



Mercia Taxation and Accounting Pty Ltd

A.C.N 100 943 904

Phone: +61 8 6214 3900
Fax: +61 8 6214 3999
Email: admin@merciamer.net.au
Web: www.merciamer.net.au

Street Address: 11 Kintail Road
APPLECROSS WA 6153
Mail Address: PO Box 829
CANNING BRIDGE WA 6153



Date

«AddresseeLine1»
«Address1»
«Town» «County» «PostCode»

Dear «Salutation»

ENGAGEMENT LETTER – Income Tax Return, Financial Statements preparation, and other work for 2025 until our engagement ceases.

As our newest client, I would like to officially welcome you to Mercia Taxation & Accounting. The following outlines the services that we provide our role and more importantly our understanding of your requirements from us.

Communication

Our clients receive monthly newsletters posted monthly to our website. This website also contains reference material and links to other websites that may be of assistance to you. You can also email us via the site.

Quality of Service

The quality of service that you receive is very important to us. To ensure that we continue to deliver the highest quality of service we encourage you to provide feedback. The best time to do this is at the time we finalise the annual income tax return we prepare for you.

This feedback and communication ensures that you will receive the level of service, which is appropriate to your needs.

We now confirm our understanding of the terms of our engagement and the nature and limitations of the services that we provide. This is required to ensure we meet your expectations and to satisfy our CPA quality assurance guidelines. Please sign the Client Acceptance of Engagement and Terms at the end of this document and return by email/fax in order for us to prepare your 2025 Income Tax Returns and Financial Statements for you and your related entities listed below.

1. Scope of Engagement

We have been instructed by «mail_name» to act as Accountants and Business Advisors to entities disclosed in this engagement letter and for other entities from time to time that the client requests us to undertake services for:

- (a) The following services will be provided:
- (i) Compilation and lodgement of financial statements and income tax returns and supporting schedules for the following entities:

- «AddresseeLine1»



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- (ii) Attendance to administrative tax related matters including receiving and checking of assessments and other notices, corresponding with the Australian Taxation office (ATO), and providing estimates of tax payable including estimated payment dates; and
 - (iii) Provision and maintenance of asset registers for accounting and tax purposes.
- (b) The following services will be provided for the Trust's, trustee company (if required):
- (i) Maintenance of corporate registers, and attendance to annual corporate matters and other compliance matters as required by the Corporations Act 2001;
 - (ii) Preparation and lodgement of ASIC documents, consents, minutes and other documentation where required;
 - (iii) Acting as the Registered Office. This authorises us to accept all notices that may be served on the company. Such notices will be forwarded to you with our advice as appropriate.
- (c) The following services will be provided where required or requested:
- (i) Review, compilation and/or lodgement of other tax forms where required. For example, business activity statements;
 - (ii) Assistance in compliance with administration and regulatory requirements in relation to taxation matters including (but not limited to) income tax, goods & services tax, and pay as you go, FBT.
 - (iii) Provision of sundry, accounting, taxation and secretarial advice; and
 - (iv) Attendance to special assignments and advice.

2. Limitations of Our Role

- (a) The financial statements will be compiled in accordance with Accounting Professional & Ethical Standards Board APES 315 Compilation of Financial Information. The financial statements will be Special Purpose Financial Statements, and will be compiled for the internal use of the directors, trustees, partners, managers and/or owners.
- (b) Under the terms of our engagement, we will not be responsible for undertaking an audit of the financial statements. Consequently we will not be expressing any opinion as to the completeness or accuracy of the financial statements, and therefore no assurance will be provided.
- (c) 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.
- (d) The financial statements will be compiled from information provided by you. Our procedures use accounting expertise to collect, classify and summarise this information into a financial report. Ultimate responsibility for the accuracy of the financial report rests upon you.
- (e) The income tax returns (and other ATO returns and forms where required) and supporting schedules will be compiled from information provided by you. We will not be responsible for verifying the accuracy of this information. Whilst we will exercise due care and skill in compiling the returns, the responsibility for their content rests with you.
- (f) There are many tax related requirements that entities need to comply with. Whilst we will help you to meet some of these requirements where relevant, ultimate responsibility rests with you.

