

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

DATE:

ATTENTION (Client Name):

IRD NUMBER (Individual):

Authority to act:

I (Full name of the person giving authority of their position in the non-individual entity) being duly authorised by(name of non-individual entity)

give authority to Precision Accounting Consultants Ltd.....(name of tax agent or agent)

to act on behalf of and those individuals and/entities listed in Schedule A to this Letter of Instruction.; the IRD numbers for each entity is listed and against each entity in Schedule A..... (IRD number of non-individual entity) for all tax types until further notice, the instructions shall also cover those matters outlined in Schedule B to this Letter of Instruction. Authority is given to obtain information from Inland Revenue about all tax types. This includes obtaining information through all Inland Revenue media and communication channels.

Entity type:

Non-GST register / GST register :

Contact Details:

Phone: Email address:

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

Post address:

Current Accountant:

Terms of Engagement for Compilation of Financial Statements and Privacy Act Authority

The purpose of this document is to outline our understanding of the terms of engagement and the nature and extent of the accounting and administration services we provide to our clients. We will outline in Schedule B - Instruction the periods of time our attendances are intended to cover, along with a description of the services to be provided to the client. Our engagement is ongoing, except for the part or aspects of the services expressly recorded in Schedule B as a one-off instruction. Schedule B will be issued by the XERO quotation system with service content and pricing at a later stage

Unless expressly agreed to in writing by the Principal of Precision Accounting, our attendances are charged on a time and attendance basis - \$180/per hour.

The above hourly rates are exclusive of GST and disbursements which are payable in addition to the hourly rate by you.

Additional fees will be charged by us (on a time and attendance basis) where further attendances are required by you which fall outside the scope of the description of services , it will be quoted in a separate document.

What We Will Do

- 1.1 We will use our professional skills to do the work you have requested based on information supplied by you. This work will be performed in accordance with Service Engagement Standard Number 2 Compilation of Financial Information issued by the New Zealand Institute of Chartered Accountants.
- 1.2 Annual accounts for companies will be prepared in accordance with the Financial Reporting Act 1993 (where applicable). Other than for exempt companies, these are general purpose reports and must be prepared in accordance with generally accepted accounting practice in New Zealand. If necessary, additional explanations will be added to the accounts as may be required under principles of good practice or otherwise in accordance with generally accepted accounting requirements.
- 1.3 Annual accounts for exempt companies may be prepared either in accordance with generally accepted accounting practice in New Zealand as described above or in accordance with the simpler format of the Financial Reporting Order 1994.
- 1.4 Other accounts will be prepared in accordance with any applicable legislation. For partnerships, Trusts, sole traders and other entities where the format of accounts is not dictated by legislation, we will prepare special purpose annual Financial Statements according to the principles contained in the Income Tax Act 2007. Accounts other than annual financial statements required for the filing of tax returns (including accounts covering

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

- a specific periodic period for management are not governed by legislation and will be prepared on the basis requested by management with the basis on which the accounts have been prepared being noted on the accounts.
- 1.5 The general basis of accounting used to compile the accounts will be described in the notes to the Financial Statements together with any significant departures from that basis. Significant departures will also be referred to in our compilation report (see 1.6 below).
- 1.6 We will provide a compilation report on all annual accounts that include a balance sheet. An example of a typical report, not specific to your circumstances, is attached.
- 1.7 We retain legal ownership of working papers prepared by us.
- 1.8 We set a limit on our liability to you for negligence or any other reason at three times the annual accounting fee.
- 1.9 If you do not understand any aspect of these terms and conditions, we recommend that you obtain independent advice in respect of them.
- 1.10 The services that we will provide you will where applicable be in accordance with the Professional Engagement Standards and Guidelines issued by CAANZ. This includes but is not limited to complying with the fundamental principle of confidentiality as prescribed by CAANZ. We will only disclose confidential information provided to us if you instruct us to do so or we are required by law to do so such as may be required to respond to actual or suspected non-compliance with laws and regulations (NOCLAR), AML disclosures or any Practice Review or Disciplinary Process instituted by NZICA or CAANZ. 1.12 or third parties that facilitate our ability to provide our services (such as Xero, our email and collaboration platforms such as Microsoft or for Accountancy Insurance Audit Shield purposes including Accountancy Insurance New Zealand amongst other providers) from whom we obtain assurances that those providers will not use your personal information other than to facilitate the services we provide to you
- 1.11 We will comply with the relevant provisions of the Privacy Act 2020 (to the extent that the Act imposes mandatory obligations on us) and will ensure that all information is stored and/or utilized in accordance with those requirements.

