

Accounting Agency Mesiperä Ltd – Letter of Engagement

This document is a part of the client contracts of Accounting Agency Mesiperä (“Accounting Agency”), and it contains a freeform description of the responsibilities, duties and preferred methods that will exist in the relationship between the accounting agency (hereafter Agency) and the Client.

Both parties agree to follow the principles outlined in this document in their communication and in the fulfilment of contracts.

This list does not form a complete and exclusive description of the responsibilities of either party.

Aim of the Contract

The Client entrusts its accounting to the care of the Agency. In addition, the Client also entrusts its VAT-taxation and (business) income taxation to the care of the Agency.

In addition, the Agency can take care of payroll, deal with other types of taxation, offer general legal advice in the business sphere, and take on other jobs if so agreed. Agreements can be reached in several different ways, depending on the extent of the work being agreed upon.

This agreement can be reached for example in following ways:

- The Client requests by email or phone that something be done, and the Accounting Agency informs that it agrees to this request.
- The Client requests by email or phone that something be done, and the Accounting Agency performs the request directly without separate notice.
- A separate written contract is made between the Client and the Accounting Agency.

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The Client will pay fees according to the fee schedule and contract and agrees to act according to the instructions and advice of the Agency. The Agency will provide the agreed services in a timely manner and with professional care.

Definition of Terms

Accounting is understood to mean usual accounting according to the laws and regulations of Finland.

Accounting comprises bookkeeping during the fiscal year, as well as the creation of a financial statement according to the "Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking" after the fiscal year has ended. Interim financial statements, financial statements according to the Accounting Decree 1339/1997, IFRS-translations of the financial statement or group financial statements require a separate agreement. The financial statement is prepared in Finnish or Swedish, translations can be agreed upon separately.

Accounting is usually done monthly. The aim is for the Agency to have all material for the previous month by the 10th of the following month, and for the accounts to be ready by the 20th.

As part of accounting work, the Agency will prepare the clients VAT returns for Finland. If separately agreed on, the Agency can also prepare EU OSS returns (Union scheme or Import scheme), or VAT return requests from other EU countries.

The Agency will prepare EU recapitulative statements, if accounts are done monthly, the Agency has been informed in advance that such sales are being conducted, and all necessary information has been provided to the Agency.

After the end of the fiscal year, the Agency will prepare a usual business income return (business tax return, corporate tax return, partnership tax return, association tax return etc.). Most common attachment forms are included in this – uncommon attachments can be billed for according to the work required.

The Agency will not track income tax prepayments unless otherwise agreed upon. Neither will the Agency be responsible for e.g. real estate-, excise-, transfer- etc. tax returns. Without specific agreement, the

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Agency will not prepare or check personal tax forms of the entrepreneur, nor will the Agency follow tax card income limits for salary earners.

Payroll comprises the calculation and creation of the payslip, filing to the Incomes Register, delivery of payslip and accounting for salaries. The Client will deliver the data from which salaries can be calculated, or if so agreed, the Agency can calculate salaries based on work-time records and the principles used in the calculation (work contract, collective work agreement). Payroll applies to usual earners working and insured in Finland. Salaries to non-tax residents or to earners working abroad are subject to separate agreement.

Communication between the Accounting Agency and Client

The main method of communication between Clients and the Agency is through email. It creates suitable written documentation by itself and can be used as accounting material when printed into PDF files. Both parties will make it known to each other what email addresses to use for communication.

On the side of the Client, there must be a person acting as the primary contact towards the Agency, even if several people are usually involved in communications.

Both parties agree to answer to each other's communications without undue delay. However, parties are not required to be available outside of office hours, nor do they have to be available during holidays or vacations.

The Agency and Client can also communicate by phone or video conference software. If needed, face to face meetings can be arranged at the Client's office or at a rentable meeting space. A short memo will usually be made after these meetings.

As a norm, the employees of the Client will not directly communicate with the Agency regarding payroll. With the approval and at the expense of the Client, employees can inquire directly from the Agency regarding their payroll, if this does not cause a conflict of interest.

Chatting apps or text messages are not meant for daily communication between parties.

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Duties of the Client

To provide all requested services, the Client needs to provide all required material within agreed time schedules. For more detail, please see General Terms and Conditions YSETAL2018.

