



FARROW.WYATT



Standard Terms of Engagement
and
Terms of Business

» Accounting Services

Accounting Services

The services to be provided to you will be described in our engagement letter. We set out below the standard terms of engagement for the most common services provided.

Compilation of Financial Statements

From information you provide, we will compile special purpose financial reports for each company, trust, trading partnership and other entities as required for the relevant year, comprising an operating statement and balance sheet, related notes and our report. We will compile and forward the following financial reports to you on a yearly basis unless agreed more frequently:

- a. Operating statement
- b. Balance Sheet
- c. Divisional operating statements (if applicable)

We will rely on you for both the completeness and accuracy of the information supplied to us and you are solely responsible to users of the special purpose financial reports compiled by us. This includes your responsibility for the maintenance of adequate accounting records, an adequate internal control structure and the selection and application of appropriate accounting policies.

Specifically you will be responsible for:

- a. invoicing customers, banking and payment of accounts;
- b. keeping records of receipts and payments;
- c. reconciling balances monthly with bank statements;
- d. keeping posted and balanced the debtors ledger;
- e. keeping posted and balanced the creditors ledger;
- f. categorising the input data for processing;
- g. processing the data into your accounting software;
- h. maintenance of all books and records;
- i. preparation of lists of debtors, bad debts written off, creditors and stock on hand as at balance date.

Our procedures will not include verification or validation procedures. No audit or review will be performed and accordingly no assurance will be expressed or implied.

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 which may come to our attention.

The information will be compiled in accordance with the accounting policies you have indicated as appropriate. These policies and any known departures therefrom will be disclosed. The information will also be compiled in accordance with APES 315, Compilation of Financial Information.

Taxation Services

Income Tax

We will compile income tax returns for each entity which is required to lodge an income tax return unless instructed otherwise.

In compiling the income tax returns we will exercise due care and skill. However, the Income Tax Assessment Act places responsibility for the contents of the return with the taxpayer. Therefore, you should carefully check the income tax return before signing.

We will also check and process any information relating to each tax return including, but not limited to, income tax assessments and PAYG assessments.

Goods & Services Tax

We will compile Business Activity Statements for all entities in your group which are registered for Goods and Services Tax, PAYG Withholding or Fringe Benefits Tax.

In compiling the Business Activity Statements we will exercise due care and skill. However the New Tax System (Goods and Services Tax) Act places responsibility for the contents of each return remains with the taxpayer. Therefore, you should carefully check each statement prior to signing.

We will submit each Business Activity Statement to the Australian Taxation Office following receipt of an original signed return.

We will check and process any correspondence received from the Australian Taxation Office in relation to each statement.

Fringe Benefits Tax

We will prepare a Fringe Benefits Tax (FBT) return for all entities in your group which are registered for FBT based on the information you have provided to us. In preparing the return we will also prepare all necessary declaration and elections required to be kept.

In compiling the return we will exercise due care and skill. However the Fringe Benefits Tax Act places responsibility for the contents of each return remains with you. Therefore, you should carefully check each return prior to signing.

We will electronically submit the return to the Australian Taxation Office on your behalf.

We will check and process all information received from the Australian Taxation Office in relation to the return.

Land Tax

Farrow Wyatt will be engaged for preparation and lodgement of all returns relating to Land Tax administration to the Office of State Revenue including registration for land tax, initial land tax returns and variation returns.

»» 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, income tax returns, management reports and business activity statements. Ownership of these documents will vest with the client. All other documents produced by us in respect of this engagement including our working papers, general journals, general ledgers and draft documents, will remain the property of the Firm.

The Firm has a policy of exploring a legal right of lien over any client documents, electronic or otherwise, in our possession in the event of a dispute.

»» Payroll Services

Payment Summaries

We will prepare payment summaries and annual reconciliations for all entities in your group which are registered for Pay As You Go (PAYG) Withholding based on the information you provide to us.

In compiling the payment summaries and annual reconciliations we will exercise due care and skill. However the responsibility for the contents of each payment summary and annual reconciliation remains with you. Therefore, you should carefully check each payment summary and annual reconciliation prior to signing.

We will electronically submit the payment summary information to the Australian Taxation Office on your behalf.

