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### 1. What we will do

- 1.1 We will use our professional skills and professional judgement to do the work you have requested based on information supplied by you. This work will be performed in accordance with Service Engagement Standard No.2 Compilation of Financial Information issued by the Chartered Accountants Australia and New Zealand (CAANZ).
  - 1.2 Each financial year, we will endeavour to send you:
    - 1.2.1. A specific list of information & documentation we know we require to complete this assignment, and
    - 1.2.2. An annual questionnaire to assist in identifying any other potential tax issues and additional information required.
- We will not start work until all requested documentation has been provided. Work is done on a first in first done basis.
- 1.3 Annual 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. Periodic accounts for management are not governed by legislation and will be prepared on the basis requested by management.
  - 1.4 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.
  - 1.5 We will inform you of any suspicions of omissions or irregularities that come to our notice.
  - 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, can be sent to you.
  - 1.7 We retain legal ownership of working papers prepared by us. Access to your records and information held by us may be required by CAANZ as part of their quality assurance procedures.
  - 1.8 When a due date is specified, we will always attempt to meet that due date unless we provide you with prior notice that the deadline cannot be met.
  - 1.9 We will endeavour to meet any mutually agreed deadlines for completion of work. We may use contractors from time to time for the completion of your work. And you (the customer) authorise the disclosure of all information held by us to such contractors to enable the work to be completed.
  - 1.10 We will maintain full confidentiality in relation to all matters referred to us, unless we are required by law or professional standards to disclose them.
  - 1.11 From time to time you approve us providing your data to third parties which might be useful to you.
  - 1.12 If you are dissatisfied with our work or feel our fee is excessive, a partner of the firm will without cost to you investigate this. If you are not satisfied with the outcome you have the right to take the matter up with CAANZ.
  - 1.13 We will explain or redraft any element of our terms to ensure that you understand them and think they are reasonable.
  - 1.14 We will review our services to you on an annual basis to ensure our arrangement remains responsive to your needs, as well as fair to both parties. If required we will provide you with a new agreement for the next financial year, otherwise the original agreement will remain in force.

### 2. What we will NOT do

- 2.1 We will not conduct an audit or any other independent verification work, (unless this is specifically agreed to in the engagement letter)
- 2.2 Consequently, 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 will not necessarily establish or maintain independence. It is not a professional requirement to be independent before carrying out compilation work of this nature. However, any other relationship will be described in our compilation report.

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- 2.4 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 any irregularities we will report it to you (see 1.6 above).
- 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.

### 3. What you will do

- 3.1 You hereby give us Authority to Act on your behalf as your agent when contacting financial institutions and government departments. This includes but is not limited to:

- 3.1.1. The Inland Revenue department (IRD),
- 3.1.2. Accident Compensation Corporation (ACC)
- 3.1.3. The company's office
- 3.1.4. Your bank
- 3.1.5. Your insurance provider

- 3.1.6. You authorise Beeson Accountants Limited to act as tax agent for all tax types (except NCP & CPR) and all tax matters associated with your affairs until further notice.

Authority is given to obtain any information held by Inland Revenue and other financial institutions to enable appropriate tax returns to be completed. This includes obtaining information via online services available on Inland Revenue's website, and by personal contact, telephone, email, internet, or such other means as may be available now or in the future for communication.

- 3.1.7. In relation to the Companies Office, you appoint Beeson Accountants Limited and its representatives as authorised person(s). You authorise our firms' employees to file returns/documents and liaise with the NZ Companies Office for all matters relating to company administration until further notice.
- 3.1.8. You authorise Beeson Accountants Ltd to act as your agent for ACC levy purposes for all associated entities. This authorisation allows Beeson Accountants Ltd to query and change information on your ACC levy account(s) through ACC staff, and through ACC online services. This authority will also allow our organisations' main representative discretion to delegate access to your ACC information to other members of our organisation. Other delegated members of our organisation will also be able to query and change information on your ACC levy account.

This authority shall also apply to any associated entity, Limited Liability Company, Partnership or Trust or other entity in which you have an interest and is linked to Beeson Accountants Ltd.

