

General Scope of Engagement:

This engagement is broad in nature and can be personalised to your specific needs at your request.

As agreed, we may be responsible for the following relating to your affairs for the period as specifically requested by you:

1. Preparation of the Annual Financial Statements, including the Profit and Loss Statement and the Balance Sheet
2. Preparation of Income Tax Returns
3. Preparation of Business Activity Statements
4. Preparation of the Company's ASIC Annual Statement and Solvency Statement
5. Assistance in the preparation and lodgement of your BAS/GST, PAYGW, PAYGI and FBT obligations to the ATO as requested
6. Advice as requested from time to time

Note the scope is limited only to what is applicable and should be crossed out accordingly. If we are requested to provide other specific service(s) they will be the subject of a separate engagement letter and thus a separate fee – please request as necessary.

This work will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB). We understand that an audit of the Financial Statements is not required, and therefore we will not be expressing an opinion as to the truth and fairness of those statements. However, we will inform you of any such matters that come to our attention.

To help us prepare your Financial Statements and Income Tax Returns, you will need to provide us the following:

1. Up-to-date and reconciled General Ledger/Cash Book or computer data file
2. Copies of your Business Activity Statements that were reported to ATO and working papers
3. Any loan documentations
4. Copy of Bank Statements
5. Details of new assets purchased (including cars for FBT purposes)
6. PAYGW summaries
7. Listing of superannuation payments by the employee
8. FBT information
9. Other items as requested from time to time

Whilst every effort has been made to ensure the accuracy and completeness of the financial statements and income tax returns, we are not responsible for the accuracy and completeness of the information provided or assurance. Our involvement will not disclose fraud, defalcations or other irregularities which may occur. Our procedures do not include verification or validation procedures. No Audit has been performed and accordingly no assurance is expressed. Thus we do not accept liability for any loss or damage which any person or the business may suffer arising from any negligence on our part and the information should not be relied upon without having an audit or review conducted.

Responsibilities:

You (or your associates) will be responsible for maintaining and regularly balancing all books of accounts, and the maintenance of an adequate accounting and internal control system. This includes correct transaction account allocation, GST classification reporting and lodging (unless agreed otherwise) and will be assumed correct (including business percentage) for income tax and financial reporting purposes. You also acknowledge that the reliability, accuracy and completeness of the accounting records are your responsibility and that you have disclosed to us all material and relevant information.

Our involvement in this type of engagement will not disclose fraud, defalcations or other irregularities which may occur. We do not undertake audits, express opinions or provide any financial advice. However, any material weaknesses in the accounting or internal control systems which come to our notice will be drawn to your attention.

Please be aware that:

- (a) you are responsible for the accuracy and completeness of the particulars and information provided in relation to all taxation services and this responsibility rests with you;
- (b) any advice given to you is only an opinion based on our knowledge of your particular circumstances; and
- (c) a taxpayer has obligations under self-assessment to keep full and proper records in order to facilitate the preparation of accurate returns. It is the taxpayer's responsibility to keep those records for five (5) years.

Any information acquired by us in the course of our engagement is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our files may, however, be subject to review as part of the quality control review program of CPA Australia which monitors compliance with professional standards by its members. We advise you that by signing this letter you acknowledge that, if requested, our files relating to this engagement will be made available under this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us.

We may collect Personal Information about 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 the obligations that we each may have under the Privacy Act 1988 (Cth) (as amended) (Privacy Act). The obligations may include notifying the relevant person to whom the personal information relates who we are and how we propose to use their personal information. Where you have collected personal information, you confirm that you have collected the personal information in accordance with the Privacy Act, that you are entitled to provide this personal information to us and that we may use and disclose the personal information for the purpose/s we provide our services to you. We will handle personal information in accordance with the Privacy Act.

For tax return preparation service, a taxpayer is responsible under self-assessment to keep full and proper records in order to facilitate the preparation of a correct return. Whilst the Commissioner of Taxation will accept claims made by a taxpayer in an income tax return and issue a notice of assessment, usually without adjustment, the return may be subject to later review. Under the taxation law such a review may take place within a period of up to four (4) years after tax becomes due and payable under the assessment. Furthermore, where there is fraud or evasion there is no time limit on amending the assessment. Accordingly, you should check the return before it is signed to ensure that the information in the return is accurate.

Where the application of a taxation law to your particular circumstances is uncertain you also have the right to request a private ruling which will set out the Commissioner's opinion about the way a taxation law applies, or would apply, to you in those circumstances. You must provide a description of all of the facts (with supporting documentation) that are relevant to your scheme or circumstances in your private ruling application. If there is any material difference between the facts set out in the ruling and what you actually do the private ruling is ineffective.

