

# ECOVIS KGA LIMITED

## 2018 Financial Statements Business Questionnaire

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

**Please complete a separate questionnaire for each Business – this includes companies, trusts, sole traders and partnerships.**

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 2018. 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 director and 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 to do the work and the qualifications, experience and expertise of the people involved. I/We accept that all accounts are due for payment on the 20<sup>th</sup> of the month following invoice date and also that you have the right to charge interest on overdue accounts at the rate of 1.5% 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.

### ACC

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.

I confirm that I am the authorised person to sign the Tax Agent's Authority to Act.

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

Signature \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Position \_\_\_\_\_

## 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 Chartered Accountants Australia and New Zealand (CAANZ).
- 1.2. Annual financial statements for applicable reporting entities will be prepared in accordance with the Financial Reporting Act 2013 and other applicable legislation. 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. Where generally accepted accounting practice reporting does not apply, financial statements will be prepared in accordance with the applicable legislation. For most “non-large” companies and partnerships, together with trusts, sole traders and other entities (excluding registered charities) where the format of financial statements is not dictated by legislation, we will prepare special purpose annual financial statements according to the principles contained in the Tax Administration (Financial Statements) Order 2014. Periodic accounts for management purposes are not governed by legislation and will be prepared on the basis requested by management.
- 1.4. The general basis of accounting used to compile the financial statements 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).
- 1.5. We will inform you of any suspicions of omissions or irregularities that come to our notice through the course of our engagement but this is not our primary function or responsibility.
- 1.6. We will provide a compilation report on all annual financial statements that include a balance sheet. An example of a typical report can be provided to you on request.
- 1.7. We retain legal ownership of working papers prepared by us.
- 1.8. We will not conduct an audit, review or any other independent verification work.
- 1.9. Consequently, we will not express any kind of opinion on the accuracy of the material we compile or its suitability for any purpose.
- 1.10. 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.
- 1.11. 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.
- 1.12. 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 CAANZ may have access to the records and information we hold that support our working papers. This is an essential part of CAANZ's quality assurance function. The likelihood that any particular engagement is selected is very small. All CAANZ employees and contractors are required to maintain the strictest confidentiality.
- 2.5. You will advise us if any of these terms are unclear / not what you deem to be reasonable and we will explain or redraft to ensure you are satisfied. See 1.12 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 details.

**Bank Statements, Cheque Butts, Cash books, etc**

Where ECOVIS KGA Limited has access to your online software, please provide us with: <ul style="list-style-type: none"> <li>• Final bank statements for the year for all bank accounts and credit cards</li> </ul>	<input type="checkbox"/>	
Where you supply a <b>computerised Cashbook</b> , please provide: <ul style="list-style-type: none"> <li>• Backup file as at the end of financial year or email files to us</li> <li>• Copy of Bank Reconciliation as at balance date for all bank accounts</li> <li>• Final Bank Statements for all bank accounts and credit cards at balance date</li> <li>• Transaction Listing for Accounts Payable and Accounts Receivable as at balance date</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Where you supply a <b>written Cashbook</b> , please provide and <b>include one month past</b> balance date: <ul style="list-style-type: none"> <li>• Cashbook, written up, analysed and reconciled to the bank statements monthly</li> <li>• Bank statements including any savings account or term deposit</li> <li>• Cheque &amp; Deposit butts showing the nature of each payment/deposit</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Where <b>no Cashbook</b> is supplied, please provide and <b>include one month past</b> balance date: <ul style="list-style-type: none"> <li>• Bank statements including any savings account or term deposit</li> <li>• Cheque &amp; Deposit butts showing the nature of each payment/deposit</li> <li>• Receipt books. Make sure any items not for business sales are clearly marked</li> <li>• Suppliers' invoices filed in cheque number order</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

**Cash on Hand**

Cash on hand		\$ _____
<small>(Include cash sales prior to balance date but not banked until after balance date, supporting documents to verify amounts)</small>		
Petty Cash		\$ _____
Till Floats / Cash Floats		\$ _____

**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"/>	

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

<b>Accounts Receivable (Debtors)</b>	
If no electronic file is supplied, please list amounts owing to the business at balance date including name of debtor and age of debt. <u>Exclude bad debts.</u>	<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"/>

<b>Accounts Payable (Creditors)</b>	
If no electronic file is supplied, please list amounts owing by the business 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 balance date, which should be included.	<input type="checkbox"/>
Holiday pay or bonuses paid within 63 days of your balance date.	<input type="checkbox"/>

<b>Other Liabilities</b>	
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"/> Yes <input type="checkbox"/> No

<b>Stock on Hand</b>	
<b>Stock</b> 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)	<input type="checkbox"/> Valued at lower of: <input type="checkbox"/> Cost <input type="checkbox"/> Net realisable value <input type="checkbox"/> Market value  <input type="checkbox"/>  <input type="checkbox"/>
<b>Work in Progress</b> Include material costs, labour costs and overhead costs. Details of how Work in Progress was calculated.	<input type="checkbox"/>
<b>Prepayments received</b> Please provide us with the supporting Invoices and calculations.	<input type="checkbox"/>

<b>Capital Expenditure</b>		
<p>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:</p> <ul style="list-style-type: none"> <li>• Hire purchase or loan agreements</li> <li>• Lease agreements</li> <li>• All legal statements and agreements</li> <li>• Trade-in details</li> <li>• Lost, stolen or scrapped items</li> <li>• Copy of tax invoices</li> </ul> <p>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.</p>	<input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>	

<b>Residential Land Withholding Tax</b>		
<p>Has the business sold residential property in New Zealand where Residential Land Withholding Tax has been deducted and paid to the IRD? If so, provide details e.g. IR1100 Residential land withholding tax return and other sale and purchase documents.</p>	<input type="checkbox"/>	

<b>Research and Development</b>		
<p>If this entity is a company, have you spent significant amounts on research and development during the income year? If so, provide ledger accounts and details of expenditure.</p>	<input type="checkbox"/>	

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

<b>Interest and Dividend Certificates</b>		
<p>Supply copies of all certificates, including PIE investment statements.</p>	<input type="checkbox"/>	

<b>Employer – Wages paid to Employees</b>		
<p>A summary of Gross Wages and PAYE deductions by employee as returned to the IRD for the year ended 31 March 2018.</p> <p><b>OR</b></p> <p>Send a copy of the Employer Monthly Deduction Schedule (IR348). AND Reconciliation between General Ledger and IRD schedule.</p>	<input type="checkbox"/>       <input type="checkbox"/>	

<b>Legal and Loan Documents</b>		
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.	<input type="checkbox"/>	
Legal fees – please provide copies of invoices for all legal fees if the total amount spent throughout the year exceeds \$10,000 excluding GST.	<input type="checkbox"/>	

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

<b>Transactions Not Through the Business</b>		
Were all sales banked into the business trading bank account?		<input type="checkbox"/> Yes <input type="checkbox"/> No
If No, list amounts not banked on a separate sheet.		

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

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

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

<b>Cross-Border Transactions</b>		
Does the business engage in any cross-border transactions with associated parties overseas?	<input type="checkbox"/>	
If yes, please provide full details and supporting documentation.		

<b>Interest, Royalties &amp; Dividend Payments to Non-Resident Entities</b>		
Have you paid interest, royalties or dividends to non-residents including foreign banks?	<input type="checkbox"/>	
If yes, please provide details of payments made		

<b>Overseas income and or interest</b>		
New Zealand residents are liable for tax on all world-wide income.		
<u>Overseas income</u>		
Did you or have you received any of the following overseas income:		
• Interest / dividends / royalties	<input type="checkbox"/>	
• Pension / annuity / life insurance policy	<input type="checkbox"/>	
• Overseas salary / wages / commission	<input type="checkbox"/>	
• Business income / consulting / contract / self-employment income	<input type="checkbox"/>	
• Rental income	<input type="checkbox"/>	
• Distribution from overseas trust or estate	<input type="checkbox"/>	
Please provide full details and where applicable, 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.		
<u>Overseas Assets / Liabilities</u>		
Did you or do you have any of the following overseas assets or liabilities:		
• Overseas bank account – cheque, call, term deposits, money market, credit card or debit card	<input type="checkbox"/>	
• Bonds / notes – other financial arrangements	<input type="checkbox"/>	
• Foreign portfolios with portfolio managers	<input type="checkbox"/>	
• Foreign pension / annuity / provident/ superannuation fund	<input type="checkbox"/>	
• Life insurance / assurance policy as a beneficiary or payee	<input type="checkbox"/>	
• Ownership / interest in overseas property	<input type="checkbox"/>	
• Overseas mortgage or loan	<input type="checkbox"/>	
• Digital wallet (e.g. Paypal, Google Wallet, Apple Pay)	<input type="checkbox"/>	
• Digital currencies (e.g. Bitcoin, Monero)	<input type="checkbox"/>	
• Holdings in precious metals / minerals	<input type="checkbox"/>	
• Forward exchange contracts	<input type="checkbox"/>	
If yes to any of the above please provide full details with supporting documentation for each.		
<u>Overseas Entities:</u>		
Did you or do you have an interest in any offshore entity as a director, member, founder, trustee, protector, settlor or beneficiary (vested or discretionary) in any of the following:		
• Corporations, Limited partnerships, Companies, Estates Partnerships, Joint Ventures, Trusts and Estates	<input type="checkbox"/>	
If yes to any, please provide full details with supporting documentation for each.		

**Home Office Expenses**

Is part of your home set aside principally for use as an office/workshop/storage area for the business?

- Yes  
 No

If yes, please provide the following details:

Business	_____	M <sup>2</sup>
Total	_____	M <sup>2</sup>
Power	\$ _____	
Insurance (Building & Contents)	\$ _____	
Interest (House Mortgage)	\$ _____	
Rates	\$ _____	
Repairs & Maintenance	\$ _____	
Other	\$ _____	
<b>Total</b>	<b>\$ _____</b>	

**Motor Vehicles**

Are any vehicles owned by the business available for the private use of directors, shareholders or employees?

- Yes  
 No

If yes, please provide details:

\_\_\_\_\_

\_\_\_\_\_

The proportion of motor vehicle business use as established by your vehicle log book(s) is/are:

Vehicle Description: \_\_\_\_\_

Business	_____	Km
Total	_____	Km
Percentage Business	_____	%

Vehicle Description: \_\_\_\_\_

Business	_____	Km
Total	_____	Km
Percentage Business	_____	%

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:

\_\_\_\_\_



**Mixed Use Holiday Home**

Does the business own a property (such as a holiday home or a bach) that is used privately and also to derive income?  Yes  
 No

Details of property: \_\_\_\_\_

Was the property empty for 62 days or more in the income year?  Yes  
 No

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

The number of days the property was empty during the income year \_\_\_\_\_

The number of days the property 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

Please provide the following information for each tenant that used the property during the year:

Name of tenant: \_\_\_\_\_

Relationship to owner (if any): \_\_\_\_\_

Amount of rent they paid: \_\_\_\_\_

Dates rented (From:To): \_\_\_\_\_

If there is more than one tenant who used the property through the year, please attach details.

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

Cost of advertising for tenants	\$ _____
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 the business own 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, please provide details:

Description: \_\_\_\_\_  
 Market Value: \_\_\_\_\_

Was the asset unused for 62 days or more in the income year?  Yes  
 If yes, please complete the following section so we can determine the amount of allowable deductions.  No

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 asset

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 asset (the list below is not exhaustive – details of all expenses will be required):

Cost of advertising and 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 the front page**