

[ENTITY NAME]

Year ended 31 March 2018 · Prepared by [Preparer Name]

6 CRITICAL 7 HIGH 5 MEDIUM 1 LOW 2 OK

KEY FINDINGS

AREA	FINDING	RATING
Basic Review Findings	Total equity is negative \$(93,555) at 31 March 2018; liabilities exceed assets. Solvency concern requiring immediate attention and disclosure (AR 2018 pp. 10–11).	CRITICAL
Workpaper Checklist	ACC earner premium reclassification to shareholders' drawings not evidenced in workpapers (Checklist item missing).	CRITICAL
Workpaper Checklist	No workpaper evidence that fines / penalties non-deductibility was reviewed (Checklist).	CRITICAL
Workpaper Checklist	Insufficient evidence that repairs & maintenance items > \$1,000 were reviewed for capitalisation (Checklist).	CRITICAL
Workpaper Checklist	No evidence that all interest paid was checked for deductibility and linked to relevant loans (Checklist).	CRITICAL
Workpaper Checklist	No confirmation whether interest to non-bank parties exceeds \$5,000 and whether RWT obligations were considered (Checklist).	CRITICAL
Missing Disclosures	Lease policy note present in 2017 was removed in 2018 (AR 2017 p.14 vs AR 2018 pp.14–16). If leases exist, the policy disclosure should be reinstated.	HIGH
Tax & Compliance	Depreciation / tax rates flagged: building-related assets, Computer – Sort IT, iPhone 5s show rate variances vs expected IRD guidance — review tax depreciation rates (AR 2018 pp.12–13; validation report).	HIGH
Tax & Compliance	Interest Other \$527: no workpaper confirming deductibility or RWT treatment for non-bank recipients — potential compliance exposure.	HIGH
Workpaper Checklist	Current accounts overdrawn with no evidence interest charged or documented (Checklist).	HIGH
Workpaper Checklist	No evidence that depreciation claims on revalued assets and private-use adjustments were reviewed (Checklist).	HIGH
Basic Review Findings	PPE reduced from \$522,233 (2017) to \$30,961 (2018) due to land disposal and loan settlement — material movement (AR 2018 pp.10–13; Note 11).	HIGH
Basic Review Findings	Shareholder Current Accounts reduced from \$71,662 to \$11,355 — material movement; monitor solvency and shareholder drawings (AR 2018 p.17).	HIGH
Material Misstatements	Income Tax Payable 2018 \$363 matches Note 10; prior-year tax \$3,476 differs — presentation inconsistency noted across AR 2017/2018 (AR notes pp.12–13). Clarify presentation consistency.	MEDIUM
Missing Disclosures	Trade and Other Receivables policy note removed in 2018 (was present in 2017). If receivables exist, retain receivables policy disclosure for clarity (AR 2017 p.14).	MEDIUM
Tax & Compliance	GST reconciliation shows adjustments \$(477.79) to repay and GST payable \$3,829.59 per WP L1 — ensure payments / returns filed and adjustments actioned (WP L1).	MEDIUM
Basic Review Findings	Interest on Loans reduced from \$23,447 to \$2,419 consistent with debt reduction — material movement requiring loan settlement confirmation.	MEDIUM
Basic Review Findings	Net Profit Before Tax declined from \$7,368 to \$1,312 — notable decline requiring commentary on drivers (AR 2018 p.8).	MEDIUM
Tax & Compliance	Historic GST instalment arrangement (Jan 2017) evidenced (\$1,660.63) — monitor ongoing compliance with IRD instalments and repayment plans.	LOW
Material Misstatements	PPE per Balance Sheet \$30,961 matches Note 11 and WP H1 (NBV \$30,960.69) — reconciled on AR p.10 and WP H1.	OK
Companies Office	No Companies Office document set was provided for review; Companies Office validation not performed.	OK

