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## TERMS OF ENGAGEMENT

### TO: GOLDSMITH FOX RKW LIMITED

The purpose of this agreement is to confirm our understanding of the nature and extent of the services you (Goldsmith Fox RKW Limited) will provide. The following outlines the responsibilities of Goldsmith Fox RKW Limited (the firm) and me (as your client) in relation to the 2011 financial year and ensuing years.

#### FIRM RESPONSIBILITIES

On the basis of information I will provide, the firm is responsible for (tick applicable items, deleting those not applicable);

- o Preparation of financial statements on a compilation basis. A compilation does not involve verification of the information supplied;
- o Preparation of income tax returns;
- o Preparation of other statutory returns (GST Returns, FBT Returns, Statistics Department, PAYE returns & ACC Levies);
- o File the company annual return and maintain company register details on our behalf;
- o Processing Data (Payroll, Accounts Payable, Accounts Receivable);

I note that it is not a requirement for the firm, or any Director of it, to be independent of me to undertake this engagement.

#### CLIENT RESPONSIBILITIES

I accept responsibility for the accuracy and completeness of the information supplied which is to be used in the preparation of my financial statements. You are not to complete an audit, nor do I wish you to undertake a detailed review of my affairs in order to substantiate the accuracy of my information and therefore you are unable to provide any assurance on my financial statements. I understand your work cannot be relied on to detect error and fraud and you accept no liability for the accuracy and completeness of the information supplied by me. I do not require you to be responsible for the maintenance of adequate accounting records, internal controls or the selection of accounting policies within my organisation.

I further understand the financial statements will be prepared at my request and for my purposes only and neither you nor any of your employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

I agree that payment of your fees is to be made within 14 days of the date of the invoice unless otherwise agreed with you in writing. I agree that any costs in the collection of overdue fees will be passed on to me.

#### COMPILATION

I understand that the financial statements (other than for companies) will be prepared on a special purpose reporting basis for taxation purposes only on the principles contained in the Income Tax Act. Accordingly the financial statements may not be appropriate for general use and should not be relied upon for any other purposes. The special nature of the report will be disclosed within the financial report. Where applicable this engagement will be performed in accordance with Service Engagement Standard No. 2 'Compilation of Financial Statements' issued by the New Zealand Institute of Chartered Accountants of New Zealand. I understand that a copy of your Compilation Report is available on your website, or that I may request one.

I understand that if the entity is a reporting entity for the purposes of the Financial Reporting Act 1993 (which covers most companies) the financial statements will be general purpose reports which comply with generally accepted accounting practice as required by Section 11(1) of that Act, which in most circumstances will involve differential reporting.

I understand the compiled financial statements are intended for the benefit of those to whom they are addressed and the compilation engagement will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with any specific transaction.

I also accept responsibility for all other records and information supplied to you other than those listed. I accept responsibility for any failure by me to supply all relevant records and information to you. I understand that the information must be supplied in a timely manner to allow the completion of the engagement in a timely manner.

**(The above statement is required by the New Zealand Institute of Chartered Accountants. Accounting Standard: "Compilation of Financial Information" (SES-2))**

**COMMUNICATIONS**

I, the undersigned, authorise my accountants, Goldsmith Fox RKW Limited, to act on my behalf in dealings with the Inland Revenue Department (IRD) on all tax types and activities. I/we authorise you to link the persons and entities named below to your IRD agency list and access the specified tax types by telephone, internet and info express or by any other means.

I, the undersigned, authorise Goldsmith Fox RKW Limited to communicate with ACC, appropriate bankers, solicitors, finance companies and other persons and organisations to obtain such further information as they may require to complete the terms of engagement.

**(The Privacy Act 1993 and the Tax Administration Act 1994 require your written authorisation for us to discuss any tax matters with the Inland Revenue Department).**

**OWNERSHIP OF BOOKS, RECORDS AND OTHER DOCUMENTS**

It is agreed that ownership of all documents supplied by me to assist in the performance of professional services for me shall remain my property. It is also agreed that all documents and records produced by Goldsmith Fox RKW Limited in the performance of these professional services shall remain the property of Goldsmith Fox RKW Limited. For the avoidance of doubt it is agreed that Goldsmith Fox RKW Limited shall retain ownership of all work papers and drafts created and used by Goldsmith Fox RKW Limited in the course of performing professional services for me or my related entities.

It is agreed that nothing in the above paragraph affects the right of your firm to claim a particular lien over the books, records and other documents of mine or my related parties.

**TRUST ACCOUNT**

I hereby authorise PKF Goldsmith Fox to establish and operate a trust account with Westpac New Zealand Limited in my/our name for the purposes of:

- 1 Negotiating cheques received on my/our behalf (e.g. to bank tax refund cheques to the trust account); and
- 2 Withdrawing fees and disbursements and to make payments on my/our behalf

The terms recorded in this letter and this continuing authority remains in force until varied by giving you 10 days notice in writing.

**QUALITY CONTROL REVIEW**

I acknowledge and agree that as part of the ongoing quality control and initiatives of the New Zealand Institute of Chartered Accountants, files relating to assignments completed on my behalf may be examined on a random test basis by an official reviewer appointed by the institute for that purpose.

**PKF INTERNATIONAL LIMITED**

Goldsmith Fox RKW Limited is a member of PKF Goldsmith Fox. PKF Goldsmith Fox is a member of PKF International Limited, a network of legally independent member firms. Neither the other network firms nor PKF International Limited is responsible or accept liability for the work or advice which Goldsmith Fox RKW Limited provides to its clients and in signing and returning to them this engagement letter I/we acknowledge and accept that such other member firms and PKF International Limited do not owe us any duty in relation to the work or advice which the firm will from time to time provide to us or are required to provide to us.

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**Your Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Name of Client(s):** \_\_\_\_\_