

KELSO MARSH CONSULTING LTD – STANDARD ENGAGEMENT TERMS

TO: (“The Business”)

This brochure is to confirm our understanding of the terms of our engagement and the nature and limitations of the services we will provide.

Purpose, Scope and Output of the Engagement

This firm will provide Accountancy, Taxation and Consulting services which will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB), including the *Code of Ethics for Professional Accountants* (the Code) and with other rules that are applicable to the advice being given. The extent of our procedures and services will be limited exclusively for this purpose only. As a result, no audit or review will be performed and, accordingly, no assurance opinion will be expressed.

Our engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may exist. However, we may, as part of our responsibilities as a Member in Public Practice, take steps and actions as set out in Section 225 of the Code, “Responding to Non-Compliance with Laws and Regulations”. These include but are not limited to the following. During the course of our engagement, if we identify or suspect that non-compliance with laws or regulations has occurred or may occur, which may have a direct effect on material amounts or disclosures in the financial statements or compliance with which may be fundamental to the operating aspects of The Business, to The Business ability to continue its business or to avoid material penalty, we will discuss the matter with the appropriate level of management, those charged with governance or the internal auditor, as appropriate, to enable you to rectify, remediate or mitigate the consequences of the identified or suspected non-compliance or deter the commission of the non-compliance where it has not yet occurred. We will consider whether to communicate the non-compliance or suspected noncompliance with The Business’s external auditor (if one exists), unless prohibited by law or regulation. We will also consider, based on materiality and/or significance of the matter, whether further action is needed in the public interest. Further action may include disclosing the matter to an appropriate authority even when there is no legal or regulatory requirement to do so or withdrawing from the engagement and the professional relationship

where permitted by law or regulation. Where appropriate we will inform you of our intention to disclose the matter to an appropriate authority before disclosing the matter. However, if we have reason to believe that the actual or intended conduct would constitute an imminent breach of a law or regulation that would cause substantial harm to investors, creditors, employees or the general public, we may immediately disclose the matter to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach of law or regulation.

The engagement will include the operations and procedures of the Client as agreed on the last page of these terms.

Our professional services are conducted and the Annual Report, Taxation Returns or other documents, will be prepared for distribution to the relevant specific organisation or party for the purpose specified in the report or as agreed. We disclaim any assumption of responsibility for any reliance on our professional services to any party other than as specified or agreed, and for the purpose which it was prepared. Where appropriate, our report will contain a disclaimer to this effect.

Client Due Diligence

Accounting practices must comply with the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act)*. The AML/CFT Act imposes obligations on us when we conduct certain activities, including (without limitation) acting as a formation agent, acting as a nominee shareholder or trustee, managing client funds, or engaging in transactions for buying or selling land or a business or other legal entity/arrangement (**Captured Activities**). This letter and our terms of engagement do not extend to any Captured Activity that otherwise is or might be covered by them unless and until we have conducted and satisfied ourselves in our sole discretion with any customer due diligence that is required of us under the AML/CFT Act.

The information we may require from you to complete customer due diligence in accordance with the AML/CFT Act will differ depending on the nature of your entity (for example, individuals, companies, and trusts are subject to different requirements) and the level of assessed risk, which determines if standard,



simplified, or enhanced due diligence is required. Information required may include (without limitation) passports, address verification by way of recent utility bill, bank statement, or government agency letter, Certificates of Incorporation or Registration, Trust Deed or Partnership Agreement, proof of authority of instructing person, proof of source of funds, and/or proof of disbursement of funds.

Responsibilities

In conducting this engagement, information acquired by us in the course of the engagement, including any information relating to your affairs whether it belongs to you or not or is provided by you or not, is subject to strict confidentiality requirements. That information will not be disclosed by us to other parties except as required or allowed for by law or regulations, or with your express consent unless, we determine that disclosure of the non-compliance or suspected non-compliance to an appropriate authority is an appropriate course of action in the circumstances.

We wish to advise that our firm's system of quality control has been established and maintained in accordance with the relevant APESB standard. As a result, our files may be subject to review as part of the quality control review program of CPA Australia, which monitors compliance with professional standards by its members. We advise you that by accepting our engagement you acknowledge that, if requested, our files relating to this engagement will be made available under this program.

We may collect Personal Information about you, your representatives, your clients and others when we provide services to you. If we do, you agree to work with us to ensure that we both meet the obligations that we each may have under the *Privacy Act* 1993 NZ (as amended) (**Privacy Act**). The obligations may include notifying the relevant person to whom the personal information relates who we are and how we propose to use their personal information. Where you have collected personal information, you confirm that you have collected the personal information in accordance with the *Privacy Act*, that you are entitled to provide this personal information to us and that we may use and disclose the personal information for the purpose/s we provide our services to you. We will handle personal information in accordance with the *Privacy Act*.

You are responsible for the reliability, accuracy and completeness of the accounting records, particulars and information provided and disclosure of all material and relevant information. You are required to arrange for reasonable access by us to relevant individuals and documents, and shall be responsible for both the completeness and accuracy of the information supplied to us. Any advice given to you is only an opinion based on our knowledge of your particular circumstances. You or your staff are responsible for maintaining and regularly balancing all books or accounts, and the maintenance of an adequate accounting and internal control system. You have obligations under self assessment to keep full and proper records in order to facilitate the preparation of accurate returns. It is your responsibility to keep those records for seven (7) years.

You are responsible for ensuring that The Business's business activities are conducted in accordance with laws and regulations. You are also responsible for identifying and addressing any non-compliance by The Business, by an individual charged with governance of the entity, by a member of management, or by other individuals working for or under the direction of The Business.