Liability limited by a scheme approved under Professional Standards Legislation



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- (g) We will take reasonable care to ensure that your income tax returns and other forms are lodged by their due date. However this will depend on the timeliness and accuracy of the information provided. Where information is not provided or queries not answered in a timely manner, or where the information provided is not accurate or complete, we will not be able to guarantee that your returns will be lodged by their due date. The ATO may impose general interest charge or late lodgement penalties, or both, in this instance.
- (h) Where taxation advice is required, it will be provided to you based upon our interpretation of the taxation legislation, relevant case law, rulings and other announcements issued by the Commissioner of Taxation or other relevant bodies from time to time. Notwithstanding the above, there remains considerable uncertainty with the interpretations of these sources and their application to your circumstances. Accordingly, there remains a risk that the Commissioner of Taxation or other regulator may take an alternative position to that advised by us.

3. 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>.

4. Appointments

- (a) By accepting the terms of this engagement, you consent to the appointment of our office as your tax agent. This provides us with authority to:
 - (i) Prepare and lodge ATO forms on your behalf where appropriate;
 - (ii) Correspond with the ATO (by phone, paper and electronically) in regards to all your taxation matters; and
 - (iii) Access your tax information on the ATO's tax agent portal.
- (b) By accepting the terms of this engagement, you consent to the appointment of our office as your Australian Securities and Investments Commission (ASIC) Agent. This provides us with authority to:
 - (i) Prepare and lodge ASIC forms on your behalf where appropriate; and
 - (ii) Correspond with ASIC (by paper, phone or electronically) in regards to your corporate secretarial matters.

5. Your Responsibilities

- (a) To enable us to meet our responsibilities under this engagement, complete and accurate information must be provided to us in a timely manner and in accordance with the attached standard terms and conditions. Any time spent requesting additional information and in correcting information provided by you may incur additional charges.
- (b) The responsibility for maintaining accurate financial records that correctly record and explain your business transactions is that of yourself. We will be required to rely upon the accuracy of all information provided by you, or by others on your behalf, without independently verifying it.
- (c) The responsibility for highlighting any transactions or issues that require detailed review or consideration by us is that of yourself. Details of material and/or contentious issues that affect the compilation of financial statements and tax returns must be provided to us as soon as these issues become known.

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- (d) With respect to tax returns and other documents that are required to be lodged with the ATO, you will be responsible for reviewing these carefully and for signing the declaration to confirm that;
- (i) The information provided to us for the preparation of the document is true and correct, and
 - (ii) We, as the tax agent, are authorised to give the document to the Commissioner of Taxation.
- (e) For tax purposes, you will be required to retain relevant supporting records and documentation for a minimum of five (5) years following the year of income to which they relate. In respect to capital gains tax records, you will be required to retain these for a minimum of five (5) years after the disposal of the underlying asset(s).
- (f) 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 5 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, 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.

6. Ownership of Documents

All original documents obtained from the client arising from the engagement shall remain the property of the client. 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 **<identify the output documents of the engagement including, if applicable, electronic documents or files, which will be supplied to the client, such as income tax returns or financial statements>**. Ownership of these documents will vest in you. All other documents produced by us in respect of this engagement will remain the property of the firm.

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.

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7. Engagement Personnel

(a) The Engagement Personnel consist of:

- (i) Office Practice Manager – _____ (as referred to in initial client engagement)
- (ii) Engagement Manager – «mgrs_name»
- (iii) Engagement Director – _____ (as referred to in initial client engagement)

(b) The Engagement Director is ultimately responsible for your engagement, whilst the Engagement Manager is responsible for the day to day requirements. Other team members including accountants, graduate accountants and administration staff may be given some responsibility for different aspects of your engagement, depending on the level of expertise and experience required. This team approach ensures efficiency, and ensures that the most appropriate person undertakes the work.

