



CHARTERED ACCOUNTANTS

ENGAGEMENT LETTER

Dear Sir / Madam

Compilation Engagements

This letter outlines our (Brian Spragg & Associates Ltd) involvement with the preparation of your (the client) financial statements for the year ended 31 March 2017.

1 Analysis of Accounting Records

As discussed, we (Brian Spragg & Associates Ltd) will be responsible for the preparation of the annual financial statements from information provided by you (the client) in accordance with *Statement of Compilation Engagement Standards* issued by the Institute of Chartered Accountants of New Zealand.

The shareholders of the company take advantage of section 192(2) of the Companies Act 1993 and do not appoint an auditor to the company. Accordingly, it is 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 for the year ended 31 March 2017. A compilation is limited to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information. We have not carried out an audit or a review assignment of the financial statements and therefore neither I nor any of my employees accept any responsibility or liability for the accuracy of the information from which the financial statements have been prepared. Further, the financial statements have been prepared at the request of and for the purpose of the client only and neither I nor any of my employees accept any responsibility or liability on any ground whatever, including liability in negligence, to any other person, and any reliance on these financial statements by such a person is entirely the decision, responsibility and at the risk of that person.

We are required by the Institute of Chartered Accountants of New Zealand *Statement of Compilation Engagement Standards (CS-1)* to attach a disclaimer in the above form to all financial statements issued by my 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.

It is understood and agreed that:

- a) you (the client), will provide us (Brian Spragg & Associates Ltd) with accurate and complete information necessary to compile such statements;
- b) the responsibility for the accuracy and completeness of the assertions in the financial statements remains with you (the client);
- c) it is understood that the statements are unaudited;
- d) you (the client), will attach our (Brian Spragg & Associates Ltd) disclaimer when distributing the financial statements to third parties;
- e) the financial statements will be prepared in accordance with acceptable accounting principles, which includes Statements of Standard Accounting Practice;
- f) you (the client), accept responsibility for all records and information supplied to us;
- g) you (the client), accept responsibility for any failure to supply us (Brian Spragg & Associates Ltd) with all relevant records and information; and
- h) if you (the client), distribute the financial statements to any person without attaching to them my (Brian Spragg & Associates Ltd) statement disclaiming liability, then you (the client), will indemnify us (Brian Spragg & Associates Ltd) against all claims, actions, damages, liabilities, costs and expenses (including but not limited to reasonable legal costs and expense) incurred by us (Brian Spragg & Associates Ltd) and 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 (Brian Spragg & Associates Ltd) to you (the client).

2 Registered Office

Your company's registered office is noted in the statutory records within your file.

3 Minutes of the Annual General Meeting and Annual Report

We (Brian Spragg & Associates Ltd), prepare the minutes of the annual general meeting and annual report as required on completion of annual financial statements.

4 Maintenance of Statutory Records

We (Brian Spragg & Associates Ltd) understand that we (Brian Spragg & Associates Ltd) are responsible for the maintenance of the following statutory records:

- A) Register of Members
- B) Register of Directors
- 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 (Brian Spragg & Associates Ltd) will file all future Company returns when required. If you (the client), wish to file your own Company Return, please advise us.

6 Income Tax Returns

The preparation and lodgement of income tax returns for the entity and on behalf of the business owners is to be the responsibility of this office (Brian Spragg & Associates Ltd).

7 Tax Assessments

The Inland Revenue Department for service of notices uses our (Brian Spragg & Associates Ltd) address and we (Brian Spragg & Associates Ltd) are responsible for checking tax assessments. We shall also endeavour to advise the amounts and due dates of tax installments. However, the responsibility for paying the correct tax and paying on time rests with the taxpayer and not us as agents. Any penalties arising from lateness, errors, wrong estimates or for any other reason are payable by you (the client) as the taxpayer.

8 Annual Imputation Return

We (Brian Spragg & Associates Ltd) prepare and file the Annual Imputation Return in conjunction with the company's income tax return.