- 3.2 You will provide us with full and clear details on the issue upon which you seek our specialist advice.
- 3.3 You will deliver accurate, complete information needed to identify and categorise business transactions to compile the accounts and returns promptly at the times agreed. You will identify any personal transactions or transactions for which no compliant supporting documentation (i.e. tax invoices) is available and no deduction is technically claimable. We will provide a checklist/questionnaire to assist in identifying the information we require. Please note: we will not start work until we have all required documentation. You acknowledge that:
  - 3.3.1. if documentation is not provided when requested, the work may not be completed before IRD deadlines. In such case, you acknowledge and accept you are responsible for all penalties and interest charges.
  - 3.3.2. in the event of an IRD audit you will be required to provide or source compliant supporting documentation (i.e. tax invoices). If you unable to provide these, you acknowledge and accept you are responsible for all IRD penalties and interest charges.
- 3.4 You will promptly reply to any questions or queries we ask and/or supply any extra requested documentation/information within 2 business days of our request.

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- 3.5 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 engagement 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.
- 3.6 It is a legal requirement for all taxpayers keep copies of tax invoices for expenses over \$50.00 for seven years after any tax return is filed with IRD. In the event of an IRD audit, you will be asked to produce these. Unless otherwise agreed in writing, you take full responsibility for the storage and retrieval of all tax invoices. You accept that IRD may:
- 3.6.1. Deny or disallow deductions for any expenses for which there are no compliant tax invoices.
  - 3.6.2. Impose penalties and interest charges on any expense or GST deduction claims without compliant supporting documentation.
- 3.7 You will not allow our specialist advice to be used or relied upon by anyone other than yourselves for whom the advice was sought.
- 3.8 Ensure any disclaimer statements issued by us are attached to our work at all times.
- 3.9 Allow us to review and revise our specialist advice should information arise which has a bearing on our advice
- 3.10 You acknowledge there is a set a limit on our liability to you for negligence or any other reason at ten times the annual accounting fee or ten times the value of the fee for any tax advice. All claims must be made within 3 years of the completion of assignment. In the case of annual financial statements and tax returns each financial year is treated as an individual assignment. The above mentioned 3-year period starts from the earlier of the signing of the financial statements or filing of the tax returns with Inland Revenue.
- 3.11 All enquiries and correspondence will be directed to you except where you have requested us to make enquiries, and/or address correspondence elsewhere. 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:
- 3.11.1. the directors, shareholders, partners, trustees or equivalent office holders of your enterprises as listed at the head of the main letter, and
  - 3.11.2. the Inland Revenue Department.
- 3.12 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.
- 3.13 You agree that the New Zealand Institute of Chartered Accountants may have access to the records and information we hold that support our working papers. This is an essential part of the Institute's quality assurance function. The likelihood that any particular engagement is selected is very small. All Institute employees and contractors are required to maintain the strictest confidentiality.
- 3.14 You will pay any software subscription fees on time. These discounted subscriptions are billed annually in advance and can be paid on a monthly basis. Failure to meet the monthly payment due on the 10<sup>th</sup> of the month will result in the subscription being transferred to you the Customer. You acknowledge if you have not accepted the transfer of the subscription within 90 days the subscription will be cancelled, resulting in the irreversible loss of data. And we will not be responsible for any liability associated with such loss.
- 3.15 You will pay our fees on time. Invoices for work done and are due for payment within 10 days of the date of the invoice. Interest will be charged on overdue accounts at the rate of 2% per month. The charging of interest will be at our discretion. Our debtor policy is as follows:
- 3.15.1. Fees that are unpaid on the due date will receive a reminder email/letter and/or a follow up phone call the next working day.
  - 3.15.2. Clients with fees overdue risk being placed on our stop work list until **all outstanding fees** are paid, unless prior arrangements have been made.