QUESTIONS FOR CLIENT / PARTNER

- Please confirm the composition mapping between payroll workpaper U1 (gross \$121,267.05) and the P&L presentation (Wages \$51,642 plus Shareholder Employee Salaries \$68,477) and provide supporting schedule(s).
- Provide settlement documentation confirming the [Bank] term loan was repaid in 2018 (WP O1.1 references repayment activity).
- Confirm whether any finance or operating leases exist as at 31 March 2018; if any exist, provide lease schedules and reinstate the lease policy disclosure.
- Confirm that trade receivables are nil / immaterial; if not, provide receivables ageing and reinstate receivables policy disclosure.
- Confirm status and support for GST L1 adjustments \$(477.79) and that GST payable \$3,829.59 was filed / paid as reconciled.
- Review depreciation rates flagged (building-related assets, Computer – Sort IT, iPhone 5s) and confirm any tax adjustments required or provide rationale for applied rates.
- Advise whether any interest was paid to non-bank parties exceeding \$5,000 and whether RWT obligations were assessed and met; provide supporting schedules.
- Confirm whether interest will be charged on overdraw shareholder current accounts and advise on any FBT or tax implications considered.
- Clarify classification and tax treatment of the "Realised Capital Reserve" arising from the land sale and confirm equity presentation intent.

REVIEW LIMITATIONS

SCOPE This review was performed on the Annual Reports (2018, 2017), provided workpapers (2018, 2017) and a 2017 IRD GST letter only. No bank statements or external confirmations were independently obtained. Some workpaper templates contained "NAME?" fields; where figures were legible they were used, otherwise items are noted as not reliably supported. Prior years before 2017 were not provided. This engagement is a compilation-style spot-check review (SES-2) and does not constitute an audit or assurance engagement.

BALANCE SHEET — MOVEMENT ANALYSIS

ACCOUNT	CURRENT YR	WP TOTAL (CY)	WP REFERENCE	PRIOR YR	VAR (\$)	COMMENTS (NOTES TO FS)
[Bank] – Main Trading A/c	\$76	\$75.67	Cash and Bank support found in current-year WP family F1.1: \$75.67 (rounding vs face \$0.33). ✓	\$88	\$(12)	
[Bank] – Main Loan Account	\$7	\$6.73	Cash and Bank support found in current-year WP family F1.2: \$6.73 (rounding vs face \$0.27). ✓	\$300	\$(293)	
Total Cash and Bank	\$82	\$82.40	Cash and Bank total equals WP family F1.1 / F1.2 sum: \$82.40 (rounding variance \$0.40). ✓	\$388	\$(306)	
Total Current Assets	\$82	—		\$388	\$(306)	
Fixed Assets as per Schedule	\$30,961	\$30,960.69	PPE reconciled with WP H1: NBV \$30,960.69 ties; land disposal recorded. ✓	\$522,233	\$(491,272)	Note 11 verified: \$30,961 matches face value. ✓
Total Non-Current Assets	\$30,961	\$30,960.69		\$522,233	\$(491,272)	
Total Assets	\$31,043	—		\$522,620	\$(491,577)	
[Bank] – Short Term Loan A/c	\$70,517	\$70,517.34	Bank overdraft support found in current-year WP family F1.3: \$70,517.34 (rounding variance \$0.34). ✓	\$63,625	\$6,892	
Trade and Other Payables	\$1,019	\$1,018.67	Trade Payables reconciled with WP M1: \$1,018.67. Aged detail not provided. ✓	\$420	\$599	
GST Payable	\$3,830	\$3,829.59	GST Payable reconciled with WP L1: \$3,829.59; adjustments \$(477.79) to repay noted. ✓	\$4,893	\$(1,063)	
Income Tax Payable	\$363	—		\$3,476	\$(3,113)	Note 11 verified: \$363 matches face value. ✓
Shareholder Current Accounts as per Schedule	\$11,355	—		\$71,662	\$(60,307)	
Total Current Liabilities	\$87,083	—		\$144,077	\$(56,994)	
Loans – [Bank] Loan	—	—	Term loan WP family O1.1 indicates substantial repayment in 2018; no closing balance evidenced. Partial evidence.	\$410,235	—	
Loan [Individual Lender]	—	—	Prior year only; WP family N2.1 (2017) shows \$10,000 temporary loan; no 2018 balance.	\$10,000	—	
[Related Party Trust]	\$37,515	\$37,515.00	Related party balance support found in current-year WP family N2.1: \$(37,515.00) per GL; ties. ✓	\$37,515	\$0	
Total Non-Current Liabilities	\$37,515	—		\$420,235	\$(382,720)	
Total Liabilities	\$124,598	—		\$601,826	\$(477,228)	
Net Assets	\$(93,555)	—		\$(79,206)	\$(14,349)	
Share Capital	\$100	—		\$100	\$0	
Retained Earnings	\$(87,018)	\$86,725.90		\$(86,726)	\$(292)	
Opening Balance (Other Equity)	\$7,420	\$510		\$7,420	\$0	
Realised Capital Reserve	\$(14,057)	\$6,636.80		—	—	
Total Other Equity	\$(6,637)	—		\$7,420	\$(14,057)	
Total Equity	\$(93,555)	—		\$(79,206)	\$(14,349)	