(c) The following team members will be responsible for your engagement:

- (i) **Janice Weng** – \$100 per hour (Graduate) (as referred to in initial client engagement and updated on the Mercia website from time to time)
- (ii) **Loretta Bowyer** – Practice Manager \$260 per hour (as referred to in initial client engagement and updated on the Mercia website from time to time)
- (iii) **Martin Grieve** – Director \$210 - 260 per hour (as referred to in initial client engagement and updated on the Mercia website from time to time)
- (iv) **Richard Lambe** – Director \$350 per hour (as referred to in initial client engagement and updated on the Mercia website from time to time)

Any changes to our fees are advised on our website.

(d) Wherever possible, we will endeavour to provide a consistent team of people to look after your requirements. Occasionally we may need to or it may be appropriate to utilise other different staff members.

(e) We may, in consultation with you, include the work of another member in public practice or other consultant on any aspects of the engagement.

8. Fees

(a) Our fees will be billed regularly as work progresses, and will be based on the time required by the individuals assigned to the engagement, plus direct out of pocket expenses (disbursements). Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required. Individual hourly rates are reviewed, and may increase throughout the year.

(b) Our fees will be payable within fourteen (14) from the date of the invoice.

9. Problem Resolution

(a) Where you have contacted the Office Practice Manager with a complaint or issue, and the matter has not been resolved to your satisfaction, please contact our Engagement Director who will endeavour to resolve your issue promptly.



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10. Additional Services

- (a) We would be pleased to provide you with further information regarding the additional services that we are able to offer you including:
- (i) Estate planning;
 - (ii) Superannuation planning and fund management

11. Termination

- (a) You may terminate this engagement at any time by giving us notice in writing. Termination will take effect once we have raised our final fee, and all outstanding fees have been paid. Until paid, we reserve our right to exercise a lien over any books, records or other documents that may be in our possession.

12. Standard Terms and Conditions

Standard terms and conditions for all engagements undertaken by Mercia Taxation and Accounting and its associated entities are attached as Appendix 1. Acceptance of this Engagement Letter indicates your agreement with and acceptance of the Standard Terms and Conditions set out in Appendix 1. If there is any conflict between this Engagement Letter and the Standard Terms and Conditions, the Engagement letter will take precedence.

CONFIRMATION OF TERMS

If you agree to the above Engagement Letter including the attached Standard Terms and Conditions, please indicate your agreement and understanding by signing and returning the enclosed copy. Please note that by continuing to instruct us or respond to our correspondence after the receipt of this letter, you are acknowledging your acceptance and understanding of the terms outlined above. Accordingly, it is important that you contact me as soon as possible should you have any queries or concerns regarding this letter. This Engagement Letter and Standard Terms and Conditions will be effective for future years unless we advise you of any change, or it is terminated or replaced.

Thank you for the opportunity to act as your accountant and advisers. We are sure that we will enjoy a successful association.

Yours sincerely

Mercia Taxation & Accounting

Richard Lambe
Director



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Disclaimer – 2026 Budget

The 2026 Budget has proposed changes to the way Discretionary Trusts work and Capital Gains work from a tax position starting 1 July 2027. These proposed changes are not law. We do not have the details to understand exactly how the proposal works. Before the law is changed, Lobbying and Consultation will occur. A significant amount of legislative drafting needs to occur, this is a major re write of many consequential sections of the law. All of this will take some time. For these reasons the actual proposed changes to the law may change from what has been proposed. Therefore we disclaim any advice to you as we do not know how decisions you make today will be impacted from the final changes to the law.



