

## Engagement Terms

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Effective March 2019

### 1 Scope

- 1.1 The scope of our engagement is detailed in our engagement letter ("Engagement Letter") and these terms ("Engagement Terms") (collectively, the "Engagement" or the "Agreement") as amended from time to time in accordance with this Agreement.
- 1.2 Mi-fi Group Pty Ltd ACN 141 141 737 ABN 70 141 141 737 (referred to as "we", "us", "our", or "mi-fi") have been engaged to provide services to each of the entities or individuals outlined in the Engagement Letter (referred to as "Client", "you" or "your")
- 1.3 mi-fi will provide the services described in the Engagement Letter in accordance with this Agreement.
- 1.4 The services will be conducted in accordance with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB). No audit or review will be performed and, accordingly, no assurance will be expressed. This 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.
- 1.5 The Engagement is limited to the Engagement Letter as amended or updated from time to time ("Service").
- 1.6 Reports, statements, tax returns and other outputs will be prepared for distribution to the business owners and senior management for the agreed purpose. There is no assumption of responsibility for any reliance on our report by any person or entity other than you 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, any report may include a disclaimer to this effect.
- 1.7 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, subject to any statutory obligations.
- 1.8 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.
- 1.9 It is at the sole discretion of mi-fi, acting reasonably, as to whether any advice or assistance requested by the Client falls within the scope of the Engagement. Where such assistance does not fall within the scope of the Engagement we will advise you and if appropriate propose changes to the Engagement or conduct a separate engagement that may incur additional charges not covered by the Engagement.

### 2 Terms and amendment procedure

- 2.1 This Agreement is the whole agreement between us and you in relation to the Services and any variation to this Agreement must be in writing. You acknowledge that there may be additional terms which you must also comply with for any specific products or services you acquire under your selected Service.
- 2.2 The Agreement made between you and mi-fi on these terms commences on the earlier of the date when you accept your Engagement Letter or the date we commence providing services to you in accordance with your instructions, and will continue until terminated in accordance with this Agreement.
- 2.3 For recurring engagements, you must advise us prior to the engagement end date if you wish to cancel the Service. If we do not receive your cancellation or 'do not renew' advice, we will auto-renew the Service in order to ensure it continues uninterrupted. Your Service will be auto-renewed for the same duration at the then current applicable charges determined from time to time by mi-fi. We will give you notice at least 30 days prior to the engagement end date of your rights to cancel the Service under this clause.
- 2.4 You must ensure that you advise us if your contact details change. We will use those contact details to notify you of anything which affects the Service and do not take any responsibility for any loss, damages or expenses you incur if we have been unable to contact you because you have not provided your current contact details.
- 2.5 We may vary these Engagement Terms, the price we charge for any Service (excluding Services supplied under a fixed contract period), or the terms of the operation of the Service, by notice via email or in writing. The changes will become effective on the date which is 14 days after notice (**Notice Period**) is given by us. Where we vary the prices for Services or the proposed variation to the

Engagement Terms are materially adverse to you, you may terminate this Agreement by written notice to us within the Notice Period. If you use the Service after the Notice Period, your use will constitute an acceptance of the amended terms.

- 2.6 Where a separate engagement letter is issued for a specific service outside the scope of this agreement, the terms and conditions outlined in that engagement letter are in addition to the terms and conditions set out in this agreement. To the extent that any terms or conditions are inconsistent, the terms and conditions in the subsequent engagement letter shall prevail.
- 2.7 If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

### **3 Service and set-up**

- 3.1 We will provide the Service as set out in the Engagement. The Service provided is based on the Client's advice to us and on our understanding of the circumstances of the Client.
- 3.2 The commencement of the Service will require the Client to undertake a number of further steps including (unless agreed upon that mi-fi will complete as part of the Service):
- (a) Completion of a request for information by mi-fi;
  - (b) Registration with the Australian Taxation Office ("ATO");
  - (c) Registration for payroll tax with the appropriate state revenue bodies;
  - (d) Establish a chart of accounts;
  - (e) Establish arrangements with your bank including execution of a Xero bank feed authority form, attendance to signatory and indemnity documentation and providing automatic debiting arrangements for mi-fi's monthly invoices;
  - (f) Install mi-fi as the nominated subscriber of the service provided by Xero (An online accounting application provided in Australia by Xero Ltd available here: [www.xero.com.au](http://www.xero.com.au)) and any other services provided by mi-fi's partners; and
  - (g) Enter a director's deed of guarantee in relation to the client's performance of its obligations under this engagement (if required by mi-fi).