A part of accounting is the documentation of purchases, and the attachment of any notes or memos to the accounts that showcase the connection between purchase and business activities. If the connection is not obvious, the Agency will instruct the Client to produce a suitable level of written documentation for this purpose. This is not to be taken as a sign of distrust.

The Client needs to inform the Agency of major changes in their activities. The following is a non-exclusive list of such changes:

- Changes in the owners, partners, board members or articles of association of the company.
- Changes in the beneficial owners. Even if the direct shareholders do not change, beneficial owners can, for example if the owners of the parent company change.
- Significant changes in business, such as taking a novel product line into production or sale, closing down all or part of the business, or expansion into new markets.
- Opening a new e-invoice channel, financial administration software, sales channel etc.
- Changes in the registration of the company, such as in the VAT-, employer, prepayment or other such registers, or changes in the reporting times of such.
- Changes in employment contracts, basis of payroll or collective work agreement if the Agency provides payroll services.
- Mortgaging of property, giving financial pledges or sureties, or other such events relating to property law.

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- Significant legal claims against the companies, or restructuring of debts, bankruptcy etc. or such proceedings or risks of.
- The commencement of projects requiring separate tracking (e.g. Business Finland or ELY-centres). The Agency will need all documents related to the subsidy project already at the start of the project.

If not otherwise obvious, the Client needs to inform if:

- The Client has business partners (clients, suppliers, or creditors) which have links to the Client or entrepreneur. For example, if the Client sells its usual services to a family member of a shareholder, or if the Client purchases subcontracting work from a company, which has common shareholders with the Client.
- Property of the company or property in business use is removed from that role, for example by giving it to shareholders.
- Property showing up on the balance sheet is damaged, loses its value, or suffers some other event affecting its valuation.

The Client is responsible for the following, amongst other responsibilities:

- If the Client takes into use a sales platform (e.g. ERP or PSA software or an e-commerce platform), the Client is responsible that VAT settings are set up correctly. It is highly recommended, that the Agency take part in the configuration and auditing of such systems. Unreliable sales reports may preclude the continuation of the accounting relationship.
- The Client is responsible for the correct VAT treatment of its sales invoices. The Agency will happily offer assistance and advice, by for example creating product categories or client categories to help with this.

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- In the case of travel invoices, the Client is responsible that the tax-free requirements are met in regard to e.g. distance and time. The Agency will gladly assist here. The Agency cannot process obviously deficient travel invoices.
- The Client is responsible for all inventory management and reporting, collection of receivables, remittance of client funds in brokerage or commission activities, maintaining of client funds, labour law issues, work-time records, licenses and permits as well as all business decisions.
- The Client is responsible that its actions are legal and not contrary to common practice or morality.

Duties of the Accounting Agency

The Agency will provide the Client with professional services to help them fulfil their legal obligations. The Client remains responsible for keeping their books in front of the law and is responsible for its taxation. The Agency will act for the benefit of the Client within the confines of laws and regulations.

The Agency aims to answer Client queries as soon as possible, with the ideal being within a few workdays. The Agency will inform the Client if the question requires more in-depth research or specialised help.

The Agency aims to send all returns on time, and to provide all services in the timeframe agreed upon.

The Agency assumes professional responsibility when undertaking the accounting of its client. The Agency has the right to assume that:

- All accounting material is provided to it.
- The material provided is truthful and contains no errors.
- Purchases are related to the business activities, unless otherwise noted by the Client.
- Nothing that could impact the professional relationship, accounts or taxation is left unsaid or undelivered.

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Disagreements between the Accounting Agency and Client

The Agency will, to the best of its abilities and knowledge, support the Client in a professional capability.

The Agency does not, however, act as a scribe, and it cannot prepare accounts according to specific instructions without taking a stance on the contents thereof. The accountant has a duty to prepare proper and legal accounts. Failing to do this could cause criminal liabilities for the accountant.

If the Client and the Agency have unresolved disagreements on accounting or taxation, it is not possible to continue the assignment. The Agency cannot prepare accounts, tax returns or financial statements, if there is no unanimous agreement on the content of these items, or if the Agency deems materials to be lacking, or if the Agency has reason to believe there is a disconnection between facts and the documents purporting to showcase the facts.