checkbox"/>	<input type="checkbox"/>
Prepare IR3/IR3NR Personal Income Tax Return	<input type="checkbox"/>	<input type="checkbox"/>
Prepare IR6 Trust Income Tax Return	<input type="checkbox"/>	<input type="checkbox"/>
Prepare IR7 Partnership/LTC Income Tax Return	<input type="checkbox"/>	<input type="checkbox"/>

**Tax Agency:**  
*KW engages the services of Takapuna Tax Services Ltd ("TTS"), an independent firm to complete and file all tax returns with the Inland Revenue Department for KW clients. By signing this letter you authorise Takapuna Tax Services Limited to act as your tax agent with the Inland Revenue Department for all tax types and for all your associated entities. As your tax agent TTS will have access to your tax records at the Inland Revenue Department obtaining information from the Inland Revenue through all channels, including electronic ones. Under TTS agency you will receive an extension of time for filing your income tax returns, provided that your returns have been filed on time in prior years.*

**Initials:** \_\_\_\_\_

Reconciliations	Kendall Wakeman	Client
Bank Reconciliation	<input type="checkbox"/>	<input type="checkbox"/>
GST Reconciliation	<input type="checkbox"/>	<input type="checkbox"/>
Wages / IRD PAYE Reconciliation	<input type="checkbox"/>	<input type="checkbox"/>
IR4J Imputation Account Reconciliation	<input type="checkbox"/>	<input type="checkbox"/>

Other Tasks Required	Kendall Wakeman	Client
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

**Full Legal Name of Entity**

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Full Legal Name of Entity \_\_\_\_\_

**AUTHORISATION**

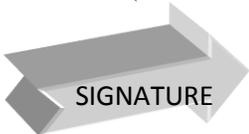
**Authorisation to obtain information subject to the Privacy Act**

I/We give authority to Kendall Wakeman and/or Takapuna Tax Services Ltd and staff to act on behalf of the above named Entities and to obtain information from Inland Revenue for all tax types (except child support NCP or CPR) until further notice. This includes obtaining information through all Inland Revenue media and communication channels.

I/We also give authority to Kendall Wakeman and/or Takapuna Tax Services Ltd and staff until further notice, to communicate with the appropriate bankers, solicitors, finance companies, ACC and other persons or organisations to obtain such further information as is required to carry out the compilation and preparation of my financial statements and related taxation returns.

Full Name of Authorised Person: \_\_\_\_\_

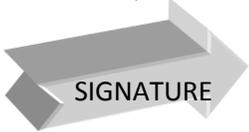
Position (Director/Trustee/Partner) \_\_\_\_\_



\_\_\_\_\_ Date: \_\_\_\_\_

Full Name of Authorised Person: \_\_\_\_\_

Position (Director/Trustee/Partner) \_\_\_\_\_



\_\_\_\_\_ Date: \_\_\_\_\_

Full Name of Authorised Person(s): \_\_\_\_\_

Position (Director/Trustee/Partner) \_\_\_\_\_



\_\_\_\_\_ Date: \_\_\_\_\_