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Appendix 1

Standard Terms and Conditions

This forms part of the letter attached to this Appendix 1

1. Services Provided

- 1.1 Mercia Taxation & Accounting (“We, Us, Our”) agree to be responsible for providing the following services to you:
- Preparation of annual financial statements for the year ended 30 June 2025 and for subsequent years until our engage ceases as disclosed in the engagement letter.
 - Preparation and lodgment of income tax returns and related schedules for the year(s) ended 30 June 2025 and for subsequent years until our engagement ceases.
 - Attendance to sundry taxation, accounting, and business matters when requested to do so.
 - Attendance to special assignments and advice when requested to do so.
- 1.2 To properly perform the services above, the following information is required to be provided to us:
- Details of all relevant transactions that have taken place during the relevant financial year;
 - Details as required for taxation and accounting purposes; and
 - Other records, documentation and information as required for the proper performance of service(S) requested.

2. Appointment as Tax Agent

- 2.1 By accepting the terms of this engagement, you will consent to the appointment of Mercia Taxation and Accounting Pty Ltd as the Tax Agent of the entities disclosed in the engagement letter.
- 2.2 Appointing us as the Tax Agent provided us with authority to prepare and lodge Australian Taxation Office documents and forms on your behalf, where appropriate and at our discretion. The documents and forms may relate to tax agent administration, income tax, goods and services tax (GST), pay as you go (PAYG) and activity statement matters.

3. Appointment as Australian Securities and Investment Commission (ASIC) Agent

- 3.1 By accepting the terms of this engagement, you will consent to the appointment of Mercia Taxation and Accounting Pty Ltd as your ASIC agent (where relevant).

4. Fees and Payment Terms

- 4.1 Our fees, including GST, are based on the time required by the individual(s) assigned to the engagement plus direct out of pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required.
- 4.2 Fees are billed regularly, and may be billed as work in progress. Fees raised for work already performed are expected to be paid with 30 days. Any queries regarding your account should be



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made in writing with 30 days of receiving the invoice.

- 4.3 We reserve the right to charge interest if our terms are exceeded and any costs; fees and disbursements in collecting overdue accounts may be charged to your account.
- 4.4 By signing our engagement letter and accepting this terms and conditions, you agree in your personal capacity and capacity as director of company's detailed in this engagement letter, that any invoice issued by us to any of the entities detailed in our engagement letter can be recovered from any one or all of the entities and you acknowledge that we can enforce payment from any one or all of the entities to recover our outstanding fees.
- 4.5 By signing this agreement, you authorise us to take money from our trust account in payment of our fees, disbursements and GST after you receive our account. Mercia Taxation & Accounting shall also be entitled to draw on any amount held on trust for you to pay GST on accounts rendered.

5. Confidentiality

- 5.1 The conduct of this engagement in accordance with the standards and ethical requirements of The CPA Australia means that information acquired by us in the course of the engagement is subject to strict confidentiality requirements.
- 5.2 Both parties acknowledge that they may be exposed to information that is confidential to the other party. Both parties agree not to disclose such information to other parties except as required by law or professional standards, or with express consent.
- 5.3 Our files may, however, be subject to review as part of the quality control review program of the CPA Australia which monitors compliance with professional requested, our files relating to this engagement may be made available under this program.

6. Privacy

- 6.1 Under the Privacy Act, we need to tell you that we collect information about you to assist in performing and promoting our financial, taxation and accounting services. We do not disclose information about you to any person except as required in the course of providing these services or for the ordinary administration of our business. If you do not want to receive promotional material from us, then please let us now. You can also request access to information we hold about you by making a written request to our Privacy Officer.
- 6.2 We respect our clients' privacy.

7. Termination of Agreement

- 7.1 This agreement may be terminated by either party. Termination must be effected by written notice and will take effect once we have raised our final fee, and all outstanding fees have been paid. Until paid, we reserve our rights to exercise a lien over any books, records or other documents that may



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be in our possession.

7.2 Please contact our office should you wish to discuss the termination of this agreement.

CLIENT ACCEPTANCE OF ENGAGEMENT AND TERMS

I acknowledge that I have read the Engagement Letter and the attached Terms and Conditions and that they are in accordance with my understanding of the arrangements for our work.

Signed by or on behalf of the Client:

.....
Signature

.....
Signature

.....
Print Name

.....
Print Name

.....
Dated

.....
Dated