R J PRESTON LTD
CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

# Terms of Engagement

This document confirms 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 document records the entire agreement between us in relation to our engagement. The terms recorded in this document 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.

Based on the information you provide, we will compile annual financial statements and tax returns as special purpose reports. 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.

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

## 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 complied 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.

## 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.

## Information & Disclosure

The conduct of this engagement is in accordance with the professional standards, rules, and ethical requirements of the Chartered Accountants Australia & New Zealand. Information we obtain during 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 Chartered Accountants Australia & New Zealand, 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 in the space provided on the annual questionnaire), 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

By allowing us to undertake this engagement, you agree to pay for the Services. Unless otherwise specified, fees for our services are based on the actual time expended on the engagement at the standard hourly rates for the work being performed by the individuals assigned to provide the Services. The factors we will consider in determining the fees charged are:

a) the time and labour expended.
b) the skill, specialised knowledge and responsibility required to properly perform the Services.
c) the importance of the work to you, and the results achieved.
d) the urgency and circumstances in which the work is undertaken and any imposed time limitations, including those imposed by you.
e) the complexity and/or novelty of the work.
f) the experience, reputation and ability of the personnel carrying out the work.
g) the reasonable costs of running the firm.
h) the fee customarily charged in the market and locality for similar accounting services.

Any estimate of fees provided is indicative only and will not be binding upon us. The accuracy of any estimate will depend on the accuracy, completeness, relevance and reliability of records and information provided by you. Any quote/or upfront fixed price agreement provided will be binding on us but only to the extent of the agreed scope of work covered by the quote or fixed price agreement.

In addition to our professional fees, we may charge a fee for the cost of the accounting software subscription used to prepare your annual accounts, disbursements (to cover the cost of items such as communications, printing and photocopying, access to research material and local travel). We will also charge for any out of pocket expenses incurred during the provision of the Services. Where large expenses are to be incurred on your behalf, we may require prior payment by you.

Our fees exclude GST. You agree to pay GST imposed on us, now or in the future, in relation to the fees charged under this agreement.

Unless otherwise specified, our invoices are rendered either on completion of the work or on a fortnightly basis and must be paid within fourteen (14) business days from the date of the invoice.

We reserve the right to charge 1% interest per month on overdue accounts. If your account remains unpaid, we may start proceedings to recover the amount owed, plus interest and any collection and other associated costs incurred. We may also suspend any future work and not release your information and records until payment is received.

We are entitled to exercise a general lien over all the books, records, related documents and other such chattels that may come into our possession for the purpose of performing professional services for you, until all costs and charges whatsoever for our professional service of any nature have been fully paid.

Without affecting our rights to recover payment of outstanding amounts, we reserve the right to suspend or terminate this engagement and the Services we provide under it in the event any invoices we render in accordance with the agreement are not paid by the due date.

You authorise us to check your credit status with any relevant third party (which may include, but not limited to, credit reference agencies) and to pass on credit information about you to any credit/collection agency at any time.

# Electronic Communication

Email may be used to enable us to communicate with you. As with other means of delivery this carries with it the risk of inadvertent misdirection or non-delivery. It is the responsibility of the recipient to carry out a virus check on any attachments received.

As internet communications are capable of data corruption, we do not accept responsibility for changes made to such communications after their dispatch. For this reason, it may be inappropriate to rely on advice contained in an email without obtaining written confirmation of it.

All risks connected with sending commercially sensitive information are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that email is not an acceptable means of communication.

We may, from time to time, communicate with you via electronic messages, including sending you Commercial Electronic Messages (as defined in the Unsolicited Electronic Messages Act 2007). Unless you advise us otherwise, you consent to us sending such Electronic Messages to you.

## Retention of Records

During our work we will collect information from you and others acting on your behalf and will return any original documents to you. You should retain them for at least seven (7) years after the end of the income year to which they relate. Inland Revenue may extend this period for a further period not exceeding three (3) years.

At the end of this engagement we will keep your file and documents for a minimum period stipulated by any relevant legislation. At the end of this period we may destroy your file and documents. All files and documents will be destroyed in a confidential manner.

Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven (7) years old, other than documents which we consider to be of continuing significance. You must tell us if you require retention of a document. You authorise us (without further reference to you) to destroy all files and documents for this engagement (other than any documents that we hold in safe custody for you) seven (7) years after the engagement ends, or earlier if we have converted those files and documents to electronic format.

If we are provided with custody of any documents by you or on your behalf, including share registers or constitution documents, those documents will be retained during the course of our appointment (unless their earlier return is requested). At the end of our appointment they will be returned to you unless separate arrangements have been made. We will be entitled to retain copies.

## Our Work Papers

You acknowledge that the work papers we produce in the course of our work for you, which are not an integral part of the end product of that work, are our property, remain confidential to us and will not be provided to you.

Where reasonably possible RJ Preston Limited will:

a) inform you if any other person seeks access to any work papers developed when providing the Services; and
b) seek your comment before granting access to any person unless we are compelled to do otherwise by law.

By requesting RJ Preston Limited to complete work on your behalf you are consenting to these terms of engagement.

If you have any questions regarding our terms of engagement, please contact us.