



The Irish Accounting & Tax Summit 2020

Session 3 Audit Exempt Engagements in a COVID-19 World



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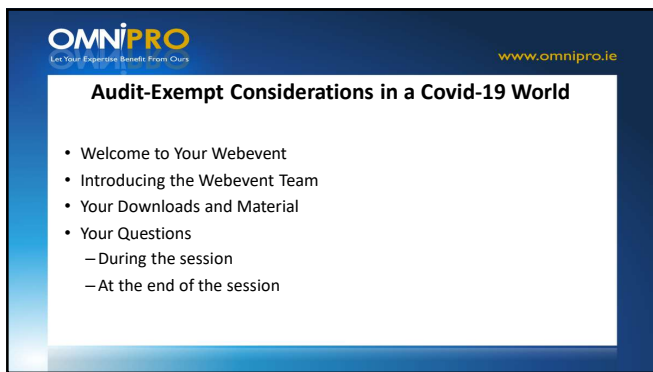
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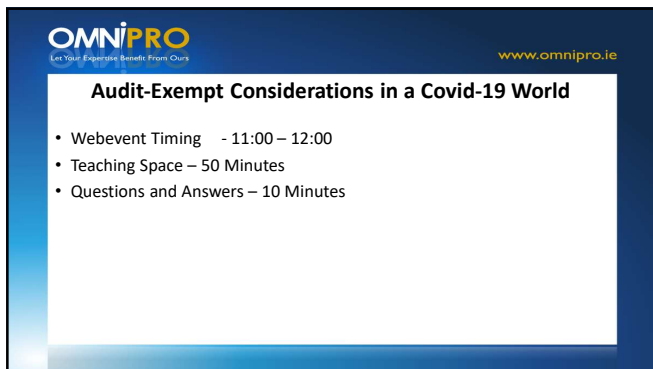




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Audit-Exempt Considerations in a Covid-19 World

- Topic 1 - Audit-exempt criteria & who can claim audit-exemption?
- Topic 2 - Audit-exempt files – the requirements
- Topic 3 - Audit-exempt financial statements
- Topic 4 - Covid-19 considerations for audit-exempt engagements;
- Topic 5 - Monitoring visits – common issues

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Audit-Exempt Considerations in a Covid-19 World

Topic 1 - Audit-exempt criteria & who can claim audit-exemption?

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Audit-Exempt Considerations in a Covid-19 World

Small Company Audit Exemption (s360, CA 2014)

- Criteria
 - Balance sheet total does not exceed €6m
 - Turnover does not exceed €12m
 - Number of employees does not exceed 50

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Audit-Exempt Considerations in a Covid-19 World

Small Company Audit Exemption

- 2 out of 3 of criteria;
- In current financial year and in preceding financial year (unless it is its first financial year)
- Turnover - Per P&L
- Balance Sheet
 - Aggregate amounts shown as assets in the company's balance sheet before the deduction for liabilities
- Employees
 - Number of person employed for each month of the year - whether employed in full for the month or not. (S.317)

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Audit-Exempt Considerations in a Covid-19 World

Small Company Audit Exemption

- Not classed as a 5th Schedule company (i.e. authorised by CBI);
- Must have filed annual returns on time (current & preceding year);
- Include specific wording on the balance sheet.

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Audit-Exempt Considerations in a Covid-19 World

Small Group Company Audit Exemption (s359, CA 2014)

- Criteria
 - Balance sheet (HC & subs) total does not exceed €6m (net) (€7.3m gross)
 - Turnover (HC & subs) does not exceed €12m (net) (€14.4m gross))
 - Number of employees (HC & subs) does not exceed 50

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Audit-Exempt Considerations in a Covid-19 World

Small Group Company Audit Exemption (s359, CA 2014)

- Audit Exemption applies to any group company if the group as a whole qualifies as a Small Group;
- The entire group and all its subsidiary undertakings must, taken as a whole, satisfy 2 of the following 3 conditions in order to claim a Group Company Audit Exemption;
- The conditions must be met in the year (the conditions must also be met in the preceding year unless it is the holding company's first financial year.) (s359 (5) CA2014).

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Audit-Exempt Considerations in a Covid-19 World

Small Group Company Audit Exemption (s359, CA 2014)

- In relation to the aggregate figures for turnover and balance sheet total - 'net' means after set-offs and other adjustments made to eliminate group transactions;
- Not classed as a 5th Schedule company (i.e. authorised by CBI);
- Must have filed annual returns on time (current & preceding year);
- Include specific wording on the balance sheet.

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Audit-Exempt Considerations in a Covid-19 World

Dormant Company Audit Exemption (s365, CA 2014)

- Not specific to company size – based on fact it is dormant;
- Directors of the opinion (& minute decision), that in the year concerned;
 - Company is dormant & satisfies conditions;
 - it has no significant accounting transaction; and
 - its assets and liabilities comprise only permitted assets and liabilities (i.e. investments in shares of, and amounts due to or from, other group undertakings).
- Disregarded:
 - any transaction arising from the taking of shares in the company by a subscriber;
 - any transaction consisting of the payment of a fee to the Registrar.

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Audit-Exempt Considerations in a Covid-19 World

Availing Of Audit Exemption – The process

- Directors hold a meeting;
- Statutory Auditors appointment terminated;
- Auditor serves notice on the company;
- Auditor sends a copy of company notice to the CRO (not required to inform IAASA);
- Members have the right to block the exemption;

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Audit-Exempt Considerations in a Covid-19 World

- S.334 – Right of Members to Require an Audit;
- S.335 – Statement to be included in BS if Audit Exemption availed of & ODCE right to access books and documents to ensure they complied with the conditions;
- S.343 – Court Application extending annual return date;
- S.358 – Standalone Audit Exemption Criteria;
- S.359 – Group Audit Exemption Criteria;
- S.360 – What the Exemption Means - once availed ongoing

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Audit-Exempt Considerations in a Covid-19 World

- S.361 – Members right to block the audit exemption;
- S.362 - Entities not entitled to avail of the exemption;
- S.363 & S.364 - Late Filing preventing the company avail of the audit exemption - Statutory Audits Act 2018 UPDATE;
- S.365 – Dormant Company audit exemption;
- S.399 – Removal of statutory auditors where exemption being availed of;
- S.1218 – CLG Any Member can block the audit exemption;

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Audit-Exempt Considerations in a Covid-19 World

Topic 2 - Audit-exempt files – the requirements

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Audit-Exempt Considerations in a Covid-19 World

Institute Guidance documents (best practice)

- CPA M.14
- CAI M.41
- ACCA Fact - sheet 163

Minimum Requirements

- Accounts prepared in Accordance with Companies Act 2014, Accounting Standards and Code of Ethics;
- Structured file with lead schedules linking financial statements to work carried out; and
- Be mindful of ISRS 4410

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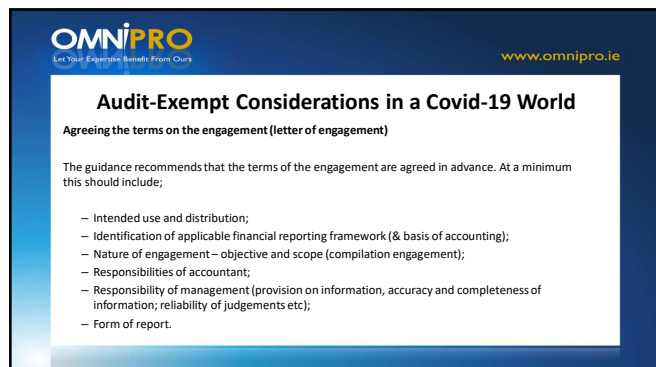
Audit-Exempt Considerations in a Covid-19 World

Planning of Audit Exempt Company Engagements

The guidance recommends that planning of audit exempt company engagements should include;

- Consideration of Independence and Ethical Considerations, including the Fundamental Principles of Integrity, Objectivity, Professional Competence and due care, Professional Behaviour and Professional Standards;
- Understanding of the entity, including the entities business and operations and the entity's accounting system and accounting records; and
- The applicable financial reporting framework to be used including compliance with the appropriate audit-exempt criteria.

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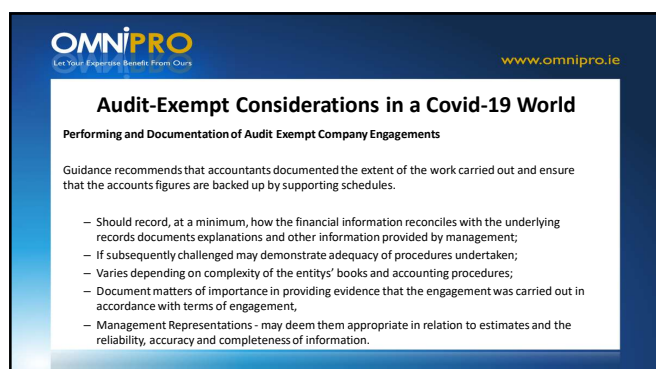
Audit-Exempt Considerations in a Covid-19 World

Agreeing the terms on the engagement (letter of engagement)

The guidance recommends that the terms of the engagement are agreed in advance. At a minimum this should include;

- Intended use and distribution;
- Identification of applicable financial reporting framework (& basis of accounting);
- Nature of engagement – objective and scope (compilation engagement);
- Responsibilities of accountant;
- Responsibility of management (provision on information, accuracy and completeness of information; reliability of judgements etc);
- Form of report.

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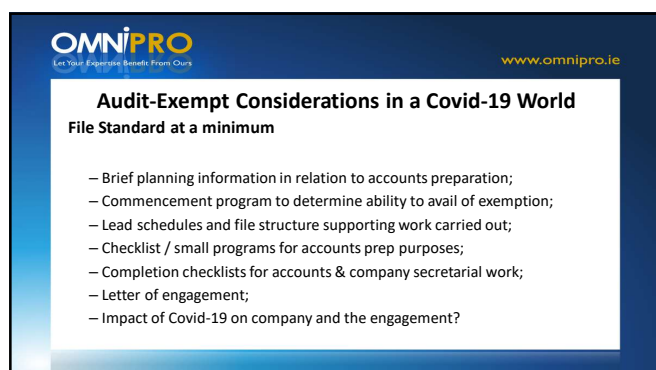
Audit-Exempt Considerations in a Covid-19 World

Performing and Documentation of Audit Exempt Company Engagements

Guidance recommends that accountants documented the extent of the work carried out and ensure that the accounts figures are backed up by supporting schedules.

- Should record, at a minimum, how the financial information reconciles with the underlying records documents explanations and other information provided by management;
- If subsequently challenged may demonstrate adequacy of procedures undertaken;
- Varies depending on complexity of the entities' books and accounting procedures;
- Document matters of importance in providing evidence that the engagement was carried out in accordance with terms of engagement;
- Management Representations - may deem them appropriate in relation to estimates and the reliability, accuracy and completeness of information.

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Audit-Exempt Considerations in a Covid-19 World

File Standard at a minimum

- Brief planning information in relation to accounts preparation;
- Commencement program to determine ability to avail of exemption;
- Lead schedules and file structure supporting work carried out;
- Checklist / small programs for accounts prep purposes;
- Completion checklists for accounts & company secretarial work;
- Letter of engagement;
- Impact of Covid-19 on company and the engagement?

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Audit-Exempt Considerations in a Covid-19 World

Engagements to Compile Financial Statements

- Use Accounting expertise to collect, classify and summarise financial information;
- When an accountant's name is associated with financial information compiled by the accountant the accountant should issue a report;
- Independence not a requirement for a compilation engagement;
 - If not independent statement to that effect in accountants report;
- Not an audit & no assurance given;

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Audit-Exempt Considerations in a Covid-19 World

Engagements to Compile Financial Statements

- Should not compile or permit name be associated with FS that may be misleading;
- Financial statements should be prepared in accordance with the acts and their presentation and disclosure should give a true and fair view;
- Directors must approve the FS in accordance with Cas;
- Additional disclosures required due to Covid-19?

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Audit-Exempt Considerations in a Covid-19 World

Accountants Report

- Title
- To whom the report is addressed - The board of directors
- Statement reflecting the engagement letter
 - Compiling FS from books & Records provided by the client or guidance document
- Report made exclusively to directors with disclaimer of liability (mgmt responsible for information);
- If relevant statement of the fact that the accountant is not independent;
- Statement that is it not an audit & no assurance given;
- If necessary paragraph drawing attention to material departures from the applicable financial reporting framework
- Date of report, Accountants Address & Signature

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Audit-Exempt Considerations in a Covid-19 World'

Responsibilities of directors

- Accounting policies;
- Judgements and estimates;
- Prepare financial statements on a going concern basis (Covid-19?);
- Protect and safeguard the assets of the company;
- Comply with relevant laws and regulations despite the fact that the compilation makes no judgement or provides no assurance;
- External compilation does not relieve responsibilities.

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Audit-Exempt Considerations in a Covid-19 World

Topic 3 - Audit-exempt financial statements

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Audit-Exempt Considerations in a Covid-19 World

Audit-Exempt Financial Statements under S.1A FRS 102 (under CAA 2017)

- When can S.1A be applied;
 - Meets criteria (s280A, CA 2014);
 - Mandatory for periods commencing on or after 1 January 2017;
- Who cannot apply S.1A
 - Schedule 5 Companies (i.e. required to be authorised by CBI);
 - Credit institution, insurance undertaking, securities on regulated market;
 - Holding company in a group where any of the entities are excluded based on the above;

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Audit-Exempt Considerations in a Covid-19 World

Audit-Exempt Financial Statements under S.1A FRS 102 (under CAA 2017)

- What does applying S.1A mean?
 - All measurement and recognition criteria under FRS 102 Sections 2 to 35 continue to apply;
 - S.1A provides disclosure exemptions;
 - Required V Encouraged – Directors must ensure that financial statements show a 'True and Fair view';
 - Additional disclosures as a result of Covid-19??

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Audit-Exempt Considerations in a Covid-19 World

Micro Entities & FRS 105

- When can FRS105 be applied;
 - Meets criteria (s280A, CA 2014);
 - Mandatory for periods commencing on or after 1 January 2017;
- Who can apply FRS105
 - Criteria
 - Balance sheet total not exceeding €350,000;
 - Turnover not exceeding €700,000;
 - Employees not exceeding 10;

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Audit-Exempt Considerations in a Covid-19 World

Micro Entities & FRS 105

- Who can apply FRS105
 - 2 out of 3 of criteria;
 - In current financial year and in preceding financial year (unless it is its first financial year)

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Audit-Exempt Considerations in a Covid-19 World

Micro Entities & FRS 105

- Who cannot apply FRS 105
 - Schedule 5 Companies (as per S.1A);
 - Credit institution, insurance undertaking, securities(as per S.1A);
 - Holding company in a group where any of the entities are excluded based on the above or consolidating holding company;
 - Investment undertaking or financial holding undertaking;
 - Charity not specifically disallowed however would not represent best practice;

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Audit-Exempt Considerations in a Covid-19 World

Micro Entities & FRS 105 – Transitions & Accounting

- What does applying FRS105 mean?
 - Totally different regime to FRS 102;
 - Transition considerations if moving from FRS 102, S.1A FRS 102 or FRSSSE;
 - Different accounting treatments;
 - Minimal disclosures but if minimum disclosure requirements met presumption of true and fair view;
 - Companies can provided additional disclosures; however, if availed of they must follow the requirements od FRS 102 S1A / SCR.
 - Additional disclosures regarding Covid-19..???

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Audit-Exempt Considerations in a Covid-19 World

Topic 4 - Covid-19 Considerations for audit-exempt engagements

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Audit-Exempt Considerations in a Covid-19 World

Covid-19 considerations & impact on work;

- Use of Covid-19 Supplementary Procedures Checklist;
 - Evidence of firms awareness of Covid-19 & impact on work;
- Planning issues;
 - Updated for Covid-19 issues?;
 - Updated understanding of the entity & business risks;
 - Letter of engagement in place;
 - Meeting with management;

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Audit-Exempt Considerations in a Covid-19 World

Covid-19 considerations & impact on work;

- Completion issues;
 - Letter of Representation;
 - Tailored for Covid-19
 - Analytical review / ratio analysis
 - Do the financial statements make sense?;
- Going concern issues;
 - Is the going concern basis appropriate;
- Post balance sheet events;

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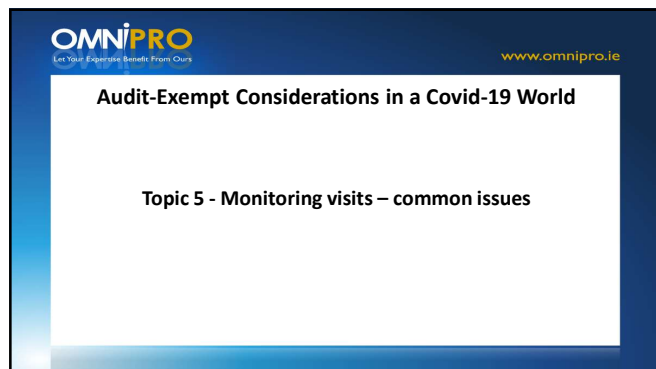
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Audit-Exempt Considerations in a Covid-19 World

Covid-19 considerations & impact on work;

- Financial Statement areas;
 - Correct accounting treatment;
 - Requirement to carry out / consider impairment review;
 - Impact on accountants report?
- Do the financial statements show a true & fair view?

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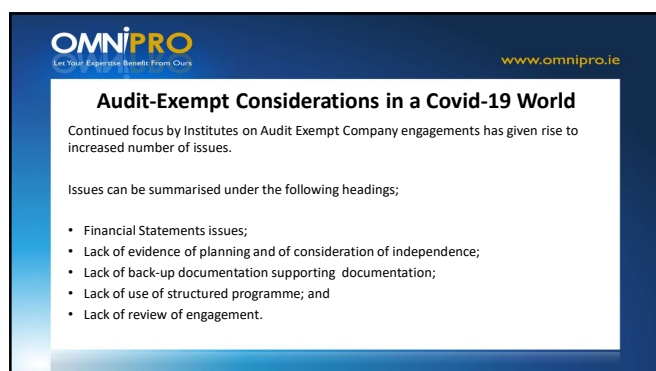


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Audit-Exempt Considerations in a Covid-19 World

Topic 5 - Monitoring visits – common issues

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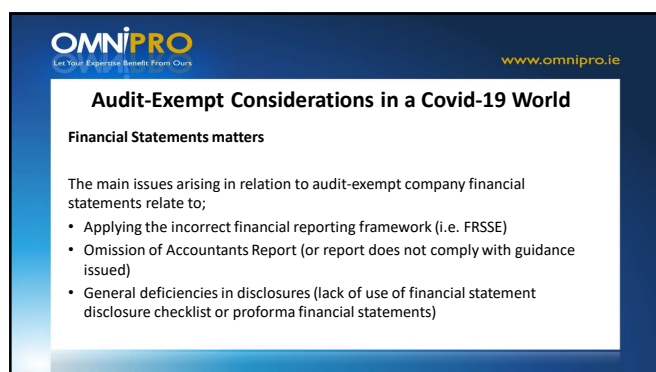
Audit-Exempt Considerations in a Covid-19 World

Continued focus by Institutes on Audit Exempt Company engagements has given rise to increased number of issues.

Issues can be summarised under the following headings;

- Financial Statements issues;
- Lack of evidence of planning and of consideration of independence;
- Lack of back-up documentation supporting documentation;
- Lack of use of structured programme; and
- Lack of review of engagement.

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Audit-Exempt Considerations in a Covid-19 World

Financial Statements matters

The main issues arising in relation to audit-exempt company financial statements relate to;

- Applying the incorrect financial reporting framework (i.e. FRSSE)
- Omission of Accountants Report (or report does not comply with guidance issued)
- General deficiencies in disclosures (lack of use of financial statement disclosure checklist or proforma financial statements)

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Audit-Exempt Considerations in a Covid-19 World

Planning of Audit Exempt Company Engagements

- The lack of sufficient appropriate planning of audit exempt engagements is an issue raised on monitoring visits.
- Guidance from the various Institutes recommend that accountants carrying out compilation engagements should ensure that appropriate planning is carried out.

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Audit-Exempt Considerations in a Covid-19 World

Performing and Documentation Audit Exempt Company Engagements

- The lack of evidence demonstrating the work carried out on audit exempt engagements is an issue continually raised on monitoring visits.
- Guidance from the various Institutes recommend that accountants carrying out compilation engagements should ensure that they can demonstrate the extent of their work and that there is back-up supporting the figures in the financial statements.

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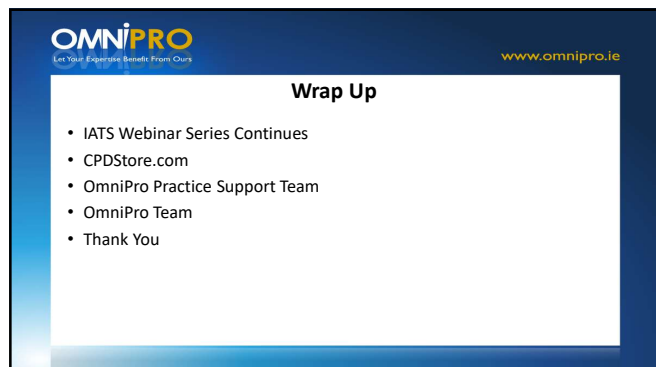
Audit-Exempt Considerations in a Covid-19 World

Other issues noted on Audit Exempt Company Engagements

Other matters raised on monitoring visits surround;

- Lack of use of audit-exempt work programme;
- Lack of evidence of engagement partner / principal review;
- Lack of written representations from directors.

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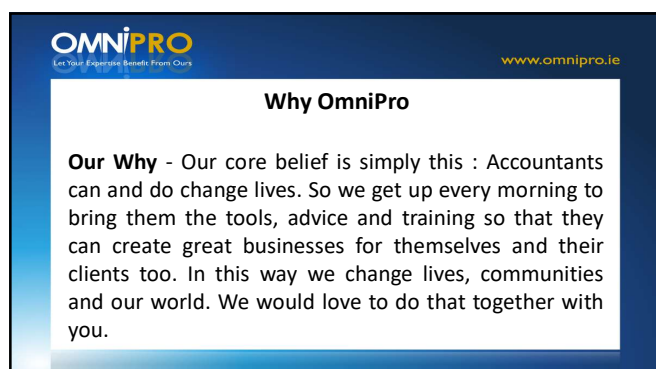
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Wrap Up

- IATS Webinar Series Continues
- CPDStore.com
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- Thank You

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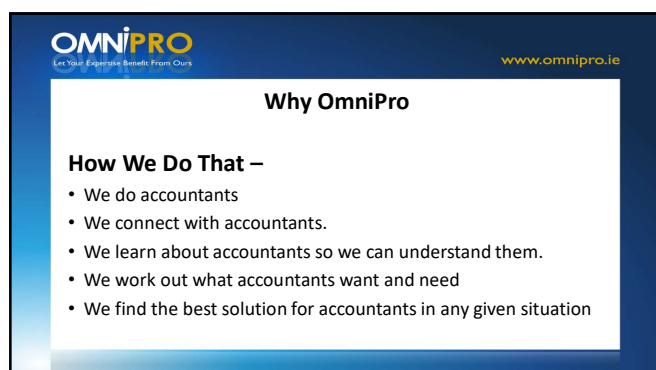
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Why OmniPro

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- We connect with accountants.
- We learn about accountants so we can understand them.
- We work out what accountants want and need
- We find the best solution for accountants in any given situation

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Why OmniPro

What We Do -
We provide accountants with information products, consulting and training in the areas of;

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- company secretarial & taxation;
- audit & financial reporting;
- professional regulation and disciplinary defence.

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Compliant Company
Year end

Covid-19

Covid-19 Supplementary Audit-Exempt Procedures Checklist

	Initials	Date
Prepared by:	Snr	1-Jan-18
Reviewed by:	Ptnr	1-Jan-18

	Non-Audit Programme	Yes / No / N/A	ARC reference	Covid-19 Guidance reference	Senior Initials	Partner Initials
	OVERALL COMPLETION					
	File Completion / Partner Completion		A5			
1	Engagement Partner to ensure Covid-19 Checklist is completed reflecting the work carried out.					
2	Did the firm evaluate the overall presentation of the financial statements, including consideration of whether adequate disclosures have been made for matters impacted by Covid-19? Is there evidence on file of a Covid-19 disclosure checklist being used?					
	Covid-19 Financial Statements Disclosures					
3	Has the firm applied the COVID 19 Financial Statement Supplementary Disclosures Checklist. Ref					
4	Did the firm refer to the Sample Covid-19 disclosures where necessary?					
	Letter of Representation		A2			
5	Has the firm obtained a signed letter of representation / written representations from management?					
6	Do the written representations reflect the impact of Covid-19 on the financial statements?					
	Analytical Review / Ratio Analysis		A6			
7	Has an analytical review / ratio analysis been carried out taking into account the effects of Covid-19 on the financial statements?					
8	Has the analytical review / ratio analysis, including the reasons for any material variances noted, been tailored to reflect the impact of Covid-19 (if any)?					
	Going concern		A9			
9	Has the firm considered the appropriateness of managements use of the going concern basis for the preparation of the financial statements?					
10	Is the Going Concern basis still appropriate (if not, have the financial statements been prepared on a basis other than on going concern (i.e. break-up basis))?					
11	Have appropriate Going Concern disclosures been made in the financial statements?					
12	Has the firm considered the impact of Covid-19 on the accountants' report (if included)?					
	Post balance sheet events		A10			
13	Has management identified material subsequent events related to Covid-19?					
14	If so, has the firm assessed whether these have been appropriately addressed or disclosed in the financial statements in accordance with the financial reporting framework.					
15	If not, has the firm considered the impact on the accountants' report (if included)?					
	Conclusion Meeting with Management		A11			
16	Where restriction on travel has resulted having physical meetings with the client has the firm considered alternate methods to communicate with the client?					
17	Has minutes of completion / final meeting with the client recorded specific issues relating to Covid-19 (i.e. subsequent events, going concern etc)?					
18	Where the firm intends to include a paragraph in their accountants' report in relation to significant matters noted in the financial statements, have they discussed / explained to management the nature of the disclosure and whether it can be removed?					
	Findings Letter / Management Letter		A12			
19	Has the firm considered whether there are any significant issues arising from the engagement resulting from Covid-19 they wish to communicate to management.					
	PLANNING					
	Planning checklist					
20	Has the firm documented their consideration of possible Covid-19 matters?					
	Covid-19 additional considerations;					
21	-the impact on the planned approach as a result of Covid-19;					
22	-the impact of changes on the understanding of internal controls and accounting systems;					
23	- possible changes required to responses required and timing of engagement (e.g., availability of staff).					
	Planning Memo		B2			
24	Has the firm updated the Planning Memo for all Covid-19 issues & matters?					
25	See template / sample wording in Covid-19 guidance document.					
	Acceptance of Appointment or Re-appointment		B3			
	New appointment					

26	Did the firm consider if restrictions over travel and office-based working will impact on their ability to carry out their review of the previous accountants / auditors working papers?					
27	If so, has the firm considered what work can be undertaken remotely?					
	Letter of Engagement		B6			
28	Does the firm have an up to date (and appropriately tailored (if applicable) Letter of Engagement in place?					
	Internal Engagement Team Meeting (if applicable)					
29	Where restriction on travel has resulted having physical meetings with engagement team members has the firm considered alternate methods to communicate with the engagement team?					
30	Has minutes of engagement team meetings recorded specific issues relating to Covid-19 (resources required etc, access to books and records, access to client premises etc.)?					
31	If engagement planning had commenced prior to Covid-19 restrictions being put in place, has the firm discussed the matters related to Covid-19 with the engagement team and updated planning meeting minutes?					
	Planning Meeting with Management (if applicable)					
32	Where restriction on travel has resulted having physical meetings with client has the firm considered alternate methods to communicate with the clients?					
33	Has minutes of planning meeting with client recorded specific issues relating to Covid-19 (timing of engagement, access to books and records, access to client premises etc.)?					
34	If engagement planning had commenced prior to Covid-19 restrictions being put in place, has the firm discussed the matters related to Covid-19 with the client and updated planning meeting minutes?					
	FINANCIAL STATEMENT AREAS					
	Tangible Fixed Assets					
35	If management identified events / conditions (i.e. Covid-19) which has resulted in the need for impairment review, was the impairment review carried out in accordance with the applicable financial reporting framework?					
36	If not, has the firm considered the effect on its accountants report?					
	Intangible Fixed Assets					
37	If management identified events / conditions (i.e. Covid-19) which has resulted in the need for impairment review, was the impairment review carried out in accordance with the applicable financial reporting framework?					
37	If not, has the firm considered the effect on its accountants report?					
	Investments					
38	If management identified events / conditions (i.e. Covid-19) which has resulted in the need for impairment review, was the impairment review carried out in accordance with the applicable financial reporting framework?					
39	If not, has the firm considered the effect on its accountants report?					
	Stock and Work in Progress					
40	If management identified events / conditions (i.e. Covid-19) which has resulted in the need for impairment review, was the impairment review carried out in accordance with the applicable financial reporting framework?					
41	If not, has the firm considered the effect on its accountants report?					
	Debtors					
42	If management identified events / conditions (i.e. Covid-19) which has resulted in the need for impairment review, was the impairment review carried out in accordance with the applicable financial reporting framework?					
43	If not, has the firm considered the effect on its accountants report?					
	Bank Balances and Cash in Hand					
44	Did management assess whether the impact of Covid-19 on the financial statements has caused the any breaches to covenants on loan agreements?					
45	If so, have loan liabilities been correctly disclosed in the financial statements in accordance with the applicable financial reporting framework?					
46	Did the firm assess whether the client obtained any new banking facilities / other sources of finance due to impact of Covid-19 (keep in mind the need to obtain bank confirmation letters / third party confirmation of balances & terms and conditions)?					
	Creditors & Accruals					
47	Did the firm assess whether additional provisions / accruals were required as a result of Covid-19?					
	Did the firm test for completeness of creditors or for unrecorded creditors / accruals resulting from Covid-19 and the need to source new suppliers?					
	Taxation					
48	Did management consider the effect of the impact on Covid-19 on deferred tax calculation and balances?					
	Statutory Matters, Share Capital and Reserves					
49	Did the firm review the company's M&A to determine the process for calling and holding of directors meetings (Can the company hold 'remote / virtual meetings')?					

