



Terms of Engagement

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Purpose, Scope and Output of the Engagement

This firm will provide accounting services, which will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB).

The extent of our procedures and services will be limited exclusively for this purpose only. As a result, no audit (with the exception of a SMSF) or review will be performed and, accordingly, no assurance will be expressed. Our engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may exist. However, we may, as part of our responsibilities as a Member in Public Practice, take steps and actions as set out in Section 225 of the Code, "Responding to Non-Compliance with Laws and Regulations". These include but are not limited to the following. During the course of our engagement, if we identify or suspect that non-compliance with laws or regulations has occurred or may occur, which may have a direct effect on material amounts or disclosures in the financial statements or compliance with which may be fundamental to the operating aspects of your business (or any entity listed in this agreement), to your ability to continue in business or to avoid material penalty, we will discuss the matter with the appropriate level of management, those charged with governance or the internal auditor, as appropriate, to enable you to rectify, remediate or mitigate the consequences of the identified or suspected non-compliance or deter the commission of the non-compliance where it has not yet occurred. We will consider whether to communicate the non-compliance or suspected non-compliance with any external auditor, unless prohibited by law or regulation. We will also consider, based on materiality and/or significance of the matter, whether further action is needed in the public interest. Further action may include disclosing the matter to an appropriate authority even when there is no legal or regulatory requirement to do so or withdrawing from the engagement and the professional relationship where permitted by law or regulation. Where appropriate we will inform you of our intention to disclose the matter to an appropriate authority before disclosing the matter. However, if we have reason to believe that the actual or intended conduct would constitute an imminent breach of a law or regulation that would cause substantial harm to investors, creditors, employees or the general public, we may immediately disclose the matter to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach of law or regulation.

We understand that an audit of the Financial Accounts 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.

Responsibilities

You or your staff will be responsible for maintaining and regularly balancing all books of accounts, and the maintenance of an adequate accounting and internal control system. 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. 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:

- you are responsible for the accuracy and completeness of the particulars and information provided in relation to taxation services and this responsibility rests with you;
- any advice given to you is only an opinion based on our knowledge of your particular circumstances; and
- 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, including any information relating to your affairs whether or not it belongs to you or not or is provided by you or not, 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 regulations, or with your express consent unless, we determine that disclosure of the non-compliance or suspected non-compliance to an appropriate authority is an appropriate course of action in the circumstances. 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. The same strict confidentiality requirements apply under this program as apply to us.

We may collect Personal Information about you, 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.

You are responsible for ensuring that your (all entities and individuals listed in this agreement) business activities are conducted in accordance with laws and regulations. You are also responsible for identifying and addressing any non-compliance by your entities (all entities and individuals listed in this agreement), by an individual charged with governance of the entity, by a member of management, or by other individuals working for or under the direction of you (all entities and individuals listed in this agreement).

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 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.

Involvement of Others

By signing this engagement letter or otherwise engaging us, you provide your consent for all information and files that we hold relating to you and your related entities to be shared with McMasters' Lo Andrawis for the purpose of being provided with legal advice and services, if and when you choose to engage such services. Likewise, you provide your consent for all information and files held by McMasters' Lo Andrawis relating to you and your related entities to be shared with us. You are not in any way obligated to engage any legal advice or services of McMasters' Lo Andrawis, you can revoke these consents at any time and these consents are not intended to waive legal professional privilege in any way. This term is solely intended to facilitate the

free flow of information to improve the quality of the accounting, financial planning and / or legal services provided to you.

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

Outsourced Services

McMasters' has its own team in Ho Chi Minh City Vietnam known as VietOS. VietOS employs university qualified accounting professionals. The office has Australian qualified CPA's on site and operates to extremely high ethical, privacy and security standards. These accountants free up time for our highly qualified team and allows us to add value to you and your business, rather than attending to compliance obligations. We also utilise the services of The Outsourced Accountant with a small team based in the Philippines.

Acceptance of our services in conjunction with this engagement document indicates your acceptance of the use of outsourced services as described. Where the outsourced service requires the disclosure of personal information to an overseas recipient a consequence of your consent is that McMasters' will be required to take reasonable steps to ensure that the Australian Privacy Principles are complied with by the overseas recipients of the Personal Information.

