



Dear client,

Thank you for your instructions to attend to the accounting and taxation requirements for your business entities and your family.

A list of the entities and individuals for whom we are to act (**the Group**) is set out at the end of the document and our comments below are directed to all those persons/entities.

This letter sets out our terms of engagement and the scope of the work to be performed by us within that engagement, and supersedes any previous engagement letter provided by us.

Please read it carefully and if you have any queries or wish to discuss any aspect do not hesitate to contact us.

Since 1 March 2010, a regime for the regulation of tax agents has taken effect under the *Tax Agent Services Act 2009 (TASA)*. This regime has implications for registered tax agents and also for their clients.

An important feature of TASA is the provision of a "safe harbour" protection from penalties in certain circumstances for taxpayers who engage registered tax agents.

To obtain the benefits of "safe harbour" protection, the legislation requires the taxpayer to provide the registered tax agent with "all relevant taxation information" to enable accurate statements to be provided to the Australian Taxation Office.

This requirement may be important to both parties in identifying and understanding the purpose and scope of the engagement as set out below and may also affect other matters discussed below.

You will find further discussion on the "safe harbour" protections in the document entitled ***Clients' rights and obligations under the taxation laws*** which is located on our website at www.wef.com.au.

If the terms of our engagement are acceptable, we ask that all persons sign this letter in the places indicated and return it to our office. Please note that we are unable to perform any work for you until we receive the signed letter.

Purpose and scope of engagement

Our engagement is to attend to the following matters as required:

- prepare and lodge the BAS returns for your business entities;
- prepare the annual financial statements for your business entities;
- prepare and lodge the annual income tax returns for your business entities and your family;
- prepare and lodge the annual FBT returns for your business entities; and
- prepare and lodge the superannuation returns for your superannuation fund.

Each member of the Group engages us on the terms set out in this letter and is bound by those terms.

Those persons are all jointly and severally liable to pay our accounts, regardless of which Group member those accounts are addressed to, and regardless of which Group member received the benefit of the work performed.

Our services will be provided to you on a fee for service basis and/or charged at hourly rates.

This letter relates only to the abovementioned services and details the basis and terms of this engagement.

Work that is performed or disbursements that are incurred which are outside the scope of our engagement will be the subject of additional charges.

WEF Associates Pty. Ltd. ATF The WEF Associates Unit Trust
 ABN: 66 978 682 886
 19 Commercial Street, Korumburra VIC 3950
 03 5655 2311
business@wef.com.au

Basis of engagement

Our engagement is to assist with the preparation of the financial accounts and the preparation and lodgement of the taxation returns for your Group. This includes the non-trading individual members of your family (**Individuals**), as well as your trading entities (including individuals), corporate entities, partnerships, trustees and superannuation entities (**Entities**).

1. Accounting and record-keeping

In undertaking this engagement, it is understood that you will generally ensure that:

- The bookkeeping and record-keeping tasks for all Entities is maintained on a regular basis – we recommend at least weekly.
- Reconciliations for bank accounts, debtors and creditors are performed at the end of each month for each of the Entities.
- A stocktake will be performed during the last weekend in June for each entity that deals in trading stock.
- It is expected that the trial balance of each of the Entities will be completed no later than *1st March* the following year.

In respect of the personal tax returns for you and your family, it is expected that all relevant information will be collated and forwarded to our office by *1st March* each year. We shall detail more specific requirements in respect of the individual tax returns later in this letter.

2. Taxation services

In engaging us to provide taxation services, it is important for you to understand that:

- You are responsible for the accuracy and completeness of the particulars and information provided to us by you.
- Any advice we provide is only an opinion based on our knowledge of your particular circumstances.
- You have obligations under the self-assessment regime to keep full and proper records in order to facilitate the preparation of accurate returns.
- We cannot provide taxation services if we find that information on which those services are to be based contain false or misleading information, or omit material information, and you are not prepared to appropriately amend that information.

3. Compilation of financial statements

By engaging us to compile financial statements, you 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.

