

## CLIENT ENGAGEMENT AGREEMENT

### CLIENT DETAILS

Company Name: \_\_\_\_\_ Code: \_\_\_\_\_  
 Individual Name: \_\_\_\_\_ Business Type: \_\_\_\_\_  
 Trust Name: \_\_\_\_\_  
 Business Address: \_\_\_\_\_  
 Business Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_  
 Home Address: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_  
 Solicitors: \_\_\_\_\_ Bankers: \_\_\_\_\_  
 Previous Accountant: \_\_\_\_\_ Introduced by: \_\_\_\_\_

### IRD DETAILS

Name: \_\_\_\_\_ IRD No: \_\_\_\_\_ CODE: \_\_\_\_\_ LINK ☐  
 Name: \_\_\_\_\_ IRD No: \_\_\_\_\_ CODE: \_\_\_\_\_ LINK ☐  
 Name: \_\_\_\_\_ IRD No: \_\_\_\_\_ CODE: \_\_\_\_\_ LINK ☐  
 Name: \_\_\_\_\_ IRD No: \_\_\_\_\_ CODE: \_\_\_\_\_ LINK ☐

### REQUIREMENTS (Refer to Appendix 2)

	Link
Financial Accounts .....	<input type="checkbox"/>
PAYE .....	<input type="checkbox"/>
GST .....	<input type="checkbox"/>
Audit .....	<input type="checkbox"/>
Tax Returns .....	<input type="checkbox"/>
COY Returns .....	<input type="checkbox"/>
Financial Planning .....	<input type="checkbox"/>
Consultancy .....	<input type="checkbox"/>

### REQUIREMENTS

	Link
Software .....	<input type="checkbox"/>
PAYE Intermediary .....	<input type="checkbox"/>
KiwiSaver .....	<input type="checkbox"/>
Direct Debit .....	<input type="checkbox"/>
TFS Hub Code .....	<input type="checkbox"/>
Manager .....	<input type="checkbox"/>
Asst Manager .....	<input type="checkbox"/>
Other .....	<input type="checkbox"/>

### BUDGET

Fee quoted (Range) \$  \$   
 Fee: \$

Other Comments: \_\_\_\_\_

We accept the terms of the Client Engagement Agreement as detailed on pages 1 to 12.

Signature: \_\_\_\_\_ Name: \_\_\_\_\_ (Client)

Signature: \_\_\_\_\_ Name: \_\_\_\_\_ (Client)

Signature: \_\_\_\_\_ Name: \_\_\_\_\_ (TFS)

Dated this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

**Objective**

The purpose of this document is to confirm and set out the terms of our engagement to perform accounting services for all of your entities and outline the nature and extent of the services we will provide. These terms remain effective unless terminated or varied by written agreement. This document supersedes all prior engagement agreements.

**Primary assignment**

We will compile financial statements in accordance with the Service Engagement Standard No.2 – Compilation of Financial Information (SES-2) issued by the New Zealand Institute of Chartered Accountants.

The financial information will be prepared in accordance with the appropriate reporting framework relating to your organisation. This will be disclosed within the financial statements and referred to in our compilation report. Generally, we prepare special purpose financials statements which take advantages of the minimum reporting requirements required by the Tax Administration (Financial Statements) Order 2014.

The financial statements will be compiled from information provided by you. We will not audit, review, or otherwise attempt to verify the accuracy or completeness of such information and accordingly no assurance will be expressed. We will attach a report similar to the example in Appendix 1.

**Conditions and responsibilities**

It is understood and agreed that:

- You will provide us with accurate and complete information necessary to compile the financial statements;
- You accept responsibility for all records and information supplied to us and you accept responsibility for any failure to supply us with all relevant records and information;
- The financial reports will be marked as being unaudited;
- It is your responsibility to ensure the financial statements are never distributed without the page footers or our report; and
- Uninformed readers could be misled unless they are aware of the possible limitations of the financial statements and our limited involvement.

**Extent of Services**

We do not accept any responsibility for the accuracy and completeness of the accounting records and other information you supply to us for the reliability, accuracy and completeness of the financial information compiled on the basis of those records and information. We also do not 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. In addition, you are solely responsible to users of the financial information we compile.

The information you are to supply and any other information that we consider necessary to complete the engagement must be provided on a timely basis in order that the engagement can be completed within the limits imposed by the law.

Our engagement does not 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, for any reason, we are unable to complete the compilation of your financial matters within our compilation of your financial information, 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.

### **Independence**

Independence is not a requirement for a compilation engagement. However, the NZICA Code of Ethics requires us to act objectively and to be, or seen to be, independent. If we are aware that our independence may be compromised for whatever reason, we will disclose this in the Financial Report.

### **Use and distribution of the financial information**

We understand that the intended use and distribution of the financial statements is for Management purposes and to support the tax return. If this should change you will notify us immediately. We will not accept any responsibility to any person, other than you, for the contents of the financial information.

### **Information and disclosure**

The conduct of this engagement is in accordance with the professional standards, rules and ethical requirements of the New Zealand Institute of Chartered Accountants.

However, as members of the New Zealand Institute of Chartered Accountants, 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 document), 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.

### **Additional services**

In addition to compiling the financial statements, Appendix 2 lists our understanding of the other services we will perform for you.

### **Limitation of liability**

You agree that in no circumstances shall the maximum liability of TFS Chartered Accountants Limited including its Principals, Directors, Employees and Agents to You for any loss arising in connection with this engagement exceed three times the fees paid by You to TFS for this engagement.

### **Duty to Report non – compliance with Laws and Regulations**

The New Zealand Institute of Chartered Accountant's Code of Ethics places an onus on us to consider what actions we need to take when we identify non – compliance with laws and regulations. Where we consider that there is a risk of substantial harm to the interests of the public, we are required to report the non – compliance to the appropriate authority. You also need to be aware that there are instances where we are not required to advise you that we are making such a report. One example of this is where we identify a breach of the anti - money laundering legislation.

### **Termination of Agreement**

The client or TFS need to provide three months written notice to terminate this agreement. Work in Progress not yet invoiced will be billed to the client in addition to the fees for the notice period. TFS will continue to provide the service until after three months of receiving the written notice.

### **Indemnity**

You agree to indemnify and hold harmless TFS, its Directors, employees, and agents from and against any and all costs, expenses, losses, claims, demands, actions, suits, or proceedings paid, incurred, or suffered by, or made or initiated against, any of them by any third party arising out of, or in connection with, this engagement.

## **Our Fees**

Our fees, which will be billed as the work progresses, are based on our standard hourly rates plus reimbursement of our direct expenses.

The fees agreed with you relate solely to the services agreed. The cost of payroll and other accounting software charged to us will be on charged to you unless we have agreed that the fee includes this charge. Should the scope of the work you require increase we will need to increase our fees accordingly. Examples of this may include when:

- you require business or financial advice
- you encounter tax payment issues and we are required to deal with Inland Revenue on your behalf.
- your tax residency status changes or your tax issues become more complicated than they were when you joined our tax agency
- you have purchased additional rental properties which need to be accounted for
- you have sold property and require assistance in meeting the requirements of the bright line test
- when we are required to respond to information requests from government departments
- you require additional management accounts for the bank

Our fees will usually increase each year due to the rising costs we continue to experience as a business. Where no additional work has been requested the fees will usually rise by approximately 2%. Where fees are being paid by direct debit we will adjust the direct debit amount, usually in April each year, to reflect this increase.

Our invoices are due and payable within 14 days of the date of the invoice. In the event that it is necessary to take legal action to recover overdue accounts, all legal costs incurred by us will be accrued to you the client. Also, interest at the rate of 2% per month will be charged from the due date.

In the unfortunate circumstance that a disagreement arises between us over our fees, if the matter cannot be resolved amicably by discussion (which is the preferred option) then we both agree to use the Fees Resolution Service of the New Zealand Institute of Chartered Accountants, to resolve the matter. Details of this service are available from the Institute. You should be aware that, like all other providers of services, we are entitled to retain possession of your records that have been used in relation to this engagement until outstanding fees are settled.

