



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

Collective Accounting (Pty) Ltd Engagement Policies

Please find herewith Collective Accounting (Pty) Ltd's engagement policies.

Please take note of those that are applicable to you as per your engagement confirmation.

1. ANNUAL FINANCIAL STATEMENTS

Preparation of Annual Financial Statements

It is primarily our client's responsibility to prepare annual financial statements.

We will prepare the annual financial statements from information provided to us by the owner(s)/partners/members/directors and in accordance with generally accepted accounting principles applicable to the business. The annual financial statements will be prepared for your consideration and approval.

Although we may examine the accounting records as well as make certain enquiries, this will be for purposes of enabling us to adequately prepare the annual financial statements alone, and therefore does not fall outside the description of our appointment. By signing the annual financial statements, all trial balance adjusting journals passed at year end have been understood and authorised by the owner(s)/partners/members/directors.

Responsibility regarding the electronic distribution of information:

In the event of planning to publish or copy our report and the financial statements, in printed or electronic format, or in any other way refer to our firm in a report containing other information, you agree to:

- (a) Provide us with a draft of the document and
- (b) Obtain our consent to include our report before the documents are finalised and distributed.

If ever our report is reproduced, it must include the complete set of financial statements as well as the notes.



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

2. BOOKKEEPING

We will provide the following bookkeeping services:

1. Process and reconcile bank statements (receipts and payments)
2. Process and reconcile debtors invoices
3. Process and reconcile suppliers invoices
4. Maintain fixed asset register
5. If applicable: calculate, submit and set up payment of VAT returns
6. Process adjusting journals
7. If applicable: prepare management reports

We will not audit or review your financial statements, or any other accounting documents and information you provide

Accordingly, we ask that you not, in any manner, refer to this as an audit or review. Nor will we otherwise verify the data you submit for accuracy or completeness. Rather, we will rely on the accuracy and completeness of the documents and information you provide to us. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material errors, fraud or other illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this engagement, and our engagement cannot, therefore be relied upon to make disclosure of such matters.

You are responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorising transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper financial statements. Furthermore, you are responsible for management decisions and functions, for designating a competent employee to oversee any of the services you have informed us that you wish to retain. We will perform only the bookkeeping services described in this letter.



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

3. PAYROLL

Our Responsibility

We will provide you with our payroll services which will include the following:-

- Calculate payroll for your employees on a monthly/weekly basis
- Calculate and keep accrued leave and sick leave or other benefits
- View and print pay slips for your employees
- Calculate PAYE, UIF and Skills Development for each employee
- Prepare and submit monthly EMP201 submissions to SARS
- Prepare and submit EMP501 submissions to SARS
- UIF19 submission
- Workman's Compensation Submission

Your responsibility

To provide each employees identity document, physical address, income tax reference number and correct salary/leave/benefit information on a weekly/monthly basis.

You will maintain sufficient funds in your bank account to cover payroll expenses and related taxliabilities.

4. STATUTORY

Statutory records and services:

It is your responsibility to maintain proper statutory records. Such statutory records should adequately record all company registration details, share certificates and share register.

We will assist you on an ad hoc basis with the following statutory tasks:

1. Annual Returns with the Registrar of Companies
2. Amendments to the Statutory registration documents of the company
3. Amendments to the share certificates
4. Company secretarial services



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

Any enquiries and investigation that we may undertake in respect of supporting evidence are for purposes of enabling us to adequately provide the statutory services mentioned, alone, and therefore do not fall outside the description of our appointment.

We may also be obliged to take certain action if, during the performance of our duties for statutory documentation, we become aware of contraventions of the South African law pertaining to the Company Act procedures.

Preparation of Statutory Documents

It is primarily your responsibility to ensure any amendment required to the Company registration document be forwarded to Collective Accounting (Pty) Ltd in order to keep the statutory records updated and correct.

We will prepare the amendments of your statutory documents provided to us by the owner(s)/partners/members/Directors and in accordance with the Company Act applicable to the business.

5. TAXATION

We will provide the following INCOME TAX SERVICES:

1. Annual yearend tax return IT12/IT14
2. Provisional tax return IRP6(i), IRP6(ii) and IRP6(iii), if so required

We will prepare your Annual income tax return/Provisional income tax returns (collectively, “the returns”) with supporting schedules prepared from the information received. Our responsibilities do not include preparation of any other tax returns that may be due to any taxing authority.

If, during our work, we discover information that affects your prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect your prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue.

Your returns may be selected for review by one or more than one taxing authority. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will represent you during the examination and/or during any appeal, and time spent will be invoiced separately.



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, we will inform you of any material errors that come to our attention and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential.

Our services are not designed to provide assurance on internal controls or to identify reportable conditions, that is, significant deficiencies or material weaknesses, in the design or operation of internal control. Accordingly, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this engagement, and our engagement cannot be relied upon to disclose the same. However, during the procedures, if we become aware of such reportable conditions, we will communicate them to you.

You are responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorising transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper income tax returns. Furthermore, you are responsible for management decisions and functions, for designating a competent employee to oversee any of the services we provide, and for evaluating the adequacy and results of those services. You are responsible for the design and implementation of programmes and controls to prevent and detect fraud, and for informing us about all known or suspected fraud.

You have the final responsibility for the timeous submission of the income tax returns. In order for us to complete this engagement, and to do so efficiently, we must receive sufficient information from which to prepare your returns within a reasonable period of time prior to the applicable filing deadline. Any failure to provide such cooperation will impede our services and may require us to suspend our services or withdraw from the engagement.

The law provides various penalties and interest that may be imposed when taxpayers understate their tax liability, submit returns late or if payments are after the due date. You acknowledge that any such understated tax, and any imposed interest and penalties, are your responsibility, and that we have no responsibility in that regard. If you would like information on the amount or circumstances of these penalties, please contact us.

We may encounter instances where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In those instances, we will outline for you each of the reasonable alternative courses of action including the risks and consequences of each such alternative. In the end, we will adopt, on your behalf, the alternative which you select after having considered the information provided by us.



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

Without disclosure in the return itself of the specific position taken on a given issue, we must have a reasonable belief that it is more likely than not that the position will be held to be the correct position upon examination by taxing authorities. If we do not have that reasonable belief, we must be satisfied that there is at least a reasonable basis for the position, and in such a case the position must be formerly disclosed on the relevant form and must be filed as part of the return. If we do not believe there is a reasonable basis for the position, either the position cannot be taken, or we cannot sign the return. In order for us to make these determinations, we must rely on the accuracy and completeness of the relevant information you provide to us, and, in the event we and/or you are assessed penalties due to our reliance on inaccurate, incomplete, or misleading information you supplied to us with or without your knowledge or intent, you will indemnify us, defend us and hold us harmless as to those penalties.

6. LIMITATION OF LIABILITY:

All work to be performed by the firm is subject to the following considerations. The firm's liability howsoever incurred and in respect of all loss or damage, is limited to an amount equal to the professional fees paid to the firm in consideration for the particular work, or to an amount of R1000, whichever is the lesser amount. Similarly, the firm's liability in respect of any item of work is limited to a period of one year from the completion date of that particular work, notwithstanding the provisions of the South African accounting law.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates then existing for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

In the event that we are or may be obligated to pay any cost, settlement, judgement, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, and if such obligation is or may be a direct or indirect result of any inaccurate or incomplete information that you provide to us during the course of this engagement, you agree to indemnify us, defend us, and hold us harmless as against such obligation.



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the Province by Kwa-Zulu Natal, according to its mediation rules, and any ensuing litigation shall be conducted within said Province, according to South African law. The results of such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Any litigation arising from this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the accrual of the cause of action, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the annual fee charged by us, and paid by you, for the services set forth in this engagement letter.

7. ELECTRONIC COMMUNICATION:

From time to time we may communicate with our client electronically. Our client must be aware that no guarantee can be given as to the correctness and safety of electronically transferred data. Electronic information can be intercepted, lost, corrupted, negatively affected and unsafe to use. We will take reasonable precautions to trace the known viruses at the time, before the transmission of electronic data. Thus, notwithstanding any collateral agreement, guarantee or representation, neither we, any partner, staff member or agent (including our service suppliers) can be held responsible on any grounds, in any contract, delict (including negligence) or otherwise, for any error or omission resulting from and as a result of the electronic transmitting of information to our client. These exclusions of responsibilities shall not apply to us if such actions, omissions of misrepresentations results from criminal, fraudulent or misleading actions or any of our partners, staff members of agents.



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

8. FEES AND TERMINATION

Our fees for these engagements are not contingent on the results of our services. Rather, our fees for these engagements will be based on our standard rates. In addition, you agree to reimburse us for any of our out-of-pocket costs incurred in connection with the performance of our services. Our fees and costs will be billed monthly and are payable on presentation of the invoice. We reserve the right to charge interest at 2% per month in the event that any of our invoices become overdue. We reserve the right to suspend our services or to withdraw from these engagements in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including attorney's fees.

If we elect to terminate our services for non-payment, or for any other reason, our engagement will be deemed to have been completed upon written notification of termination. Even if we have not completed our report, you will be obliged to compensate us through to the date of termination. You also agree that we will have the right to the retention over all documents of any nature until such time as our account is settled in full.

9. GENERAL

In order for us to complete these engagements, and to do so efficiently, we require unrestricted access to the following documents and information concerning your affairs:

1. Copies of basic documents reflecting your financial transactions, summaries of cash receipts and sales (cash and credit card), bank statements and cancelled cheques, listing of accounts receivable and accounts payable, and documentary support of property and equipment transactions-purchases, trades, sales and other dispositions;
2. Information concerning any mortgage or pledge of business assets on business debts, any personal guarantees or debt, leases, or other information that affects or may affect the results of operations of the business;
3. Any other financial information necessary for the purpose of reflection on your accounting records, trial balance and tax returns;
4. Identification of all cash receipts as to source (i.e. loans, sales, etc.) and information concerning all transactions that are consummated with cash.



COLLECTIVE ACCOUNTING

Chasing Potential Together

Tel: 087 630 0996
Email: collective@collectacc.co.za
Web: www.collectacc.co.za

Unit 3, 2A Jan Smuts Avenue
Winston Park 3610
PostNet Suite #096, Private Bag X7005
Hillcrest, 3650

Any failure to provide such documents and information, and to do so on a timely basis, will impede our services and may require us to suspend our services or withdraw from the engagement. You agree to accept responsibility for any effect on your accounting records and financial statements of basic financial information or transaction documents not submitted to us for processing any entry, or losses that may result from their absence. For purposes of entry of the financial information from your basic transaction documents, classification according to the agreed-upon chart of accounts will be performed by you or your employees.

Please note it is always your responsibility to ensure all returns as required by law are submitted and that Collective Accounting (Pty) Ltd does not accept any responsibility to ensure submission and payment.

As business conditions change, we reserve the right to change/modify this arrangement.