4. No statutory financial audits are conducted

You and your employees are responsible for the maintenance of the accounting systems and internal controls for all the Entities. That includes the keeping and maintenance of all required books of account. Our firm cannot be relied upon to disclose irregularities, including fraud, and other illegal acts and errors that may occur with regard to such matters. Our firm is not being engaged to conduct a statutory audit of the financial records of any of your Entities and we will not express an auditor's opinion as to the truth and fairness of the financial statements.

5. Documentation

Before we lodge any returns on your behalf, we will forward the documents to you for approval. We will endeavour to ensure that the returns are lodged by the due dates. If you are late in providing any information, we will do our best to meet the time limits, but we will not be responsible for any late lodgement penalties or interest charges you may incur.

6. Ownership of documents

The financial statements, 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 your property. Any other documents brought into existence by us, including general working papers, the general ledger and draft documents will remain our property at all times.

If our services are terminated (by either party), each client separately agrees that we shall be entitled to retain all documents owned by that client (including all tax refund monies which come into our possession) until payment in full of all fees outstanding from all members of the Group on any account. Where copies of any documents released to you are required for our records, you will be charged for the cost of photocopying at our normal rates.

7. Additional services

The scope of our engagement is the preparation and lodgement of the accounting and taxation matters detailed above. Any agreed fee applies only to services and advice provided within the scope of our engagement. This fee includes the checking and forwarding of original assessments and original payment notices that are received from the ATO and ASIC.

However, any additional services or advice that you request are outside the scope of our engagement and not included in this agreed fee. These services will be charged on the basis of the time and degree of skill and acumen required to complete the task undertaken by us, including any direct out of pocket expenses. Please note in particular that any correspondence from the ATO or ASIC that does not relate to initial assessments or original payment notices, will be charged as additional services.

8. Fees and charges

Unless otherwise expressly agreed with you in writing, our professional fees, which certain circumstance will be billed as work in progress, are based on the time required by the individuals assigned to the engagement plus direct out-of-pocket expenses. Unless otherwise stated in writing, any estimates which we provide to you of our anticipated fees, disbursements and charges for any work are only indicative of the amounts you can expect to be charged. Estimates are not quotes or caps and are not binding on us. Where an estimate is given and the scope of the work changes, or if it becomes apparent that the work involves matters which were not taken into account in the estimate, we will endeavour to advise you and provide an amended estimate as soon as it is practicable to do so. Each client in the Group is jointly and severally liable to pay our fees in respect of all work performed for all members of the Group.

We may require you to deposit money into our trust account in anticipation of our fees and charges. If you fail to make a required trust deposit, we may suspend work or terminate this engagement. Each client in the Group authorises us to apply trust moneys held on their behalf towards payment of fees and disbursements, and to meet our bill of costs which have been rendered and which have not been paid or disputed within 14 days after issue of the bill of costs.

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Each client in the Group is jointly and severally liable to pay our fees in respect of all work performed for all members of the Group. We may require that payment of our fees be guaranteed by one or more persons who are associated with the Group but are not themselves our clients (for example, company directors). If you fail to provide a required guarantee, we may suspend work or terminate this engagement.

If we suspend work or terminate this engagement by reason of your failure to make a trust deposit or provide a guarantee as required, we will not be liable for any loss or damage suffered by any client in the Group as a result of the suspension or termination.

8.1 Goods and Services Tax (GST) – Professional fees

Our professional fees are inclusive of GST. If our services are provided to Individuals or Entities that are registered for GST, then those Individuals or Entities may be able to claim a GST input tax credit for the GST they pay on our services. However, this will not be the case if the services we provide are used by the recipient in creating an input taxed supply or otherwise for a non-creditable purpose. In this situation the GST associated with our professional fees cannot be claimed as an input tax credit.

If your matter involves a mixture of taxable, GST-free and input taxed supplies, we will not apportion our professional fees between these categories of supply unless you have expressly requested us to do so. Please note that if you make such a request after the commencement of any particular matter it may not be possible for us to subsequently apportion professional fees that were incurred prior to receiving your request. If you need separate advice on whether you will receive the benefit of a GST input tax credit for the GST paid to us, then please contact us.

8.2 GST – Disbursements

In addition to our professional fees, you will be responsible for payment of expenses which we incur on your behalf (together with the GST that we pay in relation to such expenses), as set out below. Certain government charges and fees included in some matters undertaken in the scope of our engagement are effectively GST-free to the applicant, but will attract the 10% GST if paid by this firm and then passed on to you as part of our services.

Accordingly, for certain disbursements in this category, namely:

- ASIC fees;
- new company and trust deed orders; and
- other specific disbursements notified from time to time,

we will act as your agents in incurring those disbursements. You will therefore technically be primarily liable to pay the account to the supplier. Under this agency relationship, you will receive the benefit of any concessional GST treatment of any part of the disbursement. Where GST is payable on some or all of a supply acquired by us as your agent, we will forward you the Tax Invoice and you will be entitled to claim the input tax credits directly if you have an ABN and are entitled to claim input tax credits. For disbursements incurred in this manner, we may in some cases require that you provide us with separate cheques for the relevant amounts to be paid directly to the relevant government body or supplier.

For all other disbursements (e.g., couriers, searches, photocopying, etc.) the treatment will be the same as for professional fees – i.e., we will incur the costs at first instance and invoice them on to you after making allowance for any GST input tax credits received by us on the acquisition. These invoices will include GST for which you may be entitled to claim an input tax credit.

9. Terms of trade

Unless other terms have been agreed to, our terms of payment are strictly 30 days from the date of each invoice. We will provide you with an itemised account of professional fees, costs and disbursements upon request. Accounts over 30 days old incur interest at a rate of 15% pa, calculated daily and charged monthly.

10. Information relating to your affairs

Our firm may from time to time use the services of third party contractors to perform some of the services we are engaged to perform for you. Each client in the Group hereby authorises us to disclose information relating to that client's affairs to all such third party contractors as we may choose to engage to perform such work. Where we use the services of third party contractors, we are nevertheless responsible for the conduct and activities of those contractors and for the delivery of the services we are engaged to perform for you.

We may also need to disclose information relating to one client's affairs to other clients in the Group to assist in performing our work, to persons responsible for the governance of an entity to comply with accounting standards, or to a professional body of which we are a member, in relation to a quality review program undertaken by that body. Each client in the Group hereby authorises us to do when we consider it appropriate to further our performance of work for the Group, or when required by that professional body.

Details of services to be provided

It should be noted at the outset that as a general proposition we rely upon our clients to provide us with accurate and timely information to enable us to properly perform our engagement obligations. Consequently, any rectifying work performed by us on the basis of incorrect or late information will be work which is outside the scope of our engagement and will be charged as additional services.

BAS returns

As the BAS returns are prepared and lodged during the financial year, it may not be possible for this firm to review the correctness of the underlying financial information as part of the preparation of the BAS return. This is because we are engaged to prepare the annual accounts and these are prepared after the conclusion of the financial year.

Therefore, for the BAS returns, we may rely on and process the financial information provided to us without review of the primary source documents. In doing that, we will make the following specific assumptions:

- The financial information provided to us is accurate.
- The financial information correctly states the GST position. For example, all input tax credits and GST payable amounts have been correctly recorded in the general ledger or as provided in the coding reports. If you are unsure of the correct position or require advice regarding this, we are able to provide this as work which is outside the scope of our engagement and charged as additional services.
- You have the necessary supporting documentation to satisfy the ATO for GST purposes. Again, if you are unsure of the ATO requirements or require advice regarding these documents, we are able to provide this as work which is outside the scope of our engagement and charged as additional services.
- You hold valid tax invoices and adjustment notes for all expenditure incurred by you in respect of which an input tax credit is being claimed. Substantial penalties apply for an incorrectly prepared BAS. If you have any queries in respect to this, please contact our office for assistance.

However, it is possible that, when the financial accounts are prepared, some discrepancies will exist between the information disclosed in the BAS returns and in the annual financial statements.