Payroll Tax Returns

We will be responsible for preparing and submitting monthly payroll tax returns and the annual reconciliation to the Office of State Revenue for all entities in your group which are registered for payroll tax.

Workers Compensation Annual Wages Declaration

As we are no longer required to review workers compensation policies by law, you will be responsible for preparing and submitting Workers Compensation wages declarations for all entities in your group which hold Workers Compensation policies. We will not review or audit the declaration prior to lodgement with the insurer unless you specifically request us to.

Payroll Processing

Farrow Wyatt will be responsible for preparing the payroll for staff including preparation of payslips, lodgement of Instalment Activity Statements reporting PAYG Withholding and lodgement of superannuation returns as required.

Terms of Business

This document together with the Engagement Letter and, where applicable, any subsequent Confirmation Letter, form the Contract between the client and Farrow Wyatt (referred to as “We” and “Our”). The references defined in the Engagement or Confirmation Letter have the same meaning in these Terms of Business.

» Services

We will provide the services described in the Engagement Letter and any subsequent Confirmation Letter.

Our work will be based solely on the information provided, the circumstances made known to us and the assumptions set out in our correspondence. We rely on you bringing to our attention as soon as possible any changes in the information as originally presented as it may have an impact upon our advice.

Changes in the law and its interpretations may take place before our advice is acted upon or may be retrospective in effect. Unless specifically stated in the engagement letter we accept no responsibility to inform you of changes in the law or interpretations affecting advice previously given by us.

Some of the matters on which we may be asked to advise on (eg employee share schemes, superannuation funds) may have personal tax implications for directors and employees for which we are not responsible unless specifically instructed to address on an individual basis.

Time Scale

We will use our best endeavours to carry out our obligations in accordance with the time scales set out in the Engagement or Confirmation Letters or as otherwise agreed. However, unless both parties specifically agree otherwise in writing, the dates contained in the Engagement or Confirmation Letters or otherwise advised are indicative dates intended for planning and estimating purposes only and are not contractually binding.

Changes to Services

Either of us may request changes to the services to be provided or changes to any other aspect of the Terms of Business but no such changes take effect unless agreed in writing. Both parties agree to work together to enable both parties to assess the impact of any requested changes on the cost, timing or any other aspect of the services.

Farrow Wyatt Team

Where specific Farrow Wyatt partners and staff are named in the Engagement or Confirmation Letters, we will use reasonable efforts to ensure that these people are available to provide the services for you. Where any changes are necessary, we will give you reasonable notice of the changes.

» Reporting

We will report to you in accordance with the terms set out in the Engagement or Confirmation Letters. You may make copies of any reports for your own internal use but you must not provide the report or copies to any third party without first obtaining our written consent. Such consent will only be granted on the terms we deem appropriate which will include that we accept no duty or responsibility to any other party who may seek to rely on our report. In some cases appropriate releases from third parties may be required.

Intellectual Property

Farrow Wyatt control and own all intellectual property rights in all documentation, systems, materials, methodologies and processes brought to the assignment or created in the course of the assignment and shall remain and be vested in Farrow Wyatt.

» Information

You agree to provide in a timely fashion all information and documents reasonably required to enable us to provide the services. Unless otherwise stated in the Engagement or Confirmation Letter, we will not independently verify the accuracy of such information and documents and we will not be liable for any loss or damage arising from any inaccuracy or other defect in any information or documents supplied by you.

» Fees and Payment

How fees will be calculated

Fees for the Services will be charged on the basis set out in the Engagement or Confirmation Letter. Where these letters do not state the basis on which our fees will be charged, our fees will reflect time spent and such other factors as complexity, monetary values involved, specialist input required and the urgency of the matter. Goods and services tax ("GST") at the prevailing rate will be added to and forms part of our fees.

Our total fees or hourly rates and, where applicable, out of pocket expenses (our "Billings") are based on the currently applicable GST rate (except where we have assessed that the services to be provided GST free). If this GST rate changes, our Billings will be adjusted to reflect the change.

