

Langlands & Co. Ltd

CHARTERED ACCOUNTANTS

FINANCIAL STATEMENTS CHECKLIST - BUSINESS FOR THE INCOME YEAR ENDED 31 MARCH 2007

FOR:

BALANCE DATE: / /2007

The following information will be required to complete your financial statements. Where applicable please attach separate schedules, place a tick in the appropriate box or write the details in the space provided. Please attach specific documents where requested.

1. BANK STATEMENTS - For all business accounts for the complete year, including loans and savings accounts. Include the statement for the month after balance date.
2. MANUAL CASH BOOKS - These should be added and preferably reconciled with the bank statements.
COMPUTERISED CASH BOOKS - Please provide a diskette and/or printout of the year's transactions plus bank reconciliation.
3. CHEQUE BUTTS/DEPOSIT BOOKS/DIRECT CREDIT SCHEDULES - Ensure full details of each transaction are shown on these source records.
4. BANKLINK SUBSCRIBERS - Ensure all transactions are coded for the full year.
5. CASH IN HAND - Complete the following :
Cash float at balance date \$ _____
Unbanked sales at balance date \$ _____
Last banking for year / /2007
6. STATEMENTS, INVOICES AND CREDIT NOTES FROM SUPPLIERS - Your provision of these will assist with cheque butt analysis.
7. ACCOUNTS RECEIVABLE (DEBTORS) - List all amounts owing to you at balance date (including GST). Any bad debts must be written out of the debtors list/ledger prior to balance date!
8. ACCOUNTS PAYABLE (CREDITORS) - List all amounts owing by you at balance date (including GST) and indicate what each item is for. This list should include any unrepresented cheques if a reconciled cashbook is not provided.
9. INVENTORY (STOCKS) AND WORK IN PROGRESS - These should be valued at the lower of actual cost or the maximum value for which they could be sold. In both cases the value should be exclusive of GST. (Normally the lower of these two values will be cost.)

10. CASH SALES AND CHEQUES NOT BANKED - Supply details of sales not banked in your business bank account.

11. OUT OF POCKET EXPENSES - Supply details of business expenses which have been paid privately (eg parking meters, postage, petrol, stationery, meals provided and hardware).

12. ADVANCE PAYMENTS FOR GOODS - Advise details of payments made/received for goods yet to be delivered.

13. INVESTMENTS - If you have made or continue to hold investments during the year supply full details including income received.

14. MORTGAGES AND LOANS - If any loans or mortgages have been raised or repaid during the year provide full details including all agreements and bank statements, especially solicitors' statements.

15. FIXED ASSETS - If any fixed assets have been purchased or sold during the year provide full details including date of purchase or sale, and whether new or secondhand. If purchased through hire purchase or new loans provide a copy of the hire purchase or loan agreement.

16. SOLICITORS' STATEMENTS - Attach copies of all accounts and correspondence concerning your business.

17. MOTOR VEHICLES - (Used partly for private purposes): Complete the following from information contained in your log book:

km reading end of year _____ Total kms travelled _____
km reading start of year _____ Total business travel _____

NOTE : This information is not required for vehicles owned by a company.

18. ENTERTAINMENT - 50% of certain entertainment expenses are deductible for income tax and GST purposes. Certain exemptions apply. Please provide a detailed breakdown and analysis of entertainment expenses for the year (ie. accommodation, meals, travel, amounts paid for meals per day and to whom), so we may accurately prepare the allowable deduction and GST adjustment (if any).

19. DRAWINGS - Indicate clearly on cheque butts or cash book all expenditure that is of a purely private nature, and all amounts drawn from the business account for private purposes.

20. GST RETURNS - Provide copies of all returns filed during the year plus the first return filed in the next financial year.
21. WAGES AND PAYE SUMMARY - Provide a summary of wages paid and PAYE paid to the Inland Revenue. This information can come directly from your wage records.
22. USE OF PRIVATE DWELLING FOR BUSINESS - You may claim a proportion of all outgoings on your home where an area is specifically used for business purposes. Complete the detailed schedule, on page B5, as necessary.
23. ADDITIONAL COPIES OF FINANCIAL STATEMENTS - (eg copy to Bank) Please state the number of copies required.
24. QUALIFYING COMPANIES - Please supply details of any changes to shareholders (ie deaths, share transfers, and new shareholders).
25. EXEMPT COMPANIES - Please confirm that you wish us to include in the annual company minutes a resolution allowing reporting to be within 9 months of balance date (instead of 5 months) as allowed under the Financial Reporting Act 1993.

26. LANGLANDS & CO. LIMITED

TERMS OF ENGAGEMENT

We now summarise our involvement with your financial statements. As agreed, we will compile these from information provided by you, in accordance with the Compilation Engagement Standard issued by the Institute of Chartered Accountants of New Zealand. We will provide a disclaimer to be attached to the financial statements.

Our compilation services will not result in the expression of an audit or review opinion or provide any other form of assurance on the financial statements.

It is understood and agreed that:

- a) you will provide us with accurate and complete information necessary to compile such statements;
- b) the responsibility for the accuracy and completeness of the assertions in the financial statements remains with you;
- c) each page of the financial statements will be conspicuously marked as being unaudited;
- d) you will attach our disclaimer when distributing the financial statements to third parties;
- e) the financial statements will be prepared in accordance with acceptable accounting principles, which includes Statements of Standard Accounting Practice;
- f) you accept responsibility for all records and information supplied to us;
- g) you accept responsibility for any failure to supply us with relevant records and information.

It is not intended that this engagement be relied upon to prevent or detect fraud and error and we wish to emphasise that responsibility for such prevention and detection must remain with your management.

Our engagement by you includes the authority to act as your tax agent. This will involve our office obtaining any information directly from the Inland Revenue necessary to undertake and complete your affairs.

The arrangements outlined herein will continue in effect from year to year unless we agree to change them.

If you have any questions about our terms of engagement, please contact us.

If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign below in the space provided and return it to us.

SIGNED: _____

DATE: / /

CLIENT: _____

USE OF HOME FOR BUSINESS PURPOSES

1. ADDRESS OF PROPERTY: _____

2. EXPENSES:

(NB. Exclude any expenses claimed directly through the business)

- a) Interest \$ _____
 - b) Cleaning _____
 - c) Rates _____
 - d) Insurance _____
 - e) Water _____
 - f) Power/Gas _____
 - g) Legal Fees _____
 - h) Rent _____
 - i) Depreciation _____ [from Section 3 h) below]
 - j) Costs subtotal \$ _____ [add from a to i]
-
- k) Business Area _____ % [from Section 4 f) below]
 - l) Costs x Bus. % _____ [j x k]
 - m) Home phone (50% rental) _____
 - n) Plus actual R&M costs for the business area _____
 - o) TOTAL CLAIM FOR YEAR \$ _____ [l+m+n]

3. DEPRECIATION:

- a) Total Cost of Property (i.e. Purchase price) \$ _____
- b) Total Govt. Valn (C.V.) _____
- c) Less Govt. Land Value _____
- d) Equals Val Improv. \$ _____ [b-c]
- e) % of Improvements _____ % [d/b]
- f) % of Improv. x Cost = _____ [e x a]
- g) Depreciation % Rate _____ 4 %
- h) Depreciation Claim \$ _____ [f x g]

4. BUSINESS AREA: Area sq ft/m

- a) Office/Study _____
- b) Garage/Carport _____
- c) Workshop/Store _____
- d) Total Business Area _____ [a+b+c]
- e) Total Built Area _____
- f) % Business Area _____ % [d/e]