

ECOVIS KGA LIMITED**2015 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: ECOVIS 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 2015. 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, ECOVIS 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 20 days following invoice date and also that you have the right to charge interest on overdue accounts at the rate of 2% per month. The charging of such interest will be at the discretion of ECOVIS KGA Limited. I/We accept that any collection costs incurred by ECOVIS KGA Limited will be fully recoverable from me/us.

I authorise ECOVIS KGA Limited to act as my agent for ACC levy purposes for all associated entities. This authorisation allows ECOVIS KGA Limited to query and change information on my ACC levy account(s) through ACC staff and through ACC Online Services.

☐ **Tick if you do not wish to authorise ECOVIS KGA Limited to act as your agent for ACC levy purposes.**

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:	✓	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. ☐

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. ☐

Overseas

Include overseas interest, dividends, wages received and taxation paid. ☐

Note: New Zealand residents are liable for tax on all world-wide income.

If Yes, please provide details of the value and quantity of the investments held at any time during the financial year. Please provide the date, value and details of any purchases, sales and income (dividends).

Do you or any associated person hold shares in an overseas private company?
If yes, please provide us with full details. ☐

Please attach all of your investments advisor's reports. This information is required so we can calculate if any income needs to be declared under the FIF (Foreign Investment Fund) rules.

Loan Statements		
Supply a copy of all hire purchase, mortgage or other loan transaction statements for the financial year up to your balance date.	<input type="checkbox"/>	
Please provide details of securities held by the Lender(s) and the interest rate at balance date.	<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 2015.	<input type="checkbox"/>	
OR Send a copy of your Employer Monthly Deduction Schedule (IR348)	<input type="checkbox"/>	
Reconciliation between General Ledger and IRD schedule		

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

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) – see Schedule 1 attached		
If no electronic file is supplied, please list 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) – see Schedule 2 attached		
If no electronic file is supplied, please list 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.

☐ Yes ☐ No

Cash on Hand

*Cash on Hand \$ _____

Petty Cash \$ _____

Till Floats/Cash Floats \$ _____

*(Include cash sales prior to balance date but not banked until after balance date, supporting documents to verify amounts)

☐

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☐

Stock on Hand

Stock

Please provide us with a detailed stock list
Stock should be physically counted at balance date and adequate records retained to substantiate the dollar value arrived at.

Please note that if you estimate your stock to be less than \$10,000 at the end of your income year, you may have the option of not physically counting your stock. In these circumstances we will assume that your closing stock is the same as your opening stock. Please indicate if you would like to use this option. (Please note that if your annual turnover is more than \$1.3million, you are not able to use this option)

Work in Progress

Include material costs, labour costs and overhead costs.
Details of how Work in Progress was calculated.

Prepayments received

Please provide us with the supporting Invoices and calculations

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☐

Valued at lower of:

- cost ☐
- net realisable value ☐
- market value ☐

Capital Expenditure

Attach details of assets purchased or sold during the year such as motor vehicles, plant and equipment and properties. Where applicable please provide the following details:

- Hire Purchase or loan agreements
- Lease agreements
- All legal statements and agreements
- Trade-in details
- Lost, stolen or scrapped items
- Copy of Tax Invoices

We recommend you review last year's fixed asset and depreciation schedule, included in the financial statements, to advise whether any assets should be written off or scrapped.

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Transactions Not Through the Business

Were all sales banked into your business trading bank account?

Yes ☐ No ☐

If No, list amounts not banked on a separate sheet

Legal and Loan Documents		
<p>Please attach any solicitor's statements and Sale and Purchase Agreements relating to any legal transactions during the year. Please include Statements and Agreements relating to any mortgages, hire purchase, leases or loans. Please include a copy of your latest Rateable Valuation for any properties you own.</p> <p>Legal fees – please provide copies of invoices for all legal fees if the total amount spent throughout the year exceeds \$10,000 excluding GST</p>	<input type="checkbox"/>	

Private Use		
Value of goods taken for private use at their cost price.	<input type="checkbox"/>	\$ _____ GST Included <input type="checkbox"/> Excluded <input type="checkbox"/>

Expenses paid in Cash or from Personal Funds		
Please provide a list if applicable.	<input type="checkbox"/>	

Repairs and Maintenance		
Provide a summary of all items > \$500 spent on repair and maintenance expenditures incurred during the year. Provide copies of invoices for all major items of expenditure.	<input type="checkbox"/> <input type="checkbox"/>	

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

Motor Vehicles	Home Office Expenses
<p>The proportion of motor vehicle business use as established by your vehicle log book(s) is/are:</p> <p>Vehicle Description: _____</p> <p>Business _____ km</p> <p>Total _____ km</p> <p>Percentage Business _____ %</p> <p>Vehicle Description: _____</p> <p>Business _____ km</p> <p>Total _____ km</p> <p>Percentage Business _____ %</p> <ul style="list-style-type: none"> ▪ 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. ▪ If you are operating as a Company, please indicate which vehicles you are currently paying Fringe Benefit tax for: <p>_____</p> <p>_____</p>	<p>If part of your home is set aside principally for use as an office/workshop/storage area, please provide the following details:</p> <p>Business Area: _____ M2</p> <p>Total Area: _____ M2</p> <p>Power \$ _____</p> <p>Insurance (Building & Contents) \$ _____</p> <p>Interest (House Mortgage) \$ _____</p> <p>Rates \$ _____</p> <p>Repairs & Maintenance \$ _____</p> <p>Other \$ _____</p> <p>Total \$ _____</p> <p>Cost of House and Section \$ _____</p> <p>Cost of Section \$ _____</p> <p>Construction materials: (timber, brick, etc)</p> <p>_____</p>

Other Assets	
<p>Are any other assets of the business being used for private purposes by directors, shareholders or employees.</p> <p>If yes, please provide details:</p> <p>_____</p> <p>_____</p>	<p style="text-align: right;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </p>

Mixed Use Holiday Home	
<p>Do you have a property (such as a holiday home or a bach) that is used privately and also to derive income?</p> <p>Details of property</p> <p>_____</p> <p>_____</p> <p>Was the property empty for 62 days in the income year? If yes, please complete the following section so we can determine the amount of allowable deductions.</p> <p><u>Mixed Use Holiday Home – Information Required</u></p> <p>The number of days the property was empty during the income year _____</p> <p>The number of days the property was used by family or associated persons* during the income year _____</p> <p>OR where income from any person received was less than 80% of market rate _____</p> <p>* Associated persons include close relatives, or if owned by an entity, persons associated with the entity owning the property</p> <p>Please provide the following information for each tenant that used the property during the year.</p> <p>If there is more than one tenant who used the property through the year, please attach details.</p> <p>Name of tenant: _____</p> <p>Relationship to owner (if any): _____</p> <p>Amount of rent they paid: \$ _____</p> <p>Dates rented (From: To) _____</p> <p>Expenses incurred in respect of the property (the list below is not exhaustive – details of all expenses will be required):</p> <p>Cost of advertising for tenants \$ _____</p>	<p style="text-align: center;"><input type="checkbox"/></p> <p style="text-align: center;"><input type="checkbox"/></p> <p style="text-align: center;"><input type="checkbox"/></p> <p style="text-align: center;"><input type="checkbox"/></p>

Cost of repairing damages caused by tenants	\$ _____	
Number of days spent in the property while repairing damages caused by tenants	_____	
Mortgage interest	\$ _____	
Rates	\$ _____	
Insurance	\$ _____	
Repairs/maintenance for general wear and tear	\$ _____	
Other (please give details)	_____	

Mixed Use Boat or Plane

Does this entity have a boat or plane (with a market value of \$50,000 or greater), that is used privately and also to derive income?

Yes ☐ No ☐

If Yes, provide details:

Description: _____

Market value: \$ _____

Was the asset unused for 62 days in the income year?

Yes ☐ No ☐

If yes, please complete the following section so we can determine the amount of allowable deductions.

Mixed Use Boat or Plane – Information Required

The number of days the asset was **unused** during the income year _____

The number of days the asset was used by family or associated persons* during the income year _____

OR where income from any person received was less than 80% of market rate _____

* Associated persons include close relatives, or if owned by an entity, persons associated with the entity owning the property

For non-associated persons where payment received is at least 80% of market value:

Number of days the asset was used: _____

Income received: \$ _____

Expenses incurred in respect of the property (the list below is not exhaustive – details of all expenses will be required):

Cost of advertising for hireage \$ _____

Cost of repairing damages caused by hireage \$ _____

Operating costs / supplies \$ _____

Insurance \$ _____

Repairs/maintenance for general wear and tear \$ _____

Other (please give details) _____

Thank you for completing this questionnaire

Please don't forget to sign it

Schedule 1 – Accounts Receivable (Debtors)

Amounts owing to you at 31 March 2015

Client Name	
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[illegible]

Totals	
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Schedule 2 – Accounts Payable (Creditors)

Amounts owing by you at 31 March 2015

Client Name	
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[illegible]

Totals	
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