

8 February 2022

Mr A & Mrs B Sample
PO Box 9999
Auckland

Dear Alex & Bella

ENGAGEMENT LETTER

This letter 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 letter records the entire agreement between us in relation to our engagement. The terms recorded in this letter will remain in place until varied by us in writing to you, or until cancelled by either of us in writing to the other.

We are authorised to act on behalf of:

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| Sample Company Limited – IRD # 123-456-789 |
| Mr A Sample – IRD # 234-567-890 |
| Mrs B Sample – IRD # 345-678-901 |
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Services

On the basis of information you provide, we will provide the following services:

- | | | | |
|-------------------------------------|---|---|---------------|
| <input checked="" type="checkbox"/> | Preparation of annual financial statements commencing with the period ended | <table border="1"><tr><td>31 March 2021</td></tr></table> | 31 March 2021 |
| 31 March 2021 | | | |
| <input checked="" type="checkbox"/> | Preparation of interim financial statements for management purposes | | |
| <input checked="" type="checkbox"/> | Preparation and filing with Inland Revenue income tax returns | | |
| <input checked="" type="checkbox"/> | The maintenance of statutory records | | |
| <input checked="" type="checkbox"/> | Preparation and filing of annual returns with the Registrar of Companies | | |
| <input checked="" type="checkbox"/> | Inclusion within our tax agency arrangement with Inland Revenue and providing our address for services of notices | | |
| <input checked="" type="checkbox"/> | Checking tax assessments and statements of account and proceeding forthwith to deal with any errors therein | | |
| <input checked="" type="checkbox"/> | Preparing the applicable GST Returns | | |
| <input checked="" type="checkbox"/> | Preparing the applicable FBT Returns | | |
| <input checked="" type="checkbox"/> | Department of Statistics Returns | | |
| <input checked="" type="checkbox"/> | Preparing financial forecast | | |
| <input checked="" type="checkbox"/> | Other as agreed between us from time to time | | |

gal.nz

Grange Associates Ltd
Chartered Accountants
5 Franklin Rd, Freemans Bay
PO Box 147044, Ponsonby,
Auckland 1144

Authority

We are also authorised to;

- link those named above to our agency with Inland Revenue for all tax types,
- discuss with Inland Revenue any matter relating to any tax type or activity linked including accessing any information which we require through all Inland Revenue media and communication channels,
- discuss with ACC any matter relating to any premiums/levies, earnings or claims including accessing any information which we require.

Without limitation and where applicable, these authorities include Income Tax, Goods & Services Tax, PAYE, KiwiSaver, ACC Premiums/Levies, Fringe Benefit Tax, Approved Issuer Levy, Family Assistance, Working for Families, Resident and Non-Resident Withholding Tax, Student Loan, Personal Tax Rebate and Dividend Withholding Tax.

We are also authorised to discuss with your Bank, Solicitor, Insurance Broker and any other relevant advisor or provider any matter relating to your affairs for which our services have been engaged including accessing any information which we may require.

Tax Assessment

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

We shall prepare the Income Tax, GST, PAYE, Withholding Tax, FBT and other returns as requested by you from the information supplied by you to us but you are responsible for the filing by due dates of all returns.

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 neither responsible nor liable for this function.

Terms of Engagement

This engagement will be performed in accordance with Service Engagement Standard No.2 Compilation of Financial Information (SES-2) issued by Chartered Accountants Australia + New Zealand.

The financial information and financial statements will be prepared in accordance with the appropriate financial reporting framework and this and the basis of accounting will be disclosed within the financial statements and referred to in our compilation report. In some instances we will prepare special purpose financial statements to meet the requirements of the Income Tax Act 2007 only. You understand that these may not be suitable for other purposes and are not considered to be general purpose financial statements prepared under generally accepted accounting principles.

Our procedures will not include verification or validation procedures. No audit or review engagement will be performed and accordingly no assurance will be expressed.

Our compilation report will be attached as necessary to financial information and financial statements and will be issued on completion of the engagement and is currently expected to read as follows:

COMPILATION REPORT**FOR THE YEAR ENDED** _____**TO** _____**Scope**

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No.2: *Compilation of Financial Information*, the financial statements for the year ended 31 March 2021 for _____

As described in Note 1 to the financial statements, these financial statements are a special purpose report specifically prepared for the purposes of meeting the requirements of the Inland Revenue Department.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the basis of accounting used, in accordance with the statement of accounting policies in Note 1 to the financial statements, is appropriate to your needs and for the purpose 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 engagement undertaken

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

Disclaimer

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.

