

ENGAGEMENT AGREEMENT

The purpose of this document is to set out our understanding of the terms of our engagement and the nature and limitations of the services our office will provide.

We are available to assist and advise in your business and accounting matters and will endeavour to meet your statutory, corporate and taxation reporting obligations not undertaken by yourself. We will provide these services in accordance with relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board (APESB).

Although we will notify you ahead of major reporting dates, we do seek your assistance in providing us with all relevant information on a timely basis. We normally require six weeks from the time of receiving your records to lodging tax returns with the Tax Office. This is as a result of our Quality Assured status and the processes that are a necessary consequence.

We generally request our clients to attend to as much bookkeeping, reconciliation and analysis work as possible. We can provide training and assistance in these areas if required. However, we are pleased to undertake this work on your behalf if you would prefer.

SPECIFIC TASKS

Our office will provide the following services, based on your instructions and requests:

- Preparing and lodging the personal income tax returns including any supporting schedules or documents as required to be lodged with the Tax Office and calculation of any tax payable or refundable.
- Preparing and lodging the income tax return for the Company/Trust/Partnership, including preparation of financial statements and any supporting schedules as required.
- Preparing and lodging Business Activity Statements (BASs) and Instalment Activity Statements (IASs);
- Attending to pay-roll tax returns and registrations, if applicable.
- Preparing interim financial accounts and cash flow statements.
- Advising on income tax matters as and when required or requested to do so, including attending to any Tax Office queries and errors made by the Tax Office.
- Preparing and lodging the Fringe Benefits Tax (FBT) return and advising on FBT matters, if applicable.
- Attending to any corporate secretarial requirements, as required;
- Attending to any income tax or business matter that you may instruct us to undertake, such as a special assignment relating to business valuation or re-structure, estate or succession planning and other similar matters.

We will not deal with earlier periods unless you specifically ask us to do so and we agree.

GST

Where you use a cashbook or an accounting package to record income and expenses, including GST paid and collected, and prepare your own Business Activity Statements and/or Instalment Activity Statements, our office will only be conducting random checks on the GST components as it would not be cost effective to you for our office to check every single

transaction to ensure that the GST paid and collected is accurate. We will, however, prepare a reconciliation of your accounts to the BASs lodged with the Tax Office to ensure consistency.

COMPILATION OF FINANCIAL REPORTS

On the basis of the information you provide we will compile, in accordance with APES 315 "Compilation of financial information", a special purpose financial report for all of your entities where they are either required or are of benefit to you. Our procedures use accounting expertise to collect, classify and summarise the financial information that you provide into a financial report. Our procedures will not include verification or validation procedures. No audit or review will be performed and therefore we will not be expressing an opinion as to the truth and fairness of these reports.

All financial statements, related reports and tax returns produced by us and provided to you will belong to you. All other documents produced by us in respect of this engagement will remain our property.

NATURE AND LIMITATIONS

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

The special purpose financial report will be prepared exclusively for your benefit. We will not accept responsibility to any other person for the contents of the financial report. No person should rely on the financial report without having an audit or review conducted.

Our engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts or errors that may exist. However, we will inform you of any such matters which may come to our attention. Any advice given to you is only an opinion based on our knowledge of your particular circumstances.

Please also be aware that with respect to taxation matters it is your responsibility alone to ensure that all material facts are disclosed to the Australian Taxation Office and all taxpayers should be aware of their obligations under self-assessment to keep full and proper records in order to facilitate the preparation of accurate returns.

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 up to 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. Penalties apply for incorrect returns.

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 the circumstances. You must provide a description of all of the facts (with supporting documentation) that are relevant to your scheme or circumstances in your private ruling application. If there is any material difference between the facts set out in the ruling and what you actually do the private ruling is ineffective.

If you rely on a private ruling you have received, the Commissioner must administer the law in the way set out in the ruling, unless it is found to be incorrect and applying the law correctly would lead to a better outcome for you. Where you disagree with the decision in the private

ruling, or the Commissioner fails to issue such a ruling, you can lodge an objection against the ruling if it relates to income tax, fuel tax credit or fringe benefits tax. Your time limits in lodging an objection will depend on whether you are issued an assessment for the matter (or period) covered by the private ruling.

Information acquired by us in conducting this engagement is subject to strict confidentiality requirements. That information will not be disclosed by us to other parties except as required or allowed for by law and professional standards, or with your consent.

We have engaged 'hammerjack' as our outsourced service provider to assist in the preparation of your financial statements and income tax returns, as required. They are located in the Philippines and Sydney and have provided us with a dedicated qualified accountant who, while operating from an office at their premises in the Philippines or from their home, will remotely operate a computer located in our office here in Perth. As such, your data will be stored here in Perth and access to it will continue to be subject to the same encryption and data security processes applicable to work performed onsite.

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

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

Our firm has a system of quality control, which has been established and maintained in accordance with the relevant APESB standard. Our files may be subject to review as part of CPA Australia requirements. If requested, our files relating to this engagement may be made available under this programme. Should this occur, we would advise you and seek your consent.

PROFESSIONAL FEES

Our fees are based on the time required by the individual assigned to the engagement plus direct disbursements.

All time spent by our office, including phone calls and emails, will be recorded in six minute units of time translated into fees by applying the relevant charge out rates. The charge-out rates are subject to regular review. Any travelling time incurred will be charged at the applicable charge- out rate of the staff involved in the assignment.

Our current hourly rates for fees are displayed on our website www.slf.com.au.

Increased rates may apply to work that is unusually urgent or complex, or demands special skills.

Please note that our fees for professional services are generally billed on a 'completion of work' basis and are payable within 14 days of receipt of the account. Any 'on going' work done will be billed at least on a quarterly basis. Should there be any queries regarding our

fees, it would be appreciated if you could contact our office immediately upon receipt of your account.

Where the work done by our office relates to the financial affairs of a company or a trust, the arrangement at all times is that you will be personally responsible for our fees and charges.

INTEREST ON LATE PAYMENT OF FEES

We advise that interest may be charged on overdue accounts at the prevailing overdraft rate. Every opportunity will be given to you to provide an explanation for the lateness in the payment of the account and to suggest an appropriate repayment plan.

EFFECT OF NON-PAYMENT OF FEES

Our office policy is to give every consideration to your circumstances prevailing at the time. However, in all fairness to the 'paying' clients, we may have no choice but to cease providing services to you until all outstanding amounts are paid. We wish to point out that we will have full lien over all the books and accounts until our fees are paid in full. This lien is subject to a dispute resolution process.

CORRESPONDENCE TO AND COMMUNICATION WITH OUR OFFICE

For security purposes, we strongly recommend that the postal address be used for all correspondence to our office. We do not have a facility to allow for the after-hours depositing of records or documents, so please endeavour to pick up or drop off these items during our normal office hours of 9am to 5pm.

TAX AUDIT INSURANCE

Simmonds Le-Fevre provides audit insurance to cover the professional fees incurred in preparing all relevant documentation and responses to the Australian Taxation Office, or any other government agency conducting an audit, review or investigation. This Audit Shield policy, underwritten by Vero Insurance Ltd, covers these costs (up to a prescribed limit) relating to both the current and all previous year's returns and is valid while the client remains a client of Simmonds Le-Fevre. The premium is generally tax deductible.

This cover does not automatically extend to you. If you are interested in participating in the Audit Shield service, please contact us.

FUTURE YEARS

This letter will be effective for future years unless we advise you of any change in our agreement.

If you have any queries about these terms please don't hesitate to contact us.



MARK NICHOLSON
Principal



LYNDA MACPHERSON
Principal