



Jollands Callander

Certified Practising Accountants

TERMS OF ENGAGEMENT FOR PUBLIC ACCOUNTING SERVICES

Between Jollands Callander (**us** or **we** or **our**) and _____ (**you** or **your**) for the Term specified.
Name of Company/Person

1. Purpose

This Terms of Engagement for Public Accounting Services (TE) confirms our understanding of the engagement and the nature and limitations of services provided.

These terms of engagement apply to you personally and also on behalf of every Company in which you are a Director, every Trust in which you are a Trustee and every Partnership in which you are a Partner, if we carry out work for those entities.

2. Term

- 2.1 This TE will commence at the time you indicate acceptance and will continue until revoked by us or you.

3. Objectives and Scope of work

- 3.1 We will provide you with professional accounting services in compliance with APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (**the Code**), including:

- accounting services

3.1.1 Who Does What?

Tick as applicable.

	Jollands Callander does	You do
Financial and Tax	✓	✓
Wages		
PAYE returns		

GST returns		
FBT returns		
RWT returns		
ACC Returns		
Monthly accounts		
Annual accounts commencing with the 20___ financial year		
Income tax returns for the entities named above including provisional tax reminders (If any).		
Management of all tax assessments		
Provision of our income tax payment reminder and collection service		
Regular income tax planning		

Company and Trust

Trustees' resolutions		
Trust administration		
Initial trust administration risk review and annual review thereafter		
Company directors' and shareholders' resolutions		
Company statutory records		
Company minutes relating to documents we have prepared		
Provision of our office as the registered office of your company		
Filing of your annual company return with the Registrar of Companies		
Initial administration review of your company records and annual review thereafter		

Other Services

Xero application support and subscription		
ACC administration and advisory		
Payment of your supplier accounts		

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- 3.2 We will provide you with the following output as applicable:
- 3.2.1 GST reports and returns
 - 3.2.2 IRD GST submission reports,
 - 3.2.3 Financial Statement Reports – end of year,
 - 3.2.4 Taxation Return submission report,
 - 3.2.5 ACC reports
 - 3.2.6 FBT report (if applicable)
- 3.3 We will provide the scope of work output within the specified timeframe or within a reasonable period considering the context of the services.
- 3.4 Unless otherwise specified in this TE or letter of engagement, audit and assurance or review are not included in this engagement.

4. Our Promise

- 4.1 We will perform procedures (guided by the APES suite of standards) required that are directly related to the engagement consistent with our fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, professional behaviour, and identifying, avoiding and dealing with conflicts of interests (Fundamental Principles).
- 4.2 We will seek to understand your requirements and provide you services confidentially and professionally.
- 4.3 We will document sufficient and appropriate records of the procedures performed for the TE, which may be subject to the CPA Best Practice Program under APES 320 *Quality Control for Firms*.

5. Our obligations

- 5.1 For accounting work:
- 5.2 We will prepare financial statements in accordance with standards and guidelines issued by CPA Australia and XRB. Where required by legislation or requested by you, we will prepare annual accounts in accordance with generally accepted accounting practice in New Zealand. If necessary, we will provide additional explanations to give a true and fair view. We will comply with the Financial Reporting Act 2013, or other applicable statute or reporting frameworks such as Special Purpose Financial Reporting. We will prepare other annual accounts in compliance with the applicable legislation. Periodic accounts for management are not governed by legislation and will be prepared on the basis you request.
- 5.3 We will describe what general basis of accounting we use to compile the accounts in notes to the financial statements along with any significant departures from that basis. We will outline any significant departures in our compilation report, a report provided with all annual accounts that include a balance sheet. An example of a typical report is attached at Appendix 1

- 5.4 It is not a professional requirement to be independent before carrying out compilation work. However, we will outline any other relationship in our compilation report, for example where a Director of Jollands Callander is a trustee of a client trust.
- 5.5 We will not audit, review or carry out any other checks on the accuracy or completeness of the information you provide. It is up to you to give us accurate and complete information.
- 5.6 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 omissions or irregularities, we will report it to you.
- 5.7 We will explain or redraft any element of these terms to ensure you understand them and think they are reasonable.
- 5.8 We are obliged to consider whether our clients create any threats to compliance with our Fundamental Principles and where we cannot reduce the risk to an acceptable level we are obliged to cease the TE under the Code (section 320) to decline or cease the client engagement.
- 5.9 We have a duty to act in your best interests, unless this duty is inconsistent with our duty to act in the public interest.
- 5.10 We are responsible for maintaining records for a period of 7 years unless otherwise required by legislation.
- 5.11 We have a duty to conduct customer due diligence under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act) for specific services provided. Accordingly, before providing these services we may ask you for records to verify your identity. Where you are representing a company or trust, we may also request information regarding previous transactions, including details of where money has come from and third parties involved. We also have a duty to monitor and report suspicious transactions or activity.
- 5.12 During the course of our engagement, if we identify or suspect that Non-Compliance with Laws or Regulations (NOCLAR) has occurred or may occur, which may have a direct effect on material amounts or disclosures in the financial statements or compliance and may be fundamental to Name of Company/person, ability to continue its business or to avoid material penalty, we may:
- 5.12.1 discuss the matter with the appropriate level of management, those charged with governance or the internal auditor, as appropriate
 - 5.12.2 communicate the non-compliance or suspected non-compliance with Name of Company/person's external auditor, unless prohibited by law or regulation
 - 5.12.3 disclose the matter to an appropriate authority even when there is no legal or regulatory requirement to do so; and/or
 - 5.12.4 withdraw from the engagement and the professional relationship where permitted by law or regulation

- 5.13 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 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.

