

client
Address1
Address2
Address3

Date

Dear Client name

Thank you for engaging to work with ALB Limited Chartered Accountant. In order for us to formalize the ongoing relationship and comply with the recommendations issued by the New Zealand Institute of Chartered Accountants (NZICA), we ask you to enter in a Letter of Engagement. While some of this is covered in the annual Check List, it is more comprehensive and we advise the following:

RANGE OF SERVICES

We provide a full range of service options, some of which you may wish to consider for the future:

- To work with you on developing and growing your business so that it reaches your objectives and longer term goals. This may include business coaching, helping with developing business and marketing plans, setting regular financial or production bench marks, preparing cash flow and trading budgets, and assisting in monitoring your progress.
- The preparation of financial statements on annual basis for the calculation of your taxable income.
- Preparation of GST returns calculations and trading results on a regular monthly, two monthly or six monthly periods.
- Keeping you informed on significant changes to tax and other business related legislation.
- Advising methods and ownership structures that will legally minimize your taxable payable.
- Completing your tax return from information provided from you.
- Assisting and advising on the appropriate type of accounting recording system that is suitable to your business.
- We are a **Xero** partner
- Assisting you in deciding the size and future of your business so that when you decide to no longer work in it, you can obtain the best possible value.

Financial Statements

All Chartered Accountants are legally bound to prepare financial statements to a defined standard, and we will forward a Check List at the end of the 31st March financial year to ensure we collect all the relevant information. Please also note that if your business is the subject of an income tax audit, the check List will be reviewed by the Inland Revenue Department. We are required to advise you of the basis upon which we undertake this work, which is as follows:

1. Our procedures will not include an audit or verification of all matters, and we will not be expressing any assurances.
2. Financial statements will be compiled from information provided by you, for which you are responsible, and which should be accurate and complete.

3. Your financial statements will be prepared in accordance with the Service Engagement Standard No 2 for Compilation of Financial Statements Standards issued by the New Zealand Institute of Chartered Accountants, and will include the following compilation report and disclaimer.

SCOPE

On the basis of the information provided by you, we have compiled, in accordance with the NZ Institute of Chartered Accountants Services Engagement Standard No. 2: Compilation of Financial Statements and supporting schedules of your entity, for the year ended 31st March (year), as set out in the following pages. These have been produced in accordance with the Special Purpose Framework for taxation and management use.

RESPONSIBILITIES

You are solely responsible for the information contained within the financial statements and supporting schedules, tax returns and have determined that the special purpose financial reports for taxation and management use, meet your needs and the purpose for which the financial statements and supporting schedules are prepared.

NO AUDIT OR REVIEW UNDERTAKEN

Our procedures use accounting expertise to undertake the compilation of the financial statements and supporting schedules 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

In addition to the statements above, the financial statements were prepared exclusively for your benefit. We do not except any responsibilities to any other person, and disclaim any responsibility and liability to any other person including third parties for the contents of the financial statements and supporting schedules.

4. We will prepare tax return for the entity and check tax assignments received in our office. We will advise you of tax commitments, but the responsibility for the content of tax returns and for paying the correct tax at the due date rests with you including the penalties and interest.
5. We will endeavor to reconcile your GST returns and wage records to your financial statements, and advise you of any apparent discrepancies. You give authority for us to sign and file GST Returns and PAYE returns on your behalf (you are responsible for the content of all tax returns).
6. If you trade as a company it is your responsibility to comply with all aspects of the Companies Act 1993. You are responsible for keeping all company records as set out by section 189 of the Companies Act 1993. We may when requested file your annual return with the companies' office for annual fee of \$60.00 plus GST
7. There may be times when we need to consult with a tax specialist for an opinion. In this event our liability is limited to the work we undertake, and we are not responsible for any consequences arising from acting on the specialist's advice.
8. Our fees will be based on the amount of work involved, where staff and partners are charged on the basis of time taken at hourly rate. The current hourly rates are \$250.00, for Directors, and \$70.00 for experienced staff, exclusive of GST. These rates change on an annual basis to meet market conditions and costs of employing staff. You will be invoiced monthly for work undertaken, or on an interim billing basis. The best way to determine what your fees will be is for us to provide an estimate for the total job at the commencement. This way works well for you and us

and if we encounter any issues that we are not anticipated at the start, we will give you a call to discuss the matter and how it can be resolved without unaccounted blowouts. Any overdue accounts may incur administration and collection costs, which will be added to the invoiced fees.

9. We can offer to estimate your annual fees and allow you to pay by monthly installments with a “wash” up when the annual work is completed. If this is a suitable option, please call and we will discuss this future.
10. Information we obtain in the course of completing work is subject to confidentiality under the Privacy Act 1993. We will not disclose information to other parties without your expressed consent except as is required by law or on professional obligations.

Our files are subject to practice review rules of the NZICA which checks we are complying with set professional standards. These rules require us to disclose our files and work papers to the institute reviewers. While the review process is based on a sample of our files yours may be selected. By agreeing with the engagement letter you acknowledge this, and if requested our files relating to this engagement will be made available to the reviewers. We are advised by the institute that the same ethical standards and confidentiality will apply to their reviewers.

INDEPENDENCE

Independence is not required for a compilation engagement. If we are aware that we are not independent of your business or 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.

OWNERSHIP OF WORKPAPERS

If your work is to be handled by another accountant in the future we will make available information required by the NZICA Code of Ethics to enable your new advisor to provide the services we previously provided. Material you provide remains yours, and work papers we create remain our property. We will store tax records being held on your behalf for a period of seven years after the applicable balance date. Unless you ask us to return the records, we will have them securely destroyed after this time.

ACCIDENT COMPENSATION – COMPULSORY

This is a government controlled scheme whereby a premium is payable by all self employed persons, shareholder-employees in companies, and for any staff working for you. The premium is normally payable in advance, but in the first year, it will not be assessed until you have filed your first income tax return.

As it is often difficult to establish the level of earnings in the first year, ACC offer a **CoverPlus Extra** policy that allows you to nominate an agreed earnings amount which will be paid out in the event of a claim. If you want this option please telephone Accident Compensation Corporation on 088 222 776 for an application form.

The ACC cover is only for accidents, and we recommend you consider taking out an independent loss of earnings insurance to provide a more comprehensive cover.

PAYMENT TERMS

As we will primarily be undertaking annual work for you, we will invoice you monthly for work undertaken, or on an interim billing basis. Payment is expected 15 days after date of invoice. Any fees outstanding beyond these payment terms will attract an administration charge at the rate of 2% per month. ALB Chartered Accounting Limited utilizes Baycorp to collect any overdue accounts, any and all debt collection costs on overdue accounts will be passed on to you.

SIGNING COPY LETTER

Unless you have further queries, we ask that you sign a copy of this letter and return it to us. This gives us authority to act as your agent when dealing with the Inland Revenue Department on all tax matters by various mediums including correspondence, telephone, fax and internet, as well as authority to contact your bank, solicitor and other party to obtain information necessary to prepare your tax returns. It also acknowledges your agreement allowing us to undertake the accounting and tax work on the basis of the terms stated above.

Please give us a call if you wish to discuss any of the above.

Yours Sincerely

Aaron Brown C.A.P.P
aaron@albaccounting.co.nz

CLIENT SIGNATURE & DATE:

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