

COMPILATION TERMS OF ENGAGEMENT

The following outlines our understanding of the terms of our engagement and the nature and extent of the services we are to provide to our clients.

1) PREPARATION OF FINANCIAL STATEMENTS

We will prepare Financial Statements from information provided by you, in accordance with the Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

As required by the Engagement Standards, we will include an "Accountants Statement of Disclaimer" with the Financial Statements, similar to the following:

"We have compiled these Financial Statements for our client from the information and explanations supplied to us.

A compilation is limited primarily to the collection, classification and summarisation of the financial information supplied by our client. A compilation does not involve the verification of that information.

We have not undertaken an audit or a review engagement of the Financial Statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the materials from which the Financial Statements have been prepared. Further, the Financial Statements have been prepared at the request of and for the purposes of our client only and neither we nor any of our employees accept any responsibility on any ground whatever, including liability in negligence to any other person."

The Accountants Statement does not diminish our professional obligations and duties. It advises third parties of the duties we have performed.

It is understood and agreed that you will provide us with accurate and complete information necessary to compile Financial Statements.

The responsibility for the accuracy and completeness of the assertions in the Financial Statements remains with you.

Financial Statements for Trusts, Partnerships and Sole Traders will be prepared according to the requirements of the Income Tax Act and may not be appropriate for other purposes.

Financial Statements for Companies will be prepared according to appropriate Financial Reporting Standards and Principles to enable you to meet your obligations under the Financial Reporting Act.

You acknowledge and accept responsibility for all records and information supplied. You also acknowledge and accept responsibility for any failure to supply all relevant records and information.

Our compilation services will not result in the expression of an audit or review opinion or provide any other form of assurance on the Financial Statements.

On occasion we may employ the services of a contractor to process the information provided by you.

It is not intended that our engagement be relied upon to prevent or detect fraud and error. Responsibility for such prevention and detection remains with you/your management.

2) **BENEFIT OF ADVICE**

Unless stated in the Engagement Letter, any advice or opinion relating to the services is provided solely for your benefit and may not be disclosed in any way, including publication on any electronic media, to any other party and is not to be relied upon by any other party.

3) **COMPANY MINUTES / DIRECTORS REPORTS**

We will prepare Company Minutes and Directors' Reports as required.

4) **MAINTENANCE OF STATUTORY RECORDS**

We are responsible for the maintenance of the following statutory records, as a requirement of the Companies Act 1993 unless instructed otherwise by you:

- (a) Register of Directors
- (b) Register of Directors Interests
- (c) Register of Shareholders
- (d) Share Register
- (e) Register of Directors Certificates and Resolutions
- (f) Register of Registered Office
- (g) Register of Address for Service

5) **FILING OF RETURNS WITH REGISTRAR OF COMPANIES**

We are responsible for the preparation and lodgement of all Returns when we are appointed as the Registered Office for the Company, unless instructed otherwise by you.

6) **TAX ASSESSMENTS**

Our address may be used by the Inland Revenue Department for service of tax assessments and notices and in this instance it will be our responsibility to check these tax assessments.

We will endeavour to advise the amounts and due dates for tax payments. However, the responsibility for paying the correct tax and paying on time rests with you.

Any penalties arising from lateness, errors, wrong estimation or any other reason are payable by you.

We will provide you every assistance in meeting your obligations, but any advice on payments or reminder letters received from us should be reviewed by you to check that the payment appears reasonable and that the date of payment is correct.

7) **GOODS AND SERVICES TAX**

You are responsible for the preparation and filing of GST Returns by due dates unless you have specifically requested Duns Limited (in writing) to complete GST Returns on your behalf. If we are requested to complete GST Returns, we will prepare GST Returns in accordance with legislation applicable at the time, from information supplied by you. It is understood that you will provide all the necessary information and records at least seven days prior to the due date for filing of Returns to enable Returns to be prepared that are both true and correct. We will sign the GST Return as your agent.

We will endeavour to reconcile your GST Returns to your Financial Statements and advise you of any apparent discrepancy.

8) **FRINGE BENEFIT TAX**

You are responsible for the preparation and filing of all Fringe Benefit Tax Returns unless you have specifically requested us (in writing) to complete FBT Returns on your behalf. If we are requested to complete FBT Returns, we will prepare FBT Returns in accordance with legislation applicable at the time based on information supplied by you. It is understood that you will provide all the necessary information and records at least seven days prior to the due date for filing of Returns to enable Returns to be prepared that are both true and correct. We will sign the FBT Return as your agent.

9) **WORKPLACE ACCIDENT INSURANCE/ACCIDENT
COMPENSATION CORPORATION LEVIES**

You are responsible for the payment of all Workplace Accident Insurance and Levies by the due date.

You may engage us as your authorised Agent thereby enabling us to review invoices received and liaise with ACC on your behalf.