6. Your obligations

- 6.1 You are responsible for full disclosure of all relevant information.
- 6.2 You are responsible for your own record keeping relating to your affairs.
- 6.3 You will provide us with all source document records relating to your affairs.
- 6.4 You are responsible for the reliability, accuracy and completeness of the particulars and information provided to us.
- 6.5 You are responsible for retaining paperwork for as long as legally required.
- 6.6 You are responsible for the assertions in the financial statements and for what appears in your tax returns. It is up to you to ensure the information you give us is accurate and complete and meets all your obligations set out in the tax laws.
- 6.7 You must disclose all sources of income and can only claim expenses that were incurred to earn income.
- 6.8 You must have all the supporting documents required by Inland Revenue.
- 6.9 You are responsible for paying your taxes by the due dates, and for paying any penalties and/or interest arising from late payments, errors, wrong estimates or any other cause. Refer to section 13 below.
- 6.10 You are responsible for the adequacy of your insurance and ACC covers.
- 6.11 You authorise us to approach third parties as may be appropriate for information that we consider necessary to deal with your affairs.
- 6.12 You will inform us if the information we compile is intended for disclosure to any person or body and how you expect them to use it. This does not apply to:
- The directors, shareholders, partners, trustees or equivalent office holders of your enterprises as listed in this letter, and
 - Inland Revenue.
- 6.13 You will let us know if any of these terms are unclear or seem unreasonable and we will explain or redraft to make sure you are happy.

7. Third Party Involvement

- 7.1 We may from time to time engage third party specialist professionals and other public practitioners, where warranted to obtain the advice you need or to assist us to provide our service to you. These may include cloud service providers and outsourced service providers.
- 7.2 We will seek your consent if third party involvement is likely to exceed the fixed price (if applicable).
- 7.3 We have outsourcing arrangements with Xero (a cloud based software) in New Zealand whom we engage from time to time to assist us. The nature and extent of the services that we utilise are as follows: A public practice platform. Xero is based in New Zealand and uses a top-tier third-party data hosting provider (Amazon Web Services) with services located in the US to host online and mobile services
- 7.4 Acceptance of our services in conjunction with this engagement document indicates your acceptance of the use of outsourced services as described above.

8. Fees, Billing

- 8.1 We normally agree the price with you before we start the work. If no upfront price agreement has been made, the fee is based on the time we take to do the work and the value of the service provided. We take into account factors such as expertise required, risk, responsibility, importance, complexity, urgency and results achieved.
- 8.2 This fee arrangement will be subject to change if the following unanticipated circumstances should occur:
- Additional bank accounts to be entered
 - Asset purchase or sale
 - Significant growth in the business
 - Other changes which require additional/extra resources to correct or include.

[Or]

- Our fees are based on the time it takes us to do the work and the experience and qualifications of the people involved. Typically, more complex and high value work will be priced at a higher hourly rate.
- 8.3 The current hourly rates for the services performed under the terms of this engagement letter are as set out as follows:

Staff members	Rate \$ (excluding GST)
Partner	\$280 - \$500
Senior Staff	\$180 - \$280
Client Manager	\$110 - \$180
Support Staff	\$80 - \$100

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- 8.4 These rates will be reviewed periodically in accordance with our standard terms and conditions. Our fees for services performed will generally be based on these rates and the time engaged to perform the services. If, for any reason, another basis of charging is appropriate, it will be agreed with you at the time on a separate document.
- 8.5 Invoices are payable within 7 days unless otherwise agreed. We may issue interim invoices for work in progress, with a final invoice on completion. We can also arrange with you to make regular payments in advance if that suits your business better. You shall review the invoice on receipt and shall within five days of receipt notify us that you are not satisfied with our service or with the cost of our service. If we receive no such notification, then you shall be deemed to have accepted our invoice which is then due for payment.
- 8.6 If the work is carried out for a limited liability company, the persons who sign this letter acknowledge that the work is being carried out at their request and accept responsibility and liability with the client and each other for the payment of the account. If payment is not received by the due date, Jollands Callander is entitled to look to any or all of the parties signing this letter for payment without being obligated first to seek payment from the entity/client itself.
- 8.7 If payment of any invoice is not received by the due date, we may:
- 8.7.1. Discontinue further work until the account is paid
 - 8.7.2. Charge interest of 2% per calendar month on any outstanding balance after the due date. This interest will be compounded from the due date to actual payment.
 - 8.7.3. Give the debt to our solicitor or debt collection agency for collection. In such circumstances you consent to us providing our solicitor or debt collection agency with information necessary to collect the debt. Recovery fees and costs will be charged to you as well as the debt owing.
 - 8.7.4. Hold all records and related material which have been used for this engagement until all outstanding fees are settled.
- 8.8 Our fees will also add any disbursements reasonably incurred and GST, at the appropriate rate, will be added.
- 8.9 Invoices raised by Jollands Callander will comply with and acknowledge the terms of this engagement letter.
- 8.10 It is our requirement that the owners/directors of the business personally guarantee the payment of all accounts for professional fees, including out-of-pocket expenses rendered by us from time to time.

9. Ownership of materials

- 9.1 You own all original materials given to us.
- 9.2 We own all materials produced by us that resulted from our skill and attention to the extent that the materials produced by us incorporate any original materials you give to us.

- 9.3 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. In relation to any subsequent termination of our services, you are advised that we shall be entitled to retain all documents belonging to you and any related parties we act for until payment is received in full for outstanding fees.
- 9.4 Subject to the payment of all outstanding professional fees and disbursements owing to us, we will provide you with materials produced by us for you in the event you engage the services of another practitioner and the materials are required by your new practitioner.

10. Privacy

- 10.1 Our collection use and disclosure of your personal information (**PI**) may be subject to the *Privacy Act 2020* and accordingly we will only collect PI about you that relates to the TE. We may disclose PI about you with your implied consent for the primary purpose of this TE or to third parties by express consent or as required by law. This PI may be stored overseas in Australia. If you would like to access any PI we might hold about you contact us on +6494798580.
- 10.2 We may collect PI 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 our respective obligations under the *Privacy Act 2020*. Your obligations may include ensuring your privacy policy and contracts include a reference to your collection practices, how you will use the PI and that you may disclose the PI to an agent for public accounting services.
- 10.3 Where an outsourced service requires the disclosure of PI to an overseas recipient, we take care to ensure that other third parties outside New Zealand to whom we disclose PI are subject to appropriate restrictions on their handling of that PI.
- 10.4 In providing our services to you, we utilise accounting software using cloud computing provided by Xero which is based in United States and we rely on their security measures. We also store client information in a data server managed in Albany Auckland New Zealand, which may subject to New Zealand privacy law.
- 10.5 If your PI is disclosed to CPA Australia for the purpose of conducting a CPA Australia Best Practice Program assessment on the services provided, your personal information will be handled by CPA Australia as outlined in the [CPA Australia Privacy Policy](#) and the [member collection notice](#).

11. Confidentiality

- 11.1 We have an ethical duty of confidentiality, which means we must not share or disclose your details of this TE to anyone, except as otherwise specified in this clause, without your consent unless required to by law.
- 11.2 We may disclose details and records of the services provided to you to CPA Australia Ltd, (if requested) for the purposes of conducting a CPA Australia Best Practice Program assessment aimed at maintaining high industry professional standards. Any such disclosure of confidential information does not change any of our commitments to safeguard your information, and the information remains subject to any existing confidentiality obligations.

12. Professional Indemnity Insurance (PII)

- 12.1 We hold professional indemnity insurance of at least the minimum amount prescribed in the CPA Australia Ltd By-Laws or as required by law. Our PII cover at the time of this TE is \$1,000,000.

13. Inland Revenue Penalties Regime

The tax legislation places the onus on taxpayers to comply with current tax legislation in determining their taxation commitments. Where the level of care taken in establishing their tax liability has been deficient, penalties will be imposed. Penalties can range from 20% to 150% on the shortfalls of tax, plus an interest charge. In the light of this legislation, we have introduced a series of measures to limit any potential exposure to the Penalties Regime. As you will ultimately bear the cost of any penalties which may be imposed, we strongly suggest you review your own systems so that penalties are not incurred as a result of your own practices.

14. Other

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

_____ has read, understood, and agrees to the provisions of this Terms of
Name of Company/Person
Engagement

Signature: _____

Printed name: _____

Title: _____

Date: _____

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Appendix 1

Compilation Report and Disclaimer Annual financial statements - compilation

For the year ended {\$endOfFinancialYear}

1. Scope

On the basis of information you the client have provided, we have compiled the financial statements of {\$organisationName} for the period ended {\$endOfFinancialYear} In accordance with APES 315 Terms of Engagement.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

2. Responsibilities

The Directors (you) are solely responsible for the information contained in these financial statements and have determined that the accounting policies used are appropriate to your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit and we do not accept responsibility to any other person for the contents of the financial statements.

3. No audit or review engagement undertaken

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

4. Independence

We have no involvement with {\$organisationName} other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

5. Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

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