Storage of Personal Information

Your information shared with McMasters' will be stored in Australia. The Privacy Act requires that data be stored in Australia or in a country where the laws are substantially similar to Australia's privacy laws. By signing this letter and accepting these services you acknowledge and agree that your personal information may be stored overseas. McMasters use the following Software as a Service (SAAS) and service providers to store your data – Xero, Class, BGL360, Salesforce, Nimbus Portal Solutions, Practice Ignition, Microsoft and Enspire IT Solutions. All are hosted in Australia. By signing this letter and accepting these services you acknowledge and agree that your personal information may be stored overseas.

Fees – Fixed Price Agreement and services not covered by this agreement

We have attached your Fixed Price Agreement listing the entities to be covered by this agreement and the services to be provided to said entities.

- Services not covered by such an agreement

The Parties agree that unanticipated services are not a part of this agreement. These services include (but are not limited to):

- an audit by a taxing agency;
- restructuring your current accounting group;
- meetings with a Director to discuss your financial planning affairs;

- the sale or purchase of a business;
- liaising with financial institutions;
- legal services; or
- any other exogenous service not contemplated by the parties at the time of this agreement.

Wherever possible an estimate of approximate professional costs and disbursements will be provided before the additional work is undertaken. This service will be billed separately to you and will be payable within seven days of issue. We stress that no additional fees will be raised without obtaining your consent.

We note that McMasters' QLD Pty Ltd and McMasters' Lo Andrawis Pty Ltd, whilst being related entities to McMasters' (Vic) Pty Ltd, are

not a party to this agreement. This means that any services provided by these entities will be charged at an additional cost and billed separately.

- Other substantive work

Work of a 'substantive' nature (e.g. meetings, letters of advice, completion of BAS, finance applications, consulting matters, business valuations) is generally billed at the completion of the matter. The fee arrangement is based on the expected amount of time and the level of staff required to complete the services as agreed. Where ever possible an estimate of approximate professional costs and disbursements for standard engagements will be provided before we commence work. Our rates vary from \$150 plus GST an hour for a junior accountant to \$400 plus GST an hour for a partner.

-Non-substantive work

Work of a 'non-substantive' nature (e.g telephone and email advice, correspondence perusal and forwarding, time spent satisfying clients requests for the provision of information, time spent liaising with other entities at the request of clients) is generally aggregated and billed on a monthly basis. The fee arrangement is based on the expected amount of time and the level of staff required to complete the services as agreed. Where ever possible an estimate of approximate professional costs and disbursements for standard engagements will be provided before we commence work. Our rates vary from \$150 plus GST an hour for a junior accountant to \$400 plus GST an hour for a partner.

- Review of professional fees

To assure that our arrangement remains responsive to your needs, as well as fair to both parties, we will review the agreement each May for the coming financial year and, if necessary, revise or adjust the scope of the services to be provided and the prices to be charged in light of mutual experience. We will send an updated agreement in June preceeding the start of the new financial year.

- Termination of agreement

Either party may terminate this Agreement at any time, for any reason, within ten (10) days of written notice to the other party.

Should the Agreement be cancelled before the end of a financial year and the instalments paid do not cover the time based work performed then a balancing invoice will be issued to cover time spent. This fee is calculated according to the relevant staff members' hourly rates which are set according to each staff member's qualification and experience.

Terms of trade

Our normal terms of trade require payment of invoices strictly within seven days of issue. Clients with special circumstances can make prior alternative payment arrangements. Payment of invoices may be affected by cheque or internet banking. Payment details are outlined on each invoice. Late payments will incur an interest penalty at the rate of 1.5% per month compounding. Should legal recovery action be necessary you will be liable for the unpaid invoices, the interest on the unpaid amounts as well as all recovery costs. 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.

Ownership of documents

All original documents obtained from the client arising from the engagement shall remain the property of the client. However, we reserve the right to make a reasonable number of copies of the original documents for our records. Our engagement will result in the production of financial reports and income tax returns for all entities of the client. Ownership of these documents will vest in you. All other documents produced by us in respect of this engagement will remain the property of the firm, subject to any statutory obligations.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.

Complaints Process

If for any reason you are unsatisfied with our services and wish to make a complaint, you should contact your Client Relationship Manager at first instance. If this is inappropriate or ineffective you may escalate your complaint to our Practice Manager, Alix Dower. We will always endeavour to respond to your complaints in a prompt and effective manner. Our relationship with our clients is our highest priority.

Confirmation of Terms

We ask that you consider all aspects of this engagement letter to ensure that you are satisfied with the scope of our engagement. Please contact us if you have any queries about this engagement letter. Acceptance of our services in conjunction with this engagement letter indicates that you understand and accept the arrangements. This information will be effective for future engagements unless we advise you of any change.