PROFIT & LOSS — MOVEMENT ANALYSIS

ACCOUNT	CURRENT YR	WP TOTAL (CY)	WP REFERENCE	PRIOR YR	VAR (\$)	COMMENTS (NOTES TO FS)
Commission Sales	\$199,025	\$(198,818.45)		\$204,237	\$(5,212)	
Total Trading Income	\$199,025	—		\$204,237	\$(5,212)	
Cost of Sales	\$0	—		\$52,256	\$(52,256)	
Gross Profit (calculated)	\$199,025	—		\$151,981	\$47,044	
Interest Received	\$2	\$2.31	Interest income reconciled with WP T2: gross \$2.31, RWT \$0.65; rounding difference. ✓	\$5	\$(3)	
Accident Compensation Levy	\$423	\$422.51		\$406	\$17	
Accountancy Fees	\$7,200	\$7,200		\$6,190	\$1,010	
Advertising	\$7,012	\$6,991.19		\$4,897	\$2,115	
Bad Debts	\$3,096	\$3,095.51		—	—	
Bank Charges	\$419	\$418.53		\$257	\$162	
Cleaning & Laundry	\$74	\$74.30		—	—	
Client Gifts	\$252	\$251.74		\$941	\$(689)	
Commissions	\$815	\$814.78		—	—	
Computer Expenses	\$2,586	\$2,586.46		\$776	\$1,810	
Conference Expenses	\$1,545	\$1,544.87		\$857	\$688	
Consultancy	\$750	\$750		\$1,785	\$(1,035)	
Donations	\$360	\$360		\$360	\$0	
Entertainment Deductible	\$827	\$826.75		\$674	\$153	
Freight & Courier	\$484	\$483.95		\$767	\$(283)	
General Expenses	\$431	\$430.56		\$845	\$(414)	
Insurance	\$672	\$671.87		\$426	\$246	
Interest on Loans	\$2,419	\$2,419.13		\$23,447	\$(21,028)	
Interest on Overdraft	\$2,117	\$2,117.43		\$4,205	\$(2,088)	
Interest Other	\$527	\$527.17		—	—	
KiwiSaver Employer Contributions	\$3,884	\$3,884.47		\$1,906	\$1,978	
Licences & Registrations	\$3,730	\$3,729.65		\$2,804	\$926	
Light Power & Heating	\$1,434	\$1,434.35		\$1,498	\$(64)	
Minor Assets	—	—		\$242	—	
Office Expense	\$364	\$364.45		—	—	
Payroll Fees	\$35	\$34.78		\$17	\$18	
Photocopier Expenses	\$4,514	\$4,513.83		\$4,594	\$(80)	
Printing & Stationery	\$2,141	\$2,141.44		\$679	\$1,462	
Repairs & Maintenance	—	—		\$240	—	
Staff Training	\$432	\$431.56		—	—	
Subscriptions	\$1,779	\$1,779.35		\$174	\$1,605	
Telephone, Tolls & Internet	\$6,437	\$6,437.13		\$7,236	\$(799)	
Travel Local	\$3,866	\$3,866		\$4,107	\$(241)	
Travel Overseas	\$10,711	\$10,711.14		\$10,979	\$(268)	
Wages & Salaries	\$51,642	\$121,267.05	Wages workpaper U1 shows payroll gross wages \$121,267.05 vs P&L Wages \$51,642 plus shareholder employee salaries \$68,477; basis / composition difference, confirm composition.	\$52,256	\$(614)	
Total Expenses	\$122,977	—		\$133,568	\$(10,591)	
Operating Profit	\$76,050	—		\$70,674	\$5,376	
Depreciation	\$6,261	\$6,260.85	Depreciation schedule reviewed: expense \$6,260.85 vs P&L \$6,261 (rounding variance \$0.15). ✓	\$5,059	\$1,202	
Shareholder Employee Salaries	\$68,477	\$68,477.27		\$38,247	\$30,230	
Shareholder Salaries (No PAYE)	—	—		\$20,000	—	
Total Non-Cash Items and Shareholder Remuneration	\$74,738	—		\$63,306	\$11,432	
Net Profit Before Tax	\$1,312	—		\$7,368	\$(6,056)	
Entertainment Non Deductible (Tax)	\$951	\$950.76		\$775	\$176	
Non Deductible Expenses (Tax)	\$287	\$286.63		\$11	\$276	
Total Non Deductible Expenses (Tax)	\$1,237	\$50		\$786	\$451	
Tax Expense	\$367	—		\$2,063	\$(1,696)	Note 10 verified: \$367 matches ✓
Total Taxation and Adjustments	\$1,604	—		\$2,849	\$(1,245)	
Net Profit After Tax	\$(293)	—		\$4,519	\$(4,812)	