What We Will NOT Do

The following are exclusions from the services that will be provided to you:

- 2.1 We will not conduct an audit or any other independent verification work; our attendances are based on the compilation of the accounts and we are reliant on the accuracy of the information you provide to us;
- 2.2 We will not express any kind of opinion on the accuracy of the material we compile or its suitability for any purpose.
- 2.3 We are not engaged to review your internal accounting systems, or to identify any errors, or other irregularities in the information provided to us and we have assumed that all information provided to us is in accordance with all relevant laws and regulations and that you are not engaged in any illegal activity.
- 2.4 Any forensic analysis designed to identify whether there has been any fraud or other

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

suspicious activity except to the extent there are obligations on our firm under the Anti Money Laundering legislation or otherwise at law.

- 2.5 We will not accept liability in negligence or for any other reason to anyone but you and your enterprises listed at the head of the main letter. A disclaimer to this effect will be included in our compilation report.

What You Will Do

- 3.1 You will deliver accurate, complete information needed to compile the accounts and returns promptly at the times agreed.
- 3.2 You remain responsible for the reliability, accuracy and completeness of the financial information compiled, including tax returns. You have delegated certain tasks to us, as tabled in the main letter, and we are responsible for carrying out those tasks in a professional manner. You cannot abrogate the ultimate responsibility for ensuring that the financial information is compiled properly.
- 3.3 Under tax legislation "reasonable care" requires a taxpayer to maintain and use reasonable record keeping systems and procedures to ensure the accurate classification of income and expenditure is recorded. A breach of these obligations can result in additional liabilities to the IRD such as penalties. We are relying upon you to comply with this legal obligation and that you have provided all relevant information to us.
- 3.4 You will inform us if the information we compile is intended to be disclosed to any person or body and how they are expected to use it. This does not apply to:
- 3.41 The Directors, Shareholders, Partners, Trustees or equivalent office holders of your enterprises as listed at the head of the main letter, and
- 3.42 The Inland Revenue Department.
- 3.5 You confirm that we have authority to communicate with and obtain information from any third party if the information sought is relevant to our work.
- 3.6 You agree that the New Zealand Institute of Chartered Accountants or CAANZ may have access to the records and information we hold that support our working papers. This is an essential part of quality assurance function.
- 3.7 You will comply with any other reasonable request for the provision of information or otherwise made by us in connection with the provision of our services to you. If you do not understand the nature of or purpose of any request you will advise us of this immediately.

Professional fees, payments and terms of trade:

Professional fees for services provided will be based on time and skill required to complete the nominated tasks and will include additional items such as out of pocket expenses ,statutory charges and unless otherwise agreed in writing

Fees unless agreed may vary from time to time due to unforeseeable problems and delays, the cooperation of third persons and deficiencies in documentation. If costs are likely to be significantly higher than originally agreed, you will be informed in writing of the changes and

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

reasons.

The parties have agreed that fees will be deducted directly from any tax refunds received by us on behalf of any of the entities listed in Schedule A to this Letter of Instruction with fees and charges owing by any of those entities being deducted from the refund (irrespective of which entity has primary liability for our fees and services) deducted and any balance forwarded as agreed.

A full account of professional fees, costs and disbursements will be provided, unless otherwise agreed.

Payment of the invoices is to be strictly 14 days from the date of service. Should the account be unpaid by the due date, we reserve the right to use a debt collection agency or other legal means to recover outstanding fees.

Should we be required to take any action to recover any outstanding fees you agree that you will pay the actual debt collection costs incurred by us together with any legal fees incurred in seeking to recover payment of the debt and any enforcement processes on an indemnity basis (the actual solicitor-client costs incurred by us).

We reserve the right to charge interest at the rate of 1.5% per month on all amounts outstanding and not paid in accordance with these terms and conditions.