9 Goods and Services Tax

We (Brian Spragg & Associates Ltd) understand that you (the client) are responsible for the preparation and filing by due dates of all GST returns. However if you require us (Brian Spragg & Associates Ltd) to prepare them, we are available to help you (the client) on the following basis:

- i) Our firm (Brian Spragg & Associates Ltd) is not responsible for incomplete or erroneous information provided by you (the client).
- ii) Any unusual transactions will be brought to our attention.
- iii) You (the client) will hold tax invoices for each purchase claimed.

10 Fringe Benefit Tax

We (the client) understand that you (Brian Spragg & Associates Ltd) are responsible for the preparation and filing of all Fringe Benefit Tax Returns.

11 Insurance & A.C.C.

We (the client) confirm our understanding that the adequacy and extent of our insurance and A.C.C. cover is regularly reviewed by brokers, A.C.C. department and insurance companies, discussed with you by them and that you (Brian Spragg & Associates Ltd) are not responsible nor liable for this function.

12 Department of Statistics Returns

We (Brian Spragg & Associates Ltd) will aim to prepare Department of Statistics Returns as required.

13 Clients Statement of Intent

Name: _____

- I hereby instruct **Brian Spragg & Associates Ltd** to prepare my financial statements and taxation returns for the year/period ending ____/____/____. This authority also gives **Brian Spragg & Associates Ltd** permission to work on future years' financial statements. The financial statements prepared will include a disclaimer of liability. I accept responsibility for the accuracy and completeness of the information supplied to **Brian Spragg & Associates Ltd**. Your company is not required to audit the statements or provide assurances that the information is substantially correct. I understand your work cannot be relied on to detect error and fraud and that **Brian Spragg & Associates Ltd** accepts no liability for accuracy and completeness of the information supplied by me. I also understand that the financial statements have been prepared at my request and hence you will not be liable to any third party. I accept responsibility for any failure by me to supply all relevant records and information to you.
- **Brian Spragg & Associates Ltd** is hereby authorised to communicate and access information from my Bankers, Solicitors, Inland Revenue Department, A.C.C. Department & the Companies Office and any other party to obtain such information as you may require in order to perform the above assignments on my behalf.
- I acknowledge that I may have 2017 Terminal Tax to pay on the 7th April 2018 and 2018 Provisional Tax on the, 28 August 2017, 15th January 2018 & 7th May 2018 and that if I am not advised of such payments by **Brian Spragg & Associates Ltd**, it will be my responsibility to contact you.
- I also acknowledge that I will pay your account on the 20th of the month following invoice and that I personally guarantee the debt, and that I will be responsible for all costs associated with the recovery of this debt (*including Debt Collection Costs, Administration Costs & Interest penalties of 2% per month on the outstanding balance*).
- This Statement of Intent should also be read in conjunction with the engagement letter attached. The arrangements outlined in this letter are in effect from year to year unless we agree to change them.

14 Authority to Act

We give authority to (**Brian Spragg & Associates Ltd**) to act on behalf of and obtain information from the Inland Revenue Department about all tax types (except NCP or CPR). This includes obtaining information through all Inland Revenue media and communications channels for the following individuals/entities:

Full Name(s):	IRD number(s):
1 _____	_____
2 _____	_____
3 _____	_____
4 _____	_____
5 _____	_____
6 _____	_____

Signed by: _____ Position: _____

Our standard services are:

<input checked="" type="checkbox"/>	Preparation of Financial Statements
<input checked="" type="checkbox"/>	Preparation of filing of taxation returns
<input type="checkbox"/>	Provide Management Reports

The services and terms set out above are as agreed:

Signed: _____ Date: ____/____/____

Email address: _____ Cellphone: _____

Bank Account (for Personal Tax Refunds):

Name of Account: _____

<input type="text"/>	-	<input type="text"/>	-	<input type="text"/>	-	<input type="text"/>
Bank		Branch		Account Number		Suffix