

# Terms of Engagement

## What we will do

1. We will compile you monthly or quarterly financial reports as well as your annual financial statement from information provided by you in accordance with Service Engagement Standard No 2 (SES-2) *Compilation of Financial Statements* issued by the New Zealand Institute of Chartered Accountants.
2. Annual accounts for companies will be prepared in accordance with the Financial Reporting Act 1993. Other than for exempt companies, these are general purpose reports and must be prepared in accordance with generally accepted accounting practice in New Zealand. If necessary, additional explanations will be added to ensure that a true and fair view is given.
3. Annual accounts for exempt companies may be prepared either in accordance with generally accepted accounting practice in New Zealand as described above or in accordance with the simpler format of the Financial Reporting Order 1994.
4. Other accounts will be prepared in accordance with any applicable legislation. For partnerships, trusts, sole traders and other entities where the format of accounts is not dictated by legislation, we will prepare special purpose annual financial statements according to the principles contained in the Income Tax Act 2007. Periodic accounts for management are not governed by legislation and will be prepared on the basis requested by management.
5. The general basis of accounting used to compile the accounts will be described in the notes to the financial statements together with any significant departures from that basis. Significant departures will also be referred to in our compilation report (see 7 below).
6. We will inform you of any suspicions of omissions or irregularities that come to our notice.
7. We will provide a compilation report on all annual accounts that include a balance sheet.
8. We retain legal ownership of working papers prepared by us.
9. We will use our judgment in resolving questions where the Tax Law is unclear, or where there may be conflicts between the Inland Revenue Department's interpretations of the Law and other supportable positions. Your returns may be selected for review by the Inland Revenue Department. Any proposed adjustments by the Inland Revenue Department are subject to certain rights of appeal. In the event of such tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.
10. We will explain or redraft any element of these terms to ensure that you understand them and think they are reasonable.
11. If we have agreed to act as the Registered Office for your company, we will file the Company Annual Return and be responsible for the maintenance of the following statutory records:
  - a. Register of Shareholders
  - b. Register of Directors
  - c. Register of Directors Interests
  - d. Minutes & Resolution Books - Shareholders & Directors

## What we will not do

1. We will not conduct an audit or any other independent verification work.
2. Consequently, we will not express any kind of opinion on the accuracy of the material we compile or its suitability for any purpose.
3. We will not necessarily establish or maintain independence. It is not a professional requirement to be independent before

carrying out compilation work of this nature. However, any other relationship will be described in our compilation report.

4. We will not take active steps to identify weaknesses in your internal accounting system, errors, illegal acts or other irregularities, for example, fraud or non-compliance with laws and regulations. However, should we become suspicious of any irregularities we will report it to you (see 6 above).
5. We will not accept liability in negligence or for any other reason to anyone, but you and your enterprises listed in this letter. A disclaimer to this effect will be included in our compilation report.

## What you will do

1. You will deliver accurate, complete information needed to compile the accounts and returns promptly at the times agreed. We will provide a checklist to assist in identifying the information we require.
2. You agree to us linking your tax records to our agency list for all related entities. The authority extends to all tax types to enable us to become the mailing address for correspondence from the Inland Revenue Department (where requested by you) and make enquiries of the Inland Revenue Department from time to time regarding your tax affairs.
3. You remain responsible for the reliability, accuracy and completeness of the financial information compiled, including tax returns. You have delegated certain tasks to us, as tabled in the main letter, and we are responsible for carrying out those tasks in a professional manner. You cannot abrogate the ultimate responsibility for ensuring that the financial information is compiled properly.
4. You should retain all the documents and other data that form the basis of income and deductions for a period of seven years. These may be necessary to prove the accuracy and completeness of the returns to the Inland Revenue Department.
5. You will inform us if the information we compile is intended to be disclosed to any person or body and how they are expected to use it. This does not apply to:
  - a. the directors, shareholders, partners, trustees or equivalent office holders of your enterprises as listed at the head of the main letter, and
  - b. the Inland Revenue Department.
6. You confirm that we have authority to communicate with and obtain information from any third party if the information sought is relevant to our work.
7. If we have agreed to act as the Registered Office for your company, you will be responsible for advising us of any director's change of residential address immediately, and advising any shareholder's change of address prior to the annual filing of the Company Annual Return. You will also be responsible for advising us of any change of director or shareholder and provide us with associated documentation relating to any director or shareholder change including any related signed minutes and resolutions.
8. You agree that the New Zealand Institute of Chartered Accountants may have access to the records and information we hold that support our working papers. This is an essential part of the Institute's quality assurance function. The likelihood that any engagement is selected is very small. All Institute employees and contractors are required to maintain the strictest confidentiality.
9. You will pay our fees on time. Invoices for work done in a calendar month will be delivered by the 7th working day of the following month and are due for payment by the 20th of that month by direct debit.

- a. If payment is not received by us by the due date:
- i. an administration fee may be charged on all overdue amounts in addition to any other charges;
  - ii. interest will accrue on all amounts overdue at the rate of 2.5% per month and will be calculated on a day by day basis until payment is made in full;
  - iii. all costs incurred by us as a result of a default by you, including but not limited to administration charges, debt collection costs, and legal costs (as between solicitor and client) will be payable by you.
- b. If you are on a fixed fee monthly plan with us – we require 12 monthly payments by the time we have completed the financial year end financial statements and tax returns. If we have not received 12 payments at the completion of the annual work – we will invoice for the remaining balance. If our engagement ceases part way through the 12 month period from the start of the engagement we carry no obligation to refund any payments received.
- c. Except as otherwise provided for, we will not be liable for any loss or damage of any kind whatsoever, arising from the supply of the Services rendered by us to you, including:
- i. consequential loss whether suffered or incurred by you or another person; and
  - ii. whether in contract or tort (including negligence) or otherwise; and
  - iii. irrespective of whether such loss or damage arises directly or indirectly from the services provided by us to you.
- d. We may receive commission on certain software and services (e.g Xero and Audit Shield).
10. You will indemnify us against all claims and loss of any kind whatsoever, however caused, or arising and without limiting the generality of the foregoing of this clause, whether caused or arising as a result of our negligence or otherwise, brought by any person in connection with any matter, act, omission, or error by us, our agents or our employees in connection with the Services rendered.