50	Did the firm review the company's M&A to determine the process for calling and holding of EGMs and AGMs (Can the company hold 'remote / virtual meetings')?					
51	Did the firm review the company's M&A to determine the process for the directors making significant decisions regarding the company (determining the company's eligibility for the Wage Subsidy Scheme)?					
52	Did the firm review minutes of directors meetings relating to Covid-19 matters, such as:					
	Decision to avail of Covid-19 Wages Subsidy Scheme; and					
	Compliance with turnover / solvency conditions with regards to the Covid-19 Wages Subsidy Scheme?					
	Salaries and Wages					
53	Did the company avail of the Wages Subsidy Scheme?					
54	If so, did the firm assess the company's eligibility for the scheme?					
55	Did the firm test a sample of employees to ensure the company complied with the scheme's conditions?					
56	Did the firm complete the OmniPro Covid-19 Wages Subsidy Scheme checklist?					
	Related Parties					
57	If management identified events / conditions (i.e. Covid-19) which has resulted in the need for impairment review, was the impairment review carried out in accordance with the applicable financial reporting framework?					
58	Did managements assessment of impairment include:					
	-Directors' loans; and					
	-Related party loan (including connected party loans and intergroup loans)?					
59	If so, was an impairment review carried out in accordance with the applicable financial reporting framework?					
60	If not, has the firm considered the effect on its accountants report?					
61	Have loan liabilities been correctly disclosed in the financial statements in accordance with the applicable financial reporting framework?					
	Laws and Regulations					
62	Did the firm assess the client's compliance with laws and regulations impacted by Covid-19 (e.g. TWSS scheme)					
63	Did the firm assess whether there were additional reporting requirements as a result of Covid-19 (Charities Regulator / HSE / Tusla / Central Bank / ODCE)?					
	Conclusion (re Covid-19):					
64	The engagement has been conducted in accordance with ISRS 4410, associated institute guidance and the firm's procedures (including, the specific Covid-19 considerations noted above), and our working papers contain back-up to support the figures in the financial statements.					

Snr	
1-Jan-18	
Ptnr	
1-Jan-18	

Accountant in Charge
Date

Partner in Charge
Date



OmniPro Quick Guide Series

Audit Exemption

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OmniPro Audit Exemption Pack

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Audit Exemption Helpsheet

The Key Sections of the Legislation

Sections 358 to Section 364 in Chapter 15 of Part 6 primarily deal with the key elements of audit exemption. S.365 as set out Chapter 16 specifically deals with the audit exemption for Dormant Companies. Key sections of relevance to the audit exemption within CA 2014 include:

- S.334 – Right of Members to Require an Audit
- S.335 – Statement to be included in Balance Sheet if Audit Exemption availed of & ODCE right to access books and documents to ensure they complied with the conditions
- S.343 – Court Application extending annual return date
- S.358 – Standalone Audit Exemption Criteria
- S.359 – Group Audit Exemption Criteria
- S.360 – What the Exemption Means and once the exemption is availed of that exemption is ongoing
- S.361 – Members right to block the audit exemption
- S.362 – Entities not entitled to avail of the exemption
- S.363 & S.364 – Late Filing preventing the company availing of the audit exemption
- S.365 – Dormant Company audit exemption
- S.399 – Removal of statutory auditors where exemption being availed of
- S.1218 – For companies limited by guarantee any member can block the audit exemption

Who is Eligible to Avail of the New Audit Exemption?

- Model Private LTD Companies
- Designated Activity Companies
- Companies Limited by Guarantee
- Unlimited Companies
- Small Groups
- Dormant Companies

Under the new legislation, based on the latest statistics available from the CRO, in excess of 96% of registered companies are entity types to which the audit exemption can be applied.

What Are the Criteria for Availing of the Audit Exemption?

S.358 sets out the main conditions for audit exemption in a non-group situation while S.359 sets out the main conditions for audit exemption in a group situation.

The Criteria for Non Group Companies in terms of size criteria are the same as set out in S.280A for company's that are not holding companies:

- Turnover <=€12m
- Balance Sheet Total <=€6m
- Ee <=50
- The company only needs to meet 2 out of the 3 criteria in the current and preceding year

Note even where these size criteria are met – certain entities are excluded as detailed further on (e.g. Schedule 5, insurance and credit undertakings etc.). Balance sheet Total refers to fixed and current assets.

Under S.275 the Balance sheet total is defined as the aggregate of the amounts shown as assets in the company's balance sheet. S.275 defines the amount of turnover as the amount of turnover shown company's profit and loss account.

Under the Companies Acts 1963 to 2013 and S.I. 308 of 2012, companies had to meet 3 out of the 3 size criteria. CA2014 opens up the audit exemption to a considerably broader range of larger companies in line with EU norms.

Based on a study done by the European Commission in 2007 on the annual accounts of certain types of companies the combined estimated percentages of Micro and Small entities in the EC amounted to 96% of all companies. Based on this size criteria the vast majority of Irish SMEs will now be able to avail of the new exemption.

The Criteria for Group Companies as set out in S.359 is based on the consolidated accounts of all entities within the group meeting the size criteria set out below (as stated in Section 280B).

	Net	Gross
• Turnover	<=€12m	<=€14.4m
• Balance Sheet Total	<=€6m	<=7.2m
• Ee	<=50	<= 50
• The company only needs to meet 2 out of the 3 criteria in the current and preceding year		

Note even where these size criteria are met – certain entities are excluded as detailed further on (e.g. Schedule 5, insurance and credit undertakings etc.) – if an excluded entity within the group then no entity in the group can claim exemption.

What Year Ends Can Avail of the Audit Exemption?

Based on the CRO interpretation of the legislation and the commencement order all financial statements approved after the commencement of CA 2014 on the 1st of June can avail of the audit exemption. Based on the S.I. 169 of 2015, which commenced the legislation, any reliefs relating to financial statements can be availed of immediately once financial statements are approved after 1st of June 2015.

Irrespective of the commencement order and the entitlement to retrospectively avail of the exemption, company directors do need to consider whether they are infringing the rights of members, by retrospectively availing of the exemption for companies that are newly entitled to avail of the exemption. Prior to the commencement order being issued on the 1st of May there was no legislative framework for members to block the audit exemption under S.334 or S.361. For example members of Companies Limited by Guarantee, Unlimited Companies or Small Groups were not required previously to block the audit exemption, and thus, if the members had no framework to block the audit exemption in this initial transition period it could be argued that the directors availing of the exemption may not be acting in the best interest of the company and the members. This is particularly relevant to Companies Limited by Guarantee and any company where the members and the directors are not the same people. This issue affected companies with periods ending between 31st of October 2014 and 30th of June 2015.

New Companies and the Audit Exemption

Based on S.358 when a company is newly incorporated there is no defined process to avail of the exemption similar to that set out in the Companies Amendment Act 1999. On this basis newly incorporated companies do not have to go through a process to avail of the exemption. They either meet the criteria or do not in the same way as companies either meet the size criteria or do not. The only companies that need to take action in order to

apply the audit exemption rules are companies who have an auditor appointed and wish to terminate the appointment of that auditor

What does the Audit Exemption Mean?

Under S.361 if a company avails of the audit exemption, S.333, dealing with the requirement to have statutory financial statements audited, does not apply. This goes on to impact on a number of other sections and requirements as set out in the legislation.

Some of these sections include:

- S.121 – Auditors report on Financial Statements
- S.306 – Statement of Non compliance
- S.322 – Disclosure of audit and non audit remuneration
- S.330 – Statement on relevant audit information
- S.336 – Form of audit report
- S.337 – Auditors signature
- S.338 – Circulation of Financial Statements
- S.339 – Members right to demand copy Financial Statements
- S.340 – Publication of Financial Statements
- S.341 – Financial Statements to be laid before AGM
- S.347 – Documents to be annexed to Annual return
- S.356 – Special report on abridged financial statements
- S.380, 382 & 385 – Appointment of Auditors
- S.390 & 393 – Obligations of Auditors

One key change to audit exemption under the 2014 Companies Act is that S.360.1.b provides that once a company avails of the audit exemption it does not have to do anything unless and until the company is no longer entitled to avail of the exemption. Under the Companies Acts 1963 to 2013 regime there was no such option implied or created within the legislation. Once a company avails of the audit exemption it does not have to do anything on an annual basis unless it no longer meets the criteria or the members or directors decide otherwise and take the appropriate steps.

Has the link between Late Filing and the Audit Exemption eventually been broken?

S.363 and S.364 means that companies in non-group or group situations can only avail of the audit exemption if their annual returns are filed on time in the current and preceding year. This is a huge imposition on the accountancy profession.

We have long held the view that if there are to be penalties imposed for late filing; the penalties should be imposed on the directors and not the unfortunate auditor who ends up being stuck performing an audit on a small company. When an auditor is forced to do an audit on a small company the first challenge they face is applying the auditing standards, which are designed to cope with large entities on a small entity where it is virtually impossible to transpose the requirements in an efficient manner. The second challenge "late filing" auditors face is that if the client has filed late they are unlikely to be prepared to pay the appropriate fee to have their company audited. There is a substantial step up from being compiling accountants under ISRS 4410, to being an auditor under the auditing standards. The accountant who has unwillingly become an auditor usually carries this cost.

S.343 in the new act does provide an option however where annual returns are filed late. Under this section which deals with the requirements in relation to filing annual returns a

new provision that we previously did not have has been created whereby the directors can have the annual return date extended based on an application to the court.

S.343.5 provides that the District Court, based on an application made, on notice to the CRO, by the company, may make an order extending the time for the annual return to be submitted, if it is satisfied that it would be just to do so. Companies may represent themselves or be legally represented. A core part of the process is the director's affidavit setting out the circumstances of the company, the issue that arose, why the ARD was missed and how the issue has been resolved along with how it will be prevented from happening again. Based on experience to date the vast majority of S.343 applications have been successful.

The late filing exclusion is not extended to the first annual return. This was clarified in Section 61 of Companies (Accounting) Act 2017.

What Types of Entities can Not Avail of the Audit Exemption even where size criteria is met?

S.280A and S.280B as inserted by Companies (Accounting) Act 2017 – even where the size exemptions are met, if an entity is an ineligible entity then that entity cannot claim audit exemption. S.280A(4) refers. For group entities if any entity within the group is an ineligible entity then no entity in the group can avail of audit exemption (S.280B(5) refers).

S.275 defines ineligible entities as undertakings that:

- Have transferrable securities on a regulated market;
- Credit institutions; or
- Insurance undertakings; or
- Are listed in Schedule 5 of Companies Act 2014.

Schedule 5 to the Act sets out entities that can not avail of the audit exemption due to their activities which include authorised investment firms, a company that is an investment intermediary and a range of other financial institutions carrying on regulated activities. The full list of entities referred to in Schedule 5 is set out below:

1. *A company that is an authorised investment firm within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007).*
2. *A company that is an authorised market operator.*
3. *A company that is an associated undertaking or a related undertaking, of an authorised investment firm or an authorised market operator, within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007).*
4. *A company to which Chapter VII, VIII or IX of Part II of the Central Bank Act 1989 applies.*
5. *A company that is engaged in the business of accepting deposits or other repayable funds or granting credit for its own account.*
6. *A company that is an associated body of a building society within the meaning of the Building Societies Act 1989.*
7. *A company that is an associated enterprise of a credit institution within the meaning of the European Communities (Credit Institutions) (Consolidated Supervision) Regulations 2009 (S.I. No. 475 of 2009).*

8. *An investment company within the meaning of Part 24.*
9. *A company that is a management company, trustee or custodian within the meaning of Part 24 or of Part 2 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005.*
10. *A company that is an undertaking for collective investment in transferable securities within the meaning of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011).*
11. *A company that is a management company or trustee of an undertaking for collective investment in transferable securities within the meaning of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011).*
12. *A company that is a management company or trustee of a unit trust scheme within the meaning of the Unit Trusts Act 1990.*
13. *A company that is a general partner or custodian of an investment limited partnership within the meaning of the Investment Limited Partnerships Act 1994.*
14. *A company that has close links (within the meaning of the European Union (Capital Requirements) Regulations 2014 (S.I. No. 158 of 2014)) with an authorised investment firm referred to in paragraph 1 or a company referred to in paragraph 5.*
15. *Any other company the carrying on of business by which is required, by virtue of any enactment or instrument thereunder, to be authorised by the Central Bank.*
16. *A company that is the holder of an authorisation within the meaning of—*
 - (a) Regulation 2 of the European Communities (Non-Life Insurance) Regulations 1976 (S.I. No. 115 of 1976);*
 - (b) Regulation 2 of the European Communities (Non-Life Insurance) Framework Regulations 1994 (S.I. No. 359 of 1994);*
 - (c) Regulation 2 of the European Communities (Life Assurance) Regulations 1984 (S.I. No. 57 of 1984); or*
 - (d) Regulation 2 of the European Communities (Life Assurance) Framework Regulations 1994 (S.I. No. 360 of 1994).*
17. *A company that is an insurance intermediary within the meaning of the Insurance Act 1989.*
18. *A company that is an excepted body within the meaning of the Trade Union Acts 1871 to 1990*

Can members block the audit exemption?

Under S.334 any member Any Member holding shares in the company, that confer in aggregate, not less than 10% of the voting rights in the company may serve notice in writing on the company stating that they do not want the audit exemption to be availed of. S.334 is linked into the audit exemption chapter in the Act through S.361.

There are criteria which members must meet however if they wish to avail of the exemption in terms of the notice blocking the company to avail of the exemption. Members must make their written application

- During the financial year immediately preceding the financial year to which the notice relates; or

- During the financial year to which the notice relates (but not later than 1 month before the end of that year)

The responsibility is clearly on the members to block the exemption but in the early stages of CA2014, for companies with years ending from 31st of October 2014 to 30th of June 2015 because S.361 and S.334 were not in effect 1 month before the end of the financial year members had no ability to block the audit exemption if the directors retrospectively availed of the exemption.

The only exception to the 10% rule in terms of members blocking the audit exemption is for Companies Limited by Guarantee. For these entities it does not require members holding 10% of the voting rights to block the audit exemption it only requires 1 member to block.

What about Companies Who Currently Have An Auditor?

S.399 deals with the removal of statutory auditors where the audit exemption is being availed of. This section refers to companies availing of the audit exemption making a decision that the appointment of persons as statutory auditors should not be continued during whole or part of the financial year for which the exemption is being availed of. Previously the legislation was very explicit in terms of this decision being recorded in the minutes of the meeting and the fact that the decision must be made during the financial year for which the exemption is being availed of. While the legislation is not as explicit for multi director companies we feel that this decision like any decision the directors make should be minuted appropriately. S.399 refers to terminating appointments of auditor during whole or part of the financial year. To terminate an appointment during a period requires both the decision and the communication of the decision to the terminated party to happen during the period. The CRO guidance states that audit exemption can be retrospectively availed of and this is the most commonly applied approach.

Section 399.1 states that if a company avails itself of the audit exemption it should decide that the appointment of the auditor should not be continued in whole or in part of a financial year that it should decide to terminate the appointment of the statutory auditor.

It goes on to state that within 21 days after the date of notification that the auditor must serve a notice on the company and under S.399.1.(b) (ii) unless and until that notice is served that any purported termination of the auditor shall not have effect.

Under S.399.2 this notice requires the auditor to notify the company that there are or there are not circumstances, which need to be brought to the attention of the members or creditors.

S.399.3 requires that a copy of this notice sent to the directors needs to be submitted to the CRO by the auditor. If there are any issues which need to be brought to the attention members it is incumbent on the directors to circulate a copy of the auditors letter.

It is critical that entities that were previously audited get the process right in terms of availing of the audit exemption and go through the process and submit the necessary paperwork. This is now compounded as under S.335 of the Act the Director of Corporate Enforcement can request and be given access to the books and documents of the company to ensure that the company complied with the audit exemption provisions.

The minutes and communications in this quick guide are based on companies who currently have an auditor and need to terminate that appointment in order to avail of the exemption.

What are the differences for Groups?

Under S.359 small group companies can avail of the audit exemption. The definition of a group ties into S.7 and S.8 of the Act. S.7 defines a subsidiary in terms of control, ownership and dominant influence. The definition of a group extends to both subsidiaries and sub-subsidiaries. S.359.2 states that audit exemption applies if the GROUP qualifies as a Small Group as defined in S.280B. Based on the definition group extends to all entities in the group irrespective of jurisdiction or location.

The Criteria for Group Companies as set out in S.359 is based on the consolidated numbers of all entities within the group meeting the size criteria set out below (as stated in Section 280B).

	Net	Gross
• Turnover	<=€12m	<=€14.4m
• Balance Sheet Total	<=€6m	<=7.2m
• Ee	<=50	<= 50
• The company only needs to meet 2 out of the 3 criteria in the current and preceding year		

Note even where these size criteria are met – certain entities (i.e. ineligible entities as defined in S.275) are excluded as detailed above (e.g. Schedule 5, insurance and credit undertakings etc.) – if an excluded entity within the group then no entity in the group can claim exemption.

Gross means the total when adding the relevant numbers for the parent entity and all of its subsidiaries (as defined in S.7) without making any adjustments.

Net means the total when adding the relevant numbers for the parent entity and all of its subsidiaries (as defined in S.7) after making any adjustments for elimination of intercompany group transactions.

Note your starting point should be the gross and afterward check if the net basis is met assuming the gross was not.

In terms of members rights to block the audit exemption individual subsidiaries may be blocked from availing of the audit exemption without the whole group losing the right to avail but if the parent company is blocked from availing of the exemption no company within the group can avail.

S.364 means that if the holding company or any of the subsidiaries file late all entities in the group lose the audit exemption so in instances like that small groups will need to closely consider the use of S.343.5 to extend the ARD of any late filer to avoid losing the exemption for all. Note under S.364 if the first annual return is late then this not exclude an entity/group from audit exemption.

What about Dormant Companies?

The Dormant Company Audit Exemption is not specific to company size. A company can qualify to claim audit exemption based on the fact that it is dormant. Under S.365 the process for availing of the exemption is slightly different.

The directors of the company must

- (i) be of the opinion that in respect of the financial year concerned, the company is dormant and will satisfy the conditions specified at (a) and (b) below, and
- (ii) decide that the company should avail of the exemption in that year (and record that decision in the minutes of the meeting concerned):
 - (a) it has no significant accounting transaction (ie. a transaction that is required by s.281 and s.282 Companies Act 2014, to be entered in the company's accounting records) Note CRO fees and the annual return fee can be ignored; and
 - (b) its assets and liabilities comprise only permitted assets and liabilities (ie. investments in shares of, and amounts due to or from, other group undertakings).

One difference between dormant companies and trading companies is that dormant companies must avail of the exemption based on a directors meeting, which must be held before the end of the financial year which the directors are proposing to avail of the exemption.

What to watch out for?

- The most important thing in relation to audit exemption for small companies is filing on time. The accountancy profession, need to continue to monitor and drive on time filing.
- Irrespective of the commencement order and interpretation being applied in relation to retrospectively availing of the audit exemption take a common sense approach to retrospectively availing of the audit exemption.
- For charitable organisations, who are registered with the Charities Regulatory Authority (CRA) just because you can avail of the audit exemption under company law doesn't necessarily mean that entity is not still obliged to have an audit. The revenue have rules in relation to audit and grant/funding providers may stipulate an audit is required.
- Ensure you review other agreements in place to assess whether these prevent audit exemption from being claimed (e.g. funding providers)
- Ensure that you follow the process in relation to correctly availing of the exemption.

The Process in a Nutshell?

1. Members have the right to block the exemption
2. Directors hold a meeting
3. Statutory Auditors appointment terminated
4. Auditor serves notice on the company
5. Auditor sends a copy of company notice to the CRO

What is Contained in This Pack?

- Documents, meeting minutes and communications for standalone non group companies who currently have an auditor availing of the audit exemption – (Ref 1-5)
- Documents, meeting minutes and communications for group companies who currently have an auditor availing of the audit exemption (Ref 6 -10)
- Documents, meeting minutes and communications for companies limited by guarantee who currently have an auditor availing of the audit exemption (Ref 11-15)

1. Directors meeting availing of Audit Exemption: Non Group

Company Name Limited

Minutes of a Meeting of the Board of Directors held at Registered Office Address on day of 201X at a.m./p.m..

Present: Name
Name

In Attendance:

Chairperson

It was resolved:

That Name be appointed Chairperson for the duration of the meeting.

Constitution of the Meeting

The Chairperson noted that notice of the meeting had been given to all Directors and that a quorum of Directors was present.

It was further noted that apologies had been received from Name.

Minutes of the Last Meeting

The Chairperson presented to the meeting the minutes of the last meeting held on Date. The minutes were noted and approved as an accurate record of the last meeting.

Audit Exemption

The Chairperson noted that the meeting had been convened to discuss the provisions of section 358 of the Companies Act 2014, in respect of the exemption from the requirement to have the accounts of the Company audited.

After a detailed discussion, **it was resolved** "that the Directors are of opinion that the Company will satisfy the conditions specified in section 358 (1) of Companies 2014 as a small company in accordance with section 280A of the Companies Act 2014, in respect of the financial year end XXXXXXXX".

It was further resolved:

That on that basis the Directors are of the opinion that company is entitled to apply the provisions of section 360 of the Companies Act 2014 in respect of the financial year end DATE and that the Company should avail itself of the audit exemption in that financial year.

It was further resolved:

That the appointment of Name of Auditor as Auditor to the Company should not be continued during the financial year, in which the exemption is being availed of and accordingly, the appointment of Name of Auditor as Auditor, be terminated pursuant to section 399 (1)(b) of the Companies Act 2014.

1. Directors meeting availing of Audit Exemption: Non Group

It was noted that no notice was served on the company during the financial year preceding the financial year for which the exemption is being availed, in accordance with section 334 (1) of the Companies Act 2014.

It was further noted that no notice was served on the company in accordance with section 334 (2) of the Companies Act 2014, during the financial year for which the exemption is being availed as at the date of the directors meeting.

Termination of Auditor

The Company Secretary was instructed to write to the Auditor and to advise them that section 360 of the Companies Act 2014 applies to the company by virtue of section 358 of the Companies Act 2014, entitling the company avail of the audit exemption in the financial year end DATE and to request them to serve a notice on the Company in accordance with section 399 (1) and (2) of the Companies Act 2014.

Any other business

There being no further business, the meeting then concluded at a.m/p.m.

Chairperson

Date

2. Directors Notice to Auditors Availing of the Audit Exemption: Non Group

[To be printed on Company headed paper]

Auditors Name
Address
Address
Address Co.

Date 201X

Re: Termination of Appointment

Dear Sirs,

We, Company Name Limited hereby advise Name of Auditors, as Auditors of the Company, that following a meeting of Directors, held on day of 2015, it was resolved, that the Directors are of opinion that the Company will satisfy the conditions specified in section 358 (1) of the Companies Act 2014 as a small company in accordance with section 280A of the Companies Act 2014, in respect of the financial year end 28 February 2018 and that the Company is entitled to apply the provisions of section 360 availing of an exemption from the requirement to have the financial statements audited for that financial year.

The Directors further resolved, that the appointment of Name of Auditors, as Auditors of the Company, be terminated pursuant to section 399 (1) (b) Companies Act 2014.

We hereby request that Name of Auditors serve notice on the Company in accordance with section 399 (1) (b) and (2) of the Companies Act 2014 within 21 days and deliver a copy of this notice to the Registrar of Companies pursuant to section 399 (3) of Companies Act 2014.

Kind regards

Yours faithfully,

Company Secretary **Name**

3. Letter of Notice of Auditor to the Company Availing of Audit Exemption: Non Group

[To be printed on Auditors Headed Paper].

The Directors,
Company Name Limited
Registered Office Address
Address Address Co.

Date 201X

Re: Name of Company Limited

Dear Sirs

Thank you for your letter of Date noting that, at a meeting of the Directors of the above Company, held on Date of Board Meeting, the Directors were of opinion that the Company will satisfy the conditions specified in section 358 of Companies Act 2014, in respect of the financial year end DATE and that the Company is to avail of an exemption from the requirement to have the financial statements audited in that financial year in accordance with section 360 of Companies Act 2014.

We also note that the Directors decided accordingly to terminate the appointment of Name of Auditors as Auditors of the Company, pursuant to section 399 (1) (b) of the Companies Act 2014.

We, Name of Auditor, Address of Auditor, pursuant to section 399 (1) (b) of the Companies Act 2014, that, having been requested to do so by the Directors, hereby serve notice and: -

We hereby confirm that there are no circumstances in connection with the decision of the Company, pursuant to section 399 (2) of the Companies Act 2014 that we as the statutory auditors consider should be brought to the notice of the members or creditors of the Company.

Or

We hereby confirm that there are circumstances in connection with the decision of the Company, pursuant to section 399 (2) of the Companies Act 2014 and we consider that the following circumstances should be brought to the notice of the members or creditors of the Company ADD INFO BY AUDITORS

Finally, we also confirm that we will send a copy of this notice to the Registrar of Companies pursuant to section 399 (3) of the Companies Act 2014.

Kind regards

Yours faithfully,

**Name
For and On Behalf Of
Name of Auditors
Registered Auditors**

4. Auditor Notice to Register of Companies: Non Group

[To be printed on Auditors' headed paper]

Registrar of Companies
Companies Registration Office,
Parnell House,
14 Parnell Square,
Dublin 1

Date 201X

**Re: Company Name Limited CRO
No.XXXXXX**

Dear Sir,

Please see enclosed a copy of our notice served on the above named Company, noting our termination from the office of Auditor, pursuant to section 399 (3)(a) of the Companies Act 2014.

Kind regards

Yours faithfully,

Name
For and On Behalf of Name
of Auditor
Registered Auditors.

5. Members Objection Letter to Audit Exemption: Non Group

The Directors,
Company Name Limited
Registered Office Address
Address
Address
Co.

Date 201X

Re: Name of Company Limited

Dear Sirs

We being members of Name of Company Limited holding shares in that company that confer in aggregate, not less than 10% of the total voting rights in the company, hereby serve notice on the company that we do not wish the audit exemption to be available to the company for the financial year ended 30th of June 2015 in accordance with the provisions of section 334 (1) of the Companies Act 2014.

This notice is issued in accordance with the timelines as set out in section 334(3)(a) of the Companies Act 2014 being during the financial year immediately preceding the financial year to which the notice relates.

Or

This notice is issued in accordance with the timelines as set out in section 334(3)(b) of the Companies Act 2014 being during the financial year to which the notice relates, but not later than 1 month before the end of that year.

Kind regards

Yours faithfully,

Name
Member 1

Or if more than 1 member

Name
Member 2

Name
Member 3

6. Directors meeting availing of Audit Exemption: Group

Company Name Limited

Minutes of a Meeting of the Board of Directors held at Registered Office Address on day of 201X at a.m./p.m..

Present: Name
Name

In Attendance:

Chairperson

It was resolved:

That Name be appointed Chairperson for the duration of the meeting.

Constitution of the Meeting

The Chairperson noted that notice of the meeting had been given to all Directors and that a quorum of Directors was present.

It was further noted that apologies had been received from Name.

Minutes of the Last Meeting

The Chairperson presented to the meeting the minutes of the last meeting held on Date. The minutes were noted and approved as an accurate record of the last meeting.

Audit Exemption

The Chairperson noted that the meeting had been convened to discuss the provisions of section 359 (2) of the Companies Act 2014, in respect of the exemption from the requirement to have the accounts of the Company audited.

After a detailed discussion, **it was resolved:**

That the Directors are of opinion that the Company and its subsidiaries / parent company and fellow subsidiary companies will satisfy the conditions specified in Section 280B of Companies 2014, in respect of the financial year end Month Date Year.

It was further resolved:

That on that basis the Directors are of the opinion that company is entitled to apply the provisions of section 360 of the Companies Act 2014 in respect of the financial year end DATE and that the Company should avail itself of the audit exemption in that financial year.

It was further resolved:

That the appointment of Name of Auditor as Auditor to the Company should not be continued during the financial year, in which the exemption is being availed of and accordingly, the appointment of Name of Auditor as Auditor, be terminated pursuant to section 399 (1)(b) of the Companies Act 2014.

6. Directors meeting availing of Audit Exemption: Group

It was noted that no notice was served on the company during the financial year preceding the financial year for which the exemption is being availed, in accordance with section 334 (1) of the Companies Act 2014.

It was further noted that no notice was served on the company in accordance with section 334 (2) of the Companies Act 2014, during the financial year for which the exemption is being availed as at the date of the directors meeting.

Termination of Auditor

The Company Secretary was instructed to write to the Auditor and to advise them that section 360 of the Companies Act 2014 applies to the company and its subsidiaries / parent company and fellow subsidiary companies by virtue of section 359 of the Companies Act 2014, entitling the company avail of the audit exemption in the financial year end DATE and to request them to serve a notice on the Company in accordance with section 399 (1) and (2) of the Companies Act 2014.

Any other business

There being no further business, the meeting then concluded at a.m/p.m.

Chairperson

Date

7. Directors Notice to Auditors Availing of the Audit Exemption: Group

[To be printed on Company headed paper]

Auditors Name
Address
Address
Address Co.

Date 201X

Re: Termination of Appointment

Dear Sirs,

We, Company Name Limited hereby advise Name of Auditors, as Auditors of the Company, that following a meeting of Directors, held on day of 2015, it was resolved, that the Directors are of opinion that the Company will satisfy the conditions specified in section 359 (2) of the Companies Act 2014 as a holding/subsidiary company in accordance with section 280B of the Companies Act 2014, in respect of the financial year end DATE and that the Company and its subsidiaries / parent company and fellow subsidiary companies are entitled to apply the provisions of section 360 availing of an exemption from the requirement to have the financial statements audited for that financial year.

The Directors further resolved, that the appointment of Name of Auditors, as Auditors of the Company and its subsidiaries / parent company and fellow subsidiary companies, be terminated pursuant to section 399 (1) (b) Companies Act 2014.

We hereby request that Name of Auditors serve notice on the Company and its subsidiaries / parent company and fellow subsidiary companies in accordance with section 399 (1) (b) and (2) of the Companies Act 2014 within 21 days and deliver a copy of this notice to the Registrar of Companies pursuant to section 399 (3) of Companies Act 2014.

Kind regards

Yours faithfully,

Company Secretary **Name**

8. Letter of Notice of Auditor to the Company Availing of Audit Exemption Group Company

[To be printed on Auditors Headed Paper].

The Directors,
Company Name Limited
Registered Office
Address Address
Address Co.

Date 201X

Re: Name of Company Limited

Dear Sirs

Thank you for your letter of Date noting that, at a meeting of the Directors of the above Company, held on Date of Board Meeting, the Directors were of opinion that the Company will satisfy the conditions specified in section 359 (2) of Companies Act 2014, in respect of the financial year end DATE and that the Company and its subsidiaries / parent company and fellow subsidiary companies are to avail of an exemption from the requirement to have the financial statements audited in that financial year in accordance with section 360 of Companies Act 2014.

We also note that the Directors decided accordingly to terminate the appointment of Name of Auditors as Auditors of the Company and its subsidiaries / parent company and fellow subsidiary companies, pursuant to section 399 (1) (b) of the Companies Act 2014.

We, Name of Auditor, Address of Auditor, pursuant to section 399 (1) (b) of the Companies Act 2014, that, having been requested to do so by the Directors, hereby serve notice and: -

We hereby confirm that there are no circumstances in connection with the decision of the Company, pursuant to section 399 (2) of the Companies Act 2014 that we as the statutory auditors consider should be brought to the notice of the members or creditors of the Company.

Or

We hereby confirm that there are circumstances in connection with the decision of the Company, pursuant to section 399 (2) of the Companies Act 2014 and we consider that the following circumstances should be brought to the notice of the members or creditors of the Company ADD INFO BY AUDITORS

Finally, we also confirm that we will send a copy of this notice to the Registrar of Companies pursuant to section 399 (3) of the Companies Act 2014.

Kind regards

Yours faithfully,

**Name
For and On Behalf Of
Name of Auditors
Registered Auditors**

9. Notice to the Registrar of the Companies: Group

[To be printed on Auditors' headed paper]

Registrar of Companies
Companies Registration Office,
Parnell House,
14 Parnell Square,
Dublin 1

Date 201X

**Re: Company Name Limited CRO
No.XXXXXX**

Dear Sir,

Please see enclosed a copy of our notice served on the above named Company, noting our termination from the office of Auditor, pursuant to section 399 (3)(a) of the Companies Act 2014.

Kind regards

Yours faithfully,

**Name
For and On Behalf of Name
of Auditor
Registered Auditors.**

10. Members Objection Letter of Audit Exemption: Group

The Directors,
Company Name Limited
Registered Office Address
Address
Address
Co.

Date 201X

Re: Name of Company Limited

Dear Sirs

We being members of Name of Company Limited holding shares in that company that confer in aggregate, not less than 10% of the total voting rights in the company, hereby serve notice on the company that we do not wish the audit exemption to be available to the company and its subsidiaries / parent company and fellow subsidiary companies for the financial year ended 30th of June 2015 in accordance with the provisions of section 334 (1) of the Companies Act 2014.

This notice is issued in accordance with the timelines as set out in section 334(3)(a) of the Companies Act 2014 being during the financial year immediately preceding the financial year to which the notice relates.

Or

This notice is issued in accordance with the timelines as set out in section 334(3)(b) of the Companies Act 2014 being during the financial year to which the notice relates, but not later than 1 month before the end of that year.

Kind regards

Yours faithfully,

Name
Member 1

Or if more than 1 member

Name
Member 2

Name
Member 3

11. Directors meeting availing of Audit Exemption: Company Limited by Guarantee

Company Name Limited By Guarantee

Minutes of a Meeting of the Board of Directors held at Registered Office Address on day of 201X at a.m./p.m..

Present: Name
Name

In Attendance:

Chairperson

It was resolved:

That Name be appointed Chairperson for the duration of the meeting”.

Constitution of the Meeting

The Chairperson noted that notice of the meeting had been given to all Directors and that a quorum of Directors was present.

It was further noted that apologies had been received from Name.

Minutes of the Last Meeting

The Chairperson presented to the meeting the minutes of the last meeting held on Date. The minutes were noted and approved as an accurate record of the last meeting.

Audit Exemption

The Chairperson noted that the meeting had been convened to discuss the provisions of section 1218 of the Companies Act 2014, in respect of the exemption from the requirement to have the accounts of the Company audited.

After a detailed discussion, **it was resolved:**

That the Directors are of opinion that the Company will satisfy the conditions specified in in section 358 (1) of Companies 2014 as a small company limited by guarantee in accordance with section 280B of the Companies Act 2014, in respect of the financial year end Month Date Year

It was further resolved:

That on that basis the Directors are of the opinion that company is entitled to apply the provisions of section 360 of the Companies Act 2014 in respect of the financial year end DATE and that the Company should avail itself of the audit exemption in that financial year.

It was further resolved:

That the appointment of Name of Auditor as Auditor to the Company should not be continued during the financial year, in which the exemption is being availed of and accordingly, the appointment of Name of Auditor as Auditor, be terminated pursuant to section 399 (1)(b) of the Companies Act 2014.

11. Directors meeting availing of Audit Exemption: Company Limited by Guarantee

It was noted that no notice was served on the company during the financial year preceding the financial year for which the exemption is being availed, in accordance with section 334 (1) as modified by section 1218 of the Companies Act 2014.

It was further noted that no notice was served on the company in accordance with section 334 (2) as modified by section 1218 of the Companies Act 2014, during the financial year for which the exemption is being availed as at the date of the directors meeting.

Termination of Auditor

The Company Secretary was instructed to write to the Auditor and to advise them that section 360 of the Companies Act 2014 applies to the company by virtue of section 358 of the Companies Act 2014, entitling the company avail of the audit exemption in the financial year end DATE and to request them to serve a notice on the Company in accordance with section 399 (1) and (2) of the Companies Act 2014.

Any other business

There being no further business, the meeting then concluded at a.m/p.m.

Chairperson

Date

12. Directors Notice to Auditors Availing of the Audit Exemption: Company Limited by Guarantee

[To be printed on Company headed paper]

Auditors Name
Address
Address
Address Co.

Date 201X

Re: Termination of Appointment

Dear Sirs,

We, Company Name Limited hereby advise Name of Auditors, as Auditors of the Company, that following a meeting of Directors, held on day of 2015, it was resolved, that the Directors are of opinion that the Company will satisfy the conditions specified in 358 (1) of the Companies Act 2014 as a small company limited by guarantee in accordance with section 280B of the Companies Act 2014, in respect of the financial year end DATE and that the Company is entitled to apply the provisions of section 360 availing of an exemption from the requirement to have the financial statements audited for that financial year.

The Directors further resolved, that the appointment of Name of Auditors, as Auditors of the Company, be terminated pursuant to section 399 (1) (b) Companies Act 2014.

We hereby request that Name of Auditors serve notice on the Company in accordance with section 399 (1) (b) and (2) of the Companies Act 2014 within 21 days and deliver a copy of this notice to the Registrar of Companies pursuant to section 399 (3) of Companies Act 2014.

Kind regards

Yours faithfully,

Company Secretary **Name**

13. Letter of Notice to Auditor to the Company Availing of Audit Exemption: Company Limited by Guarantee

[To be printed on Auditors Headed Paper].

The Directors,
Company Name Limited
Registered Office Address
Address Address Co.

Date 201X

Re: Name of Company Limited

Dear Sirs

Thank you for your letter of Date noting that, at a meeting of the Directors of the above Company, held on Date of Board Meeting, the Directors were of opinion that the Company will satisfy the conditions specified in section 358 of Companies Act 2014, in respect of the financial year end DATE and that the Company is to avail of an exemption from the requirement to have the financial statements audited in that financial year in accordance with section 360 of Companies Act 2014.

We also note that the Directors decided accordingly to terminate the appointment of Name of Auditors as Auditors of the Company, pursuant to section 399 (1) (b) of the Companies Act 2014.

We, Name of Auditor, Address of Auditor, pursuant to section 399 (1) (b) of the Companies Act 2014, that, having been requested to do so by the Directors, hereby serve notice and: -

We hereby confirm that there are no circumstances in connection with the decision of the Company, pursuant to section 399 (2) of the Companies Act 2014 that we as the statutory auditors consider should be brought to the notice of the members or creditors of the Company.

Or

We hereby confirm that there are circumstances in connection with the decision of the Company, pursuant to section 399 (2) of the Companies Act 2014 and we consider that the following circumstances should be brought to the notice of the members or creditors of the Company ADD INFO BY AUDITORS

Finally, we also confirm that we will send a copy of this notice to the Registrar of Companies pursuant to section 399 (3) of the Companies Act 2014.

Kind regards

Yours faithfully,

**Name
For and On Behalf Of
Name of Auditors
Registered Auditors**

14. Auditor Notice to the Registrar of Companies: Company Limited by Guarantee

[To be printed on Auditors' headed paper]

Registrar of Companies
Companies Registration Office,
Parnell House,
14 Parnell Square,
Dublin 1

Date 2015

**Re: Company Name Limited by Guarantee
CRO No.XXXXXX**

Dear Sir,

Please see enclosed a copy of our notice served on the above named Company, noting our termination from the office of Auditor, pursuant to section 399 (3)(a) of the Companies Act 2014.

Kind regards

Yours faithfully,

Name
For and On Behalf of Name
of Auditor
Registered Auditors.

15. Members Objection Letter to Audit Exemption: Company Limited by Guarantee

The Directors,
Company Name Limited by Guarantee
Registered Office Address
Address
Address
Co.

Date 201X

Re: Name of Company Limited by Guarantee

Dear Sirs

I, being a member of Name of Company Limited by Guarantee, hereby serve notice on the company that I do not wish the audit exemption to be available to the company for the financial year ended 30th of June 2015 in accordance with the provisions of section 334 (1) as modified by section 1218 of the Companies Act 2014.

This notice is issued in accordance with the timelines as set out in section 334(3)(a) of the Companies Act 2014 being during the financial year immediately preceding the financial year to which the notice relates.

Or

This notice is issued in accordance with the timelines as set out in section 334(3)(b) of the Companies Act 2014 being during the financial year to which the notice relates, but not later than 1 month before the end of that year.

Kind regards

Yours faithfully,

Name
Member 1

Or if more than 1 member

Name
Member 2

Name
Member 3

Accountant's Resource Center

Compilation Engagements Under ISRS 4410

OmniPro Quick Guide to Compilation Engagements under ISRS 4410

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Key Requirements of ISRS 4410

Scope

Definition of a Compilation Engagement

- Management may request a professional accountant in public practice to assist with the preparation and presentation of financial information of an entity
- Not an assurance engagement
- Practitioner not required to verify the accuracy or completeness of the information provided by management
- Not required to gather evidence to express an opinion or a review conclusion on the preparation of the financial information
- Management responsibility for the financial information and basis on which prepared and presented
- Management responsible for application of appropriate accounting policies and where appropriate reasonable accounting estimates
- Management agree certain responsibilities that are fundamental to the performance of the compilation engagement

Conduct of a Compilation Engagement

Ethical Requirements

Fundamental principles of professional ethics that practitioners must comply with:

- (a) Integrity;
- (b) Objectivity;
- (c) Professional competence and due care;
- (d) Confidentiality; and
- (e) Professional behavior.

Professional Judgment

The practitioner shall exercise professional judgment in conducting a compilation engagement.

Engagement Level Quality Control

Engagement partner shall take responsibility for

- Overall quality of each engagement to which the partner is assigned
- Follow appropriate procedures regarding acceptance and continuance
- Being satisfied that the engagement team collectively has the appropriate competence and capabilities to perform the engagement

- Be alert for non compliance
- Directing, supervising and performing the engagement in compliance with professional standards and applicable regulatory requirements
- Taking responsibility for appropriate engagement documentation being maintained

Engagement Acceptance & Continuance

Agree the terms of the engagement

- Intended use and distribution of the financial information and restrictions if applicable
- Identification of the applicable financial reporting framework
- The objective and scope of the compilation engagement
- The responsibilities of the practitioner including requirement to comply with relevant ethical requirements
- The responsibilities of management
 - The financial information and the preparation and presentation in accordance with acceptable financial reporting framework
 - The accuracy and completeness of records, documents and explanations provided by management
 - Judgments needed in the preparation and presentation of financial information
- The expected form and content of the practitioners report
- Terms of engagement in writing prior to performing the engagement - Letter of engagement
- Recurring engagements – changes or remind management of existing terms

Communication with Management and Those Charged with Governance

- Communicate with management or those charged with governance as appropriate on a timely basis during the course of the compilation engagement that are sufficient to merit being brought to their attention

Performing the Engagement

- Knowledge of the business
 - The entities business and operations including the accounting system and accounting records
 - The applicable financial reporting framework
- Compiling the financial information
 - Use records, documents, explanations and other information including significant judgments provided by management
 - Discuss significant judgments which the practitioner has provided assistance with during the course of the engagement

- Prior to completion read the compiled financial information in light of the practitioners understanding of the entity's business and operations
- If the practitioner becomes aware that records, documents, explanations and other information including significant judgments provided by management are incomplete, inaccurate or otherwise unsatisfactory bring that to the attention of management and request additional or corrected information.
- If unable to complete because of failure to provide records and information withdraw
- If compiled information does not refer to financial reporting framework or amendments are required for the financial information not to be materially misstated or if it is misleading propose amendments
- If not permitted to make the proposed amendments withdraw from the engagement and inform management

Documentation

- The practitioner shall include in the engagement documentation
 - Significant matters arising during the compilation engagement and how those matters were addressed
 - A record of how the compiled financial information reconciles with the underlying records, documents explanations and other information provided by management
 - A copy of the final version of the compiled financial information for management and the practitioner's report

The Practitioners Report

- The report title
- The addressee as required by the terms of engagement
- A statement that the financial statements have been compiled based on information presented
- A description of the responsibilities of management, or those charged with governance as appropriate, in relation to the compilation engagement, and in relation to the financial information;
- Identification of the applicable financial reporting framework and, if a special purpose financial reporting framework is used, a description or reference to the description of that special purpose financial reporting framework in the financial information;
- Identification of the financial information, including the title of each element of the financial information if it comprises more than one element, and the date of the financial information or the period to which it relates;
- A description of the practitioner's responsibilities in compiling the financial information, including that the engagement was performed in accordance with this ISRS, and that the practitioner has complied with relevant ethical requirements;
- A description of what a compilation engagement entails in accordance with

- this ISRS;
- Explanations that:
 - (i) Since a compilation engagement is not an assurance engagement, the practitioner is not required to verify the accuracy or completeness of the information provided by management for the compilation; and
 - (ii) Accordingly, the practitioner does not express an audit opinion or a review conclusion on whether the financial information is prepared in accordance with the applicable financial reporting framework.
 - If the financial information is prepared using a special purpose financial reporting framework, an explanatory paragraph that:
 - (i) Describes the purpose for which the financial information is prepared and, if necessary, the intended users, or contains a reference to a note in the financial information that discloses this information; and
 - (ii) Draws the attention of readers of the report to the fact that the financial information is prepared in accordance with a special purpose framework and that, as a result, the information may not be suitable for other purposes;
 - The date of the practitioner's report;
 - The practitioner's signature; and
 - The practitioner's address.

ACCA Help Sheet 163 – Audit Exempt Companies – ACCA Accounts Preparation Report

Scope & Definitions

- Refers to ISRS 4410
- The use of accounting expertise as opposed to auditing
- Collect, classify and summarise financial information
- Reducing detailed data to a manageable and understandable form
- Not designed to and do not enable the accountant to express any assurance
- Benefit of the accountants involvement because service has been performed with professional competence and due care
- End product – set of accounts prepared according to generally accepted accounting principles adapted as necessary to meet disclosure requirements set out in laws and other sectors in which the client operates.
- No assurance on the truth and fairness of the information contained

Ethical Requirements

- Same as ISRS 4410 and refers to ACCA Code of Ethics and Conduct
- In all circumstances when a firms name is associated with financial information it is recommended that they issue a report.

Planning

- Planning of procedures to meet objectives of the accounts preparation assignment to ensure carried out efficiently
- Formal plan makes commercial sense

Procedures

Not ordinarily required to :

- make any enquiries of management to assess the reliability and completeness of the information provided;
- assess the control environment, accounting systems and risk;
- verify any matters;
- consider whether the directors have taken adequate steps to assure themselves that the going concern basis of accounts preparation is appropriate;
- make enquiries concerning the existence of any undisclosed related parties with which there may have been transactions;
- verify any explanations.