Grange Associates Ltd
Chartered Accountants
Auckland

Extent of Services

We do not accept any responsibility for the accuracy and completeness of the accounting records and other information you supply to us or for the reliability, accuracy and completeness of the financial information compiled on the basis of those records and information. We also do not accept any responsibility for the maintenance or adequate accounting records, an adequate internal control structure and the selection and application of appropriate accounting policies within your organisation. In addition you are solely responsible to users of the financial information we compile.

You will be required to review and approve the final returns and reports for reasonableness and correctness, and you will need to understand the importance and risks of signing income tax returns or other statutory compliance engagements as being true and correct statutory records.

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 an entity, 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 of an entity.

Use and distribution of the financial information

The financial information and financial statements are prepared exclusively for your benefit and use. If this should change in any material respect, you will inform us immediately. We will not accept any responsibility to any person for the contents of the financial information or financial statements. No person should rely on the financial statements without having an audit or review engagement conducted.

Each page of the financial statements will be conspicuously marked as being unaudited and you will attach our disclaimer when distributing the financial statements to third parties. If you fail to attach such disclaimer then you will indemnify us against all claims, actions, damages, liabilities, costs and expenses incurred by us arising out of or in connection with any action, claim or proceeding brought by any third party in connection with the services provided by us to you.

Information and disclosure

The conduct of this engagement is in accordance with the professional standards, rules and ethical requirements of Chartered Accountants Australia + New Zealand. 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, as members of Chartered Accountants Australia + New Zealand, we are subject to and bound by the disciplinary procedures and rules of the Association, and our work and files are subject to the practice review rules of the Association under which compliance with professional standards by members is monitored. These procedures and rules require us to disclose to the Association, its reviewers and/or its disciplinary bodies our files and work papers including client information. By allowing us to undertake this engagement (whether or not you sign this letter), you acknowledge that, if requested, our files relating to this engagement will be made available to the Association, its reviewers and/or its disciplinary bodies. We assure you that the some ethical standards regarding confidentiality that we adhere to apply equally to the Association's reviewers.

Fees

Subject to the supervisory role of the director of this firm, your work or parts of it may be performed by other accountants and assistants in the firm, for the purpose of providing services on the most efficient and timely basis.

In determining the amount to be charged for the services we provide to you we will consider certain criteria which include:

- Skill, specialised knowledge and responsibility required.
- Time and labour expended.
- The importance of the matter to the client and the results achieved.
- The complexity of the matter and the difficulty or novelty of the matter involved.
- The urgency and circumstances in which the business is transacted.

Among these factors, the time and effort required typically carry the highest weighting. We will keep accurate records of the time we devote to your work. We record our time in units of tenths of an hour.

The hourly rates of our accountants and assistants have an important bearing on the fees we charge. These rates are adjusted from time to time to reflect current levels of professional experience, changes in overhead costs, and other factors as they arise.

We will also recharge disbursements incurred directly on your behalf. These may include items such as Banklink fees, couriers, specialist taxation and legal advice or the purchase of computer software.

It is our policy to deliver interim bills. These bills will generally be delivered on a monthly basis. Consistent with our policy, we cannot continue to act on a matter if an account or request for disbursement is overdue.

We expect payments on account and our bill is to be paid by due date and in accordance with the terms stated on our invoices. If bills are not paid by due date, we reserve the right to terminate our retainer without further notice. We will also require the payment of all professional charges and disbursements to the date of termination, notwithstanding the work for which you have retained us has not been completed.

Should our bills remain unpaid after the end of the payment period stated on our invoice, interest may be charged on the unpaid account at the then current BNZ Global Plus Mastercard interest rate.

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

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.

However, if your affairs at some time in the future are handled by another Chartered Accountant, we will make available, as required by the Code of Ethics but subject to payment, such information regarding your affairs that is essential to enable your new Chartered Accountant to perform the services we previously provided.

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. By signing this engagement letter, you confirm we have authority to communicate with and obtain information from any third party (including the Inland Revenue Department) if the information sought is relevant to our engagement.

We will store tax records that we hold on your behalf for a period of seven years after the applicable balance date. At the end of that period, unless you ask us to send that information to you, the records will be destroyed using a secure document destruction service.

We look forward to full cooperation with your staff and we trust that they will make available to us in a timely manner the records, documentation and other information requested in connection with our compilation.

Please sign and return the attached copy of this letter to confirm that you agree with the above terms of the arrangement for our compilation of your financial information and financial statements. 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 sincerely

Grange Associates Ltd



Jack Brian