

SOUTHERN ACCOUNTING & CONSULTING SERVICES PTY LTD

If appointed as accountants and taxation agents for your 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. 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 your records. However, we will inform you of any matters which come to our attention.

Fee Structure

We are very conscious of the need to limit cost increases for our clients. To this end we endeavour to, minimise our business costs and hence our charge out rates, employ time saving work practices, utilise 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, mail handling, etc) to clients throughout the year. Whereas the cost of providing "substantive" services is usually been allocated to clients in a separate fee note (tax invoice) upon completion of work, the cost of providing some "non-substantive" services, is usually allocated upon the occasion of completing end of year compliance work. Our fees are based on time spent on completing your work. Our rates vary from \$135 plus GST an hour for a junior clerical/ bookkeeper to \$270 plus GST an hour for a partner.

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 your work.

Fee notes (tax invoices) are generally raised on the following occasions:

- 1) Fee notes will be issued at the completion of end of year compliance work. The fees for attending to your 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 lodgement of income tax returns for all entities in the Group, preparation and electronic lodgement of the annual ASIC information return for the companies in the Group, mandatory company documentation and provision of periodic information bulletins.

2) A separate corporate register / superannuation fund register maintenance fee (\$200 / \$300 plus GST per company / fund in 2006) will be 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 ASIC/APRA information returns, fee for preparing and electronically lodging Superannuation Surcharge return, 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 a cost recovery basis only.

3) Other fee notes will be rendered from time to time as various substantive and non-substantive tasks are completed (e.g. Finance Application Report, BAS preparation, etc). Generally these tasks will result from specific instructions from you and in other cases they will be necessary to properly manage your affairs and comply with the Corporations Law and the taxation law.

Some clients prefer to negotiate a set yearly fee, for the “routine” yearly accounting services required for their group, payable in fixed monthly instalments by direct banking credit. Clients whose yearly accounting fees are likely to exceed \$1200.00 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 upon completion of salary and wage tax returns and within seven days for all other work. Clients with special circumstances can make prior alternative payment arrangements.

Payment can be effected by cash, cheque, money order, credit card (Visa/Mastercard/Bankcard only) or by internet banking (details upon request).

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.

We award a \$100.00 gift voucher redeemable from Myers and Grace Bros stores, to any client who refers a new business entity client to us.

To be eligible, simply refer a new client to us, then upon us receiving payment for the completion of work to at least \$100.00 for that new client, we will forward a gift voucher to you.