In consideration of providing services to all of the entities outlined in Schedule A to this Letter of Instruction, each entity for whom services are not performed (at the request of that entity) agrees to guarantee and indemnify us (being Precision Accounting Limited, its directors and employees or contractors) against any liability or loss arising or in connection with this engagement or any future engagements including but not limited to any fees and disbursements payable by any of the persons or entities referred to in Schedule A or you and any other obligation arising under this Letter of Instruction as if the entity were a principal debtor (including but not limited to the actual costs incurred with a debt collection agency or any legal costs incurred in enforcing the terms of this Agreement on an indemnity or solicitor-client basis).

You agree to grant a general lien over all books, records, related documents or funds received and held on your behalf or any of the entities included in Schedule A to this Letter to the extent permitted by CAANZ under its Code of Ethics and at law.

Documents and lodgments:

Prior to lodgment of documentation on your behalf, drafts will be forwarded to you for your approval. Documentation will be lodged with the relevant departments by the due dates, provided all information and documentation is received promptly after the financial year end or other statutory date.

This will allow adequate time for preparation and lodgment. If you are late in providing information, best efforts will be made to meet deadlines.

No responsibility will be accepted for any late lodgment penalties incurred.

We shall also endeavor to advise you of the amounts and due dates of tax instalments. However, the responsibility for paying the correct tax and paying on time rest with you as the taxpayer and not me as your tax agent.

Any penalty arising from lateness in the provision of information, errors, wrong estimates or for

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

any other reason is payable by you as the taxpayer.

Responsibilities:

You are solely responsible for the information contained in the Financial Statements and have provided us with the relevant and necessary information that we have requested. We have relied upon the information provided to us (including the intended purpose for the accounts) in assessing the required accounting principles or legislative provision to be applied to the compilation of the accounts.

The Financial Statements were prepared exclusively for your benefit, and you are the only person or persons for whom the accounts are intended to be used. We do not accept responsibility to any other person for the contents of the Financial Statements and they should not be provided to or utilized by third parties without our prior written consent.

Privacy Statement:

I am bound by the provisions of the Privacy Act to maintain all your records securely and in accordance with the provisions of that Act.

We will only disclose confidential information provided to us if you instruct us to do so or we are required by law to do so such as may be required to respond to actual or suspected non-compliance with laws and regulations (NOCLAR), AML disclosures or any Practice Review or Disciplinary Process instituted by NZICA or CAANZ.1.12 or third parties that facilitate our ability to provide our services (such as Xero, our email and collaboration platforms such as Microsoft or for Accountancy Insurance Audit Shield purposes including Accountancy Insurance New Zealand amongst other providers) from whom we obtain assurances that those providers will not use your personal information other than to facilitate the services we provide to you.

ACC Levies

ACC is a separate organisation from Inland Revenue (IRD). While IRD may provide your income information to ACC as required by law, all ACC levy calculations, assessments, and invoices are issued and managed directly by ACC.

Our engagement does not include the monitoring or management of your ACC account. As ACC communicates directly with you, we are not notified of any ACC correspondence and do not have access to your ACC account unless specifically authorised.

You are responsible for reviewing all correspondence sent to you by ACC, including levy invoices and the accuracy of your business activity classification (CU code), and for ensuring that all ACC levies are paid by the due date.

At your request, we may assist in reviewing ACC levy calculations. However, responsibility for managing and paying your ACC account remains with you.

Companies Office Annual Return

The client acknowledges the following regarding the company's statutory filing obligations:

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

Directors' Responsibility

The company and its directors are solely responsible for completing and filing the company's Annual Return with the Registrar of Companies in accordance with section 214 of the Companies Act 1993. This obligation rests with the board of directors, and failure to comply may constitute an offence for which every director may be held liable.

Scope of Our Services

Our engagement does not include monitoring, preparing, or filing the company's Annual Return unless specifically agreed in writing as a separate service.

All notices and reminders regarding the Annual Return are issued directly by the Companies Office to the company, and we do not receive automatic notifications. Accordingly, we are not responsible for monitoring such communications or deadlines.

Consequences of Non-Filing

Failure to file an Annual Return may provide grounds for the Registrar of Companies to remove the company from the New Zealand Companies Register.

