

# TERMS AND CONDITIONS OF ENGAGEMENT

Unless otherwise agreed in writing, all services provided by Humphries Associates Limited are supplied on and subject to the following terms and conditions.

## 1. GENERAL

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

- a) The client accepts responsibility for the accuracy and completeness of the accounting records and other information supplied to Humphries Associates Limited and for the reliability, accuracy and completeness of the financial information compiled on the basis of those records and information;
- b) The client accepts responsibility for any failure to supply Humphries Associates Limited with all relevant records and information;
- c) The client accepts responsibility for ensuring that all relevant records and information are at the offices of Humphries Associates Limited or as otherwise agreed in reasonable and sufficient time for processing to be completed by Humphries Associates Limited before any statutory or other deadline;
- d) The client accepts that all financial information prepared by Humphries Associates Limited is solely for the purposes and use of the client. We will not accept any responsibility to any person, other than the client, for the contents of the financial information;
- e) Where the services of an external consultant are required, the client's prior consent will be obtained by Humphries Associates Limited;
- f) The client accepts that work papers, drafts, internal memoranda and similar documents prepared by Humphries Associates Limited in connection with any engagement remain the property of Humphries Associates Limited at all times;
- g) The client accepts that Humphries Associates Limited shall have the right to exercise a possessory lien over any records in their possession relating to any outstanding fee;
- h) The arrangements outlined herein will continue in effect from year to year unless varied in writing.

## 2. FINANCIAL STATEMENTS AND COMPILATION ENGAGEMENTS

- a) Other than Special Purpose Financial Statements, all financial statements will be prepared in accordance with Service Engagement Standard No. 2, issued by the New Zealand Institute of Chartered Accountants (NZICA) and generally accepted accounting practice (GAAP);
- b) Financial statements are required to result in a true and fair presentation of the financial information of the client, and if compliance with the above standards does not result in this, additional disclosures will be made to achieve that end;
- c) Any known departures from GAAP will be disclosed within the financial statements and referred to in our compilation report, which is currently expected to read as follows:

"COMPILATION REPORT TO (name of appointing party)

### Reporting 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 of (name of entity) for the period ended (date) as set out on the following pages.

### Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis stated above is appropriate to meet 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 information that 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

A compilation is limited primarily 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 performed an audit or review engagement on the financial statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the material from which the financial statements have been prepared. Further, the financial statements have been prepared at the request of, and for the purposes of, our client only and neither we nor any of our employees accept any responsibility on any ground whatever, including liability in negligence, to any other person."

- d) Independence is not a requirement for a compilation engagement. If we are aware that we are not independent of the client, 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 the client;
- e) The client accepts that, where included, a Compilation Report by Humphries Associates Limited forms part of the Financial Statements and is to remain attached to all copies of the Financial Statements distributed to third parties;
- f) The Compilation services of Humphries Associates Limited will not result in the expression of an audit or review opinion or provide any other form of assurance on the Financial Statements;
- g) It is not intended that the engagement of Humphries Associates Limited for the Compilation of Financial Statements be relied upon to prevent or detect internal control weaknesses, errors, illegal acts or other irregularities and the client accepts sole responsibility for such prevention and detection. However we will inform you of any matters that come to our attention during the course of our engagement;
- h) From time to time Humphries Associates Limited uses third parties (inside New Zealand and outside New Zealand) to prepare financial accounts and tax returns. The client authorises Humphries Associates Limited to allow these third parties to access the financial and tax information provided to Humphries Associates Limited.

## 3. INCOME TAX

- a) Where the scope of services includes it, Humphries Associates Limited will prepare the income tax returns for the taxpayers covered by the engagement;

- b) Humphries Associates Limited will check all income tax Assessments, Statements of Account and Notices of Proposed Adjustment received during the year and where objections are required, lodge them on the client's behalf. **Note:** Unless stated otherwise, work on Objections and Notices of Proposed Adjustment are not covered by the fee in any Fixed Price Agreement;
- c) Humphries Associates Limited will advise the client of all income tax payments due during the year;
- d) Unless specifically advised in writing that a deduction is permissible or that income is not assessable, the client accepts responsibility for all deductions made and income declared in determining taxable income in the client's returns;
- e) The client accepts responsibility for the payment of all income tax by the due dates together with any use-of-money interest, late filing fees and additional tax;
- f) The client accepts responsibility for the content of the income tax returns.

#### 4. GOODS AND SERVICES TAX

- a) Where the scope of services includes it, Humphries Associates Limited will prepare GST returns in the months in which they are due and forward them to the client for payment and furnishing with the Inland Revenue Department;
- b) The GST returns prepared will be based on information provided by the client, and Humphries Associates Limited will not be held responsible for incomplete or erroneous information provided by the client. **Note:** Unusual or one-off transactions should be specifically advised to Humphries Associates Limited, preferably before they occur;
- c) Humphries Associates Limited will check all GST Assessments and Statements of Account received during the year and where objections are required, lodge them on the client's behalf. **Note:** Unless stated otherwise, work on objections is not covered by the fee in any Fixed Price Agreement;
- d) Humphries Associates Limited will advise the client of all GST payments due during the year;
- e) The client accepts responsibility for keeping appropriate records to support GST returns, and ensuring payments of GST are made by the due dates together with any use-of-money interest, late filing fees and additional tax;
- f) The client authorises Humphries Associates Limited to sign GST returns on their behalf in the unavoidable circumstance of the client not being available to sign.

#### 5. FRINGE BENEFIT TAX

- a) Where the scope of services includes it, Humphries Associates Limited will prepare FBT returns in the months in which they are due and forward them to the client for payment and furnishing with the Inland Revenue Department;
- b) Humphries Associates Limited will check all FBT Assessments and Statements of Account received during the year and where objections are required, lodge them on the client's behalf. **Note:** Unless stated otherwise, work on objections is not covered by the fee in any Fixed Price Agreement;
- c) Humphries Associates Limited will advise the client of all FBT payments due during the year;
- d) The client accepts responsibility for ensuring all relevant information including changes to benefits provided are at the offices of Humphries Associates Limited in sufficient time for processing to be completed by Humphries Associates Limited before the due date of each return;
- e) The client accepts responsibility for ensuring payments of FBT are made by the due dates together with any use-of-money interest, late filing fees and additional tax.

#### 6. STATUTORY RECORDS (Companies only)

- a) Where the scope of services includes it, Humphries Associates Limited will prepare the Annual Return and annual minutes and maintain the relevant statutory registers e.g. share register, interests register;
- b) The client accepts the responsibility for advising Humphries Associates Limited of all relevant matters and information requiring disclosure such as a director's interest in a contract with the company or use of company information not otherwise available to him/her;
- c) The client will advise proposed shareholding changes to Humphries Associates Limited in advance in order that any unintended taxation consequences can be identified and mitigated;
- d) The client accepts responsibility for statutory records maintenance where the registered office is not at the premises of Humphries Associates Limited and when the scope of services do not include statutory records maintenance as set out in Clause 6 a).

#### 7. MATTERS NOT COVERED

The obligations of Humphries Associates Limited are limited to those matters specified in the Engagement Letter and/or Fixed Price Agreement unless otherwise agreed in writing. In particular, the client is responsible for the adequacy of their own insurance and ACC covers.

#### 8. FEES

- a) Where a Fixed Price Agreement has been agreed to fees will be in accordance with the Fixed Price Agreement and any variation thereto;
- b) All other work will be subject to a separate fee plus disbursements and GST;
- c) Where the services of an external consultant have been engaged, the cost will be charged as a disbursement.

#### 9. PAYMENT TERMS

The undertaking by Humphries Associates Limited to perform the work agreed to is based on the client keeping the account with Humphries Associates Limited current at all times. For the account to be "current", payment of all fees must be received in the manner and by the date specified in any Fixed Price or other Agreement and any variation thereto and where no Fixed Price or other Agreement has been entered into payment must be received in the offices of Humphries Associates Limited **within 7 days of invoice date**. Failure to do so may result in :-

- i. work not being performed on time; and/or
- ii. a charge for interest on overdue accounts; and/or
- iii. the exercise of a possessory lien on records.

You undertake to pay the account in full on, or before, the due date. In default of such prompt payment, you undertake to pay late payment fees of 2.5% per month on any amount outstanding and to indemnify us and pay all costs and expenses on a solicitor and own client basis if legal action is necessary, and/or collection fees, which we may incur in recovering from you any overdue amount.

Where the engagement is for or includes a company or companies, the services provided by Humphries Associates Limited are primarily for the benefit of the owners. In view of this, Humphries Associates Limited requires that individual shareholders and related directors be personally liable for all accounts and accordingly, work is performed and fees are rendered on this basis. Execution of any Fixed Price or other Agreement or Engagement Letter by a shareholder or related director, constitutes personal acknowledgement and acceptance of these terms and conditions.

#### **10. THIRD PARTY SERVICES**

The client accepts that Humphries Associates Limited may receive a commission from third party services such as Xero and Audit Shield.

#### **11. ANTI-MONEY LAUNDERING AND COUNTERING FINANCING TERRORISM ACT**

- a) You must provide us with all documents to enable us to comply with our obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, and other similar laws. You acknowledge and agree that we may confirm identity via electronic means including but not limited to Driver License checks via NZTA.
- b) You acknowledge that we may have obligations to report suspicious transactions and related activities to the Financial Intelligence Unit of the New Zealand Police (FIU) under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and you unconditionally agree that we may provide any information required by law to them.
- c) We may terminate this engagement at any time, in the event that you are investigated by the New Zealand Police for any matter, including but not limited to money laundering, criminal activity, and fraud.

#### **12. NZICA PRACTICE REVIEW**

Humphries Associates Limited, as a member of the New Zealand Institute of Chartered Accountants (NZICA), participates in a practice review process. The client agrees to make their records available to the reviewer as part of this process.