



CPA Sample Engagement Letter for an Audit Exempt Company

June 2018

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Care should be taken to ensure that engagement letters are tailored to suit each assignment. Please ensure to select the appropriate accounting framework, IFRS, FRS 101 or FRS 102.

**ABC & Co.,
Certified Public Accountants,
Thomas Street,
Dublin 2.**

**Electrical Contracting Ltd,
Unit 7,
Blue Street,
Dublin 11.**

1st June 2018

Dear (Name of Client),

Thank you for appointing us as your accountants. (Use alternative wording if this is a renewal of an existing professional appointment).

As discussed with (name) at our meeting on (date) this letter sets out our understanding of the terms of our engagement:

- To compile, as your agents, the financial statements to be laid before the members at an annual general meeting and filed with the registrar of companies in accordance with the requirements of the Companies Acts 2014; and
- To provide other professional services to the company.

This letter explains the scope of our work. It sets out the respective responsibilities of the directors and ourselves.

Partners A (insert name) will be personally in charge of the work we perform for you. He will ensure that the service you receive from us is of the highest quality.

Responsibilities of the Directors:

As directors of (Exempt Co. Limited) your responsibilities are as follows;

1. To ensure that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, and enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy
2. To prepare or cause to be prepared financial statements which give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit and loss of the company at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.
3. To determine whether, in respect of the year, the company meets the conditions for exemption from an audit of the statutory financial statements set out in the Companies Act 2014.

4. In respect of any year, the availability of the exemption from an audit of the financial statements is conditional upon your forwarding an annual return, with accompanying financial statements, to the registrar of companies. You are responsible for ensuring that such return is forwarded within the appropriate time scale.
5. You are also responsible for making available to us, as and when required, all of the company's accounting records and all other relevant records and information that are necessary for the compilation of financial statements. You are responsible for both the accuracy and completeness of the information supplied to us and are responsible to users for the financial statements compiled by us.

Responsibilities of Accountants

1. We shall plan our work on the basis that you require, as your agent, to compile financial statements based on the accounting records maintained by yourself and on the basis of the information you supply to us, unless you inform us in writing that the company requires an audit of the financial statements.
2. Should you instruct us to carry out an audit, then a separate letter of engagement will be required.
3. As accountants, we are not auditors of your business and therefore we shall not carry out an audit of the financial statements and consequently no opinion will be expressed. We expect to report on the financial statements of (Exempt Co. Limited) as set out in Miscellaneous Technical Statement No. 14 Compiling and Reporting in Financial Statements not subject to audit.

Scope of the Reporting Accountants' Work

1. Our work will be carried out in accordance with the Miscellaneous Technical Statement No. 14 Compiling and Reporting in Financial Statements not subject to audit. Our procedures will consist of compiling the financial statements from the accounting records kept by the company and the information and explanations supplied to us and making such limited enquiries of the officers of the company as we consider necessary for the purposes of our report.
2. Our work as accountants will not be an audit conducted in accordance with the International Standards on Auditing. Accordingly, we will not seek any independent evidence to support the entries in the accounting records, the existence, ownership or value of the assets, or the completeness of income, liabilities or disclosures in the financial statements. Nor will we make any assessment of the estimates and judgements made by you in your preparation of the financial statements. Consequently, our work as accountants will not provide any assurance that the accounting records or financial statements are free from material misstatement, whether caused by fraud, other irregularities or error. However, we will inform you of any such matters that come to our attention.
3. We have a professional responsibility not to allow our name to be associated with financial statements which we consider may be misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements may be misleading, and the matter cannot adequately be dealt with by means of disclosure within our report (or by other appropriate modification of the report), we will not issue any report, will withdraw from the engagement and will notify you in writing of the reasons. Should this situation occur our fees for the work performed so far will be payable on presentation of our fee note.
4. As part of our normal procedures, at the time that the financial statements are signed we may ask you to provide written confirmation of any information or explanations given by you orally during the course of our work.
5. We shall discuss the financial statements with you prior to their finalisation and, after any adjustments arising from those discussions are made, we shall ask you to approve the financial statements. The financial statements will contain a declaration for your signature that you approve them and have made available all relevant records and information for their preparation.

Tax Compliance Work

1. We have agreed to prepare, in respect of each accounting period, a computation of the company's profit's, adjusted with the provisions of the Taxes Acts. Subject to your approval, this will be submitted to the Inspector of Taxes with the company's formal return. We shall advise you each year before the due date of the amount of Corporation Tax payable.
2. You will be responsible, unless otherwise agreed, for all other returns, including returns relating to employee taxes under PAYE/PRSI and returns of employee expenses and benefits and VAT returns.
3. We shall also be pleased to advise you on other matters relating to taxation, such as the implications of particular business transactions and on other taxation matters, which you refer to us.