CHANGES IN EQUITY — MOVEMENT ANALYSIS

ACCOUNT	CURRENT YR	WP TOTAL (CY)	WP REFERENCE	PRIOR YR	VAR (\$)	COMMENTS (NOTES TO FS)
Opening Balance	\$(79,206)	\$(14,551)		\$(83,724)	\$4,518	
Profit / Loss for the Period	\$(293)	—		\$4,519	\$(4,812)	
Dividends Paid	N/A	—		N/A	—	
Other Movements – Realised Capital Reserve	\$(14,057)	\$6,636.80		—	—	
Total Increases	\$(14,349)	—		\$4,519	\$(18,868)	
Closing Balance	\$(93,555)	—		\$(79,206)	\$(14,349)	

DEPRECIATION SCHEDULE VALIDATION

VALIDATION 12 assets in schedule. No new assets acquired this period.

NOTES TO FINANCIAL STATEMENTS — YEAR-ON-YEAR COMPARISON

NO.	NOTE AREA	2018	2017	VAR (\$)	VAR (%)	AI REVIEW FOCUS	RISK INDICATORS	FOLLOW-UP REQUIRED
1	Reporting Entity	Authorised xx June 2018	Authorised 28 July 2017	N/A	N/A	Check authorisation wording / date	None	No
2	Statement of Accounting Policies	SPFR for FPEs; taxation purpose; historical cost; no changes	SPFR for FPEs; taxation purpose; historical cost; no changes	N/A	N/A	Policy unchanged	None	No
3	Income Tax	Taxes payable method	Taxes payable method	N/A	N/A	Policy unchanged	None	No
4	Foreign Currency	Transactions and balances translated at spot / date rates	Note not present in 2017	New disclosures	N/A	New FX policy added	Prior year omission?	Confirm whether 2017 had material FX items
5	Goods and Services Tax	Exclusive of GST except AR / AP inclusive	Exclusive of GST except AR / AP inclusive	N/A	N/A	GST presentation	None	No
6	Audit	Not audited	Not audited	N/A	N/A	Assurance unchanged	Low assurance risk remains	No
7	Contingent Liabilities	Nil	Nil	0	0	Consistent	None	No
8	Imputation Credit Account	6,793.17	3,314.48	3,478.69	104.95%	ICA balance checked	Higher available credits	Monitor ICA utilisation
9	Qualifying Company Regime	Not registered as QC	Not registered as QC	N/A	N/A	Status unchanged	None	No
10	Income Tax Expense	367	2,063	(1,696)	82.20%	Tax expense decline reviewed	Lower taxable profit	No
11	Property, Plant and Equipment	30,961	522,233	(491,272)	94.10%	Major PPE reduction validated	Significant asset reduction	Confirm funding source and loan settlement
5	Leases (2017 note)	Note not present in 2018	Finance and operating lease accounting policy disclosure	Removed in 2018	N/A	Lease note removed in 2018	If leases still exist, missing policy	Confirm no leases outstanding
6	Trade and Other Receivables (2017 note)	Note not present in 2018	Receivables at estimated realisable value	Removed in 2018	N/A	Receivables policy removed	Potential policy simplification	Confirm receivables immaterial / no balance

