

## TERMS OF ENGAGEMENT

The purpose of this letter is to set out the nature of the working relationship between:

Name: \_\_\_\_\_ IRD Number: \_\_\_\_\_

And Sovereign Palms Accounting Limited ("SPA Ltd").

Generally, SPA Ltd will:

- 1 Act for you on an ongoing basis as Accountants.
- 2 Act on your instructions which may be verbal, written or in email form.
- 3 Carry out various assignments as requested by you from time to time.
- 4 Carry out various regular and irregular assignments for you.

Specifically, SPA Ltd will:

- 1 Financial Statement Compilation:
  - a. Compile various Financial Statements and reports as requested and intended by you from time to time, using information supplied by you.
  - b. The Statements will be compiled, where appropriate, in accordance with the Companies Act, Financial Reporting Act and Financial Reporting Standards.
  - c. The Statements will have appended to them a disclaimer of SPA Ltds' liability.
- 2 Taxation:
  - a. Compile various Tax Statements and Returns as instructed by you from time to time, using information supplied by you.
  - b. The Statements will be compiled in accordance with the relevant tax legislation, rulings, guidelines, etc.
  - c. The Statements will have appended to them a disclaimer of SPA Ltds' liability.

AT ALL TIMES IT WILL BE **YOUR RESPONSIBILITY** TO ENSURE ALL TAXES ARE PAID ON TIME.

### Records:

SPA Ltd will retain the records and information held for a period of seven years, after which they will be destroyed by secure means.

### Income Tax Returns:

- 1 SPA Ltd will compile appropriate Income Tax Returns from Financial Statements you approve and from additional information you provide in writing. SPA Ltd will assist you to understand the importance and risks of you signing these Income Tax Returns as being true and correct statutory records.
- 2 SPA Ltd will require you to complete questionnaires each year to elicit all relevant tax information to assist in the compilation of your Returns. **It is your responsibility** to ensure their accuracy and completeness as well as monitoring and checking the final returns for reasonableness and correctness.
- 3 SPA Ltd will also assist you with your tax planning efforts and explain what it believes to be possible contentious issues so you may decide upon the proper course of action. Where you elect to use the Estimation Provisions in relation to taxation payments, SPA Ltd will advise you of the ramifications of such an election. Any penalty and/or use of money interest due to IRD due to an incorrect estimation would be **your responsibility**.
- 4 Incorrect Tax Returns result in penalties and interest under the IRD Penalty Tax Regime, where there is a shortfall in tax paid. You are required to have taken reasonable care or have an acceptable interpretation if penalties are not to apply. Use of Money Interest will always be payable on any short paid tax.

Your Work:

SPA Ltd reserves the right to cease working on your behalf where accounts are overdue.

SPA Ltd Fees and Disbursements:

- 1 SPA Ltd will charge fair and reasonable fees based on time, responsibility, urgency, value and complexity of the assignment.
- 2 SPA Ltd will charge for both internal and external disbursement.
- 3 Personal Guarantees are given for all fees and disbursements charged.
- 4 SPA Ltd accounts are payable in full, within 14 days after the invoice date. If your account remains unpaid and there is no satisfactory explanation for non-payment, SPA Ltd may elect:
  - a. To deduct any amount outstanding from any money SPA Ltd is holding on your behalf
  - b. To start proceedings to recover the amount owed, plus interest and any collection and other associated costs incurred.

Trust Account:

SPA Ltd operates a Trust Account for monies held in Trust on behalf of its clients. From time to time, Client Refunds from IRD will be deposited to this Trust Account for the sole purpose of partial or full payment of that Clients SPA Ltd accountancy invoice. A separate authority for the payment of such invoices will be signed by the Client and a Statement will be issued showing how all such monies held in Trust have been allocated.

Liability:

Any liability against SPA Ltd must be made and notified to us within one year of the date of practical completion of the assignment. SPA Ltd is here to assist in your financial wellbeing but **you are ultimately responsible**.

Authority:

- 1 This authority enables SPA Ltd to obtain your IRD and ACC information (which includes all Inland Revenue media and communication channels) and to act as your Tax Agent in these matters.
- 2 This authority gives permission for SPA Ltd to obtain all tax types information held with IRD until further notice.
- 3 You are responsible for signing all Returns filed with Inland Revenue, to be held on your file with SPA Ltd. A copy will be supplied to you for your own records.
- 4 This authority gives SPA Ltd the authority to obtain necessary records and information from banks and finance companies as required.
- 5 Companies Only: This authority gives SPA Ltd the authority to maintain your records and file the applicable documents required by the Registrar of Companies at the Companies Office.

Complete:

If the terms as set out are acceptable to you, please sign a copy of this Engagement Letter where indicated and return to SPA Ltd. A copy will be supplied to you for your records.

Kind regards,  
Sovereign Palms Accounting Limited

Accepted by:

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_