Should any discrepancies arise, we will discuss the need to correct either the BAS returns and/or financial accounts. Those services will involve work which is outside the scope of our engagement and will be charged as additional services.

Financial accounts

This firm has been engaged to prepare annual financial accounts of the Entities in your group. This service includes the preparation of:

- a profit and loss statement;
- a balance sheet; and
- notes for the above accounts.

This service includes maintenance of the chart of accounts for the general ledgers of your business entities. It also includes telephone support should you require any assistance as to how to record specific transactions in the general ledger. This service does not include the preparation of one-off accounts for presentation to your financiers for additional finance and the like.

Income tax returns

This firm has been engaged to prepare and lodge income tax returns for your Group.

This firm will not be responsible for reviewing or verifying any financial records or statements provided via either manual cashbooks or prepared on accounting software such as MYOB or Quickbooks or coding reports under the Banklink system. Correct coding or classification of accounts is outside the scope of this engagement. If assistance is required in how to correctly code or to review how you currently do so please discuss this with us. This will entail work which is outside the scope of this engagement and will be charged as additional services.

Also please ensure that you have all source documentation available to allow this firm to analyse the income tax implications of any transaction, if we request to see it. Whilst we will not as a matter of course be looking at all these documents, the ATO will expect you (and you are required) to have them available before any claim is made in your income tax return.

We may in some circumstances also request to see source documents if a tax issue is particularly contentious. It is also expected that, in respect of individual income tax returns, each person will have the necessary documents so as to comply with the substantiation provisions of the *Income Tax Assessment Act*. We will not be checking that the requirements of the substantiation provisions have been satisfied. This specifically means that we will not be reviewing your log book or any calculations or information you provide us, for example a rental property schedule either prepared by you on spreadsheet or by a property manager. If you require assistance in completing a log book or preparing any calculations or you would like us to review such work, please discuss this with us. This will entail work which is outside the scope of our engagement and will be charged as additional services.

From time to time, this firm prepares templates and schedules to assist with the collation of information to complete income tax returns. These will be provided free of charge.

The fee for this service does not cover any inquiries made or investigations involving us conducted by the ATO. Substantial penalties apply for an incorrectly prepared income tax return. If you have any queries in respect to this, please contact our office for assistance.

Each client in the Group agrees that we can bank into our trust account any refund amounts received on behalf of that client and can deduct from those amounts any fees owed to us either by that client or by any other member of the Group.

Fringe benefits tax returns

If this firm has also been engaged to prepare and lodge the FBT returns for your business entities. Please note, it is necessary to provide the source documentation to allow our firm to analyse the FBT implications of any transaction.

Our fee for this service includes

- advice on how to collate the information necessary to prepare the annual FBT return
- telephone advice on basic FBT issues
- an annual review of the methods available to reduce the FBT expense on the annual FBT return
- the calculation of RFBA required to be included on annual payment summaries of employees (including family members employed in your business).

Superannuation

If this firm has also been engaged to attend to the income tax compliance work for your self-managed superannuation fund (SMSF). This assignment will involve:

- Preparation of the SMSF's accounts for the purposes of the *Superannuation Industry Supervision Act 1993* (SIS Act).
- Preparation and lodgement of the SMSF annual return. It is important to note as part of the regulatory framework for SMSFs, an annual audit of the fund must be undertaken and provided to the trustees of the fund before the annual return is lodged. Trustees of the fund must ensure they provide the fund accounting records no later than 1st February to allow these tasks to be completed.
- With respect to the annual audit of the SMSF, this office will make arrangements for the audit to be undertaken by an external party whereby you will be billed directly and liable for all costs associated with the completion of the audit.

In addition to the basic financial information required to complete these requirements, it is expected that the source documentation will be available to allow this firm to analyse the implications of all superannuation related transaction. You should also note that the deeds of the fund should be annually reviewed by a superannuation specialist to ensure they continue to comply with the requirements of the SIS Act. Our engagement does not extend to the provision of such legal advice and our fee does not include this service. We are happy to recommend the services of a superannuation specialist for this task.

