

Mr & Mrs [insert your names]
[Insert your address]

[insert date]

Dear [insert first names],

RE: [insert company and/or business names together with personal names and name of superannuation fund if appropriate]

This letter is to confirm our understanding of the terms of our engagement and the nature and limitations of the services that we provide.

Purpose, Scope and Output of the Engagement

This firm will provide accounting and tax agent services, which will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB), and with regard for relevant taxation legislation. The extent of our procedures and services will be limited exclusively for this purpose only. As a result, no audit 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 will inform you of any such matters that come to our attention.

This engagement includes the following:

1. Preparation of the Annual Financial Accounts, including the Profit and Loss Statement and the Balance Sheet, commencing with the [insert year] financial year.
2. Preparation of Income Tax Returns.
3. Preparation of the Company's ASIC Annual Statement and Solvency Statement.
4. Preparation of Company Minutes etc. to comply with statutory requirements.
5. Review and assist in preparation of your BAS/GST, PAYGW and PAYGI obligations to the ATO as necessary.
6. Preparation of your FBT Return and any FBT Declarations as required.
7. Advice as requested from time to time including superannuation matters.

Financial statements and tax returns will be prepared for distribution to [insert names] for the agreed purpose. There is no assumption of responsibility for any reliance on our report by any person or entity other than yourself or by others specifically named in our report. The report shall not be inferred or used for any purpose other than for which it was specifically prepared. Accordingly, our report may include a disclaimer to this effect.

Period of Engagement

This engagement will begin [insert date]. The first period for which we will be responsible is the tax year ended 30th June [insert year]. We will not deal with earlier periods unless you specifically ask us to do so and we agree.

Responsibilities

In conducting this engagement, information acquired by us in the course of the engagement is subject to strict confidentiality requirements. That information will not be disclosed by us to other parties except as required or allowed for by law, or with your express consent.

We wish to draw your attention to our firm's system of quality control which has been established and maintained in accordance with the relevant APESB standard. As a result, our files may 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 accepting our engagement 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.

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 privacy legislation including the Privacy Act 1988 (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.

Clients (i.e. you) are responsible for the reliability, accuracy and completeness of the accounting records, particulars and information provided and disclosure of all material and relevant information. Clients are also required to arrange for reasonable access by us to relevant individuals and documents, and shall be responsible for both the completeness and accuracy of the information supplied to us. Any advice given to the Client is only an opinion based on our knowledge of the Client's particular circumstances. The Client or Client's staff are responsible for maintaining and regularly balancing all books of accounts, and the maintenance of an adequate accounting and internal control system. The Client has obligations under self assessment to keep full and proper records in order to facilitate the preparation of accurate returns. It is the Client's responsibility to keep those records for up to five (5) years in respect of income tax matters and longer with respect to capital gains matters.

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.

Involvement of Other Members in Public Practice

We do not anticipate any involvement of other public practitioners during the course of this engagement unless there is an audit of a self-managed superannuation fund required. In that circumstance we are not permitted to prepare the financial statements and conduct the audit of the fund and so, an external auditor would need to be engaged. All other work is conducted in-house by Hadley's staff.

Fees

The fee arrangement is based on the expected amount of time and the level of staff expertise required to complete the year end accounts and tax returns as agreed. In so far as the work is similar, we would expect the fee to be approximately [insert estimated costs] for preparation of the annual financial statements and income tax returns, excluding miscellaneous expenses which are incurred to complete the engagement. This fee arrangement will be subject to change if the following circumstances should occur:

- Your requirements are substantially different to previous years we have undertaken your work;
- The time taken to complete the engagement is significantly longer than that taken in previous years;
- The level of expertise and experience of staff required to undertake your work is higher than previously required; and/or
- There are material issues found in your books and records that require further investigation.

Any additional works identified at Points 3 to 7 on the front page will be charged at our regular rates. We anticipate issuing our invoice for professional services upon completion of the engagement. However, where completion is beyond our control we may issue an invoice for the work performed and services provided.

Where work is being undertaken for entities controlled by or associated with you, you agree to pay us for the services we provide to those entities in the event the entity is unable or unwilling to pay. In other words, you agree to personally guarantee payment of our fees for work done for you and any entity associated with you.

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>.

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 statements, tax returns and other reports. Ownership of these documents will vest in you once we have been paid. All other documents produced by us in respect of this engagement including our working papers will remain the property of the firm.

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.

Confirmation of Terms

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements. This letter will be effective for future years unless we advise you of any change.

Yours sincerely,

MICHAEL ANTHONY HADLEY	
	Date

Acknowledged and agreed by:

[insert full name]	
[signature]	Date
[insert full name]	
[signature]	Date