



Standard Engagement Terms and Conditions

This information is to confirm our understanding of the terms of general client engagements with our firm and the nature and limitations of the services we will provide where there is no specific engagement letter provided.

Sheridans are pleased to accept the appointment as your accountant and tax agent. We will act in your best interest at all times and provide the highest level of professional service. This document sets out the terms of the engagement. Any additions will be by the written agreement of both parties.

As your Accountant, we will:

- a) analyse, discuss and prepare recommendations regarding your accounting records and financial affairs;
- b) prepare financial and other statements as requested;
- c) prepare and lodge taxation returns, review assessments and advise on appeal procedures where necessary; and.
- d) undertake other work as agreed.

You are reminded that:

- a) performance of tasks is limited exclusively to those set out in this engagement letter;
- b) We do not (unless otherwise engaged to do so) undertake an audit or review, and as such no assurance will be expressed; and
- c) unless we are otherwise engaged to do so, this engagement cannot be relied upon to detect or otherwise disclose irregularities (such as fraud, illegalities or the errors of other parties).

The recent changes to Section 225 (and 360) of APES 110 on Responding to Non-Compliance with Laws and Regulations (NOCLAR) require us to report a non-compliance with laws and regulations or acts of omission or commission, intentional or unintentional by a client or by Those Charged with Governance, by management or by other individuals working for or under the direction of a client which are contrary to the prevailing laws or regulations. If we decide that disclosure of NOCLAR to the appropriate authority is the correct course of action, then such a disclosure will not be considered a breach of confidentiality under our codes of ethics.

Professional Fees and Payments

The professional fees for the services provided will be based on the time and skill required to complete the nominated tasks and will include as an additional item out of pocket expenses and statutory charges, unless otherwise agreed.

The current standard professional fees are:

Client Partner	\$250 to \$350.00 per hour
Senior Accountant	\$200 to \$250.00 per hour
Accountant	\$160 to \$200.00 per hour
Assistant Accountant	\$120 to \$160.00 per hour
Bookkeeper	\$90 to \$160.00 per hour
Administration	\$80 to \$100.00 per hour

For work undertaken for a period of less than an hour, the rate shall be charged in 6 minute blocks.

We have a number of services which have a minimum fixed fee because of the additional administration time involved on top of the accountant's time. These services include personal tax returns and preparation and lodging of ASIC documents.

All fees are GST exclusive.

Our professional fees are reviewed annually.

Output

Any reports including Financial Statements, Income Tax Returns and so on, will be prepared for distribution to the specific organisation, client or entity for the purpose specified in the report. There is no assumption of responsibility for any reliance on our report by any person or entity other than you 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.

As a member of the IPA, we are part of the IPA Professional Standards Scheme and our liability is limited by a Scheme approved under Professional Standards Legislation. For more information on the IPA Professional Standards Scheme or Professional Standards Schemes generally, please refer to: psc.gov.au.

Non-compliance with Laws and Regulations (NOCLAR)

During the performance of our work under this engagement, we may detect conduct, or a transaction that is considered to constitute NOCLAR, which has a material effect on any documents or information that might be required to be provided to a regulatory authority (RA), such as the ATO.

If we detect any NOCLAR, we may have an ethical requirement to make a disclosure to a RA. We will follow a formal process which will include advising you of our concerns, and if necessary, seeking legal advice. If we do seek legal advice we reserve the right to ask you to pay or reimburse us for our reasonable costs.

If we are required to make a disclosure to a RA, you agree to forever release us from any claim for costs or losses you incur in responding to or dealing with anything that arises from our disclosure.

Relative responsibilities

As a member of the IPA, our firm is subject to the Professional Practice Quality Assurance (PPQA) reviews mandated by the International Federation of Accountants (IFAC). The PPQA reviews assess member compliance with the professional and ethical standards and by accepting our engagement you acknowledge that, if requested by the IPA, our files relating to this engagement will be made available for the PPQA review. Should this occur, we will advise you.

You are required by law to keep full and accurate records relating to your tax affairs. It is your obligation to provide us with all information that would be reasonably be expected to allow us to perform the services for you under this engagement as requested. This includes you providing accurate and complete responses to questions asked of you by us. Inaccurate, incomplete or late information may have a material effect on our services or reports.

The *Taxation Administration Act 1953* now contains specific provisions that may provide you with "safe harbour" from administrative penalties for incorrect or late lodgement of returns. These safe harbour provisions will only be available to you if, amongst other things, you provide "all relevant taxation information" to us in a timely manner.

Accordingly, it is to your advantage that all relevant information is disclosed to us as any failure by you to provide this information may affect your ability to rely on the "safe harbour" provisions and will be taken into account in determining the extent to which tax practitioners have discharged their obligations to clients. It is your responsibility to show that you have brought all matters to our attention if you want to take advantage of the safe harbours created under the new regime.

If we require any documents or information from a third party, we will contact you first to seek your approval to contact the third party.

In conducting this engagement, information acquired by us in the course of the engagement is subject to 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 are bound by the provisions of the Privacy Act 1988 to maintain all records securely and in accordance with the provisions of that Act. Any breach of these requirements should be notified to the Privacy Commissioner. However, as noted above if we are subject to a PPQA review, your file may be reviewed as part of that process unless you specifically forbid it.

Losses from unauthorised cyber-activity

We will take all reasonable precautions to ensure that any electronic data that contains your private information is securely stored and that any email transmissions are protected and are not able to be intercepted by third parties. However, we cannot be held liable for any loss that you might incur as a consequence of any third party intervention that accesses, procures or copies any data that contains your private information from any medium or device we use to store or transmit such information.

In the event that, despite our firm having taken reasonable precautions to securely store your private information, you suffer any losses arising from unauthorised cyber-activity, you agree to forever release us from any claim for your losses.

Third Party Involvement

At times we may outsource some of our work which involves us entering into an agreement with a third party to provide specific processes, functions, services or activities for us.

These services may include:

- Accounting file preparation and/ or Data entry into our accounting systems
- Auditing of accounts (including Self-Managed Super Funds)
- Financial Planning and dealing with Financial Institutions
- Home Loan, Business Loan and Personal Loan Services
- Investment and Insurance Services

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

Use of “Cloud Computing”

We utilise “Cloud Computing” such as Xero (a cloud accounting system), Office 365 (a cloud email and calendar system), CCH CGT Reporter in the performance of services under this engagement.

These cloud computing systems store files on remote servers operated by third parties, including the use of hosting providers in the United States of America and in Singapore.

There is the ability for you to act as the Subscriber for Xero Business Edition subscriptions and to “invite” us into that subscription as an “invited user”, rather than having us act as the Subscriber to that subscription. Xero has different user roles, and in particular the Subscriber to a Xero subscription has the ability to control access rights to a Xero subscription.

If we are the Subscriber for your Xero Business Edition, we will always give you full access to your Xero subscription, including if the business relationship between us terminates or if there is a dispute between us. If you transfer your business to a new accountant, you will need to provide us

with the name and email address of your chosen new Xero Subscriber for us to transfer your Xero subscription.

We are bound by the Xero Partner Code of Conduct. This Code contains dispute resolution procedures and how your access to the Xero subscription will be maintained in the event of a dispute (including relating to non-payment of our fees) between us and you.

Each client in the Group hereby authorises us to disclose information relating to those clients' affairs to such "Cloud Computing" service providers as we may choose to engage

Single Touch Payroll (STP) reports

If instructed by you, we may assist in preparing STP reports with the ATO for the Group, based on the information provided to us by you, your employees or any third party authorised by you, without reviewing or verifying the payroll calculations, any relevant wage rates or the source documents relied upon to process each STP pay event.

We will only provide a lodgment service. We make no representations about the accuracy of the information submitted, the due date or whether it is received by the ATO. Our firm is not being engaged to perform, or check the accuracy of, payroll calculations associated with the STP reports. You and your employees are responsible for correctly preparing and processing each pay event, and for maintaining the necessary supporting documentation.

You and your employees are also responsible for calculating and remitting your PAYG withholding and Superannuation Guarantee liabilities with respect to each employee, for each relevant pay event.

Terms of Payment

A full account of professional fees, costs and disbursements will be provided. Unless otherwise agreed, terms are strictly 7 days from the date of invoice.

Should the account be unpaid by the due date, we reserve the right to use a debt collection agency or other legal means to recover fees outstanding. Debt collection agency costs will be charged to you.

Disclosure of other fees and commissions

We will disclose to clients any commissions or other fees received as a result of work undertaken and will fully comply with statutory requirements in relation to the disclosure of this information.

Documents

Before documentation is lodged on your behalf, we will forward the documents to you for your approval.

Documentation will be lodged with the relevant departments by the due dates, provided all information and documentation is received promptly after the Financial Year End or other statutory date. This will allow adequate time for preparation and lodgement.

If you are late in providing information, best efforts will be made to meet deadlines. No responsibility will be accepted for any late lodgement penalties incurred.

Responsibility for Accounting and Internal Control Systems

The responsibility for the maintenance of a business accounting system and internal control systems, including protection against and prevention of fraud, rest with you the client. You will also be responsible for the maintenance of books of account. This includes any work produced by a third party not engaged by this firm that is to be relied upon.

It is important to remember you are personally responsible for the information contained in any statutory return and that you must retain all necessary supporting documentation to substantiate transactions.

Quality Review

As a member of the Institute of Public Accountants, we are subject to periodic Public Practice Quality Assurance reviews. Unless otherwise advised, you are consenting to your files being part of such a quality review. This review is of our client records and not of you as a client and you have full assurances that complete confidentiality will be maintained throughout.

Standards

You will be provided the highest standard of professional service. If for any reason, you feel you have not received the service expected, please in the first instance, contact us to discuss.

Furthermore, as a member of the Institute of Public Accountants in public practice, we are subject to the ethical and professional requirements of the Institute of Public Accountants and its Investigations and Disciplinary processes. These requirements cover issues such as a Code of Ethics, adherence to Accounting and Auditing Standards, requirements to undertake Continued Professional Education and to hold trust money in a Trust Account.

Should there be an issue regarding our ethical or business practices, such matters may be referred to the Institute of Public Accountants for investigation. As a member of the Institute of Public Accountants we are also obliged to hold current Professional Indemnity insurance, and we warrant to you that our insurance cover is in accordance with the Institute of Public Accountants requirements.

Privacy Statement

We are bound by the provisions of the Privacy Act to maintain all your records securely and in accordance with the provisions of that Act. Any breach of these requirements should be notified to the Privacy Commissioner. As noted above in "Quality Review", your file, unless you specifically forbid it, may be subject to a Quality Review. As a Tax Agent, we are subject to the code of professional conduct established by the *Tax Agent Services Act 2009* (TASA), this code requires that unless legally required to we cannot disclose information to a third party without your permission.

Accounting and Record Keeping

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

- a) the bookkeeping for all business entities are maintained on a regular basis. It is recommended that all bookkeeping and record-keeping tasks be attended to weekly;
- b) reconciliations of bank accounts, debtors and creditors are performed at the end of each month for each of the business entities;
- c) a stock take will be performed during the last weekend in June for each entity holding trading stock.

Ownership of Documents

The final documents to be prepared under this engagement, together with any other original documents, shall remain your property. Documents prepared under this engagement, including general journals, working papers, the general ledger, and draft financial statements, remain the firm's property at all times. However, the *firm* will always provide you with copies of any documents you require.

Lien over Documents

In the event of the termination of our services, you are advised that a lien may be invoked over certain documents held until outstanding fees have been paid or other satisfactory arrangements made. A lien is a right to hold certain documents or property until the debt incurred in respect of that property/document has been satisfied. The lien however may not be held over property that belongs to another, including if held jointly, and does not cover statutory documents (e.g. a Tax Return, BAS or refund cheque). Should a lien be invoked, you will be provided with a copy of all documents subject to a claim of lien.

Additional Services

The agreed fee relates to the preparation and lodgement of the accounting statements and taxation matters detailed above. This fee includes the checking and forwarding of original

assessments and original payment notices received from the Australian Taxation Office and the Australian Securities and Investments Commission.

Please note that any additional services or advice requested are not included in this fee. These services will be charged on the basis of the time and skill required to complete the tasks, including any out of pocket expenses. Please note any correspondence from the Australian Taxation Office or ASIC that does not relate to initial assessments or original payment notices, will be treated as additional services.

Specific services to be provided are as follows:

BAS Returns

BAS returns are prepared quarterly and lodged during the financial year. It is not possible to review the correctness of the underlying financial information as part of the preparation of the quarterly BAS return.

This engagement is for the preparation of the annual accounts at the end of the financial year. Accordingly, the quarterly BAS returns will be based upon the financial information provided without review of primary source documents.

In doing so, it is assumed that the financial information provided by you is accurate, that the financial information correctly states the GST position; for example, that all input tax credits and GST payable amounts have been correctly recorded; that you have supporting documentation to satisfy the Australian Taxation Office for GST audit purposes; and that you hold valid tax invoices and adjustment notes for all expenditure incurred and for which an input tax credit is being claimed.

It is possible that, when the financial accounts are prepared, discrepancies are noted between the information disclosed in quarterly BAS returns and the annual financial statements. Any corrections and related fees will be documented at this time.

Financial Accounts

We *have* been engaged to prepare the annual accounts of the business entities in your group. This service includes the preparation of:

- a) a profit and loss statement;
- b) a balance sheet; and
- c) notes to the above accounts.

This service includes maintenance of the charts of accounts for the general ledgers of your business entities. It also includes telephone support in relation to the recording of specific transactions in the general ledger.

This service does not include the preparation of one-off accounts for presentation to your financiers, for which a separate fee shall apply.

Income Tax Returns

We have been engaged to prepare and lodge income Tax Returns for the business entities in your group (and for your family).

In addition to the basic financial information required to complete these Tax Returns, it is a requirement that taxpayers are able to substantiate their claims and it is expected that all source documentation will be available to allow analysis of the income tax implications of any transaction.

The fee for this service does not cover inquiries or investigations conducted by the Australian Taxation Office.

Client's disclosure and record keeping obligations

You are required by law to keep full and accurate records relating of your tax affairs. It is your obligation to provide us with all information that would be reasonably expected will be necessary to allow us to perform work contemplated under the engagement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of client

by the practitioner. Inaccurate, incomplete or late information could have a material effect on services and/or conclusions.

We need not verify the underlying accuracy or completeness of information from you if it appears reasonable. However, if we believe information is missing, incorrect or misleading, we will need to seek further assurance from you.

The *Taxation Administration Act 1953* now contains specific provisions that may provide you with “safe harbour” from administrative penalties for incorrect or late lodgement of returns. These safe harbour provisions will only be available to you if, amongst other things, you provide “all relevant taxation information” to us in a timely manner (the safe harbour provisions apply from 1 March 2010). Accordingly, it is to your advantage that all relevant information is disclosed to us as any failure by you to provide this information may affect your ability to rely on the “safe harbour” provisions and will be taken into account in determining the extent to which tax practitioners have discharged their obligations to clients. It is your responsibility to show that you have brought all matters to our attention if you want to take advantage of the safe harbours created under the new regime.

Client’s rights and obligations under the taxation laws

Taxpayers have certain rights under the taxation laws, including the right to seek a private ruling from the Australian Taxation Office (ATO) or to appeal or object against a decision made by the Commissioner. Taxpayers also have certain obligations under the Australian taxation laws, such as the obligation to keep proper records and the obligation to lodge returns by the due date. We must keep you informed of any specific rights and obligations that may arise under the Australian taxation laws.

Tax Practitioners obligation to comply with the law

We have a duty to act in our client’s best interests. However, the duty to act in our client’s best interests is subject to an overriding obligation to comply with the law, even if that may require us to act in a manner that may be contrary to your directions. For example, we could not lodge an income tax return that we believe to be false in a material respect.

Fringe Benefits Tax Returns

We may have also been engaged to prepare and lodge the FBT returns for your business entities. Please note that with the introduction of GST, it is no longer possible to prepare an FBT return from the information contained in the general ledger. It is necessary to revert to source documentation to analyse the FBT implications of transactions.

The fee for this service includes telephone advice for the preparation of the annual FBT return, the cost of an annual review of opportunities for the reduction of FBT expense on the annual FBT return, and the calculation of Reportable Fringe Benefits Tax Amounts to be included on the annual payment summaries for any employees (including family members employed in your business).

Superannuation

We may have also been engaged to attend to the income tax compliance work for your superannuation fund. This assignment will involve:

- Preparation of the superannuation fund’s accounts for the purposes of the Superannuation Industry Supervision Act (the 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 SMSF annual return is lodged. Therefore, trustees of the fund must ensure that they provide the fund accounting records on a timely manner to allow these tasks to be completed.
- With respect to the annual audit of the SMSF referred to above 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.
- It may also be required under the SIS Act that an actuarial certificate be completed where assets of the fund are un-segregated and both a pension phase and accumulation phase are evident.

Where an actuarial certificate is required this office will make arrangements for the certificate to be undertaken by an external party whereby you will be billed directly and liable for all costs associated with the completion of the actuarial certificate.

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 any 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 service for the investments of the superannuation fund or for any planning advice for your future retirement planning needs.

This service does not cover any inquiries made by or investigations conducted by the Australian Taxation Office.

Previous Returns

It is noted that *we are not* engaged to review the accuracy of previous returns lodged by your organisation including that of the Principals, Partners, Trustees, Directors, Shareholders or Beneficiaries. You have warranted that reliance can be placed on the balance sheet(s) and other financial records presented by you for this purpose.

Commonwealth and State Taxes and Duties

It is noted that any Commonwealth *and/or* State Taxes and Duties, including the Goods and Services Tax (GST), imposed by legislation will be due and payable together with any other fees.

Finally

If at anytime you feel unhappy with any of our services, please contact one of our Directors for a confidential discussion.