Additional Legal Responsibilities Regarding Taxation

1. We must report material relevant offences, as defined in Section 1079 of the Taxes Consolidation Act 1997, to the directors of the company in writing, requesting them to rectify the matter or notify an appropriate officer of the Revenue Commissioners of the offence within 6 months. In the event that our request is not complied with, we must cease to act as advisor to the company or to assist the company in any taxation matter. We must also send a copy of our notice of resignation to an appropriate officer of the Revenue Commissioners within 14 days.

Other Legal Responsibilities

1. Where a document or information indicates to us that an offence under the Criminal Justice (Theft and Fraud Offences) Act 2001 has been committed such as theft, unlawful use of computer, or false accounting, we must report this fact to a member of the Garda Síochána.
2. The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and 2013 requires that where we have a suspicion that a money laundering offence or terrorist financing has been committed that we report the matter to the Garda Síochána and to the Revenue Commissioners.
3. The Criminal Justice Act 2011 requires that where we have a suspicion that a listed offence has been committed that we report the matter to the Garda Síochána.

Company Secretarial

1. You have authorised us, as your agent, to deal with the company's secretarial matters as follows: -
 - (a) to prepare for your approval the company's Annual Return
 - (b) to deal with any other routine secretarial matters that may arise
2. To allow us to carry out these services all books, records and explanations requested by us must be submitted to us on a timely basis. To allow us to assist you in preparing returns for the Registrar of Companies it is necessary that the directors of the company have taken the steps to ensure that abridged accounts will be available to be annexed to the relevant statutory return within nine months of the financial year-end.
3. The directors are requested to note that the company will incur additional late filing penalties if the relevant financial statements are not made available for submission to the Companies Registration Office on time.
4. It is agreed that the directors of the company are primarily responsible to ensure that the company complies with the provisions of the Companies Act 2014 and will if necessary seek proper legal advice and record all decisions of the directors and members in minute books maintained for that purpose.

Other Services

1. We shall be pleased to provide, if requested, other services such as:
 - (a) General advice on financial matters including pension and investment planning (a separate engagement letter will deal with this area as the need arises)
 - (b) Reports in support of returns or claims e.g. for Government grants, consequential loss insurance declaration, etc.
 - (c) Reports in support of returns or claims e.g. for raising finance, for acquisitions of other businesses or investigation into some specific aspects of the business
 - (d) Advice on computers and computer bureau services
 - (e) Recruitment of staff
 - (f) Formation of limited companies
2. Consequently, in providing the financial statements of your business, any working papers, including the nominal ledger, which we bring into existence for this purpose, shall remain the property of this firm.

Fees

1. Our fees are based upon the skill involved and the time occupied on the work and will be charged for each class of work. They will be billed at appropriate intervals during the course of the year and will be due on presentation.
2. Should you so require, we will forward an estimate of fees in advance of any assignment.
3. We should also be pleased to give you any help you may require with problems which arose during the year and would plan to keep in touch with you throughout the year to discuss any matters affecting your business.
4. Please do not hesitate to contact Partner A whenever you feel he can be of assistance.

Applicable Law

1. This engagement letter shall be governed by, and construed in accordance with the laws of the Republic of Ireland. The Courts of the Republic of Ireland shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

Confidential Information

We shall not disclose, to third parties, confidential information acquired in the course of our professional work without your consent unless there is a legal right or duty to disclose. We are obliged under the regulations of our Institute to make all files available for inspection in the course of a routine practice review.

GDPR

We may obtain, use, process and disclose personal data about [you / your business / company / partnership / its shareholders / members / officers and employees] (amend as appropriate for the engagement) in order that we may discharge the services agreed under this engagement letter, and for other related purposes [including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance] (amend as appropriate for the engagement). We confirm when processing data on your behalf that we will comply with the relevant provisions of the Data Protection Acts 1998 to 2018 and the General Data Protection Regulation (GDPR) referred to as "Relevant Data Protection Legislation". You also confirm that any personal data you provide to us complies with the Relevant Data Protection Legislation.

Where you give us confidential information, we confirm that we shall at all times keep it confidential, other than as required by law, by our insurers, or as provided for in regulatory (including external peer reviews), ethical or other professional statements relevant to our engagement. This will apply during and after this engagement.

Agreement of Terms

Once it has been agreed this letter will remain effective until it is replaced. Please confirm your agreement with the terms of this letter by signing this copy and returning it to us.

If this is not in accordance with your understanding of the terms of our appointment, please let us know and we will be happy to give you any further information you require.

Yours sincerely,

ABC & Co.

Acknowledged by: _____

Date: _____

**On behalf of the board of Exempt Co. Limited.
June 2018**