Assistance

If requested, we may assist with the preparation and filing of the Annual Return for an additional fee. However, the ultimate legal responsibility for the accuracy of the information provided and the timely filing of the return remains with the company and its directors.

Anti-Money Laundering Due Diligence

The Government has extended the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act to more businesses including real estate agents and conveyancers; many lawyers and accountants; some high value dealers (like auctioneers, jewellers, and motor vehicle and boat dealers); and sports and racing betting agencies

Due to the Anti-Money Laundering Act, we may be required to gather more information from our clients to verify their identities and addresses. Please refer to the website(<https://www.justice.govt.nz/justice-sector-policy/key-initiatives/aml-cft/customers-and-public/>) for more information.

You may have to provide documents confirming your name, birthdate and address, for example:

- passport; or
- drivers' license and bank card; and
- bank statement or power bill

If you represent a company or trust, you may have to provide extra information like:

- evidence of who you're acting for (that is, the beneficial owners who effectively control or benefit from the trust or company). For more information, go to: Beneficial ownership guideline(link: <https://www.fma.govt.nz/compliance/guidance-library/amlcft-beneficial-ownership-guideline/>)

HYPERLINK
"https://www.fma.govt.nz/compliance/guidance-library/amlcft-beneficial-ownership-guideline/"
<https://www.fma.govt.nz/compliance/guidance-library/amlcft-beneficial-ownership-guideline/>)

- where and who the money came from for the acquisition or properties or assets and more

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

generally where your source of wealth is from.

The business or professional may not be able to complete your transaction/ service if we cannot get the information above from you.

Limitation of Liability:

You acknowledge and agree that the maximum liability of PRECISION ACCOUNTING CONSULTANTS LIMITED (including its principals, employees and agents) to you for any loss arising in connection with this engagement shall not exceed three times the fee paid by you to us for this engagement.

Disclaimer:

A compilation engagement requires us to apply compilation procedures, in accordance with SES-2 Compilation of Financial Information, to compile the Financial Statements from information you provide to us.

Those compilation procedures do not include the performance of an audit or review in respect of either the information you provide, or the financial information compiled from it.

Accordingly, neither I, nor any of my employees, accept any responsibility for the reliability, accuracy or completeness of the information from which the financial information has been compiled.

The financial information is prepared at your request and exclusively for your benefit. Neither I, nor any of my employees, accept any liability of any kind whatsoever, including liability by reason of negligence, to either yourself or any other person for losses incurred as a result of placing reliance on the compiled financial information.

Termination of Retainer

This retainer may be terminated at any time by notice to us by you.

We may terminate this retainer if you are in default of your obligations under this Letter of Instruction or if we are required to under the CAANZ Code of Ethics (including circumstances where a conflict of interest may emerge) or where we are required to do under any legislative enactment.

All Work In Progress up until the point of termination of the retainer shall be invoiced and you shall remain liable to pay for that invoiced work.

ENGAGEMENT LETTER

PRECISION ACCOUNTING CONSULTANTS LIMITED

IRD NUMBER: 122-866-367

Resolving Disputes

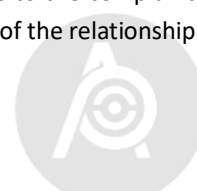
In the event that you are not satisfied with any aspect of our service or work that is carried out on your behalf or wish to make a complaint, this should be directed in writing in the first instance to info@pacc.co.nz at email address.

We will endeavour to resolve your complaint through mediation.

The parties agree that neither shall publicise on social media or otherwise any detail of any complaint, make any commentary on the complaint or events giving rise to the complaint given the confidential nature of information that is imparted during the course of the relationship.

Yours faithfully

PRECISION ACCOUNTING CONSULTANTS LIMITED



The services and terms set out are as agreed on behalf of all entities referred to in Schedule A to these terms and conditions.

Signed: Date:

You may want to apply a fast refund from IRD by apply direct credit to your bank account and/or you want to transfer your IRD credit to offset your fee payable as following

Account name:

Account number:

Notes:

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PRECISION ACCOUNTING

Schedule A:

Client Name: Individual IRD number:

Client Name: Individual IRD number:

Client Name: Individual IRD number:

Company Name Company IRD number:

Company Name Company IRD number: