

## Our Terms of Engagement

These Terms of Engagement set out the things we're required to disclose to you, our commitments to you, the way we'll work together, and what we need from you to ensure we can deliver our services to you at a high standard, as efficiently as possible.

If you have questions about any of these Terms, please contact us to discuss them prior to signing our engagement letter. By signing our engagement letter, you agree to be bound by these Terms.

We may update these Terms from time to time. Please refer to the version on our website ([www.yhpi.co.nz](http://www.yhpi.co.nz)) for the most recent version.

### Our Core Values

- Our Core Values provide us with a framework for leadership and daily decisions, and help us enjoy our time at work and to enhance our client experience. The following define what's important to us at YHPJ :

**Nurture** – Make people feel special

**Enhance** – Embrace change, make it better

**Enjoy** – Be positive, have fun

**Deliver** – Get things done, do them well

**Inspire** – Have passion and pride

**Trust** – Show respect, integrity, support

### How You Can Help Us

- We expect you to provide us with any information we need in a timely manner, and to the best of your abilities
- If you need help to get your information in order, let us know so we can assist you - it will save you time and money in the future
- We may send you pre-work to complete prior to some of our meetings which we expect you to complete by the required date and to the best of your abilities; the more time you spend thinking about the answers to our questions, the more value you'll get from our meeting
- We're obligated by law to undertake certain identity checks and we expect you to provide this information upon request
- We'll recommend you have processes in place to ensure you get paid on time; please respect our firm's processes and ensure payments are made on time

### Our Commitment to You

- We're committed to helping you to the best of our ability, working with you to make fully informed decisions which are best for you and your business
- We want you to see the value in the services we provide you
- We won't recommend services unless we truly believe you will receive more value than the price you pay
- We value our relationship with you and want you to feel confident that you can reach out to us with any questions you have

### Independence

- When we conduct a complication engagement (eg prepare financial statements) we are not required to be independent.
- If we are aware that we are not independent, this fact will be stated in our report. We will not conduct a comprehensive review to determine whether we are, or are not, independent
- We won't be held liable for any loss, damage, or cost arising from our compliance with statutory or regulatory obligations

## Disbursements

- You're liable to reimburse us for certain costs we're required to pay on your behalf

## Extent of Services

- We don't accept responsibility for the accuracy and completeness of accounting records and other information you supply to us, or for the reliability, accuracy, and completeness of the financial information compiled on the basis of those records and information
- We also don't accept any responsibility for the maintenance of adequate accounting records, an adequate internal control structure, and the selection and application of appropriate accounting policies within your organisation
- You're solely responsible to users of the financial information we compile
- The information you supply must be provided on a timely basis
- Our engagement doesn't include the investigation or discovery of internal control weaknesses, errors, illegal acts, or other irregularities, including without limitation, fraud, or non-compliance with laws or regulations. However, we will inform you of any such matters which come to our attention during the course of our engagement
- If we're unable to complete your financial statements, or we consider the information to be misleading, we may refer to such matters within our compilation report or we may determine, at our sole discretion, not to issue a report

## Fees and Payment Terms

- Fees for our services will be charged by one of the following methods:
  - At time and cost based on the complexity of the assignment: or
  - As a fixed fee
- Fees will be payable in one of the following ways:
  - Upon completion of the work

- Through a service plan (an agreed level paid monthly)
- On an interim basis throughout the work undertaken
- On an "up front" basis

- Our standard payment terms are 14 days from date of invoice
- Interest of 1.5% per month may be charged on a cumulative basis on overdue sums. Any collection or legal costs incurred will be added to the amount owing
- Any outstanding debts will be pursued in line with our debtors' policy

## Information and Disclosure

- The conduct of this engagement is in accordance with the professional standards, rules and ethical requirements of the Chartered Accountants Australia and New Zealand
- We won't be held liable for any loss, damage, or cost arising from our compliance with statutory or regulatory obligations, copies of which are available in our offices
- However, as members of the Chartered Accountants Australia and New Zealand, 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 of the Institute under which compliance with professional standards 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

### **Retention of Records**

- We will store accounting records that we hold on your behalf for a period of 7 years after the applicable balance date
- At the end of that period, unless you write requesting they be forwarded to you, the records will be destroyed using a secure document destruction method

### **Use & Distribution of Financial Information**

- We understand that the intended use and distribution of the financial statements is for the purposes of completing your tax return, so if this should change you must notify us immediately
- We will not accept any responsibility to any person, other than you, for the contents of the financial information

## **Annual Accounts - Mutual Expectations**

### **Your Invoices and Documents**

- If you use Xero, you need to upload all significant invoices and documents relating to bank transactions to your Xero accounting file

### **The Annual Questionnaire**

- We'll send you an electronic Annual Accounts questionnaire at the end of your financial year
- Please complete and submit within 30 days

### **Your Account Manager**

- You will be allocated an Account Manager who will look after your day to day queries and will be your first point of contact
- Your account manager or one of our Client Service Assistants will request documents required to prepare your financial statements

### **Work Papers**

- Material you provide us remains yours and will be returned to you when the engagement is completed
- Work papers that we create will remain our property
- At the end of that period, unless you ask us to send that information to you, the records will be destroyed using a secure document destruction method

### **Work Commences**

- When we have all the required information, we'll start work on your Annual Accounts

### **Queries Resolved**

- We'll get in touch if we have any queries
- Please respond to these queries within 48 hours

### **The Annual Accounts Sign off Process**

- We'll either send your documents by post or e-mail or schedule a meeting after drafting your Annual Accounts

### **Compilation Report**

- A compilation report and disclaimer will appear on the financial information we prepare. An example can be found on the next page.



## **COMPILATION REPORT - EXAMPLE**

### **Reporting Scope**

On the basis of information, you provided we have compiled, in accordance with "Service Engagement Standard No.2: Compilation of Financial Information", the Financial Statements of (Client's Name) for the (period e.g. 6 or 12 months) ended (Date Month Year) as set out on the following pages.

Except as described below, these statements have been prepared in accordance with A Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the New Zealand Institute of Chartered Accountants as described in Note 1 to the Financial Statements.

These are special purpose Financial Statements and as such are intended for the purposes of meeting the company's income tax requirements and should not be relied upon for any other purpose.

### **Responsibilities**

You are solely responsible for the information contained in the Financial Statements and have determined that the financial reporting basis stated above is appropriate to meet your needs and for the purpose that the Financial Statements were prepared. The Financial Statements were prepared exclusively for your benefit. We do not 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.

### **Departure from the Reporting Framework**

These statements have been prepared using the NZICA Special Purpose Framework with the exception of the tax reconciliation note; this is prepared to IRD minimum reporting standards.

### **Independence**

We have no involvement with this client, other than the preparation of Financial Statements and management reports and offering advice based on the financial information provided.

### **Disclaimer**

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 yourself or any other person for losses incurred as a result of placing reliance on the compiled financial information.

Yovich Hayward Pevats Johnston Limited  
Chartered Accountants  
WHANGAREI

Date: / /

### Your Privacy and Confidentiality

- We consider client confidentiality to be of utmost importance. We will treat all information we hold about you in strict confidence. We will not use it or share it unless:
  - You agree or ask us to
  - We need to so we can carry out work for you
  - The law requires us to (e.g. Inland Revenue, the Department of Internal Affairs, and other government agencies have powers to compel us to provide information we have about you)
  - The NZICA Act, Rules, Code of Ethics, Professional and Engagement Standards for Accountants permit us to

### Authority to Obtain Information

- Our work involves collecting your personal information relevant or incidental to our work
- Your personal information will be held securely at our offices and will be retained for as long as may be relevant to the engagement and, except where otherwise noted in this letter, will only be used or disclosed for purposes related to the engagement
- You can contact us at any time to access your own personal information and correct it if required
- You confirm we have authority to communicate with any third party (including IRD) if the information sought is relevant to our engagement

### Use of Contractors, Outsourced Services and Other Third-Party Services Providers

- We may engage external service providers, located both locally and/or internationally (for example, but not limited to, Australia, USA, The Philippines, India) as required to provide services, software products, data and document storage/filing, and applications to you/us. These external service providers will enable us to conduct some or all of the tasks, assignments or activities of the engagement. These services may include:
  - Software as a service provided by an external provider
  - Data entry and invoice processing for accounting systems
  - Accounting and Business Advisory services
  - Payroll services
- If we do engage contractors, outsourced service and/or other third-party service providers, then we remain responsible for the work that they produce
- Acceptance of our services in conjunction with our engagement letter indicates your acceptance of the use of outsourced services as described
- Any outsourced provider would constitute a person committed by YHPJ