## **Personal Guarantee:**

We require directors in their capacity as individuals to personally guarantee the payment of any debt owed to TFS by your Company and by signing this engagement letter you accept that this guarantee applies to you in your personal capacity.

## **Authority to obtain information from financial institutions**

Our work may involve the collection of personal information relevant or incidental to the engagement. Any such information will be held at our offices and will be retained for as long as may be relevant to the engagement, and, except where otherwise noted in this document, will only be used or disclosed for purposes related to the engagement. Individuals concerned will be able to contact us to access information held concerning them and, if necessary, seek correction to that information. By signing this client engagement agreement, you confirm we have authority to communicate with and obtain information from any third party if the information sought is relevant to our engagement.

**Authority to act as Tax Agent**

You authorize TFS to act as your Tax Agent and to Link your IRD Numbers onto its Agency with Inland Revenue for all Tax Types and Associated entities. You authorize TFS to communicate on your behalf with Inland Revenue by way of phone, fax, email or internet. You authorize TFS to sign tax returns on your behalf.

You also authorise us to act on behalf of yourself and other taxpayers identified as associated with this engagement.

**Authority to Act as PAYE Intermediary**

You authorize us to act as your PAYE Intermediary and to link your IRD Number onto our PAYE Intermediary Agency with IRD for all associated entities.

**Authority to act as ACC Agent**

You authorize us to act as your agent for ACC Levy purposes with Accident Compensation Corporation for all associated entities and to link your ACC Number onto our Agency. You authorize us to communicate on your behalf with ACC by way of phone, fax, email or internet.

**Authority to Act as Companies Office Agent**

You authorize us to act as your agent with the Companies Office for the purpose of filing Annual Returns and updating records. You authorize us to communicate on your behalf with the Companies Office by way of phone, fax, email or internet.

**Authority to obtain a Credit Check**

You understand that we are asking for personal information that may be used to obtain a credit check using a Credit Agency. As part of the credit check your details will be given to the Credit Agency who will hold that information on their systems and use it to provide their reporting service. As part of the credit check the Credit Agency uses the information to update its credit reporting database, therefore when other customers use the credit reporting service the Credit Agency may give the information to those customers.

**Authority to deduct fees owing from tax refunds**

You authorise us to deduct our outstanding fees from tax refunds due to you. We will provide you with an invoice and will not deduct this money within 15 days of the invoice being issued without your permission. If the invoice remains outstanding for more than 15 working days we will deduct our outstanding fees from your tax refunds due.

**Authority to Accept Direct Debits**

You authorize us to direct debit your bank account for the payment of:

- Taxes
- Payroll
- Accounting Fees
- Any other bill payment which you may authorise us to pay

**Authority to Appoint Employer chosen Kiwisaver Scheme**

You authorize TFS to select the Booster Kiwisaver Scheme as the chosen Kiwisaver Scheme for your business for the purposes of sections 46 and 47 of the Kiwisaver Act 2006 as amended from time to time. You agree to appoint Yunus Musa as your Adviser to assist your employees and you as the Employer with financial advice regarding Kiwisaver. You agree to verify the identity of each employee and keep records of such verification.

**Ownership of work papers**

We claim a lien over all books and records in our possession until all work has been performed and all fees rendered have been paid. Work papers that we create will remain our property. This is referred to as a general lien and means that we will not release information until all our fees are paid in full.

**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 may be destroyed using a secure document destruction method.

**These arrangements**

The arrangements outlined in this document will continue in effect from year to year unless amended or superseded by mutual agreement.

If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the enclosed copy of this document and return it to us. Should you wish to discuss any aspect of this document, please contact our office.

We appreciate the opportunity of providing these services and we commit to providing you with quality service in a timely and efficient manner.

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## Appendix 1

### COMPILATION REPORT to the directors/partners/trustees/proprietor of [Entity Name]

#### 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 [Entity Name] for the period ended [date]. These financial statements are special purpose financial statements which have been prepared for the purpose of meeting the Company's Income Tax requirements. The Company has taken advantage of the minimum reporting requirements required by the Tax Administration (Financial Statements Order 2014).

#### Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the basis of accounting used 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 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 of Liability

Neither we nor any of our employees accept any responsibility for the accuracy of the information from which the financial statements have been prepared. The financial statements have been prepared at the request of, and for the purposes of, our client and neither we nor any of our employees accept any responsibility on any grounds whatsoever, including liability in negligence, to any other person.

TFS Chartered Accountants  
214 Main Road  
Tawa  
Wellington

[Date]

## **Appendix 2**

### **[Tick As Required]**

#### **Income tax returns**

- ☐ The preparation and lodgement of income tax returns for you and your associated entities and persons will be the responsibility of our office.

#### **Tax assessments**

- ☐ We confirm our office address will be used by the Inland Revenue Department for return acknowledgement. We shall also endeavour to advise the amounts and due dates of tax instalments. However, the responsibility for paying the correct tax and paying on time rests with the taxpayer and not us as agents. Any penalties arising from lateness, errors, wrong estimates, or for any other reasons are payable by you as the taxpayer.

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

#### **Goods and Services Tax**

- ☐ We confirm that our office will be responsible for the preparation and filing of GST returns based on information supplied to us, provided the information to prepare the return shall be forwarded to us in full and complete form at least 5 working days before the last date for payment.

OR

- ☐ We understand that you will be responsible for the preparation and filing of GST tax returns by due dates.

#### **Fringe Benefit Tax**

- ☐ We confirm our office will arrange for the preparation and filing of quarterly or annual fringe benefit tax returns based on information supplied to us.

OR

- ☐ We understand that you will be responsible for the preparation and filing of all fringe benefit tax returns.

#### **Insurance**

- ☐ We confirm our understanding that the adequacy and extent of your insurance covers are to be regularly reviewed by brokers or insurance companies and discussed with you by them and that we are not responsible for this function.

#### **Department of Statistics returns**

- ☐ We confirm our office will complete Department of Statistics returns as required.

#### **Company Administration**

- ☐ We will prepare Annual Company Resolutions for Shareholders and Directors together with the Annual Report as required by the Companies Act 1993.

We understand that we will be responsible for the maintenance of the following statutory records when we are appointed as the Registered Office for the Company, unless otherwise instructed by you:

- (a) register of members
- (b) register of directors' names and addresses
- (c) interests register
- (d) minute book - shareholders' meetings
- (e) minute book - directors' meetings
- (f) other statutory records



**Filing of returns with Registrar of Companies**

- ☐ We confirm that you will advise us of any changes to the company's constitution, directors or shareholders, including changes of address, and we will complete the preparation and lodgement of returns as required.

**Payroll services**

- ☐ At your request we will prepare your salary and wages calculations. You have agreed the basic management procedures related to salaries and wages that must be operating in your office. We will send you a copy of the payroll for your personal scrutiny and agreement which is essential to your management control. We do not accept any responsibility for errors or omissions other than by way of fraud or dishonesty on the part of our staff.

**Pre-analysed accounting information for our acceptance**

- ☐ We are prepared to accept, without verifying or checking the material in any way, coded, pre-analysed, and summarised accounting information from you that will assist us in the preparation of your financial statements. You should note that the responsibility for the accuracy and completeness of this information remains with you.

**Business Consultancy & Advisory**

At your request we will assist with various Consultancy and Advisory Services.

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_

**Financial Planning**

At your request we will assist with Financial Planning.

**Trust Administration**

We will be responsible for the preparation of the minutes of the Trustees Annual Meeting.

We will maintain the Trust records including details of Trustees, Beneficiaries and Deeds completed and liaise with your Solicitor as required.

Notes: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TFS incorporates the following Companies:

TFS Financial Services Limited  
TFS Chartered Accountants Limited  
TFS Financial Advisers Limited

# CUSTOMER DUE DILIGENCE

## Section 1: Personal Details

	Client 1	Client 2	Client 3
Full Name			
Date of Birth			
Place of Birth			
Occupation			
Residential Address			

## Section 2: Verification Procedure

o Please present original document of one of the following:

☐ New Zealand Passport

Or

☐ Overseas Passport with New Zealand Visa

Or

☐ New Zealand Drivers License + Bank Card + Utility Bill or Bank Statement

## Section 3: Verification by Adviser

1. I confirm that I have conducted the customer due diligence procedures required for customer due diligence under the Anti-money Laundering and Countering Financing of Terrorism Act 2009, the regulations made under the Act, using the documents listed above.

2. I confirm that based on my knowledge of this person, I

- Do not** believe this person, a direct relative or a close business associate of them, has held a prominent position in a foreign country in the past 12 months; or
- Do** believe this person, a direct relative or a close business associate of them, has held a prominent position in a foreign country in the past 12 months\*.

**(Please cross out the statement that does not apply)**

3. I confirm that:

- I have a business relationship with the individual;
- I consent to conducting the customer due diligence procedures required by the Anti-money Laundering and Countering Financing of Terrorism Act 2009, the regulations made under the Act for TFS and to providing all relevant information to TFS;
- I have undertaken the verification of the individual named in Section 1 face to face; and
- I have sighted originals or properly certified copies of each of the documents used in that verification process; and
- In respect of the photo identification, the picture represents the identity of the person.

**Adviser Name:** \_\_\_\_\_

**Adviser Signature** \_\_\_\_\_

**Date Verification Completed** \_\_\_\_\_

\* If you believe the second statement applies then we may need to obtain further details prior to accepting the application.

If you are unsure which statement applies we can provide further details for clarification of the definition

## Section 4: Personal Declaration

1. I confirm that:

- a. I, a direct relative or a close business associate of me, **did not hold** a prominent position in a foreign country in the past 12 months; or
- b. I, a direct relative or a close business associate of me, **held** a prominent position in a foreign country in the past 12 months

**(Please cross out the statement that does not apply)**

2. I acknowledge that:

- a. The information provided by me is required to verify my identity in accordance with current legislation.
- b. The establishment of the account may be delayed or declined if I am unable to meet all identity verification requirements.
- c. Additional information may be required of me prior to the establishment of the account or from time to time, as considered appropriate by the Manager.
- d. Restrictions may be placed on the account (including withdrawal restrictions) if I am unable to satisfy all identity verification requirements or ongoing account monitoring requirements.

	Client 1	Client 2	Client 3
Client Name			
Signature			
Date			

\* If the second statement applies then we may need to obtain further details from you prior to accepting the application. If you are unsure which statement applies we can provide further details for clarification of the definition

# Direct Debit Authority

# TFS

Name of my account to be debited (acceptor)			
<input type="text"/>			
Name of my bank:			
<input type="text"/>			
<input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="0"/> <input type="text" value="0"/>
Bank	Branch	Account	Suffix

Initiator's Authorisation Code
<input type="text" value="0657286"/>

Approved	
<input type="text" value="5728"/>	<input type="text" value="04/19"/>

From the acceptor to *[insert name of acceptor's bank]* (my bank):

I authorise you to debit my account with the amounts of direct debits from TFS Financial Services Ltd with the authorisation code specified on this authority in accordance with this authority until further notice.

I agree that this authority is subject to:

- The bank's terms and conditions that relate to my account, and
- The specific terms and conditions listed below.

Please include the following information on my bank statement:

Authorised signature/s:	Date:
<input type="text"/>	<input type="text" value="/"/> <input type="text" value="/"/>

## Specific conditions relating to notices and disputes

I may ask my bank to reverse a direct debit up to 120 calendar days after the debit if:

- I don't receive a written notice of the amount and date of each direct debit from the initiator, or
- I receive a written notice but the amount or the date of debiting is different from the amount or the date specified on the notice.

The initiator may only send a direct debit if you have:

- Asked the initiator to send it, and
- Agreed the amount of the direct debit.

The initiator is required to give you a written notice of the amount and date of each direct debit no less than the date of the debit.

If the bank dishonours a direct debit but the initiator sends the direct debit again within 5 business days of the dishonour, the initiator is not required to give you a second notice of the amount and date of the direct debit.