



Dear Client,

Re: Engagement Letter

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 taxation, accounting and advisory services which will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB), including the *Code of Ethics for Professional Accountants* (the Code). 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 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 your ability to continue its business or to avoid material penalty, we will discuss the matter with the appropriate level of management, those charged with governance or the internal auditor, as appropriate, to enable you to rectify, remediate or mitigate the consequences of the identified or suspected non-compliance or deter the commission of the non-compliance where it has not yet occurred. We will consider whether to communicate the non-compliance or suspected non-compliance with 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.

This engagement includes the preparation of Financial Statements and Income Tax Returns, year end tax planning and any special assignments required by you which will be prepared for distribution to the business owners for the agreed purpose. There is no assumption of responsibility for any reliance on our reports 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.

Period of Engagement

This engagement will start from 1 July 2019. The first period for which we will be responsible is the 2019 financial year. We will not deal with earlier periods unless you specifically ask us to do so and we agree.

Note that APES 305 Terms of Engagement requires you to consider the following factors when assessing the need to reissue or amend an engagement document: any indication that the client misunderstands the objectives and scope of the engagement; any significant changes in the engagement; any significant changes in the professional services to be provided or the terms of engagement; a recent change in client management or ownership; a significant change in the nature or size of the client's business; any significant changes to professional standards; any changes to legal or regulatory requirements.

This engagement document will be effective for future years unless we issue an amended one to you.

Responsibilities

In conducting this engagement, information acquired by us in the course of the engagement, including any information relating to your affairs whether it belongs to you or not or is provided by you or not, 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 regulations, or with your express consent unless, we determine that disclosure of the non-compliance or suspected non-compliance to an appropriate authority is an appropriate course of action in the circumstances.

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 Limited 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.

We may collect Personal Information about you, your representatives, your clients and others when we provide services to you. If we do, you agree to work with us to ensure that we both meet the obligations that we each may have under the *Privacy Act 1988 (Cth)* (as amended) (**Privacy Act**). The obligations may include notifying the relevant person to whom the personal information relates who we are and how we propose to use their personal information. Where you have collected personal information, you confirm that you have collected the personal information in accordance with the Privacy Act, that you are entitled to provide this personal information to us and that we may use and disclose the personal information for the purpose/s we provide our services to you. We will handle personal information in accordance with the Privacy Act.

You are responsible for the reliability, accuracy and completeness of the accounting records, particulars and information provided and disclosure of all material and relevant information. You are 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 you is only an opinion based on our knowledge of your particular circumstances. You or your staff are responsible for maintaining and regularly balancing all books of accounts, and the maintenance of an adequate accounting and internal control system. You have obligations under self assessment to keep full and proper records in order to facilitate the preparation of accurate returns. It is your responsibility to keep those records for five (5) years.

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

A taxpayer is responsible under self assessment to keep full and proper records in order to facilitate the preparation of a correct return. Whilst the Commissioner of Taxation will accept claims made by a taxpayer in an income tax return and issue a notice of assessment, usually without adjustment, the return may be subject to later review. Under the taxation law such a review may take place within a period of up to four (4) years after tax becomes due and payable under the assessment. Furthermore, where there is fraud or evasion there is no time limit on amending the assessment. Accordingly, you should check the return before it is signed to ensure that the information in the return is accurate.

Where the application of a taxation law to your particular circumstances is uncertain you also have the right to request a private ruling which will set out the Commissioner's opinion about the way a taxation law applies, or would apply, to you in those circumstances. You must provide a description of all of the facts (with supporting documentation) that are relevant to your scheme or circumstances in your private ruling application. If there is any material difference between the facts set out in the ruling and what you actually do the private ruling is ineffective.

If you rely on a private ruling you have received, the Commissioner must administer the law in the way set out in the ruling, unless it is found to be incorrect and applying the law correctly would lead to a better outcome for you. Where you disagree with the decision in the private ruling you can lodge an objection against the ruling if it relates to income tax, fuel tax credit or fringe benefits tax. Your time limits in lodging an objection will depend on whether you are issued an assessment for the matter (or period) covered by the private ruling.

Failure to keep appropriate records on tax claims may involve imposition of penalties and interest, including not maintaining the appropriate records and documents for up to five years. Where those assessments submitted later found to be incorrect, the Commissioner may amend your income tax assessments. In addition to any tax assessed, you may be liable for penalties and interest charges.

Involvement of Others

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

Storage of Personal Information

By signing this letter and accepting these services you acknowledge and agree that your personal information may be stored overseas.

Fees

The fee arrangement is based on the expected amount of time and the level of staff required to complete the services as agreed. We anticipate issuing a fee invoice upon completion of providing the agreed services.

In the event where your overdue account is referred to a collection agency and/or law firm, you will be liable for all costs which would be incurred as if the debt is collected in full, including commission on collection of the additional costs and also including legal demand costs.

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 you arising from the engagement shall remain your property. 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 and reports as required. Ownership of these documents will vest in you. All other documents produced by us in respect of this engagement will remain the property of the firm, subject to any statutory obligations.

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

Electronic Delivery of Completed Work

Stewart, Tracy & Mylon intend to provide your completed tax returns, financial statements and other reports or information via the STM Client Portal to enable prompt and secure delivery of your documents. Our "Virtual Cabinet" allows you to receive, review, sign and return your documents digitally in a secure and timely manner. You can access the portal on any device with internet and email capability. Importantly, your documents remain on your portal, so you can access them anytime you need to in the future.

If we have a valid email address for you, we will automatically initialise a portal for you. If you wish to still receive your reports and documents by mail, please send an email to reception@st-m.com.au stating that you wish to opt out of Electronic Delivery.

Please note that we require a separate email address for each signatory or portal user.

More information and a step-by-step guide is available on our website www.st-m.com.au Click on the Client Portal tab at the top. You will receive an invitation to join the client portal when your work is completed.

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 faithfully,
STEWART, TRACY & MYLON

Signed on behalf of STM	
Director, Stewart Tracy and Mylon	Date

Acknowledged on behalf of *<insert client's name>* by:

Signature of client	
Client Entities:	•
<i><insert name and title></i>	Date