You will let us know if any of these terms are unclear or not what you think is reasonable and we will explain or redraft to make sure you are happy. See 10 above.

Any dispute will in the first instance be referred to mediation for resolution. In the event that resolution by mediation is not achieved to the satisfaction of both parties within 30 days of referral to mediation, either party may then take legal action to resolve the dispute. Nothing in this clause prevents us from taking legal action to enforce payment of any debt due, nor where required to seek interlocutory or injunctive relief.

11. You will file returns and pay your taxes. You are responsible for filing taxation returns and for paying taxes. We will make every reasonable effort to complete your work on time. However, we are not responsible if you file returns late or are charged late payment penalties or use of money interest.

12. Not bound by Consumer Guarantees Act

We agree that when we provide accounting services to you for a business or Trust, those services are not covered by the Consumer Guarantees Act 1993.

13. Our liability

We are not liable for checking the accuracy of the information and

documents you give us, unless we have recorded that in our Service Agreement letter. We and our agents do not accept any responsibility or liability if the information you give us is inaccurate, incomplete, or unreliable.

Any report we create for you will include a written disclaimer stating that the statements and opinions in the report:

- have been made in good faith
- are based on the information you gave us being true and accurate, and not misleading in any way.

Our financial liability for proven fault by Bizdom is limited to five times the fees paid for the services. Where we have worked for you continuously, our liability will be limited to five times the fees you have paid in the 12 months before the event that caused the claim for losses. Our liability covers only direct losses that are reasonable and foreseeable.

You have 6 years to make a claim, unless there are unusual circumstances as set out in the Limitations Act 2010.

## Information and disclosure

The conduct of this engagement is in accordance with the professional standards, rules and ethical requirements of Chartered Accountants ANZ. Information we obtain in the course of this engagement is subject to confidentiality requirements, in addition to our obligations under 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 Chartered Accountants ANZ, 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 for the Institute under which compliance with professional standard 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.

## Confirmation

If any provision of these terms is invalid, void or illegal or unenforceable the validity existence, legality and enforceability of the remaining provisions will not be affected, prejudiced or impaired. Failure by us to enforce any of these terms will not be deemed to be a waiver of any of our rights or obligations under these terms.

If you are happy to agree to the above terms of engagement, please sign where indicated on the final page and email a copy of your signed acceptance to [nicole@bizdom.co.nz](mailto:nicole@bizdom.co.nz)

Yours sincerely



**Mark Greer** B.Com (hons), CA, CPP  
CEO  
[mark@bizdom.co.nz](mailto:mark@bizdom.co.nz)

## Appendix 1

The following Compilation Report and Disclaimer will appear on the financial information we prepare.

### COMPLIATION REPORT AND DISCLAIMER

#### SCOPE

On the basis of information you provided we have compiled the Financial Statements/Report of *the Entity* for the year ended 31 March 20\_, in accordance with Service Engagement Standard No 2, *Compilation of Financial Information* as per the index.

These have been prepared on the basis disclosed in the notes to the Financial Statements on page x.

#### RESPONSIBILITIES

You are solely responsible for the information contained in the financial statements/report and have determined that the basis of accounting used as described above is appropriate to meet your needs and for the purpose that the financial statements/report were prepared.

The financial statements/report were prepared exclusively for your benefit. Neither we, nor any of our employees, accept responsibility to any other person for the contents of the financial statements.

#### NO AUDIT OR REVIEW ENGAGEMENT UNDERTAKEN

Our procedures use accounting expertise to undertake the compilation of the financial statements from the information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

#### DISCLAIMER (if required)

A compilation engagement requires us to apply compilation procedures, in accordance with SES-2 *Compilation of Financial Information*, to compile the Financial Statements from information you provide to us. Those compilation procedures do not include the performance of an audit or review in respect of either the information you provide or the financial information compiled from it. Accordingly, neither we, nor any of our employees, accept any responsibility for the reliability, accuracy or completeness of the information from which the financial information has been compiled.

The financial information is prepared at your request and exclusively for your benefit. Neither we, nor any of our employees, accept any liability of any kind whatsoever, including liability by reason of negligence, to either you or any other person for losses incurred as a result of placing reliance on the compiled financial information.

Bizdom Limited  
Chartered Accountants  
Wellington

# Our people



**MARK GREER.** *B.Com (hons), CA*  
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HEAD OF MARKETING & ADMINISTRATION  
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**BRITTANY WILLIAMS.**  
ADMINISTRATION ASSISTANT  
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## Our culture

### Our Core Purpose

Leveraging your potential.

### Our Brand Promise

Sizeable increase in freedom and clarity through working smarter not harder.

### What business are we in

Extracting latent qualities within your business to maximise time, mind and financial freedom.

### Our Core Values



**FAMILY FIRST**  
Remembering our purpose



**PASSION**  
Do what we love, love what we do



**EMPATHY**  
We listen, we care, we understand



**RESPECT**  
For people, their time, differences, beliefs, values



**REFINE**  
Continual improvement to be the best version of you

#### WELLINGTON OFFICE:

#### HAWKES BAY OFFICE: