

GENERAL TERMS AND CONDITIONS OF ENGAGEMENT

The terms and conditions of engagements to undertake work are generally addressed in an agreed Engagement Letter between the client and ourselves.

In the absence of an agreed Engagement Letter being in place to cover the terms and conditions of our engagement to act for a client, the engagement is subject to the following terms and conditions and explanatory notes.

If appointed as accountants and taxation agents for a client's group, it would be upon the following minimum terms of engagement. Obviously, these terms can be modified to suit the individual client's particular needs and requirements.

General Terms and Conditions of Engagement

We will prepare financial reports, taxation and information returns for all entities of the client. These reports will be prepared in accordance with generally accepted accounting procedures, the Corporations Law, the taxation law and the Australian Accounting and Auditing Standards.

Whenever possible we will attempt to complete substantive end of year compliance work within 21 days of receiving your accounting information. We may take additional time if your information is inaccurate or incomplete and we are required to obtain additional information and or documentation from you or any of your agents. Basic individual tax returns will be prepared immediately during face to face consultations or generally within 24 hours of receipt if information is forwarded to us.

The underlying financial information (bank statements, invoices, cheque books, deposit books, spreadsheets and so on) will be provided to us by the client. Unless requested, we will not verify or validate the financial information and we will not audit the accounts. Without an audit our work cannot be relied upon to disclose irregularities of the client's records. However, we will inform them of any matters which come to our attention.

Financial statements and taxation returns will be provided to you for the agreed purposes, and to the extent permitted by law, we do not accept any responsibility or liability in any way whatsoever to any person other than yourself. No person should rely on the information contained within the statements and returns without having an audit or review conducted.

Fee Structure

We are very conscious of the need to limit costs increases for our clients. To this end we endeavour to, minimize our business costs and hence our charge out rates, employ time saving work practices, utilize modern technology and are keen to work with clients to assist them to perform certain record keeping tasks themselves or to employ

record keeping methods that reduce the amount of billable time that we devote to their work.

We continue to employ modern work practices and strive to allocate work to staff at an appropriate level of experience and seniority in an attempt to limit client accounting costs.

The firm adopts a strict user pays basis for allocating all time spent / costs incurred on providing “substantive” services (e.g. tax return preparation) and “non-substantive” services (e.g. technical telephone advice) to clients throughout the year. Whereas the cost of providing “substantive” services is usually been allocated to clients in a separate tax invoice upon completion of work, the cost of providing some “non-substantive” services, is usually allocated upon the occasion of completing end of the year compliance work.

Basis of Tax Invoices

Pursuant to the principles of user pays and consistent with professional standards and industry practice, all work, both technical and non-technical, performed by us on the client’s behalf will be charged at the rate of **\$186.00 per hour (supervised support staff) up to \$342.00 per hour (principals) or part-hour pro rata**. This means that **all time that is spent working on your matter or transaction*** e.g. telephone calls, preparing all correspondence and documents, perusing correspondence received, technical research, travelling time, consultation with them or persons relevant to their matter or transaction, meeting preparation, photocopying, processing and forwarding mail and attending external proceedings etc, will be charged at these rates.

***Each attendance is calculated and charged in three-minute units**

**E.g. a 25 minute attendance of principal equals –
9 times 3 minute unit @ \$17.10 per unit = \$153.90.**

The hourly rate does not include a GST component. GST will be a separately charged item in the client’s account. It will be charged on all professional fees charged and disbursements incurred.

Professional costs do not include disbursements. Disbursements are out of pocket expenses incurred directly on the client’s behalf e.g. stamp duty and filing fees, postage, STD/IDD costs, all calls to their / from my mobile telephones, faxes, Government charges, selected bank fees and interest, etc. Disbursements must be paid as an item on a tax invoice of professional costs and disbursements.

Structure of Work and Timing of Tax Invoices

Our fees are generally based on fee for service basis i.e. fee for actual time spent on completing the client’s work.

Tax invoices are generally raised on the following occasions:

- a) Tax invoices will be issued at the completion of end of year compliance work. The fees for attending to the client's end of year accounting and taxation requirements will depend on the time taken to complete the accounts and returns and to attend to any planning issues that arise.

This fee includes the preparation of profit and loss statements and balance sheets for the companies and trust, preparation and electronic lodgment of income tax returns for all entities in the Group, preparation and electronic lodgment of the ASIC information returns for the companies in the Group, mandatory company documentation and provision of periodic information bulletins.

- b) A separate corporate register/ superannuation fund register maintenance fee (\$240 plus GST per company / fund in FY 2010/11) are rendered in April of each year. This is a fixed fee and incorporates our charge for the following services where applicable re: fee for acting as entity Registered Office, fee for updating and maintaining company/ superannuation fund register/s, fee for preparing and electronically lodging annual returns, fee for relevant mail handling/ documentation processing and fee for conducting representations with ATO/ ASIC/ APRA in relation to compliance requirements. This fee is less than half the fee commonly charged by accountants and is calculated on cost recovery basis only.
- c) Other tax invoices are rendered from time to time as various substantive and non-substantive tasks are completed (e.g. Finance Application Report, BAS preparation etc) as are necessary to properly manage client's affairs and comply with the Corporations Law and the taxation law.
- d) Some clients prefer to negotiate a set yearly fee, for the "routine" yearly accounting services required for their group, payable in fixed monthly installments by direct banking credit. Clients whose yearly accounting fees are likely to exceed \$1,200.00 can elect to negotiate a set yearly fee. In recognition for the schedule of payments the set fee is usually set at a discount to the "expected" cost of yearly accounting services and includes provision for a "reasonable" amount of "non-routine" accounting services.

Terms of Trade

Our normal terms of trade require the payment of tax invoices within fourteen days. Clients with special circumstances can make prior alternative payment arrangements.

Payment can be effected by cash, cheque, and money order or by arrangement by internet banking or credit card (excluding AX and DC).

Conduct of the Engagement

The conduct of our engagement shall conform with the standards and ethical requirements of CPA Australia, which in conjunction with the Privacy Law provisions ensures that any information obtained by us when completing our tasks is subject to strict confidentiality rules.

It is a CPA Australia requirement that our firm as a holder of a public practice certificate undergo periodic quality reviews to ensure that our practices and procedures are compliant with professional standards. The review will include an examination of the accounting files of a sample of our clients. We advise you that in confirming our engagement you agree that if requested the files relating to this engagement will be available for inspection. If your file is selected for a review we will notify you of same and seek your specific approval.

More information on the CPA Quality Review program can be found at www.cpaaustralia.com.au

Output of the Engagement

All original copies of documents provided by you remain your property, although we retain the right to make copies of appropriate documents for retention on our accounting files. We will provide you with original copies of any financial statement, taxation return and associated documentation. Any other document generated by us in the conduct of our engagement remains the property of our firm.

The firm has a policy of retaining a legal lien over any client documents in our possession in the event of any dispute.

Our liability is limited by a scheme approved under Professional Standards legislation. More information can be obtained at www.professionalstandardsCouncil.gov.au

Taxation Rights and Obligation

Pursuant to the Tax Agents Services Act (2009) we are required to inform you of your basic rights and obligations in relation to our provision of taxation services for your Group.

These include the following re:

- You have an obligation to obtain, maintain and or retain (for at least 5 years) appropriate records which will enable you to confirm your assessable income, allowable deductions and or entitlement to taxation offsets or rebates. Failure to attend to same may in the event of an ATO review result in your claims being disallowed, additional taxation being imposed along with penalties;

- You are subject to a self assessment system of taxation, in which the ATO will accept the information which is contained in your taxation returns, and issue assessments based on same, although they retain the right to review your return at any time over a 5 year period (generally). If the ATO ultimately amend your return to include additional income and or deny claims for deductions or concessions, it may result in additional taxation being imposed along with penalties;
- You are responsible for the accuracy of information contained in your taxation returns and the obligation to substantiate that information vests with you. We are entitled to rely upon the information which you provide when completing your taxation returns;
- Taxation and other law provide you with various rights in relation to taxation matters (e.g. you can object to an assessment issued by the ATO, you can appeal against any decision made by the ATO, you can request an opinion on a taxation matter from the ATO, you can seek the intervention of the Taxation Ombudsman in any taxation dispute, etc). However, time limits may restrict your ability to exercise your taxation rights, so you should bring any taxation matters of concern to you to our attention immediately so that we can ensure that your rights can be best protected.

More information on your taxation rights and obligations can be found at www.ato.gov.au, e.g. the Taxpayer Charter.

Client Referrals

We gratefully accept all referrals of new business from our clients. We greatly appreciate the kind thoughts of our clients and are gladdened by the implied vote of confidence in our people and product inherent in their action.