### **4 Appointment and authorisation of mi-fi as agent**

- 4.1 You have requested that mi-fi act as your agent for the lodgement of any applicable forms, notices, applications or other documents (individually and collectively referred to as "the Documents") as required from time to time at the:
- (a) Australian Securities and Investment Commission ("ASIC"); and
  - (b) Australian Taxation Office ("ATO").
- (referred to as "the Appointment")
- 4.2 Following the Appointment, you consent to mi-fi lodging any of the Documents at ASIC or the ATO on your behalf as required under the provision of the services as set out in the mi-fi Plan you have chosen and the services agreement between you and mi-fi.
- 4.3 You declare that any information provided by you to mi-fi for the purposes of preparing, completing and lodging the Documents at ASIC or the ATO is true and correct. You also declare that any information

stored on electronic information systems with which you have access to be true and correct. This includes but is not limited to Xero.

- 4.4 You indemnify mi-fi for any losses incurred by mi-fi for any incorrect or misleading information provided to mi-fi and used in the preparation of the Documents with such losses including, but not limited to, the costs associated with correction to or re-lodgement of any of the Documents.
- 4.5 You agree not to hold mi-fi responsible for any errors or omissions in any of the Documents prepared, completed or lodged by mi-fi provided that such Documents were prepared based on information provided by you to mi-fi.

## **5 Plans and recurring engagements**

- 5.1 The first period for which we will provide the Service is the financial year ending 30 June after the date of the Engagement Letter ("Plan Period"). We will not deal with earlier periods unless you specifically ask us to do so and we agree. In such circumstances additional fees will be applicable.
- 5.2 The minimum term of the Agreement is 12 months and unless otherwise stated and commences on 1 July of the Plan Period.
- 5.3 Recurring engagements will renew automatically in accordance with clause 2.3. If you have chosen a fixed contract period (a contract period other than a recurring engagement period) for your Service, your Service will be automatically renewed for a further fixed contract period (of the same length) at the end of the term if you do not advise us prior to the end of the fixed contract period. We will give you notice at least 30 days prior to the end of the fixed contract period of your rights to cancel the Service under this clause.
- 5.4 mi-fi will provide the Services outlined in the Plan you have selected. The Client is responsible for the initial choice of Plan and mi-fi is not responsible for the reliability or completeness of the Service if the Plan selected by the Client is not suitable for the Client's requirements.
- 5.5 If, at any time, it becomes clear to mi-fi that the Plan is not suitable or that information provided by the Client in selecting the Plan has changed mi-fi may recommend an adjustment to the Services provided or recommend an alternative Plan. The fees payable will be amended to reflect the change in Services or choice of Plan.
- 5.6 If Services outside the scope of the selected Plan (as determined by mi-fi, acting reasonably) are required by the Client then the scope of such services, and associated fee arrangement, will be agreed upon by the parties prior to mi-fi providing such additional services. In the event of any such services being provided, you agree to be bound by this Agreement as well as any further terms agreed for the specific work to be undertaken.
- 5.7 If you disagree with the recommendation outlined in clause 5.5, you may terminate the agreement upon one month's written notice to mi-fi. mi-fi will continue to supply the Services (where possible) to the date of termination and all fees payable under the agreement to mi-fi must be paid up until the end of Plan Period.
- 5.8 If mi-fi determines that it cannot provide the appropriate Services due to an unsuitable Plan being selected by the Client and the Client does not agree to mi-fi's recommendations as set out in clause 5.5, mi-fi may terminate the agreement by providing one month's written notice to the Client. mi-fi will continue to supply the Services (where possible) to the date of termination and all fees payable under the agreement to mi-fi must be paid up until the end of Plan Period.
- 5.9 Should a recurring engagement, indicated as being a fixed fee engagement, be terminated for any reason, our billing for the Engagement will convert to time spent based on mi-fi's hourly rates. Any payments received in respect of the recurring fixed fee Engagement for the current Plan Period will be credited against time spent, with any shortfall payable by the Client to mi-fi and any excess payments received refundable by mi-fi to the Client. Furthermore, time spent, on matters after the termination date of the recurring fixed fee engagement will be billed on a time basis unless agreed otherwise.

## **6 Fees and payment**

- 6.1 You must pay for the Service as notified to you by mi-fi in accordance with the Agreement and mi-fi's standard fees for services as amended from time to time.
- 6.2 You represent you have authority to and authorise mi-fi to automatically withdraw funds from your nominated bank account or credit card for invoices issued to you. You agree that this Authority is

enduring and will continue until you request that it be cancelled and that it can be used to pay all outstanding and future invoices from us.

- 6.3 Fees published are inclusive of any government taxes or charges unless otherwise noted.
- 6.4 All payments made by credit card will incur a surcharge to reflect the cost of fees charged for credit card transactions. The amount of the surcharge will be indicated on the payment authority documentation you will be required to complete or will be advised prior to processing your transaction.
- 6.5 No refunds will be given for unused portions of payments in advance unless the account has been terminated due to mi-fi's breach of these terms and conditions
- 6.6 In the event that outstanding amounts remain unpaid after the due date we reserve the right to cease provision of any or all services provided to you. If we don't receive payment on the due date, we may charge interest at the rate of two percent (2%) above the rate of interest fixed from time to time under Section 2 of the Penalty Interest Rates Act 1983. You are liable for all reasonable expenses (including contingent expenses such as debt collection commission) and legal costs (on a full indemnity basis) incurred by us for enforcement of obligations and recovery of monies due from you to us.
- 6.7 You are solely responsible for ensuring that your bank account or credit card has sufficient funds available to pay any fees charged by us in accordance with the Engagement.
- 6.8 You indemnify mi-fi for any transaction fees associated with declined payments due to insufficient funds being available in your bank account or credit card account.
- 6.9 mi-fi reserves the right to offset any debits and credits of the Client's account against any debits and credits of associated entities with which mi-fi has an engagement with. An associated entity includes an entity that:
- (a) Meets the definition of an Associated Entity as set out in Sect 50AAA of the Corporations Act 2001; or
  - (b) Is a director, partner or trustee of the Client.
- 6.10 **One-off engagements**
- (a) Fees for one-off engagements are estimates only (unless otherwise stated). As you may appreciate, it is difficult to predict our costs for some matters given that our fee estimates depend on the nature and complexity of the matter and any additional issues that arise.
  - (b) We note that fee estimates are based on your current instructions to us. If we become aware that our fee estimate will change, or your instructions or other circumstances change, we will contact you as soon as practicable to discuss changes to the fee estimate.
  - (c) We may request you to pay an upfront payment of a partial amount or full amount of the estimated fees on acceptance of the Engagement before we undertake any further work in relation to the Agreement. Any upfront amounts will be charged immediately upon acceptance of the Engagement to your nominated bank account or credit card.
  - (d) Invoices for one-off engagements will be provided and unless such invoice is disputed in writing prior to the due date of the invoice, the fees will be automatically withdrawn from your nominated bank account or credit card on or after the due date of the invoice.
- 6.11 **Recurring engagements**
- (a) Fees for recurring engagements will be charged to your nominated bank account or credit card each month.
  - (b) Fees for additional services provided will be invoiced separately and charged to your nominated bank account or credit card on or after the due date of the invoice.
- 6.12 **Time-based billing**
- (a) For engagements that are not indicated as being fixed fee engagements you will be charged for our services according to the time spent doing your work and the seniority of the person doing that work. We will endeavour to match tasks to the most suitably skilled person with attention to completing the engagement in the most cost effective manner.

- (b) The current hourly rates of our staff based on title are as follows:

<b>Position</b>	<b>Hourly Rate inc GST</b>
Partner	\$ 330.00
Director	\$ 275.00
Manager	\$ 220.00
Senior Accountant	\$ 198.00
Accountant	\$ 165.00
Graduate Accountant	\$ 132.00
Administrative Assistant	\$ 99.00
Accounts Assistant (Bookkeeper)	\$ 77.00

- (c) These hourly charge-out rates are reviewed from time to time, usually annually.
- (d) When undertaking work for you we may use precedents which we have prepared over time based on our experience and knowledge. As the use of such precedents enable you to have the benefit of that accumulated knowledge a charge may be made for their use which is not time related.

## **7 Your disclosure and record keeping obligations**

- 7.1 You are required by law to keep full and accurate records relating to your tax affairs.
- 7.2 It is your obligation to provide us with all information that you reasonably expect will be necessary to allow us to perform work contemplated under this engagement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of you by us within a reasonable timeframe. Inaccurate, incomplete or late information could have a material effect on our services and/or our conclusions and may result in additional fees. We will not verify the underlying accuracy or completeness of information you provide to us.
- 7.3 You are also required to advise us on a timely basis if there are any changes to your circumstances that may be relevant to the performance of our services. Specifically, if any subsequent event results in the information you provided to us being inaccurate, incomplete or misleading, then you are obliged to advise us as soon as possible. We take no responsibility to the extent that our advice is inaccurate, incomplete or misleading because it is based on inaccurate, incomplete or misleading information being provided to us.
- 7.4 By accepting the terms of this letter, you will be taken to have agreed that the performance of our services is dependent on the performance of your obligations relating to disclosure and record keeping.
- 7.5 The *Taxation Administration Act 1953* contains specific provisions that may provide you with “safe harbours” from administrative penalties for incorrect or late lodgement of returns if, amongst other things, you give us “all relevant taxation information” in a timely manner (the safe harbour provisions apply from 1 March 2010). Accordingly, it is to your advantage that all relevant information is disclosed to us as any failure by you to provide this information may affect your ability to rely on the “safe harbour” provisions and will be taken into account in determining the extent to which we have discharged our obligations to you.
- 7.6 You are also required to advise us if you become aware of any conflict of interest or potential conflict of interest. Generally, a conflict of interest is any event which may result in us becoming unable to remain objective in the performance of our services to you. Some examples of events which could give rise to a conflict of interest or potential conflict of interest during this engagement are changes to your business circumstances, events affecting your family (eg. death and/or marriage breakdown) or a legal action commencing against you.

## **8 Your rights and obligations under the taxation laws**

- 8.1 You have certain rights under the taxation laws, including the right to seek a private ruling from the Australian Taxation Office (ATO) or to appeal or object against a decision made by the Commissioner.

As relevant, we will provide further information to you concerning your rights under the Australian taxation laws during the conduct of the engagement contemplated by this letter.

- 8.2 You also have certain obligations under the Australian taxation laws, such as the obligation to keep proper records and the obligation to lodge returns by the due date.

## **9 Our obligation to comply with the law**

- 9.1 We have a duty to act in your best interests. However, the duty to act in your best interests is subject to an overriding obligation to comply with the law even if that may require us to act in a manner that may be contrary to your interests. For example, we could not lodge an income tax return for you that we knew to be false.

- 9.2 We also have an obligation to ensure that we manage conflicts of interest as they arise. In this regard, we have arrangements in place to ensure that we manage potential or actual conflicts of interest. The effective operation of these arrangements depends, in part, on you complying with your obligation to disclose any potential conflicts of interest to us (see section 7.6 above).

- 9.3 Our advice and/or services will be based on Australian taxation law in force at the date of the provision of the advice and/or services. It is your responsibility to seek updated advice if you intend to rely on our advice at a later stage. We note that Australian taxation laws are often subject to frequent change and our advice will not be updated unless specifically requested by you at the time of the change in law or announced change in law.

## **10 Client warranties and indemnities**

- 10.1 You warrant that:

- (a) if you are not the Client, you have the power and authority to enter into this Agreement on behalf of the Client and will indemnify mi-fi for any breach of this Agreement by the Client;
- (b) at the time of entering into this Agreement you are not relying on any representation made by us which has not been stated expressly in this agreement, or on any descriptions or specifications contained in any other document, including any catalogues or publicity material which we have produced.

- 10.2 You indemnify us against all costs, expenses, loss or liability that we may suffer (directly or indirectly) resulting from:

- (a) your breach of these terms;
- (b) your breach of any legislation including, but not limited to, the *Fair Work Act 2009* (Cth);
- (c) your use or misuse of the Service; and
- (d) the use or misuse of the Service by any person using your account.

- 10.3 You agree that:

- (a) 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.
- (b) 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.
- (c) any advice given to you is only an opinion based on our knowledge of your particular circumstances.
- (d) during the course of our engagement we may recommend the purchase and installation of computer or technological hardware, software or services. The decision and responsibility to install and purchase any such items is at your sole discretion. Warranties in respect to these items, to the extent they exist, are provided only by the manufacturer/developer/vendor of these items.
- (e) mi-fi does not in any way guarantee the ongoing reliability of third party services or applications recommended as part of the Engagement.
- (f) you are responsible for following any expert advice provided to you by mi-fi or any other professional advisors, and for understanding any complying with your obligations under any legislation relevant to your business including, but not limited to, your obligations to any employees under the *Fair Work Act 2009* (Cth).

## **11 Limitation of liability**

- 11.1 Our limitation of liability is limited by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Council's website: <http://www.professionalstandardscouncil.gov.au>

## **12 Ownership of documents**

- 12.1 All original documents obtained from the Client arising from the Services 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.

## **13 Non-solicitation**

- 13.1 Great employees are key to all businesses. We know this and go to great lengths and expense to bring the right people into our team. In recognition of this we both mutually agree not to directly or indirectly, solicit the employment of any of our partners, directors or employees, as the case may be, involved in performing the engagement while the engagement is being performed or for a period of 6 months following completion or termination of the engagement, without our prior written consent
- 13.2 If either you or mi-fi breach this clause 13.1, then the breaching party agrees to pay the other party the amount which is equivalent to 20% of the salary (including any benefits, superannuation and salary packaging arrangements) of the relevant employee, director or partner. Both parties acknowledge and agree that the amounts payable pursuant to this clause are a genuine pre-estimate of the loss suffered by the non-breaching party.

## **14 Confidentiality**

- 14.1 mi-fi and the Client acknowledge that either party may disclose information ("Confidential Information") to the other party ("Recipient") which is confidential to the party disclosing the information ("Discloser").
- 14.2 The Recipient agrees to maintain and protect absolute confidentiality concerning the Confidential Information unless prior written approval of the Discloser is given, or unless the Confidential Information comes into the public domain through no breach of this clause.
- 14.3 Notwithstanding clause 14.2, a party may make such disclosures in its absolute discretion think necessary to its legal advisers and to comply with, or if allowed by, any applicable law or the requirement of any regulatory body.
- 14.4 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. Thus, our files may be subject to review as part of the quality control review program of Chartered Accountants New Zealand and 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 will advise you if this occurs.
- 14.5 The Client acknowledges that from time to time mi-fi may engage third parties to assist in providing services to the Client and that in the course of this engagement may disclose information about the Client to the third party necessary to complete these services. In addition, the Client acknowledges that these third parties may be located outside of Australia. mi-fi will take the necessary steps to ensure that appropriate agreements with third party providers and transmission procedures are in place to maintain the confidentiality of any information divulged to the third party.
- 14.6 The Client acknowledges that mi-fi may use software or systems that store or transmit the Client's information outside of Australian jurisdictions. Whilst mi-fi takes all due care and diligence in selecting these systems it makes no warranties as to the security of the information stored or transmitted using

these systems. The Client consents to the disclosure of any personal information to such third parties where such disclosure is necessary for the purpose of providing the Services

- 14.7 Any personal information provided by the Client to mi-fi will be held in accordance with mi-fi's privacy policy which is available from our website.

## **15 Termination**

- 15.1 In addition to the termination rights of the parties as set out in clause 5.7 and 5.8 the parties have the following rights regarding termination of the agreement.

- 15.2 Each party may terminate this Agreement if:

- (a) the other commits any material or persistent breach of its obligations under this Agreement (which, in the case of a breach capable of remedy, shall not have been remedied within 14 days of receipt by the party in breach of a notice identifying the breach and requiring its remedy); or
- (b) the other party (or an associated entity) becomes insolvent or has a liquidator or administrator appointed.

- 15.3 Termination must be effected by written notice served on the other.

- 15.4 mi-fi may terminate this Agreement immediately by providing written notice to you if there has been a change of law, rule, regulation or professional standard or a change in circumstance that would cause the continued provision of these Services under this Agreement by mi-fi to violate such law, rule, regulation or professional standard or would otherwise, in the reasonable opinion of mi-fi, prejudice mi-fi's ability to comply with any applicable auditor independence requirement.

- 15.5 Termination under this clause shall be without prejudice to any rights that may have accrued for either of us before termination and all sums due to us shall become payable in full when termination takes effect.

## **16 Equitable Charge**

- 16.1 You, as beneficial owner and/or registered proprietor, now charge in favour of mi-fi all of your estate and interest in any real property owned by you ("Land") to secure payment of any monies owing to mi-fi including interest and costs (including legal costs on a full indemnity basis) and including the costs to prepare and lodge a caveat against the Land and to remove the caveat.

## **17 Governing law**

- 17.1 This agreement is governed by the laws of Victoria.

## **18 Your acceptance of these terms**

- 18.1 These Engagement Terms along with our Engagement Letter sets out the basis on which we will act for you. These Engagement Terms will be effective for future Engagements unless we advise you of any change in accordance with this Agreement.

By indicating your acceptance of the Engagement you agree to be bound by these Engagement Terms.