Expenses

All charges are exclusive of expenses unless the Engagement or Confirmation Letter states otherwise. We will charge you out of pocket expenses such as reasonable travel, subsistence and document handling costs (photocopying, printing, fax and courier, etc) incurred in connection with the services. The charges will be calculated as the amounts incurred by us (net of any applicable GST input tax credit to which we are entitled) plus GST as applicable. Any special expense arrangements will be agreed and set out in the Engagement or Confirmation Letter.

Payment of Invoices

Unless specifically agreed otherwise, your obligation to pay us fees and expenses to which we are entitled will not arise until we have issued a fee account to you. Where an amount for GST is stated to be a component of the fees and expenses, our fee account will comply with the law specifying what a "tax invoice" is for GST purposes.

Our invoices will be issued on a monthly basis or as set out in the Engagement or Confirmation Letter. All invoices will be due for payment within 14 days of issue. Farrow Wyatt retains the right to charge a commercial rate of interest on accounts which are overdue by more than one month.

»» Term and Termination

Duration of Contract

This Contract will apply from the commencement date stated in the Engagement or Confirmation Letter, if any, or where no commencement date is specified from the date of acceptance of the Contract as specified in the Engagement or Confirmation Letter.

Termination

The Contract may be terminated by either party by written notice if either party fails to remedy a material breach of these Terms of Business.

Otherwise the contract may be terminated by either party provided 60 days written notice of such termination is given.

»» Confidentiality

We will not disclose any information relating to your affairs to any third party, without your consent, unless required by law. You may provide us with permission to disclose your confidential information in certain circumstances, or place conditions on the disclosure of certain confidential information. If you do so, we will have permission to disclose the relevant information accordingly, in the performance of our services, unless you instruct us otherwise in writing.

To afford the maximum protection to your confidential interests, all employees of Farrow Wyatt are employed under a service contract which contains a clause strictly forbidding the unauthorised disclosure of information.

» Liability

Farrow Wyatt will use reasonable skill and care in the provision of the Services to Clients as set out in the Engagement or Confirmation letter.

To the extent permitted by law, Farrow Wyatt excludes all warranties, conditions or terms, other than those expressly set out in these terms and conditions including, but not limited to all warranties, conditions or terms implied in fact or by law. Nothing in this engagement letter has the effect of excluding, restricting or modifying any non-excludable statutory condition, warranty, guarantee, right, remedy or other benefit that is preserved for client by the Trade Practices Act 1974 (Cth) (or any other legislative provision).

Where Farrow Wyatt is not entitled to exclude a warranty, condition or term implied in fact or by law, and to the extent permitted by law, Farrow Wyatt's liability for breach of any such warranty, condition or term is limited to:

- a. in the case of Services, at the option of Farrow Wyatt, either the resupply of the Services or payment of the cost of having the Services resupplied; and
- b. in the case of documentary deliverables or materials, at the option of Farrow Wyatt, either the resupply of the deliverables or materials or payment of the cost of having the deliverables or materials resupplied.

In all other instances, the total aggregate liability of Farrow Wyatt to the Client for loss or damage, caused by, or resulting from, or in relation to, the Services, including whether arising from breach of contract, negligence, or any other tort, in equity or otherwise, and whether or not Farrow Wyatt was advised of the possibility of such loss or damage, is limited (to the extent permitted by law) to the amount disclosed in the Engagement or Confirmation Letter.

To the extent permitted by law, Farrow Wyatt excludes all liability for any indirect, incidental or consequential expenses, exposures, losses, damages or costs (including, without limitation, loss of profits or revenue, business interruption, loss of data, or failure to realise anticipated savings or benefits) whatsoever incurred by or awarded against the Client arising in any way out of or in relation to this contract (including as a result of the negligence of Farrow Wyatt or any third party).

Farrow Wyatt and Client agree that, where the Professional Standards Act 1994 (NSW) (the Act) applies to limit the liability of Farrow Wyatt, it overrides any clause in these terms and conditions that provides for a limit of liability in excess of the amounts provided by the Act, but does not override any clause that provides for a limit of liability below the amounts provided by the Act. Further information on the scheme is available from the Professional Standards Council – www.professionalstandardscouncil.gov.au

You agree that if you make any claim against us for loss as a result of a breach of our contract, and that loss is contributed to by your own actions, then liability for your loss will be apportioned as is appropriate having regard to the respective responsibility for the loss, and the amount you may recover from us will be reduced by the extent of your contribution to that loss.

» Indemnity Against Third Party Liability

The Client shall indemnify and hold harmless Farrow Wyatt and its partners, consultants and employees from and against any loss, expense, damage or liabilities (or actions that may be asserted by any third party) that may result from any third party claims arising out of or in relation to the provision of the services or any use by you of any deliverable item under this engagement and will reimburse Farrow Wyatt for all costs and expenses (including legal fees on a solicitor client basis) incurred by Farrow Wyatt in connection with any such action or claim.

» Documents

It is our practice to destroy documents belonging to us after they are more than seven years old. Your acceptance of these terms includes your consent for us to destroy any documents that strictly belong to you which have been filed amongst our own papers.

Farrow Wyatt may use an electronic document management system. In that instance, all documents received from clients are scanned and stored electronically. Your acceptance of these terms includes your consent for Farrow Wyatt to destroy any hard copy documents received from you.

» Your disclosure and record keeping obligations

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 you reasonably expect will be necessary to allow us to perform work contemplated under an engagement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of you by us within a reasonable timeframe. Inaccurate, incomplete or late information could have a material effect on our services and/or our conclusions and may result in additional fees. We will not verify the underlying accuracy or completeness of information you provide to us.

You are also required to advise us on a timely basis if there are any changes to your circumstances that may be relevant to the performance of our services. Specifically, if any subsequent event results in the information you provided to us being inaccurate, incomplete or misleading, then you are obliged to advise us as soon as possible. We take no responsibility to the extent that our advice is inaccurate, incomplete or misleading because it is based on inaccurate, incomplete or misleading information being provided to us.

By accepting the terms of engagement, you will be taken to have agreed that the performance of our services is dependent on the performance of your obligations relating to disclosure and record keeping.

The Taxation Administration Act 1953 contains specific provisions that may provide you with 'safe harbours' from administrative penalties for incorrect or late lodgement of returns if, amongst other things, you give us 'all relevant taxation information' 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 we have discharged our obligations to you.

You are also required to advise us if you become aware of any conflict of interest or potential conflict of interest. Generally, a conflict of interest is any event which may result in us becoming unable to remain objective in the performance of our services to you. Some examples of events which could give rise to a conflict of interest or potential conflict of interest during an engagement are changes to your business circumstances, events affecting your family (eg. death and/or marriage breakdown) or a legal action commencing against you.

Your rights and obligations under the taxation laws

You 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. As relevant, we will provide further information to you concerning your rights under the Australian taxation laws during the conduct of the engagement. Information provided will be limited to the scope of the engagement as agreed upon by us.

You 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.

As part of our services, we will keep you informed of any specific rights and obligations that may arise for you under the Australian taxation laws. Information provided will be limited to the scope of the engagement as agreed upon by us.

» Trust account

We maintain a separate trust account for dealing with all money and property received from you or on your behalf, except for amounts received from you in payment of our fees. We may apply these funds in payment of our bill with your written authorisation.

Our obligation to comply with the law

We have a duty to act in your best interests. However, the duty to act in your 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 interests. For example, we could not lodge an income tax return for you that we knew to be false in a material respect.

We also have an obligation to ensure that we manage conflicts of interest as they arise. In this regard, we have arrangements in place to ensure that we manage potential or actual conflicts of interest. The effective operation of these arrangements depend, in part, on you complying with your obligation to disclose any potential conflicts of interest to us (see your rights and obligations, above).

Our advice and/or services will be based on Australian taxation law in force at the date of the provision of the advice and/or services. It is your responsibility to seek updated advice if you intend to rely on our advice at a later stage. We note that Australian taxation laws are often subject to frequent change and our advice will not be updated unless specifically requested by you at the time of the change in law or announced change in law.

» Communications

During our performance of the Services we may wish to send messages and/or documents to each other by electronic means. As electronic communication carries with it the possibility of inadvertent misdirection, or non-delivery of confidential material, unless you notify us otherwise you consent to the use of electronic communication in accordance with the clauses below.

Where messages are sent electronically, we will adopt the following procedures and require you to do likewise:

- a. If sending a confidential e-mail message, the sender will indicate if a response is not wanted in an electronic form. All risks connected with sending electronically commercially sensitive information relating to your business are borne by you and are not our responsibility. If you do not accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.
- b. Both parties will carry out procedures to protect integrity of data, in particular, it is the recipient's responsibility to carry out virus checks on all electronic despatches before launching any documents, whether received on disk or otherwise.

» Exclusivity

Farrow Wyatt will not be prevented or restricted by anything in this Contract from providing services for other clients.

» Privacy of Personal Information

Disclosure by you of personal information to us in the course of our engagement is subject to the Privacy Act 1988 (“The Privacy Act”). Accordingly the Services are provided on the basis that you will only disclose personal information about an individual to us:

- a. for a purpose related to the performance of the Services;
- b. provided you have made all disclosures required under the Privacy Act;
- c. provided you have obtained any consents required under the Privacy Act; and
- d. provided to do so would not otherwise breach the Privacy Act.

As we rely on you to fulfill these obligations you will indemnify Farrow Wyatt, its partners and staff, against any claim, loss or expense resulting from your failure to make any disclosure or obtain any consent required under the Privacy Act or otherwise to comply with the Privacy Act.

If the performance of the Services requires a third party to supply personal information to us upon your request, it is your obligation to ensure that the third party complies with clauses (a) to (d) above and you will indemnify us against any claim, loss or expense resulting from that party’s failure to do so, or to otherwise comply with the Privacy Act.

» General

Entire Agreement

This Contract encapsulates the Engagement or Confirmation Letter and Terms of Business, and forms the entire agreement between us relating to the services. It replaces and supersedes any previous proposals, correspondence, understandings or other communications whether written or oral.

Engagement Letter to take Precedence

In the event of any conflict between these Terms of Business and the Engagement or Confirmation Letter, the Engagement or Confirmation Letter will take precedence.

Assignment

Neither party may, nor have the power to, assign or otherwise deal with its rights or obligations under this Contract without the prior written consent of the other party, except that Farrow Wyatt may without consent assign or novate this Contract to a successor of the business of Farrow Wyatt to which this Contract relates.

Auditor Independence

Should circumstances change and we are no longer permitted to provide a service to you because of auditor independence rules or legislation, we reserve the right to vary our engagement letter with your agreement so that we and you would not be in breach of such rules or legislation or to terminate the relevant services. Where an engagement is terminated for these reasons, you will pay for all services provided up to the date of termination.

Notices to produce documents

If we receive any legally enforceable notice or demand issued by a third party, including the Australian Securities and Investments Commission, Australian Taxation Office, Australian Stock Exchange, any government statutory body or instrumentality, or any court or tribunal in relation to or in connection with the services you agree to pay our reasonable professional costs and expenses (including solicitor client expenses) in complying with or challenging any such notice or demand to the extent that our costs and expenses are not recovered or recoverable from the party issuing the notice or demand.

» Force Majeure

Neither party will be liable to the other for any delay or failure to fulfill their obligations under this Contract to the extent that any such delay or failure arises from causes beyond their control, including but not limited to fire, floods, acts of God, acts or regulations of any governmental or supranational authority, war, riot, terrorist activities, strikes, lockouts and industrial disputes.

» Staff

Farrow Wyatt makes a substantial investment in the selection, appointment and ongoing training of staff to provide you with a high level of professional service at all times.

You agree not to approach or engage either directly or indirectly any Farrow Wyatt staff member to be employed within your organisation, a related party or related corporation where the employee has been engaged by Farrow Wyatt to provide services to you as part of your engagement at Farrow Wyatt. Should a Farrow Wyatt staff member be subsequently employed by your organisation, related party or related corporation within a period of twelve (12) months from the date of completion of any assignment for you, a placement fee of 25% of that staff member's annual salary will be payable to Farrow Wyatt within seven (7) days of the offer of employment to the staff member.

You acknowledge that the placement fee is fair and reasonable having regard to the skills, qualifications and experience associated with the services provided by Farrow Wyatt.



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