SUMMARY OF MATERIAL VARIANCES

+ Note 11 (Property, Plant & Equipment): Decrease of \$491,272 (- 94.10%) due to disposal of land and related term-loan-funded asset reductions; material and requires confirmation of proceeds and loan settlements.

KEY RISKS IDENTIFIED

- Significant PPE reduction combined with negative total equity indicates financial strain and potential solvency concerns.
- Removal of prior-year notes (Leases, Receivables) may indicate omitted disclosures if still applicable; confirm completeness.
- ICA movement and tax expense reduction should be monitored for dividend planning and tax position impacts.

OVERALL NOTES CONCLUSION

The notes are generally consistent with SPFR policies and the face statements. Material changes are focused on the disposal of land (large PPE reduction) and the resulting equity movement; the majority of other note changes are narrative or immaterial. A small number of removed notes and a placeholder authorisation date should be confirmed as intentional and complete.

SPOT CHECKS PER PAGE

Page 1 Cover / Compilation: presentation acceptable. OK	Page 3 Compilation Report: date placeholder ("xx June 2018"); typo "Responsibilities". REVIEW
Pages 2–11 Arithmetic inconsistencies; cash & current liabilities totals off by 1; spelling in headers. REVIEW	Page 5 Directory: company details consistent; NZS 5 referenced in notes. OK
Page 6 Approval page present; authorisation placeholder — out of scope for signature verification. OK	Pages 7–8 P&L: numbers align directionally; wages vs shareholder salaries split needs confirmation. OK
Page 9 Statement of Changes in Equity: Realised Capital Reserve presented; reconciliation diff \$14,056. REVIEW	Pages 10–11 Balance Sheet: related party trust shown separately; current accounts & loans require schedule tie-out. OK
Pages 12–13 Depreciation Schedule: land disposal & rates shown; rate anomalies require confirmation. REVIEW	Pages 14–16 Notes: reordered, FX added, leases removed; placeholder dates & spelling require correction. OK
Page 17 Shareholder Current Accounts: schedule total \$11,355 ties to Balance Sheet face. OK	WP (2018) WP codes consistent (F1, H1, L1, M1, O1, Q1, U1, V1); some "NAME?" templates need cleanup. REVIEW
GST (2017) IRD Letter: instalment arrangement for Jan-2017 GST period evidenced. OK	