If you rely on a private ruling you have received, the Commissioner must administer the law in the way set out in the ruling, unless it is found to be incorrect and applying the law correctly would lead to a better outcome for you. Where you disagree with the decision in the private ruling, or the Commissioner fails to issue such a ruling, you can lodge an objection against the ruling if it relates to income tax, fuel tax credit or fringe benefits tax. Your time limits in lodging an objection will depend on whether you are issued an assessment for the matter (or period) covered by the private ruling.

Declaration:

I declare that the information provided to Patane Accounting Pty Ltd for the preparation of all our financial statements, income tax returns and activity statements is true and correct, and that I am authorised to make this declaration and is based on our engagement.

I authorise Patane Accounting Pty Ltd to lodge all returns and statements to the Commissioner of Taxation.

Important: The tax law imposes heavy penalties for giving false or misleading information. It is the responsibility of the entity to retain this declaration for a period of five years after the declaration is made.

We, Patane Accounting Pty Ltd declare that we will prepare financial statements, income tax returns and activity statements in accordance with the information supplied by the entity.

We have received a declaration made by the entity that the information provided to me for the preparation of this and is true and correct; and we are authorised by the entity to give this information to the Commissioner.

Self-Assessment/Substantiation and Part IVA:

The tax system in Australia is based on a self-assessment system. This means that receipts must be kept as evidence, and be kept for a period of 5 years. However, receipts are not required to be presented to us or the tax office unless as part of a tax audit.

We remind you that document evidence/expense receipts are required to support claims made in your tax return. Documentary evidence can include expense receipts, bank statements or credit card statements. Work related claims of below \$30 do not require receipts, but the claim must have been incurred. Work related claims of over \$300 must be substantiated with documentary evidence in full.

Please remember that Part IVA tax avoidance legislation exists to prevent taxpayers from receiving a tax deduction where the predominant purpose of the scheme is to obtain a tax deduction. Penalties exist for breaches of the tax avoidance provisions.

Involvement of Others:

Where, as part of our engagement, the services of an external consultant or expert are required, an estimated cost and timeframe and involvement will be provided to you for your approval.

Ownership of Documents:

The final Financial Statements, Income Tax Returns and any other documents which we are specifically engaged to prepare, together with any original documents given to us by you, shall be the property of you. Any other documents brought into existence by us including general journals, working papers, the general ledger, draft financial statements and copies of tax returns, will remain our property at all times.

Lien on Documents:

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 all outstanding fees.

Fees:

Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus direct out-of-pocket expenses. Also, an agreed fee arrangement may be subject to change in varying circumstances.

Any additional fee for an additional service not covered in the scope of this engagement will be the subject of a separate engagement letter under separate fee arrangements.

Accounts for services provided will be forwarded to you as work in progress. Payment of any account is required to be made within 7 days, unless special alternative arrangements are made with us prior to the due date.

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.

Period of Engagement:

This engagement will start on the signing of the Client Engagement Letter for the defined period. We will not deal with earlier periods unless you specifically ask us to do so and we agree.

Note that APES 305 Terms of Engagement requires you to consider the following factors when assessing the need to reissue or amend an engagement document: any indication that the client misunderstands the objectives and scope of the engagement; any significant changes in the engagement; any significant changes in the professional services to be provided or the terms of engagement; a recent change in client management or ownership; a significant change in the nature or size of the client's business; any significant changes to professional standards; any changes to legal or regulatory requirements.

This engagement document will be effective for future years unless we issue an amended one to you or it is revised on our website.

Limitation of Liability:

Our liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Councils' website: <http://www.professionalstandardscouncil.gov.au>.

Signing and returning the provided Client Engagement Letter is to indicate that you have read and understood, and is in accordance with your understanding of the arrangements.

Privacy Statement:

The information collected is authorised by the following laws:

- *A New Tax System (Australian Business Number) Act 1999
- *A New Tax System (Goods and Services Tax) Act 1999
- *A New Tax System (Good and Services Tax Transition) Act 1999
- *A New Tax System (Luxury Car Tax) Act 1999
- *A New Tax System (Wine Equalisation Tax) Act 1999
- *A New Tax System (Wine Equalisation Tax and Luxury Car Tax Transition) Act 1999
- *Income Tax Assessment Act 1936
- *Income Tax Assessment Act 1997
- *Taxation Administration Act 1953
- *Fringe Benefits tax Assessment Act 1986

This information will help the Tax Office to administer the taxation laws. It may be passed on to third parties authorised by law to receive it.

For example, information can be provided regularly to Commonwealth agencies such as:

- *Law enforcement agencies e.g. the Australian Crime Commission and Australian Federal Police
- *Benefit payment agencies e.g. Medicare Australia and Centrelink, and
- *Other agencies authorised by law to receive it e.g. the Australian Bureau of Statistics

Information may also be provided regularly to State, Territory and local government agencies such as law enforcement agencies, benefit payment agencies and Revenue Office carrying out function under a taxation law.

Your privacy is protected at all times and for more information please view our website on our Policies and Collection processes.