

KGA LIMITED

2011 Financial Statements Business Questionnaire

Ensure this questionnaire is completed and included with your records that are sent to us.

Client Name			
IRD Number		Balance Date	

To: KGA Limited

Terms of Engagement

I/We hereby instruct you to prepare my/our Financial Statements and Taxation Returns for the year/period ending 31 March 2011. I/We undertake to supply all information necessary to carry out such services, and will be responsible for the accuracy and completeness of such information. I/We understand that you will rely upon the information provided by me/us. Your services are not intended to, and accordingly will not result in the expression by you of an opinion on the financial statements in so far as third parties are concerned, or in the fulfilling of any statutory audit requirements. I/We understand that during preparation of the Financial Statements and Taxation Returns you will not be specifically investigating non-compliance with laws and regulations – however, should anything come to light of this nature during this process you will bring that to my/our attention.

I/We understand that the Financial Statements and Taxation Returns are prepared for my/our own use and to determine my/our taxation liabilities. If this should change in any material respect, I/We will inform you immediately. You will not accept any responsibility to any person, other than me/us, for the contents of the Financial Statements.

I/We accept that all advice given to us is based on applicable tax legislation at the current time. If for any reason the law changes after completion of reports, KGA Limited will in no way be held responsible.

I/We will only accept tax advice given by a principal of the firm in writing.

All other terms and conditions of this engagement are the same as those referred to in the original Engagement Letter I/We signed when I/We became a client.

I/We understand that your fees are based on the time it takes us to do the work and the qualifications, experience and expertise of the people involved. I/We accept that all accounts are due for payment by the 20th of the month following invoice date and also that you have the right to charge interest on overdue accounts at the rate of 2% per month, and. The charging of such interest will be at the discretion of KGA Limited. I/We accept that any collection costs incurred by KGA Limited will be fully recoverable from me/us.

If we do your GST

I/We have also instructed you to prepare our GST Returns on a regular basis. I/We accept that it is my/our responsibility to advise you of all relevant transactions on a timely basis as well as obtain valid tax invoices that comply with the GST legislation.

You are hereby authorised to communicate with my/our bankers, solicitors, finance companies and all government agencies to obtain such information as you require in order to complete the assignments.

You are to represent me/us as my/our tax agent. You are therefore authorised to sign any taxation return on behalf of myself/ourselves or any of my/our associated entities

I/ We have read and understand your and our responsibilities as set out in **Appendix 1**.

Signature _____

Date _____

Appendix 1

1. Our responsibilities:

- 1.1 We will use our professional skills to undertake the work you require of us. This work will be performed in accordance with Service Engagement Standard No.2 Compilation of Financial Information issued by the New Zealand Institute of Chartered Accountants.
- 1.2 Annual accounts for companies will be prepared in accordance with the Financial Reporting Act 1993. Other than for exempt companies, these are general purpose reports and must be prepared in accordance with generally accepted accounting practice in New Zealand. If necessary, additional explanations will be added to ensure that a true and fair view is given.
- 1.3 Annual accounts for exempt companies may be prepared either in accordance with generally accepted accounting practice in New Zealand as described above or in accordance with the simpler format of the Financial Reporting Order 1994.
- 1.4 Other accounts will be prepared in accordance with any applicable legislation. For partnerships, trusts, sole traders and other entities where the format of accounts is not dictated by legislation, we will prepare special purpose annual financial statements according to the principles contained in the Income Tax Act 2007. Periodic accounts for management are not governed by legislation and will be prepared on the basis requested by management.
- 1.5 The general basis of accounting used to compile the accounts will be described in the notes to the financial statements together with any significant departures from that basis. Significant departures will also be referred to in our compilation report (see 1.7 below).
- 1.6 We will inform you of any suspicions of omissions or irregularities that come to our notice.
- 1.7 We will provide a compilation report on all annual accounts that include a balance sheet. An example of a typical report can be provided to you on request.
- 1.8 We retain legal ownership of working papers prepared by us.
- 1.9 We will not conduct an audit or any other independent verification work.
- 1.10 Consequently we will not express any kind of opinion on the accuracy of the material we compile or its suitability for any purpose.
- 1.11 We will not necessarily establish or maintain independence. It is not a professional requirement to be independent before carrying out compilation work of this nature. However, any other relationship will be described in our compilation report.
- 1.12 We will not accept liability in negligence or for any other reason to anyone but you and your enterprises listed at the head of the main letter. A disclaimer to this effect will be included in our compilation report.
- 1.13 We will explain or redraft any element of these terms to ensure that you understand them and think they are reasonable.

2. Your responsibilities

- 2.1 You remain responsible for the reliability, accuracy and completeness of the financial information compiled, including tax returns. You will delegate certain tasks to us from time to time and those will be tabled separately. We are responsible for carrying out those tasks in a professional manner. You cannot abrogate the ultimate responsibility for ensuring that the financial information is compiled properly.
- 2.2 You will inform us if the information we compile is intended to be disclosed to any person or body and how they are expected to use it. This does not apply to:
 - 2.2.1 the directors, shareholders, trustees, partners or equivalent office holders of your enterprises as listed on the letter of engagement and
 - 2.2.2 the Inland Revenue Department.
- 2.3 You confirm that we have authority to communicate with and obtain information from any third party if the information sought is relevant to our work.
- 2.4 You agree that the New Zealand Institute of Chartered Accountants may have access to the records and information we hold that support our working papers. This is an essential part of the Institute's quality assurance function. The likelihood that any particular engagement is selected is very small. All Institute employees and contractors are required to maintain the strictest confidentiality.
- 2.5 You will let us know if any of these terms are unclear or not what you think is reasonable and we will explain or redraft to make sure you are happy. See 1.13 above.

Records Required:	ü	Comment:
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Has the nature of your business changed in any way during the past 12 months?
 If yes, please provide brief details:

Bank Statements, Cheque Butts, Cash books, etc		
Where no Cashbook is supplied, please provide: § Bank statements including any savings account or term deposit. § Cheque & Deposit butts showing the nature of each payment/deposit. § Receipt books. Make sure any items not for business sales are clearly marked. § Suppliers' invoices filed in cheque number order. Where you supply a written Cashbook , please provide: § Cashbook, written up, analysed and reconciled to the bank statements monthly. § Bank statements including any savings account or term deposit. § Cheque & Deposit butts showing the nature of each payment/deposit. Where you maintain a computerised Cashbook or General Ledger System , please provide: § Backup disk as at the end of financial year or email files to us. § Copy of Bank Reconciliation as at balance date for all bank accounts. § Final Bank Statement for year for all bank accounts. § Transaction Listing for Accounts Payable and Accounts Receivable as at balance date.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

Foreign Currency Transactions		
If you have any offshore bank accounts, provide details and a copy of the bank statement(s) covering balance date. If you have entered into any forward exchange contracts, please provide a schedule of all contracts outstanding at balance date.	<input type="checkbox"/> <input type="checkbox"/>	

Loan Statements		
Supply a copy of all hire purchase, mortgage or other loan transaction statements for the financial year up to your balance date. Please provide details of securities held by the Lender(s) and the interest rate at balance date.	<input type="checkbox"/> <input type="checkbox"/>	

Employer – Wages paid to Employees		
A summary of Gross Wages and PAYE deductions by employee as returned to the IRD for the year ended 31 March 2009. OR Send a copy of your Employer Monthly Deduction Schedule (IR348) Reconciliation between General Ledger and IRD schedule	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

Fringe Benefit Tax (FBT) Returns		
Supply copies of Fringe Benefit Tax (FBT) returns and work papers.	<input type="checkbox"/>	

Records Required:	<input type="checkbox"/>	Comment:
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Goods & Services Tax (GST) Returns		
Supply copies of Goods & Services Tax (GST) Returns and work papers	<input type="checkbox"/>	

Interest and Dividend Certificates		
Supply copies of all certificates.	<input type="checkbox"/>	

Investments		
Provide details of all investments held at balance date, covering bank deposits, shares, bonds or other form of investment held.	<input type="checkbox"/>	
Provide details of all movements during the year.	<input type="checkbox"/>	

Accounts Receivable (Debtors)		
List of amounts owing to you at balance date including name of debtor and age of debt. Exclude bad debts.	<input type="checkbox"/>	
List of bad debts and reason for debt being considered bad and action taken. To enable bad debts to be excluded from income, these must be written off prior to balance date.	<input type="checkbox"/>	

Accounts Payable (Creditors)		
List of amounts owing by you at balance date indicating name of creditor, amount and what the debt is for.	<input type="checkbox"/>	
Alternatively, mark on cheque butts or highlight in cash book those items in the month following your balance date, which should be included.	<input type="checkbox"/>	
Holiday pay or bonuses paid within 63 days of your balance date.	<input type="checkbox"/>	

Other Liabilities		
Are there any uncertainties, which may lead to a future gain or loss that cannot be quantified at balance date. If so, please provide details.	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No

Cash on Hand		
*Cash on Hand \$ _____	<input type="checkbox"/>	
Petty Cash \$ _____	<input type="checkbox"/>	
Till Floats/Cash Floats \$ _____	<input type="checkbox"/>	
*(Include cash sales prior to balance date but not banked until after balance date, supporting documents to verify amounts)		

Records Required:	<input type="checkbox"/>	Comment:
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Entertainment Expenses		
Show separately the costs of entertainment in New Zealand on food, beverage and recreation expenses.	<input type="checkbox"/>	
Confirm that a GST Adjustment has been made in respect of the above expenditure.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Insurance and ACC		
Provide us with copies of Insurance and ACC invoices	<input type="checkbox"/>	

Motor Vehicles		
Are any vehicles owned by the business available for the private use of directors, shareholders or employees.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If yes, please provide details:		

Motor Vehicles	Home Office Expenses
The proportion of motor vehicle business use as established by your vehicle log book(s) is/are:	If part of your home is set aside principally for use as an office/workshop/storage area, please provide the following details:
Vehicle Description: _____	Business Area: _____ M2
Business _____ km	Total Area: _____ M2
Total _____ km	Power \$ _____
Percentage Business _____ %	Insurance (Building & Contents) \$ _____
Vehicle Description: _____	Interest (House Mortgage) \$ _____
Business _____ km	Rates \$ _____
Total _____ km	Repairs & Maintenance \$ _____
Percentage Business _____ %	Other \$ _____
§ Please note that a detailed and accurate log book must be completed for a three month period every three years or vehicle expense claims will be limited to a maximum of 25% of expenses incurred.	Total \$ _____
§ If you are operating as a Company, please indicate which vehicles you are currently paying Fringe Benefit tax for:	Cost of House and Section \$ _____
_____	Cost of Section \$ _____
_____	Construction materials: (timber, brick, etc)

Thank you for completing this questionnaire

Please don't forget to sign it