Exercise Professional Judgment

- Consider undertaking some or all of the above procedures
- Avoid the risk of being associated with misleading accounts

- If the accountant becomes aware that the information provided by the directors is incorrect, incomplete or otherwise unsatisfactory.

Performing the Engagement

- Knowledge of the Business – general knowledge of the business, the operations of the entity and the accounting principles and practices of the industry.
 - Experience with the entity
 - Enquiry of the entities personnel
 - Details of the accounting system

Going Concern

- Not required to consider the entities ability to continue as a going concern
- No requirement to look for evidence that going concern basis is appropriate
- If the accountant becomes aware of evidence that the entity may not be able to continue in operational existence
 - Draw to the directors attention
 - Explain the consequences for the directors if continuing to trade if the entity is not able to meet their debts and liabilities as they fall due
 - Discuss the implications of going concern issues and the impact on the truth and fairness of the FS and the disclosures that may be
- The directors should make disclosures or to apply a different basis of accounting if accounts not prepared on a going concern basis

Misleading Accounts

- Not allow your name be associated with accounts which they consider to be misleading
- If there is an issue raise with management – Suggested in writing
- Consider performing verification procedures and making enquiries
- If information not provided consider withdrawal informing the entity of the reasons for withdrawal
- Recover costs up to the point of withdrawal
- Where accounts prepared are required by law to have specific disclosures use a disclosures checklist

The Practitioners Report

- Where accountants name is associated with accountants, that accountant should issue a formal report, explaining the nature of the engagement.
- Recommended use of the cross-profession accounts preparation reports CCAB 2009

Appendices

- Letter of Engagement
- Terms and Conditions
- Accountants Report

CAI M41 – Chartered Accountants' reports on the Compilation of Financial Statements of Incorporated Entities

Scope

- The use of accounting expertise as opposed to auditing
- Collect, classify and summarise financial information
- Reducing detailed data to a manageable and understandable form
- Not designed to and do not enable the accountant to express any assurance
- Benefit of the accountants involvement because service has been performed with professional competence and due care

Terms of Engagement

- Letter of Engagement
 - the Board of Directors as addressees;
 - the directors will be responsible for the reliability, accuracy and completeness of the books of account and for the truth and fairness of the financial statements themselves, as specified in the Acts;
 - the information to be supplied by the client to the accountants and a confirmation that any other information that the accountants consider necessary for the performance of the engagement will be supplied;
 - the nature of the engagement;
 - the accountants will make enquiries of management and undertake any procedures that they judge appropriate but are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews;
 - the engagement cannot be relied on to disclose errors, fraud, weaknesses in internal controls or other irregularities;
 - an audit will not be carried out and so, no opinion will be given and no assurance either implied or expressed;
 - the accounting bases on which the financial statements will be prepared and the fact that any known departures will be disclosed;
 - the accountants' obligation not to allow their name to be associated with misleading financial statements;
 - written management representations may be required prior to the completion of the engagement and the issuing of the accountants' report;
 - the form of report to be issued.
- Clarify the Responsibilities of the Directors
- Content of the Financial Statements

Procedures

- Gain a general understanding of the business and the company in particular the sector in which the entity operates
- A combination of experience and enquiry
- Are the financial statements consistent with the accountants knowledge of the entity
- Consider methods available such as disclosure checklists or software packages to ensure relevant disclosures have been made

Documentation

- No mandatory requirement
- If subsequently challenged can documentation demonstrate the adequacy of the work performed and that it was carried out in accordance with the terms of the engagement
- Level of complexity may vary according to the accountants experience with the company and any matters that have arisen during the course of the engagement.

Management Representations

- Normally reliant on representations by management – estimates, reliability, accuracy and completeness of information provided
- Consider obtaining written representations

Misleading Financial Statements

- Not required to give a true and fair view
- Not carrying out an assurance service
- Not forming an opinion
- Matters may come to light which appear to indicate that the financial statements may be misleading
- Discuss the matter
- Discuss the disclosures required
- The accountant may wish to highlight the disclosures departing from accounting standards by way of explanatory paragraph in the accountants report
- If adjustments and disclosures required are not made in the financial statements or appropriate information not provided to the extent that the FS may be misleading
- Withdraw on the basis that should not permit name to be associated with misleading financial statements
 - Misclassification in the financial statements
 - Mistakes or non application of statutory or regulatory requirements or non compliance with applicable accounting standards

- Other significant matters which the accountant is aware
- If withdrawing on the basis of misleading financial statements should normally explain to the client (unless tipping off)

Financial Statement Approval

- Directors approve before accountants report is signed
- Directors are responsible for financial statements
- Co Acts require 2 directors to sign P&L & BS
- BS Statement in relation to proper books and records and availing of the exemption

The Practitioners Report

- Title To whom the report is addressed and identifying Chartered Accountants Report
- Statement in accordance with LOE compiled financial statements that comprise Eg P&L, the Balance Sheet, The Cash Flow Statement, STRGL and related notes based on the books of account and information and explanations supplied by the client

Appendices

- Letter of Engagement
- Accountants Report
 - Example Unmodified
 - Example drawing attention to the issue

CPA M14 – Compiling and Reporting on Financial Statements of entities not subject to Audit

Definition of a Compilation Engagement

- Differentiates between Audit, Review, Compilation and Certification
- Audit – opinion is expressed and a reasonable but not absolute, level of assurance is provided
- Review – where no opinion on the financial statements is expressed but negative assurance is stated and a lower level of assurance on the reliability of the financial statements is provided (ISRE 2400)
- Compilation – where no opinion on the financial statements is expressed and no assurance is provided
- Certification – reporting accountant certifies something to be true thereby expressing the highest degree of assurance that it is so.
- May be relevant to compilation of other financial information
- Purpose of the statement
 - Basic principles and general guidelines to be followed in compilation engagements
 - Procedures which should be applied
 - Form and content of the accountants report

Conduct of a Compilation Engagement

Ethical Requirements

- CPA Code of ethics
- Specific advice against
 - Receiving a loan from a client except under normal commercial terms
 - Accepting hospitality, goods or services unless the value of any benefits are modest
 - Acting for clients where the value of the investment in the client is material to the financial circumstances of the investing member or firm.

Terms of Engagement

Letter of engagement should address the following:

- the client as addressees;
- a statement that the client will be responsible for the reliability, accuracy and completeness of the books of account and for the truth and fairness of the financial statements themselves;
- the information to be supplied by the client to the accountants and a confirmation that any other information that the accountants consider necessary for the performance of the engagement will be supplied;
- the nature of the engagement including the fact that neither an audit nor a review will be carried out and accordingly no opinion will be expressed;

- the engagement cannot be relied upon to disclose errors, irregularities or illegal acts, including fraud, that may exist;
- the bases of accounting on which the financial statements are to be compiled and the fact that they, and any known departures there from, will be disclosed;
- the accountants' obligation not to allow their name to be associated with misleading financial statements;
- the purpose for which the financial statements have been compiled;
- written management representations may be required prior to the completion of the engagement and the issuing of the accountants' report;
- whether there is any restriction on the use of the report to those for whom it was prepared and for the specific purpose for which it was prepared, if appropriate;
- the form of the report;
- In addition, after discussions with the client, it may be appropriate to include a section on limitation of the accountants' liability.

References to unincorporated entities and use of the financial statements eg basis for completion of a tax return.

Performing the Engagement

Compilation Procedures

- Gain a general understanding of the business and the company in particular the sector in which the entity operates
- A combination of experience and enquiry
- Are the financial statements consistent with the accountants knowledge of the entity
- Consider methods available such as disclosure checklists or software packages to ensure relevant disclosures have been made
- Where the entity's accounting records are clearly inadequate members should consider withdrawing from the engagement

Documentation

- No mandatory requirement
- If subsequently challenged can documentation demonstrate the adequacy of the work performed and that it was carried out in accordance with the terms of the engagement
- Level of complexity may vary according to the accountants experience with the company and any matters that have arisen during the course of the engagement.

Management Representations

- Normally reliant on representations by management – estimates, reliability, accuracy and completeness of information provided
- Consider obtaining written representations

Accounting Standards

- Expectation that they are observed
- Justify significant departures to the extent that their concurrence with the departure is stated or implied
- Not required to refer in their report to departures with which they concur provided adequate disclosure has been made
- All significant departures should be disclosed

General Standards

- Accounts of sole trader – other assets and liabilities may not be quantified – eg personal tax liabilities
- Fee references to audits
- Normally not required to
 - Make any enquiries of the client's personnel to assess the reliability of the information provided
 - To assess internal controls
 - To verify any matters
 - To verify any explanations
- Misleading financial statements
- Approval – same date as directors

The Practitioners Report

- Title Addressee (normally the client who engaged members to perform the assignment and should include the words 'Accountant's Report to...');
- Identification of the financial statements compiled by members on the basis of information supplied by the client;
- A statement that neither an audit nor any other verification procedures have been carried out and that accordingly no opinion is expressed or implied;
- When applicable, a statement that members are not independent of the client;
- A paragraph, where necessary, drawing attention to the disclosure of material departures from accounting standards;
- Signature; Members' address; and
- Date of the report.

Appendices

- Letter of Engagement incorporated entity
- Letter of Engagement un-incorporated entity
- Accountants Report
 - Example Unmodified Exempt Company
 - Example drawing attention to issue Exempt Company
 - Example drawing additional attention to an issue Exempt Company
 - Example Unmodified Entity
- Directors Balance Sheet Statement

CCAB Accounts Compilation Report (with Optional Paragraphs)

Report to the directors on the preparation of the unaudited statutory accounts of XYZ Limited [for the year [/period] ended ...]¹

In order to assist you to fulfill your duties under the Companies Act 2006, we² have prepared for your approval the accounts of XYZ Limited for the year [/period] ended [date] [as set out on pages x-x/which comprise of [insert statements]] from the company's accounting records and from information and explanations you have given us.

As a practising member [/member firm of] of [name of accounting body], we are subject to its ethical and other professional requirements which are detailed at [website address].

[This report is made solely to the Board of Directors of XYZ Limited, as a body, in accordance with the terms of our engagement letter dated [date].] Our work has been undertaken [solely to prepare for your approval the accounts of XYZ Limited and state those matters that we have agreed to state to them/the Board of Directors of XYZ Limited, as a body, in this report] in accordance with the requirements of [name of accounting body] as detailed at [website address]. [To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the XYZ Limited and its Board of Directors as a body for our work or for this report.]

[It is your duty to ensure that XYZ Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit[/loss] of XYZ Limited. You consider that XYZ Limited is exempt from the statutory audit requirement for the year [/period].]

[We have not been instructed to carry out an audit or a review of the accounts of XYZ Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.]

[Explanatory paragraph: e.g. departure from generally accepted accounting practice etc.]³

Signature.....

Typed name of accountant⁴

Chartered/Chartered Certified/Chartered Management Accountants

Address

Date

¹ © Consultative Committee of Accountancy Bodies (CCAB) 2009. All rights reserved.

² Professional accountants use 'I' in place of 'we,' 'my' in place of 'our' etc. as appropriate.

³ Explanatory paragraph may be positioned in other places in the report depending on the nature of the matter described.

⁴ The report is signed in the name of the professional accountant or, where appropriate, in the name of the accounting firm.

.....
We believe that being an accountant should be a profitable and rewarding experience. We support accountants technically and strategically to ensure you meet your regulatory compliance requirements in the most efficient and profitable manner possible. Accountants are uniquely placed to successfully lead Ireland into the future. We want to work with you to ensure that you are fully equipped for the task.

As the largest independent solution provider to Irish accountants, we have worked with hundreds of practices from the largest international firms to sole practitioners and everything in between. We offer Technical Practice Advisory, File Review Services, Practice Management & Growth Services, Company Law and Company Secretarial Services, Company Formations, Tax Planning and Consultancy Services, Public CPD Training and In-house Training.



For further information visit www.OmniPro.ie

.....
+ Practice Support + Company Secretarial + Tax & Legal + Practice Growth + Education & Training

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Contents

- Planning Summary
- Section 1 Overall Engagement & Reporting Requirements
- Section 2 Ethical Considerations and Staffing
- Section 3 Knowledge of Entities
 - A. Nature of the Entity
 - B. Regulatory and other External Factors
- Section 4 The Company's Information System
- Section 5 Fraud
- Section 6 Nature, Timing & Extent of Accounting Procedures
- Section 7 Other Matters
 - A. Related Parties
 - B. Going concern
 - C. Events after the Balance sheet date
- Section 8 Reporting

KEY TO NOTATIONS BELOW

<i>WP</i>	<i>Working Paper</i>
<i>PF</i>	<i>Permanent File (if applicable)</i>
<i>CF</i>	<i>Current File</i>
<i>ACM</i>	<i>Assignment Conclusion Memo</i>
<i>APM</i>	<i>Assignment Planning Memo</i>

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Disclaimer

This Planning Memo for Audit Exempt Companies is provided to give guidance in relation to the format and contents of a typical Planning Memo. It does not purport to give definitive professional advice in any form. It should, accordingly, not be relied upon as such. Accountants using these Work Programmes and any programmes or templates, should **TAILOR** the approach and the compilation procedures to comply with Generally Accepted Accounting Practices in Ireland in accordance with the Financial Reporting Council, IFAC Code of Ethics, Relevant Institutes Code of Ethics and Company Law.

Despite taking every care in the preparation of this document OmniPro does not guarantee the accuracy or veracity of any information or opinion, or the appropriateness, suitability or applicability of any practice or procedure contained therein

OmniPro does not take any legal responsibility for the contents of this manual and the consequences that may arise due to any errors or omissions. Omnipro shall therefore not be liable for any damage or economic loss occasioned to any person acting on, or refraining from any action, as a result of or based on the material contained in this publication

There is no specific requirement for a planning memorandum under ISRS4410. This should be tailored as appropriate and can be reduced or expanded depending on the complexity of the engagement. All elements of the document should be tailored as required to reflect the client and their business along with the requirements of the engagement.

All areas of this document need to be specifically tailored to each individual client

Guidance

- *Items included in blue italics provide guidance of the underlying auditing standard or guidance in relation to completing the document*
- **Items included in red identify key areas requiring tailoring by the firm to complete this document**
- **For the purposes of this Memo, Companies (Accounting) Act 2017 and Companies Act 2014 are referenced as Companies Act 2014 as permitted by Companies (Accounting) Act 2017**

All guidance and tailoring options should be deleted prior to completion of the document.

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Planning Summary

- The purpose of this Planning document is to set out our approach in compiling the Financial statements for **[Audit Exempt Compliant Client]**.
- **[Compliant Accountant & Co]** has considered its Ethical Considerations in Section 2 below.
- The following files were reviewed on today's date. There are no points forward or issues for consideration on
 - Previous years accounting file
 - Company secretarial file
 - Correspondence file
 - VAT File/CT file/PAYE file
 - Permanent File
 - Management Accounts File
- Our knowledge of the entity and its internal control systems have been reviewed and updated at Section 3 & 4 respectively.
- Planning Checklist @ WP Ref B 1 has been completed

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Section 1 Overall Engagement & Reporting Requirements

- We are engaged to compile the financial statements for **[Audit Exempt Compliant Client Ltd]** in accordance with Irish GAAP including Section 1 A of FRS102 and the Companies Act 2014.
- There are no specific 3rd party reporting requirements for this client to regulators or third party but the following obligations will be considered as part of the assignment:-
 - Money Laundering Reporting (Money Laundering & Terrorist Financing) Act 2010 (Section 25) and the Criminal Justice Act 2013.
 - Reporting to ODCE under the CLEA 2001
 - Criminal Justice Theft & Fraud Offences Act 2001
 - The Criminal Justice Act 2011
 - S1079 Taxes Consolidation Act

Acceptance Communications

Letter of Engagement

- A tailored letter of engagement reflecting the requirements of the client and the specific nature of the engagement in hand has been issued. A signed copy is on PF Year Section WP Ref 3/ CF WP Ref B 6.

CLIENT NAME _____

Prepared by: _____

PERIOD END _____

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Section 2 Ethical Considerations & Staffing (IFAC Code of Ethics & relevant Institute's Code of Ethics)

While we are not carrying out an audit on the financial statements of [Audit Exempt Compliant Client Ltd], as members of the [Institute of Chartered Accountants/Institute of Certified Public Accountants/Association of Certified Chartered Accountants] we are aware of our responsibilities under our Institute's Code of Ethics and the IFAC Code of Ethics as set out in ISRS 4410 with regard to the Fundamental Principles by which a professional accountant must comply which comprise;

Integrity

A professional accountant should be straightforward and honest in all professional and business relationships.

Objectivity

A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

Professional Competence and Due Care

A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. A professional accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services.

Confidentiality

A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third parties.

Professional Behaviour

A professional accountant should comply with relevant laws and regulations and should avoid any action that discredits the profession.

We are also aware of our obligation not to allow our name to be associated with misleading financial statements and that we should only allow our name be associated with financial statements prepared in accordance with the applicable financial reporting framework which in this case is Section 1 A of FRS 102 and Companies Act 2014.

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

We confirm that we adhere to these basic principles in accepting this assignment and endeavour to ensure all our work is carried out competently and with due care. Suitably qualified staff have been selected to carry out this assignment on this basis as set out below.

Staff Assigned to this engagement includes:

Position	Name	Qualification	Experience
Partner	Compliant Partner		
Senior	Compliant Staff		

A budget for our work has been completed @ WP Ref B5.1.

We have considered the potential for bias or conflicts of interest to arise and have determined that no such issues are likely to arise. *Where threats to the firm's objectivity have been identified, the firm should consider whether adequate safeguards exist in the circumstances. Safeguards might include disclosing the situation to the client, or ensuring that an appropriate disclosure is made in the financial statements.*

Furthermore our work will be carried out in accordance with ISRS 4410 & the Miscellaneous Technical Statement/Factsheet or guidance issued by our Institute. 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. We are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Section 3 Knowledge of the Entity

A Nature of the Entity:

THIS SECTION NEEDS TO BE TAILORED SPECIFIC TO EACH CLIENT. COMMENTS BELOW ARE FOR ILLUSTRATIVE EXAMPLE PURPOSES ONLY, EXAMPLE FOR A SUPERMARKET

Business Operations & Background

- **Overall**

The company operates as a supermarket in [LOCATION] under the [COMPANY LABEL]. It is a close company by definition and is owned and operated by the [XXXXXX] family. Irrespective of the company law criteria the company is a small company and operates a simple structure of management and control. The entity sources and buys its goods primarily from the [COMPANY LABEL] and local suppliers and [ANY OTHERS IF APPLICABLE] and then resells in smaller batches to its approx no of customers. Overheads are low relative to the potential mark-up and net profit margins are high. All purchases are on credit with 30 -60 days credit received. All sales are on a cash basis.

- **Location**

The company operates from their registered office address at [ADDRESS]

- **How long in existence**

The company has been in existence for the last [SPECIFY NO OF YEARS]. During the entire time of this company's existence they have been clients of [Compliant Accountant & Co].

- **Main Products & Services**

Give detail of products by Group i.e. fruit & veg, meat, dairy, dry goods, non-food, alcohol, tobacco, newspapers, confectionery and approx, % of total sales

- **Main Suppliers**

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

DETAIL

- **Main Customers**
Explanation as to whether customers are from local area, passing traffic etc
- **Competitors**
DETAIL MAIN COMPETITORS
- **Board of Directors/Shareholders**
DETAIL
- **Related Parties**
DETAIL
- **Management and Staff experience and background including years of service and roles**
DETAIL
- **Governance & Reporting Structures**
DETAIL who is in charge, reporting structures etc
- **How long do we know the client?**
DETAIL
- **Previous Accountants**
DETAIL if Applicable
- **Company's Solicitors**
DETAIL
- **Company's Bankers**
DETAIL
- **Other Professional Advisers**
DETAIL if Applicable

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

B Laws & Regulations/Other External Factors

THIS SECTION NEEDS TO BE TAILORED SPECIFIC TO EACH CLIENT. COMMENTS BELOW ARE FOR ILLUSTRATIVE EXAMPLE PURPOSES ONLY, EXAMPLE FOR A SUPERMARKET

- The company is a private company limited by shares and partakes in a non-regulated trade. Apart from the standard laws and regulations as laid out by company law, tax law and the general laws of the land the regulatory environment does not require any specific consideration.

Other external factors currently affecting the entity's business

THIS SECTION NEEDS TO BE TAILORED SPECIFIC TO EACH CLIENT. COMMENTS BELOW ARE FOR ILLUSTRATIVE EXAMPLE PURPOSES ONLY, EXAMPLE FOR A SUPERMARKET

- There are no other external factors currently affecting the entity's business. The directors/ shareholders of the company clarified that they are happy with the progress and development of the company and expect that both turnover and bottom line profit will remain sustainable even in the difficult trading times being experienced at present.

Section 4 The Company's Information Systems

Who is responsible for the finance function?

- Ms B Director
- Mr Office Assistant - Bookkeeper
- Ms General Overseer - Overall responsibility

Who can exercise dominant influence?

- Mr A Director and Mrs B Director

Who signs the cheques?

- Mr A Director and Ms B Director

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

- Both signatories required on all cheques

Controls and Systems

- Wages paid by standing order usually
- Meeting every Thursday all expenses for week passed (signed on the invoice) and paid
- DD for Vat and PAYE

Mr Office Assistant maintains the books and records of the company but Compliant Accountant & Co posts

- Cheques and lodgements
- Sales and Purchases
- Debtors and Creditors
- and maintains the nominal ledger on a monthly basis for the purpose of preparing bi-monthly VAT returns and monthly management accounts

Sales

- All sales are by way of cash therefore there is no need for a Debtors Ledger. The record of Sales is based on the Point of Sale reports (till rolls). Prices for all items are managed and controlled by A Director and A Staff who are the only personnel who have access to the POS system.
- Daily reconciliations between cash received and till rolls are carried out with any discrepancies over more than 10 thoroughly investigated

Purchase invoice book

- Purchases are posted based on invoices once they have been agreed to signed delivery docket
- Purchases are maintained on Big Red Book accounts package
- Monthly creditors reconciliation performed based on creditors statements.
- Payments are only made upon receipt of a statement and signed authorisation of both of the directors
- Compliant Accountant & Co. maintains all aspects of the purchases ledger

The Books and records are maintained on the Big Red Book accountancy package

- Cash receipts book
- Cheques journal
- Purchase invoice book
- Creditors control
- Sales invoice book
- Debtors control account maintained on excel
- Bank account

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

- VAT Reports
- Computerised payroll
- Petty cash book

Specific detail should be added here how the books and records are physically maintained under each of the headings in terms of data in, entering onto the system, reports produced etc

The Vat is returned on a bi monthly basis

The PAYE is returned on a monthly basis

Compliant Accountant & Co produces monthly management accounts.

- **Accountants Role In Producing Financial Statements**

EXAMPLE WORDING - CLARIFY WHAT YOU INTEND DO AS PART OF YOUR COMPILATION ENGAGEMENT

Compliant Accountant & Co produces quarterly accounts and prepares and finalises the financial statements based on information received from the client.

Specific information/documentation received from the client include the following

- Bank statements
- Cash/Cheque Receipts Book
- Purchase Invoices
- Cheque/Debit Ledger
- Wages information including details of gross wages, taxes to be deducted etc

During the accounting process all banks are fully reconciled and all purchases invoices are reviewed for reasonableness.

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Section 5 Fraud

THIS SECTION NEEDS TO BE TAILORED SPECIFIC TO EACH CLIENT. COMMENTS BELOW ARE FOR ILLUSTRATIVE EXAMPLE PURPOSES ONLY, EXAMPLE FOR A SUPERMARKET BELOW

- **Management's Assessment of risk of Fraud**

Management do not believe that there is any risk of fraud. They monitor the staff closely. They have established appropriate quality control procedures for a company of this size and complexity and implement them to the full of their of their capacity. Our discussions with management as part of the assignment conclusion meeting in relation to all fraud related considerations will be recorded on WP Ref A 11.

- **Reportable Offences**

No reportable fraud offences were detected during the course of last year's work. If any are detected during the course of our assignment they will be reported accordingly.

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Section 6 Nature, Timing & Extent of Accounting Procedures

Definition of a Compilation Engagement

- Not an assurance engagement
- Practitioner not required to verify the accuracy or completeness of the information provided by management
- Not required to gather evidence to express an opinion or a review conclusion on the preparation of the financial information
- Management responsibility for the financial information and basis on which prepared and presented
- Management responsible for application of appropriate accounting policies and where appropriate reasonable accounting estimates
- Management agree certain responsibilities that are fundamental to the performance of the compilation engagement

- **Procedures for Compiling the financial information**
 - We will use records, documents, explanations and other information including significant judgments provided by management
 - We will discuss significant judgements which the practitioner has provided assistance with during the course of the engagement
 - Prior to completion of the financial statements we will read the compiled financial information in light of the practitioners understanding of the entity's business and operations
 - If we become aware that records, documents, explanations and other information including significant judgments provided by management are incomplete, inaccurate or otherwise unsatisfactory bring that to the attention of management and request additional or corrected information.
 - If we are unable to complete because of failure to provide records and information withdraw
 - If compiled information does not refer to financial reporting framework or amendments are required for the financial information not to be materially misstated or if it is misleading propose amendments
 - If not permitted to make the proposed amendments withdraw from the engagement and inform management

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

- Staffing requirements - timetable, budget

The budget is set out at WP Ref B 5. The accounts preparation is due to commence on **DATE** with the finalisation of financial statements expected on **DATE**.

- Stock take Attendance

It was not deemed necessary to attend the stock take. The client provides all the information necessary for the purposes of a compilation engagement

- External Confirmations

It was not deemed necessary to obtain external confirmations. Management provide all the information necessary for the purposes of a compilation engagement

- Co-ordination, direction, supervision and review

The assignment will be co-ordinated at an operational level by **NAME** and the ultimate direction, co-ordination, supervision and review will be the responsibility of **Compliant Accountant, Assignment Partner**.

Documentation

- During the course of the engagement we shall document the following:
 - Significant matters arising during the compilation engagement and how those matters were addressed
 - A record of how the compiled financial information reconciles with the underlying records, documents explanations and other information provided by management
 - A copy of the final version of the compiled financial information for management and our practitioner's report

CLIENT NAME _____

Prepared by: _____

PERIOD END _____

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Section 7 Other Matters

- Materiality (S.2 FRS 102)

In accordance with the requirements of S.2 FRS 102 materiality is a fundamental concept upon which the financial statements are prepared. Information is material and therefore has relevance if its omission or misstatement individually or collectively could influence the economic decisions of users of the financial statements. On that basis we are setting materiality based on a review of the key performance indicators of the entity as set out below:

KPI		Results / Projected Results	Typical Materiality %	Materiality Range
Gross Assets		400,000	2.0%	8,000
			4.0%	16,000
Net Assets		150,000	2.0%	3,000
			4.0%	6,000
Turnover		1,000,000	2.0%	20,000
			1.0%	10,000
Profits before tax		300,000	5.0%	15,000
			10.0%	30,000

On the basis of the above key performance indicators in our professional judgement an overall materiality level of €[30,000] is appropriate to be applied on this engagement when considering whether the compiled financial statements are materially correct. In assessing materiality we will consider materiality in the context of misstatements individually and in aggregate with the overall materiality being assessed in accordance with S.2 of FRS 102 in terms of an omission or misstatements influencing the economic decisions of users of the financial statements

- Related Parties (S.1A FRS 102 and S.305 - S.313 of Companies Act 2014 including Schedule 3A)

We reviewed last year's file and financial statements for the identification of related parties.

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

We will discuss Related parties as part of the assignment conclusion meeting and this will be recorded on WP Ref A 11.

Written confirmations will be obtained from those charged with governance as part of the tailored letter of representation.

- **Going Concern (S.3 FRS 102)**

The initial assessment of going concern based on the company's past performance, current financial position and projected trade performance for the coming year suggests that going concern is not likely to be an issue. This should be reviewed as the engagement progresses to assess whether there are any other going concern indicators not obvious based on an initial review of the company's draft financial results. Work performed will be recorded in the Conclusion Memo and @ WP Ref A 9

We will discuss Going Concern as part of the assignment conclusion meeting and this will be recorded on WP Ref A 11.

Written confirmations will be obtained from the directors as part of the tailored letter representation.

- **Events After the Balance Sheet Date (S.32 FRS 102)**

A review of all Events after the Balance Sheet will take place at the completion stage. Work performed will be recorded in the Conclusion Memo and @ WP Ref A 10.

We will discuss Events after the Balance Sheet date with management as part of the Conclusion Meeting to be documented at WP Ref A 11.

Written confirmations will be obtained from those charged with governance as part of the tailored letter representation.

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

Section 8 Reporting Considerations

- **Communication with the Directors**

The nature and timing of reports or other communication with the entity that are expected under the engagement terms.

The practice has open channels of communication with the client. The timeline for finalising the financial statements and issuing an accountants report is set out above in Section 6 .The key formal communications required are:-

- Letter of Engagement (WP Ref B 6)
- Letter of Representation (WP Ref A 2)
- Findings Letter/Management Letter (WP Ref A 12) (if applicable)

Other verbal communications and meetings, which will be, recorded include:-

- Assignment closing meeting with client (A 11)

All other client communications which are relied upon in the course of the assignment or which are required to ensure good communication with those charged with governance will be recorded on an ad-hoc basis as the engagement progresses

CLIENT NAME

Prepared by: _____

PERIOD END

Reviewed by: _____

B 2

PLANNING MEMORANDUM - AUDIT EXEMPT COMPANY

The contents of the assignment planning memorandum was discussed in detail by the assignment team and all staff involved in the assignment have read and understood this Planning Memo

We have read and understood the Planning Memorandum			
	Name	Signed	Date
Assignment Engagement Partner			
Manager			
Accounts Senior 1			
Accounts Senior 2			
Accounts Semi-Senior 1			
Accounts Semi-Senior 2			
Accounts Junior			

MICRO FRS 105 LTD CO AUDIT EXEMPT LETTER OF ENGAGEMENT SAMPLE

THIS SHOULD BE PRINTED ON ACCOUNTANT HEADED PAPER

**The Directors,
XYZ Limited
XYZ Address Line 1,
XYZ Address Line 2,
XYZ Address Line 3.**

Dear [Name of Client]

Thank you for [appointing / reappointing] us as your accountants.

As discussed with [name] at our meeting on [date] and in accordance with the recommendations of [Chartered Accountants Ireland / Institute of Certified Public Accountants / Association of Chartered Certified Accountants¹], this letter sets out our understanding of the terms of our engagement:

- you want us as your agents, to compile 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 Act 2014 including the exemptions available to micro companies under the micro companies regime and with accounting standards generally accepted in Ireland, including FRS 105 the Financial Reporting Standard Applicable to the micro entities regime in the UK and Ireland.; 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 [insert name] will be personally in charge of the work we perform for you. [He/She] will ensure that the service you receive from us is of the highest quality.