With respect to Taxation returns prepared by us on behalf of The Business we note the following –

A taxpayer is responsible to keep full and proper records in order to facilitate the preparation of a correct return. Whilst Inland Revenue may accept claims made by a taxpayer in an income tax return and issue a notice of assessment, usually without adjustment, the return may be subject to later review. The Commissioner may challenge the position taken in a tax return unless the return has been previously assessed and six years have passed from the end of the year in which the notice of original assessment was issued. Furthermore, where the returns are fraudulent or wilfully misleading or omit income of a particular nature or from a particular source, there is no time limit on amending the assessment. Accordingly, you should check the return before it is signed to ensure that the information in the return is materially accurate.

Where the application of a taxation law to your particular circumstances is uncertain you also have the right to request a private ruling which will set out the Commissioner's opinion about the way a taxation law applies, or would apply, to you in those circumstances. You must provide a description of all of the facts (with supporting documentation) that are relevant to your scheme or



circumstances in your private ruling application. If there is any material difference between the facts set out in the ruling and what you actually do the private ruling is ineffective. Inland Revenue charge a fee based on an hourly rate to provide a ruling, and our costs to assist with obtaining an opinion or ruling from the Inland Revenue will be charged separately on a time and cost basis.

If you rely on a private ruling you have received, the Commissioner must administer the law in the way set out in the ruling, unless it is found to be incorrect and applying the law correctly would lead to a better outcome for you.

Involvement of Others

Where, as part of our engagement, the services of an external consultant or expert are required, an estimated cost and timeframe and involvement will be provided to you for your approval.

Outsourced Services

From time to time where it is appropriate, in addition to employees, we use outsourced or contracted service providers. Currently these are experienced, locally qualified people or companies based in NZ. Data however, may be stored offshore in a cloud based data storage platform (for example, Dropbox business version).

Acceptance of our services in conjunction with this engagement document indicates your acceptance of the use of outsourced services as described.

Storage of Personal Information

By signing this letter and accepting these services you acknowledge and agree that your personal information may be stored overseas if our online service provider is based overseas. Local copies are also held in most cases.

Period of Engagement

This engagement will start upon acceptance of the terms of engagement by the The Business in line with this brochure. The first period for which we will be

responsible is 2019 Income Tax Year. We will not deal with earlier periods unless The Business specifically asks us to do so and we agree.

This engagement document will be effective for future years unless we issue an amended one to you, which could also be at your request.

Fees

The fee arrangement is based on the expected amount of time and the level of staff required to complete the services as agreed. This fee arrangement may be subject to change if the following circumstances should occur:

- Additional work due to material errors in books and records
- Complexity of queries
- Urgency of work requiring unexpected resourcing
- External requests from government departments
- A change in the scope of work or periods being reported

Fee invoices will be issued in line with a billing schedule advised to you and agreed from time to time by exchange of Emails.

Payment options may be available such as spreading costs monthly, in which case an agreed proportion is required to be paid in advance. In some circumstances, a deposit of 50% may be required to commence work, due to the nature and timing of our costs

Ownership of Documents

All original documents obtained from you arising from the engagement shall remain your property. However, we reserve the right to make a reasonable number of copies of the original documents for our records.

Our engagement will result in the production of documents as provided in the attached schedule. Ownership of these documents will vest in you. All other documents produced by us in respect of this engagement will remain the property of the firm.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.



Ad Hoc Queries

We are able to offer answers to short and simple queries at no additional cost where annual work is being undertaken. This may include by Phone call, Email or other means. Where queries are more complex or require further research, we will advise what the likely initial and possible costs may be to continue said research on your behalf. Please note that whilst a query may appear simple, it may in fact uncover further queries and complexity that was not anticipated.



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Confirmation of Terms

Acceptance of our services in conjunction with this information brochure indicates that you understand and accept the arrangements. This information will be effective for future engagements unless we advise you of any change.

Signature of Member	
James S Kelso, CPA	Date

SCHEDULE OF SERVICES to be undertaken	
Assistance with Xero	
Annual Taxation and GST adjustments	
Annual Accounts (Tax Compliant)	
Fixed Assets and Depreciation Register (Xero)	
Company Tax Return	
Director tax Return	
Basic Tax plan 2019.	
COMPLIMENTARY ANNUAL REVIEW MEETING	No Charge
SCHEDULE OF REPORTS to be issued	
Annual Accounts (PDF, Xero)	
Tax Returns (PDF)	
SCHEDULE OF COSTS expected minimum plus GST	
Expected Maximum, dependent on work done by Client's own team. plus GST	
Ad Hoc Work is at \$125 to \$250 per hour plus GST depending on the personnel required	

Acknowledged on behalf of _____ by:

Signature of client	
_____, Director	Date
Signature of client	
_____, Owner	Date

BILLING SCHEDULE	
Billed at end of Month as work is undertaken	
Monthly with 50% paid in advance for the year	
OTHER AD-HOC SERVICES AVAILABLE Measured in ½ day sessions of 3.5 hours.	
Budgeting / Forecasting	
PAYE and Payroll Set up / Pay Day Filing	
Quarterly or Semi Annual Profitability and Business Review	
Business Growth coaching	
Personal Wealth Reporting and Dash-boarding	
Business Dash-Boarding	
ACC Agency	
Companies Office Annual Return/Maintenance	
Working for Families Applications	
Student Loan Family Income declarations	
Bank Reports	
Rental Accounts	



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Notes and Comments: