



**COMPASS  
ADVISORS**

*Move In The Right Direction*

+61 3 9832 0735  
+61 3 9832 0610  
info@compassadv.com.au  
www.compassadv.com.au

Suite 219, 23 Milton Parade  
Malvern Victoria 3144

Mr James & Mrs Rose McKinley  
Atf James McKinley Superannuation Fund  
11 Lawnhill Road  
MALVERN VIC 3144

Dear James & Rose

**Our Engagement Agreement – McKinley Superannuation Fund (Client)**

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

Our firm will provide accounting and taxation services, which will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB), and with the Tax Agent Services Act 2009, and any related acts and/or amendments as issued from time to time. 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 by our firm directly and, accordingly, no assurance will be expressed by our firm. Our engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may exist. However, we will inform you of any such matters that come to our attention. We shall engage a third party auditor suitably qualified to provide an audit opinion in relation to your Self-Managed Superannuation Fund's (SMSF) financial accounts, any related fund documents and annual income tax return as required.

This engagement includes the entire operations of the Client.

The following documents will be prepared for distribution to the trustee(s) for the agreed purpose: Financial Statements, Trustee(s) Minutes of General Meeting, Members Statement(s), SMSF Annual Return, Investment Reports, an Actuary Certificate where required, Auditor's Engagement Letter, Representation Letter from the Trustee(s), and from time to time any additional documentation necessary for the operation of the fund such as documents to start a pension within the fund.

There is no assumption of responsibility for any reliance on our report 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 on 6 March 2018. The first period for which we will be responsible is accounts year ending 30 June 2017. We will not deal with earlier periods unless you specifically ask us to do so and we agree.

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 with your express consent.

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 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 where applicable are responsible for maintaining all bookkeeping records and original documents. 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 a minimum period of five (5) years.

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.

## 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. In particular, as described above, we shall engage a third party auditor suitably qualified to provide an audit opinion in relation to the documents we provide to you for your Self-Managed Superannuation



Fund. The cost of this for the 2017 year is estimated at \$330 and would take up to two weeks to be completed under normal circumstances where there are no major audit issues encountered. We shall also engage an Professional Actuary to prepare an Actuarial Certificate for the fund during years in which it has Except Current Pension Income and an Actuarial Certificate is required. The cost of this certificate is currently \$176 including GST.

#### Outsourced Services

The extent of any outsourced service is presently limited to information technology and software services such as that provided by Google, Adobe and Xero etc, that may utilise overseas servers and facilities in providing those third party services to our firm. In the future we may utilise other outsourced services including administrative and professional services as required to complete our services to you competitively and proficiently.

Acceptance of our services in conjunction with this engagement document 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 Google, Adobe and Xero etc 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.

#### Storage & Transmission of Personal Information

By signing this letter and accepting these services you acknowledge and agree that your personal information may be stored overseas as above and transmitted to you in electronic form for your records, your review and/or signing purposes.

#### Fees

In accordance with the following paragraphs we estimate your fee for the 2017 tax year to be \$1,265 including GST, plus the audit fee of \$330 including GST.

Our fees are based on the time required by the suitably qualified individual(s) assigned to the engagement plus direct out-of-pocket expenses where applicable. This fee arrangement will be subject to change if the following circumstances should occur: where additional time is required due to additional work resulting from currently unknown investments or transactions in the fund for the year that are required to be processed, or additional services are required including any specific tax advice that may be provided.

Any additional fee for an additional service not covered in the scope of this engagement will be the subject of a separate engagement letter under a separate fee arrangement.

Accounts for services provided will be forwarded to you upon the completion of the Annual Financial Statements and Annual Tax Return. Payment of our accounts are required upon completion of work / receipt of invoice, and we allow 7 days for banking settlements and payments to be finalised (unless alternative arrangements are made with us prior to the due date).

It is our requirement that the owners/directors of the business personally guarantee the payment of all accounts for professional fees, including out-of-pocket expenses rendered by us from time to time.

#### 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: an Auditor's Engagement Letter, Representation Letter from the Trustee(s), Financial Statements, Trustee(s) Minutes of General Meeting, Members Statement(s), SMSF Annual Return, and Investment Reports which may be in paper form or as electronic documents or files supplied to you. Ownership of these documents will vest in you. All other documents produced by us in respect of this engagement such as our internal working papers 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.

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 sincerely,

Signature of CPA Australia Member

Mark Thimm – Director of Compass  
Advisors Pty Ltd

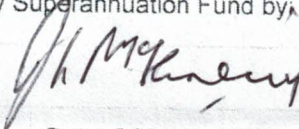


Date: 6 March 2018

Acknowledged on behalf of James McKinley Superannuation Fund by:

Signature of Client

James McKinley – Trustee



Date: 6 March 2018

Signature of client

Rose McKinley - Trustee



Date: 6 March 2018