Our fee does not include financial planning services for the investments of the SMSF or for any advice for your future retirement planning needs. This service does not cover any inquiries made by or investigations conducted by the ATO.

Superannuation advice

We are required to hold an Australian Financial Services Licence (AFSL), or be an authorised representative of the holder of an AFSL, in order to provide you with certain types of advice in relation to superannuation. This includes any advice, recommendation or opinion that is intended to influence you in making any decision in relation to superannuation (including whether to establish, contribute to or draw benefits from a superannuation fund, or any investment decision by an superannuation trustee), or that could reasonably be regarded as being intended to have such an influence (**Financial Advice**).

We are authorised under an AFSL to provide Financial Advice. Our authorisation particulars are as follows:

- Count Financial Limited (licence holder)
- Corporate authorised representative – WEF Financial Planning Pty Ltd
- Associate authorised representative – Donnaleen Wilks. ASIC registration number 001242144
- Associate authorised representative – Barry Wyatt. ASIC registration number 001271472
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Where we provide Financial Advice to you, we will be required to follow additional procedures. This will include:

- providing you with a Financial Services Guide as soon as practicable after it becomes apparent that we may be required to provide Financial Advice to you, and in any event before that advice is provided;
- fully-documenting your personal circumstances upon which our advice is based;
- providing you with a written Statement of Advice; and
- we will be required to provide you with a separate Fee Disclosure Statement in relation to the Financial Advice.

Company Secretarial Services

If this firm has been engaged to attend to the company secretarial services for your company, unless otherwise instructed, this firm maintains electronic share registers for all corporate clients and files necessary documents with ASIC, including minute books.

Where the address of our office is used by a client company as the Registered Office, it is solely for the purpose of acting as agent for the receipt of any documents delivered or served upon the Company. The address of our office may not be used as the Principal Place of Business by a client company unless a specific circumstance exists and approval in writing has been given by us to such situation. Any documents received will be forwarded to the Company Secretary or dealt with in such manner as you may, from time to time, direct.

With respect to Corporate Secretarial engagements we will prepare the annual solvency resolution and send to you each year to assess the company position. We will also lodge company changes with ASIC, provided you inform us of any changes. You will be responsible for ensuring the ASIC fees are paid by the due dates advised and changes are reported to ASIC within 28 days.

Storage of Personal Information

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. We maintain our data base on an office server as well as backup data on a cloud based system which means your data may be stored on an Australian or overseas data service centre. By signing this letter and accepting these services you acknowledge and agree that your personal information may be stored either in Australia or overseas.

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Non-Compliance with Laws and Regulations

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, 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 your 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.

The agreed reports will be prepared for distribution to the agreed parties for the agreed purpose. There is no assumption of responsibility for any reliance on our report by any person or entity other than yourself and those parties indicated in the 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.

Confirmation of engagement

We ask that you consider all aspects of this letter to ensure that you are satisfied with the scope of our engagement. Please contact us if you have any queries about this letter. Once you are satisfied with the terms of our engagement, would you please have all persons sign and date this letter in the places indicated.

This agreement should be forwarded to us as evidence of your acceptance of the terms of our engagement. Should you fail to return a signed acceptance but continue to use our services, this will be taken as acceptance of these terms.

We thank you for the opportunity to provide accounting and taxation services to your Group and we look forward to a close accounting relationship with you for many years to come.

If you require a copy of this engagement letter it can be found as a document on our website entitled **Engagement Letter – Business**.

Yours sincerely,

Schedule of Clients

Acknowledgment of terms of engagement

We, the parties named in the Schedule, confirm that we understand and agree to your terms of engagement, and acknowledge our responsibilities as set out in the terms of engagement.

Date: _____

Individuals:

Name	Signed

Companies:

Company Name, ACN & ABN	Signed & Directors Name

Partnerships/Joint Ventures:

Names of each Partner	Partnership/JV & ABN	Signed

Individuals who act as trustees or nominees:

Name	Trust or superannuation fund	Signed

Companies which act as trustees or nominees:

Company Name, ACN & ABN	Trust or superannuation fund	Signed

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