

Williams Chartered Accountants Limited

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_____ 2018

Dear _____,

This letter is to confirm our understanding of the terms of our engagement and the nature and extent of the services we will provide. Unless otherwise agreed between us in writing, this letter records the entire agreement between us in relation to our engagement. The terms recorded in this letter will remain in force until varied by us in writing to you, or until cancelled by either of us by notice in writing to the other.

Terms of Engagement

On the basis of information you provide, we will compile *your annual financial statements*. This engagement will be performed in accordance with Service Engagement Standard No.2 *Compilation of Financial Information* (SES-2) issued by the New Zealand Institute of Chartered Accountants.

The financial information will be prepared in accordance with applicable accounting standards and practice and this will be disclosed as part of the financial information. Any known departures from the accepted basis of accounting will be disclosed within the financial statements and referred to in our compilation report.

Our procedures will not include verification or validation procedures. No audit or review engagement will be performed and accordingly no assurance will be expressed.

Our compilation report (in the form presented by Service Engagement Standard No.2) on the financial statements will be issued on completion of the engagement.

Extent of Services

We do not accept any responsibility for the accuracy and completeness of the accounting records and other information you supply to us or for the reliability, accuracy and completeness of the financial information compiled on the basis of those records and information. We also do not accept any responsibility for the maintenance of adequate accounting records, an adequate internal control structure, and the selection and application of appropriate accounting policies within your organisation. In addition you are solely responsible to users of the financial information we compile.

You will be required to review and approve the final *returns or report* for reasonableness and correctness, and you will need to understand the importance and risks of signing *income tax returns or other statutory compliance engagements* as being true and correct statutory records.

The information you are to supply and any other information that we consider necessary to complete the engagement must be provided on a timely basis in order that the engagement can be completed on a timely basis.

Our engagement does not include the investigation or discovery of internal control weaknesses, errors, illegal acts or other irregularities, including without limitation, fraud, or non-compliance with laws and regulations. However, we will inform you of any such matters which come to our attention during the course of our engagement.

If, for any reason, we are unable to complete the compilation of your financial information, or we consider the information to be misleading, we may refer to such matters within our compilation report or we may determine, at our sole discretion, not to issue a report.

Independence

Independence is not a requirement for a compilation engagement.

If we are aware that we are not independent, 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.

Use and distribution of the financial information

We understand that the financial information we will compile is for your use only. If this should change in any material respect, you will inform us immediately. We will not accept any responsibility to any person, other than you, for the contents of the financial statements.

Information and Disclosure

The conduct of the engagement is in accordance with the professional standards, rules and ethical requirements of the New Zealand Institute of Chartered Accountants. Information we obtain in the course of this engagement is subject to confidentiality requirements, in addition to our obligations under the Privacy Act 1993. We will not disclose that information to other parties, without your express consent, except as required by law or professional obligations.

However, as members of the New Zealand Institute of Chartered Accountants, we are subject to and bound by the disciplinary procedures and rules of the Institute, and our work and files are subject to the practice review rules of the Institute under which compliance with professional standards by members is monitored. These procedures and rules require us to disclose to the Institute, its reviewers and/or its disciplinary bodies our files and work papers including client information. By allowing us to undertake this engagement (whether or not you sign this letter), you acknowledge that, if requested, our files relating to this engagement will be made available to the Institute, its reviewers and/or its disciplinary bodies. We assure you that the same ethical standards regarding confidentiality that we adhere to apply equally to the Institute's reviewers.

Fees

Our fees are normally based on hours worked charged at rates appropriate to the work performed and the levels of expertise required. If you wish, we will advise you before work is commenced of our estimated fee for the work contemplated. If our costs seem likely to exceed this figure, we will discuss the matter with you within a reasonable timeframe.

In the unfortunate circumstances that a disagreement arises between us over our fees, and if the matter cannot be resolved amicably by discussion (which is the preferred option) then we both agree to use the Fees Resolution Service of the New Zealand Institute of Chartered Accountants to resolve the matter. Details of this Service are available from the Institute. You should be aware that, like all other providers of services, we are entitled to retain possession of your records that have been used in relation to this engagement until outstanding fees are settled.

Ownership of work papers

Material that you provide to us remains yours and will be returned to you when the engagement is completed. Work papers that we create remain our property.

However, if your affairs at some time in the future are handled by another Chartered Accountant, we will make available, as required by the *Code of Ethics*, such information regarding your affairs that is essential to enable your new Chartered Accountant to perform the services we previously provided.

Our work may involve the collection of personal information relevant or incidental to the engagement. Any such information will be held at our offices and will be retained for as long as may be relevant to the engagement, and, except where otherwise noted in this letter, will only be used or disclosed for purposes related to the engagement. Individuals concerned will be able to contact us to access information held concerning them and, if necessary, seek correction to that information. By signing this engagement letter, you confirm we have authority to communicate with and obtain information from any third party (including the Inland Revenue Department) if the information sought is relevant to our engagement.

We will store tax records that we hold on your behalf for a period of seven years after the applicable balance date. At the end of that period, unless you ask us to send that information to you, the records will be disposed of.

We trust that you will make available to us in a timely manner the records, documentation and other information requested in connection with our compilation.

Please sign and return a copy of this letter to confirm that you agree with the above terms of engagement for our compilation of your *financial statements*. The terms recorded in this letter will be effective for this and all future engagements that are similar in nature unless we advise you of any change in our arrangements.

Kevin Williams
Williams Chartered Accountants Ltd

Date: _____

Acknowledgement and acceptance of Terms of Engagement:

Signature(s) of appointing party

Date: _____

Date: _____