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- 3.15.3. If fees remain unpaid once the debt is 30 days overdue, no further work will be undertaken by us until appropriate arrangements are made to pay the outstanding account. You may be informed that our services have been terminated. we reserve our right to commence legal proceedings. All costs (including without limitation debt collection and legal costs) incurred by us will be fully recoverable from you.
- 3.16 If you terminate this agreement before completion, irrespective of what stage of the engagement has been completed, you agree to immediately pay all our fees to the date as per the above mutually agreed rates, or the next two agreed instalments (whichever is lower), to reimburse our firm for setting time and resources aside to work on this engagement.
- 3.17 If you make representations to IRD without consulting us, hire another accountant, business or tax advisor, or remove our access to your accounting software you agree that this will give us the option to terminate this agreement. On receipt of written termination notice from us (this may be by email), you agree to immediately pay our time and costs on this engagement to date as per the above mutually agreed rates. Any subsequent work will require a new agreement to be negotiated taking into account the change of scope.
- 3.18 You authorise You authorise Beeson Accountants Ltd to deposit any IRD tax refunds for any of the entities or individuals mentioned above into the practice trust account. These funds will be held on your behalf and applied as directed by you. You authorise Beeson Accountants Ltd to apply these funds to pay any outstanding invoices for you, the customer and/or any related entities.
- 3.19 In consideration for Beeson Accountants Ltd agreeing to continue to perform services for the Customer, the directors and or trustees of the Customer agree to provide a personal guarantee. The Guarantor(s),
- 3.19.1. Unconditionally and irrevocably guarantees payment of any amount due to Beeson Accountants Ltd.
- 3.19.2. Unconditionally and irrevocably guarantees the due and punctual performance by the customer of its other obligations in the signed engagement letter and these terms.
- 3.19.3. Agrees to all terms of the engagement letter, including those attached in the appendix
- 3.19.4. Agrees that as between Beeson Accountants Ltd and the Guarantor(s), the Guarantor(s) may for all purposes be treated as the Customer and Beeson Accountants Ltd shall be under no obligation to take proceedings against the Customer before taking proceedings against the Guarantor(s).
- 3.19.5. Should there be more than one Guarantor their liability under this Guarantee shall be joint and several.
- 3.19.6. The Guarantor's obligations under the engagement letter and our terms of trade will not terminate until Beeson Accountants Ltd signs an unconditional discharge of the Guarantors obligations.
- 3.19.7. If the Guarantor is a company, trust, partnership or society, any person signing on behalf of the Guarantor personally warrants that he or she has the authority to bind the Guarantor to this Agreement in the manner in which this Agreement is signed.
5. In consideration for Beeson Accountants Ltd agreeing to continue to perform services for the Customer, the Customer agrees if ever called upon so to do by Beeson Accountants Ltd to execute a registrable Memorandum of Mortgage in favour of Beeson Accountants Ltd over any land owned by the Customer, such mortgage to be prepared by Beeson Accountants Ltd's Solicitors at the cost of the Customer and to be upon the usual terms of such "Upon Demand" mortgages prepared by Solicitors in Auckland
6. The Customer agrees that Beeson Accountants Ltd shall be entitled to register and maintain a General Security Agreement ("GSA") over all present and future acquired personal property of the Customer until the terms of engagement between the parties have been terminated and there are no amounts owed to Beeson Accountants Ltd by the Customer. The Customer waives its right to receive a copy of any Verification Statement under Section 148 of the Personal Property & Securities Act 1999 ("the Act") in respect of any Financing Statement or Financing Change Statement registered by, or on behalf of, Beeson Accountants Ltd as a Secured Party ("the Secured Party") in relation

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to any Security Interest created by this Agreement and agrees, to the extent permitted by law, that as between the Customer and the Secured Parties:

- 3.19.8. Sections 114(1)(a), 120, 122, 133 and 134 of the Act will not apply;
  - 3.19.9. To the extent that Part 9 of the Act applies, without limiting anything under this clause, the Customer hereby waives its rights under sections 116, 120(2), 121, 125, 126, 127, 129 and 131 of the Act.
  - 3.19.10. The Customer will have none of the rights referred to in paragraphs (a), (c) to (e) and (h) and (i), all inclusive, of section 107(2) of the Act; and
  - 3.19.11. Where a Secured Party has rights in addition to, or existing separately from, those in Part 9 of the Act, those rights will continue to apply.
6. You will let us know in writing if any of these terms are unclear or not what you think is reasonable and we will use our best endeavours to ensure you are happy.