Responsibilities of the Directors

- As directors of [Exempt Co. Limited] you are responsible for maintaining proper accounting records and for preparing financial statements which give a true and fair view and which have been prepared in accordance with the applicable financial reporting framework which includes FRS 105 the Financial Reporting Standard Applicable in the UK and Ireland, Companies Act 2014 (more specifically the micro companies regime) and all regulations to be constructed as one with those acts.
- In preparing the financial statements, you are required to
 - select suitable accounting policies and then apply them consistently;
 - make judgements and estimates that are reasonable and prudent;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

¹ Amend as required depending on regulating Institute

MICRO FRS 105 LTD CO AUDIT EXEMPT LETTER OF ENGAGEMENT SAMPLE

- You are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Acts.
- You are responsible for determining, in respect of the year, whether the company meets the conditions for exemption from an audit of the financial statements set out in Section 358 (or Section 359 or Section 365 as applicable) of the Companies Act, 2014 and whether the company is eligible for the micro companies regime and therefore to prepare the financial statements under FRS 105 the Financial Reporting Standard Applicable in the UK and Ireland.
- 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.
- 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 the users of the financial statements compiled by us.
- You are responsible for approving and signing the financial statements prior to the issue of our report.
- You are responsible for ensuring, to the best of your knowledge that all financial information used by the company is reliable, that the activities of the company are conducted honestly, that assets are safeguarded and that there are appropriate procedures in place to prevent fraudulent activity taking place within the company and to detect any fraudulent activity which may occur.
- You are responsible for ensuring that the company has complied with all relevant laws and regulations in relation to its activities and that there are appropriate procedures in place to detect any non compliance with such laws and regulations.
- Under Sections 291, 292, 294 and 295 of the Companies Act 2014, if a company's statutory financial statements fail to give a true and fair view or otherwise comply with the Companies Act 2014, the company and any relevant officer who is in default has committed a category two offence.
- You are responsible for preparing and presenting abridged financial statements for submission to the Companies Registration Office in conjunction with your annual return and if availing of the abridgement options within Companies Act 2014 for preparing and presenting those financial statements in accordance with Sections 352 and 353 of the Companies Act 2014.

MICRO FRS 105 LTD CO AUDIT EXEMPT LETTER OF ENGAGEMENT SAMPLE

Responsibilities of the Compiling Accountant

- 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.
- Should you instruct us to carry out an audit, then a separate letter of engagement will be required.
- 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.
- This is a compilation engagement whereby we use our expertise as an accountant to collect classify and summarise financial information. This compilation engagement is not designed to and does not enable us as the compiling accountant to express any assurance on the figures and financial information contained in the compiled financial statements.

Scope of the Reporting Accountants' Work

- As a firm regulated by Chartered Accountants Ireland our work will be carried out in accordance with the Miscellaneous Technical Statement No.41 *Chartered Accountants' Reports on the Compilation of Financial Statements of Incorporated Entities and ISRS 4410 International Standard on Related Services – Compilation Engagements*. 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. We are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.²

OR

- As a firm regulated by the Association of Chartered Certified Accountants our work will be carried out in accordance with the Technical Factsheet 163 Audit Exempt Companies – ACCA Accounts Preparation Report and *ISRS 4410 International Standard on Related Services – Compilation Engagements*. 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. We are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.

OR

² Amend as required depending on regulating Institute

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- As a firm regulated by the Institute of Certified Public Accountants in Ireland our work will be carried out in accordance with the Miscellaneous Technical Statement M14 Compiling and Reporting on Financial Statements of Entities not Subject to Audit and *ISRS 4410 International Standard on Related Services – Compilation Engagements*. 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. We are under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.
- You have advised us that the company is exempt from an audit of the financial statements. We will not carry out any work to determine whether or not the company is entitled to audit exemption. However, should our work indicate that the company is not entitled to the exemption, we will inform you of this.
- Our work as accountants will not be an audit conducted in accordance with International Auditing Standards. 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.
- Since we have not carried out an audit, nor confirmed in any way the accuracy or reasonableness of the books of account maintained by the company, we are unable to provide any assurance as to whether the financial statements that we prepare from those records present a true and fair view.
- We have a professional duty to compile financial statements that conform with generally accepted accounting principles from the books of account and information and explanations given to us. Furthermore, as directors, you have a duty to prepare financial statements that comply with the Acts and applicable accounting standards. Where we identify that the financial statements do not conform to accepted accounting principles or if the accounting policies adopted are not immediately apparent this will need to be disclosed in the financial statements.
- We have a professional responsibility not to allow our name to be associated with financial statements which 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, we will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that we consider appropriate are not made or where we are not provided with appropriate information, and as a result we consider that the financial statements are misleading, we will withdraw from the engagement. Should this situation occur our fees for the work performed so far will be payable on presentation of our fee note.

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- 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.
- 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.
- We shall report to the Board of Directors, with any modifications that we consider may be necessary, that in accordance this engagement letter and in order to assist you fulfill your responsibilities, we have compiled, without carrying out an audit, the financial statements from the books of account of the company and from the information and explanations supplied to us.

Our Compilation Report

- As part of our engagement, we will issue our report attached to the financial statements compiled by us, which will describe the financial statements and the work we performed for this compilation engagement.
- Our report to the Board of Directors will contain any modifications that we consider necessary. It will state that in accordance with this engagement letter in order to assist you fulfil your responsibilities that we have compiled the financial statements from the books of account of the company and based on the information and explanations supplied to us by you as directors of the company, without carrying out an audit.
- The report will also note that the use of the financial statements is restricted to the purposes set out in this engagement letter, and that the use and distribution of our report provided for the compilation engagement is restricted to you as the management of Any Company.

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GENERAL DATA PROTECTION (“GDPR”) COMPLIANCE WITH LAWS AND REGULATIONS³ (this form of clause can be used where the firm is providing general professional services and is a controller⁴ of the personal data it processes)

- During the course of our engagement you may disclose personal data to us in order to facilitate us provide our services to you. The processing of personal data is regulated in Ireland by the General Data Protection Regulation EU 2016/679 as supplemented by the Data Protection Act 2018⁵, together with the Privacy and Electronic Communications (EC Directive) Regulations 2003. We refer to these as the “Data Protection Regulation”.
- You consent to us processing any personal data provided to us that may be obtained during the course of providing the agreed service in accordance with the requirements of the prevailing Data Protection Regulation.
- We shall only process your personal data:
 - a. In order to provide our services to you and perform any other obligations in accordance with our engagement with you;
 - b. In order to comply with our legal or regulatory obligations; and
 - c. Where it is necessary for the purposes of our legitimate interests and those interests are not over ridden by the data subjects’ own privacy rights.
- We shall each be considered an independent data controller in relation to your client personal data. Each of us will comply with all requirements and obligations applicable to us under the data protection legislation in respect of the client personal data.
- Our privacy notice (as set out in the appendix to this letter [and which can also be accessed at [*insert firmdomain.ie / privacy notice*⁶]]) explains how we process personal data.
- Acceptance of these terms of engagement includes your consent and acceptance of our Data Privacy Notice and our compliance with the requirements of the prevailing Data Protection Legislation and the processing of your personal data.

³ GDPR Disclaimer

This Letter of Engagement has been structured to assist firms and is to be used for educational and informational purposes only, it does not constitute a substitute for taking professional or legal advice. When making decisions or advising third parties, appropriate professional or legal advice should be obtained in all cases. This is an interpretation of the new General Data Protection Regulation (“GDPR”). This interpretation may differ from the interpretation of others given the fact that at the time of creation of this template the Data Protection Bill 2018 had not been enacted, the interpretation contained in this letter of engagement may be subject to future changes.

This letter of engagement is not, and should not be taken to be a definitive solution for corresponding with clients unless the Firm has appropriate policies and procedures in place around GDPR. OmniPro and the author shall therefore not be liable for any damage or economic loss occasioned to any person acting on, or refraining from any action, as a result of or based on the material contained in this guide.

⁴ As described S69.1 Data Protection Act 2018 - “Controller” means— a competent authority that, whether alone or jointly with others, determines the purposes and means of the processing of personal data, or where the purposes and means of the processing of personal data are determined by the law of the European Union or otherwise by the law of the State, a controller nominated—by that law, or in accordance with criteria specified in that law;

⁵ As enacted by the Oireachtas on the 24th May 2018

⁶ If your firm maintains a website then the firm must make its privacy notice publicly available on its website.

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Additional Reporting Responsibilities under Legislation

Criminal Law

- The Criminal Justice (Theft and Fraud Offences) Act, 2001 (the “2001 Act”) requires us to report to the Garda Síochána where the accounts of the company indicate that an offence specified by the 2001 Act may have been committed by the company, or in relation to the affairs of the Company by its directors, secretary, managers or employees. The term accounts in this context may include any information, or any declaration, return, account or other document which we know will be, or is likely to be, used for the purpose of keeping or auditing the accounts of the company. The offences specified by the 2001 Act include but are not limited to theft, unlawful use of a computer, false accounting, forgery and counterfeiting. We are required to make such a report notwithstanding any professional obligation of privilege or confidentiality and such a report made in good faith shall not be treated as a breach of any restriction imposed by statute or otherwise and will not involve us in liability of any kind.
- The Criminal Justice Act, 2011 (the “2011 Act”) provides for the reporting of information, by a person, which may be of material assistance in preventing the commission by any other person of a relevant offence or securing the apprehension, prosecution or conviction of any other person for a relevant offence. Failure to report as soon as it is practicable to do so to a member of the Garda Síochána is an offence under the Act. The relevant offences specified by the Act include banking and finance, company law, money laundering, fraud, corruption, competition, consumer protection and cybercrime. We are required to make such a report notwithstanding any professional obligation of privilege or confidentiality and such a report made in good faith shall not be treated as a breach of any restriction imposed by statute or otherwise and will not involve us in liability of any kind.

Anti-Money Laundering

- The Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2018 designates accountants, auditors and tax advisors for the purposes of the anti-money laundering provisions. The provisions of these Acts, require us to implement certain procedures to establish Client identity and impose reporting obligations in respect of suspicions regarding offences under the money laundering legislation
- Accountants, auditors and tax advisors are required to, amongst other things, carry out Customer Due Diligence under Section 33 to:
 - a. Verify the identity of new clients, including that of any beneficial owners who are connected with the client or the service they provide;
 - b. Establish and retain records of identification for at least five years from the date of last doing business with the client;
 - c. Retain original documentation relating to transactions for a period of at least five years following the execution of the transaction;
 - d. Establish measures to prevent and detect money laundering;

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- e. Report suspicions of money laundering to the Garda Síochána and the Revenue Commissioners;
 - f. Establish procedures to ensure all transactions connected with certain designated states and territorial units are reported;
 - g. Ensure adequate control over client monies.
- We are required to report to the Revenue Commissioners and An Garda Síochána directly in the circumstances set out above and may do so without the knowledge and consent of the directors.

Additional legal responsibilities regarding taxation

- 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 assist the company in the preparation or delivery of any information, declaration or return.

Tax Compliance Work ⁷

- 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.
- 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.
- 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.

Company Secretarial ⁸

- 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 prepare the abridged accounts of the company for filing with the Registrar of Companies
 - c) to file the company's Annual Return and abridged accounts within the appropriate time limit

⁷ Tailor to reflect the actual services you provide to the client in this area

⁸ Tailor to reflect the actual services you provide to the client in this area

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d) to deal with any other routine secretarial matters that may arise

- Nevertheless the ultimate responsibility for the company's secretarial affairs rests with the directors and company secretary who should continue to ensure that all relevant matters are brought to our attention.
- 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.
- 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 company's registration on time.
- 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

- 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
- 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

- 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.

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- Should you so require, we will forward an estimate of fees in advance of any assignment.
- 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. Please do not hesitate to contact **[Partner A]** whenever you feel he can be of assistance.

Liability

- **[Compliant Accountant & Co]** alone will be responsible for the performance of the engagement contract formed by this letter. You therefore agree that you will not bring any claim in respect of or in connection with this engagement whether in contract, tort (including negligence), breach of statutory duty or otherwise against any employee of **[Compliant Accountant & Co]**. The foregoing exclusion does not apply to any liability that cannot be excluded under Irish law.
- Our report will be addressed to the directors of company. The contents will be solely for your use and purpose. We will not accept liability/responsibility to any other third party to whom our report is shown or into whose hands it may come.
- We shall use reasonable skill and care in the provision of the services set out in this letter.
- We shall accept liability to pay damages for losses arising as a direct result of breach of contract or negligence on our part in respect of services provided in connection with or arising out of the engagement set out in this letter (or any variation or addition thereto) but the liability of **[Compliant Accountant & Co]** (whether in contract, negligence or otherwise) shall in no circumstances exceed €XX.XXX⁹ in the aggregate in respect of all such services. The terms of this limitation of liability will apply to the above named recipients of our report.
- In no event shall **[Compliant Accountant & Co]**, its partners, or employees be liable for any loss, damage, cost or expense arising in any way from or in connection with fraudulent acts, fraudulent omissions, misrepresentation or wilful default on the part of the governors, employees or agents of the company except and only to the extent that **[Compliant Accountant & Co]**, its partners or employees have contributed to such losses, damage, cost or expense through their own fraud or dishonesty.
- Any claims, whether in contract, negligence or otherwise, must be formally commenced within two years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than four years after any alleged breach of contract, negligence or other course of action. This expressly overrides any statutory provision, which would otherwise apply.

⁹ Five times the fee is a reasonable standard based on guidance obtained from one of Ireland's PII Providers for accountants

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- The parties to the engagement letter do not require the consent of any other party to rescind or vary any term or terms of the engagement letter at any time.

SAMPLE

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Electronic Communications

- In the course of the engagement we may communicate with you electronically. However, as you are aware the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted or lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Accordingly whilst we will use commercially reasonable procedures to check for the then most commonly known viruses before sending information electronically and notwithstanding any collateral contract, warranty or representation, neither we nor our partners, employees, agents or servants shall have any liability to you on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error or omission arising from or in connection with the electronic communication of information to you and your reliance on such information and including (but not limited to) the acts or omissions of our service providers. Such exclusion of liability shall not apply to us in the event of such acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of our partners, employees, agents or servants.
- If the communication relates to a matter of significance on which you wish to rely and you are concerned about the possible effects of electronic transmission you should request a hard copy of such transmission from us. If you wish us to password protect all or certain documents transmitted you should discuss this with us and we will make appropriate arrangements.

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. From time to time we may engage external third parties to review our files from a quality control perspective or where there are significant subjective issues. Any external review will be covered by a confidentiality agreement with the provider as set out in their letter of engagement.

Working for Other Clients

- We will not be prevented or restricted by virtue of our relationship with you, including anything in this engagement letter, from providing services to other clients. Our standard internal procedures are designed to ensure that confidential information communicated to us during the course of this assignment will be maintained confidentially.

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Applicable Law

- 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.

Our Quality of Service to You

- We are committed to providing you with a high-quality service that is both efficient and effective. If, at any point you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know by contacting **[insert name and contact details]**.
- We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If we do not answer your complaint to your satisfaction, you may, of course, take up the matter with our professional body, **[ACAI / ACCA / CPA / ICAEW]**.

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.

The terms and conditions of the firm's services and engagements included as an Appendix to this letter should also be read in conjunction with this letter.

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 faithfully

Compliant Accountant & Co
XXX Type of Accountants

Acknowledged by: _____

On behalf of the board of **[Exempt Co. Limited.]**

Date: _____