10) **CONSULTANCY AND ADVISORY**

We can assist you with various Consultancy and Advisory services, including (but not limited to) business valuations, acquisitions, mergers, financing, forecasting and business planning as required.

11) **ACCOUNTANCY FEES**

To ensure that there is no misunderstanding, we find it helpful to set out for our clients the basis upon which our fees and charges are calculated and our terms of payment.

Fees and Charges

Our fees are based on a number of considerations. These include the time spent on the job, its complexity and its importance to you, the degree of skill, knowledge and responsibility involved, and the result we achieve for you. Therefore, our hourly rate is only a guide to our final fee, and is not the only factor we take into account in fixing the amount we charge you.

You will be sent an account either on completion of the job, or if work is likely to take some time, interim accounts will be sent to you. As we are sometimes required to make payments on your behalf during the course of your work, you may be asked, before we spend money on your behalf, to let us have sufficient funds to meet these expenses.

Authorisation under Privacy Act

Under the terms of the Privacy Act (1st July 1993) you irrevocably authorise any person or company to provide us with such information as we may require in response to our credit inquiries.

Payment of Accounts

Accounts are due for payment on your receipt of the invoice/statement and may be paid by cash, cheque or credit card.

Any account queries must be brought to the attention of Duns Limited in writing within 7 days of receipt of invoice/statement.

If you are likely to have difficulty meeting any account please discuss this with us. We will then endeavour to make arrangements to suit your circumstances. Please contact our Credit Control.

Interest on Overdue Accounts

That you undertake to pay the amount in full on or before the due date. We do not have credit facilities. For that reason we charge interest on all accounts for fees and charges remaining unpaid 30 days after the date the account is issued. In default of such prompt payment, you undertake to pay late payment fees of 1.6% per month on any amount outstanding and to indemnify us and pay all costs and expenses on a solicitor/client base if legal action is necessary, and/or Collection Company's fees, which may be incurred in recovering from you any overdue amount.

You acknowledge and agree that we may require as a condition of our engagement that any fees rendered to a company be personally guaranteed by appropriate directors and/or shareholders. You agree to obtain such guarantees if requested by us. Furthermore, you also agree to be liable for any costs incurred by us in relation to the collection of any debt, on precisely the same terms, if you do not pay within the specified time.

12) TAXATION REFUNDS

Tax refunds may be credited to a Trust Account held by us specifically set up to receive tax refunds. Once the refund has been verified as correct it is agreed that we may withdraw monies from the Trust Account to pay Accounting Fees. You will be furnished with an invoice for fees and allowed at least 21 days from the date of issue of the invoice, to object prior to us withdrawing a refund to pay the said fees.

13) PRACTICE REVIEW

The New Zealand Institute of Chartered Accountants requires Practitioners to be subject to review from time to time in order to ensure that professional standards are being maintained. Reviews are based on a sample of files and specific client files may be selected by the reviewer for examination. The reviewer is officially appointed by the Institute, and is bound by declarations of secrecy, meaning utmost confidentiality is maintained. The reviewer is the only person from the Institute who has access to records, and no copies are made. The review could however, include anonymous reference to a client's information.

14) **STAFF**

You agree that during the provision of Services, and for a period of six months thereafter, you will not make any offer of employment to any of our directors or employees involved in the provision of the Services, without our prior consent.

15) **ELECTRONIC COMMUNICATION**

We may communicate with you by e-mail or other electronic means including facsimile transmissions from time to time in the interests of expediency. You acknowledge that you may only rely on electronically transmitted advice or documents when that advice is confirmed by letter signed by a Director. You also acknowledge that we cannot ensure delivery by e-mail and that unauthorised access and faults in computer networks can occur which may result in the corruption, alteration or non-delivery of electronically transmitted materials.

We do not represent or warrant that any document or letter sent by e-mail is free from computer viruses or other defects. They are provided, and may only be used, on the basis that you assume all responsibility for any loss, damage or consequence resulting directly or indirectly from their use.

In light of the acknowledgements and issues referred to above you waive any claim against us arising out of these electronic communications.

16) **OWNERSHIP OF DOCUMENTS**

It is agreed that ownership of all documents supplied by you to assist in the performance of our professional services shall remain your property. All documents produced by us in the performance of our services, such as work papers, shall remain our property. It is agreed that the above has no effect on our rights to claim a particular lien over books, records and other documents.

17) **LIMITATION OF LIABILITY**

You acknowledge and agree that the maximum liability of Duns Limited (including its directors, employees and agents) to you for any loss arising in connection with this engagement shall not exceed three times the fee paid by the you to us for this engagement.

18) **INDEMNITY**

You agree to indemnify and hold harmless Duns Limited against any and all losses, claims, actions, demands, expenses, damages, liabilities or any other proceedings whatsoever incurred by us in respect of any claim by a third party arising out of or in any way related to any breach by you or your obligations under this Agreement.

19) **GENERAL**

We can provide general advice on business structures and day-to-day operations.