Engagement Letter

Example of an Engagement Letter for a Compilation Engagement

<Date>

To the Board of Directors (or local management)

This letter is to confirm our understanding of the terms of our engagement and the nature and limitations of the services we will provide.

As you have requested we will perform the following services:

We will compile the balance sheet of <name entity> as of December 31, 20xx and the profit and loss account for the year then ended. You will provide the information we need for this work. Our engagement will be carried out in accordance with the Dutch Standard on Auditing applicable to compilation engagements. We will not perform an audit or review of the annual accounts. Consequently, we will not express any assurance in our report.

We expect that our report on the annual accounts will read as follows:

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In case of reporting to foreign legal entities or auditors the following example is recommended:
To: <Addressee>

Compilation report

In accordance with your instructions and on the basis of information provided by you, we have compiled the financial statements of <name entity>, <statutory seat>, for the year XXXX (as set out on pages ... to ...) in accordance with standards for compilation engagements generally accepted in the Netherlands, for purposes of their presentation in conformity with accounting principles generally accepted in the Netherlands and the financial reporting requirements as included in Part 9 of Book 2 of the Netherlands Civil Code. These financial statements are your responsibility. We have not audited or reviewed these financial statements and, accordingly, express no assurance thereon.

Place……………………………, date  ………………………
Signature …………………………………….

In case of reporting to parties in the Netherlands the following example is recommended:
To: <Addressee>

Compilation report

In accordance with your instructions and on the basis of information provided by you, we have compiled the financial statements of <name entity>, <statutory seat>, for the year XXXX (as set out on pages ... to...). The accuracy and completeness of the information provided and the financial statements based thereon are your responsibility. Our responsibility is to issue a compilation report on these financial statements.
We have compiled the financial statements in accordance with standards for compilation engagements generally accepted in the Netherlands. Our procedures were limited primarily to gathering, processing, classifying and summarising financial information. These procedures do not provide the same level of assurance about whether the financial statements are free of material misstatement as that provided by an audit or a review.

Confirmation
Based on the information provided to us, we have compiled the financial statements in accordance with accounting principles generally accepted in the Netherlands and the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

<Place> ..........................,  <date> ..........................

<Signature> ..................................................

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The management of .......... is responsible for the accuracy and completeness of the information we will use to compile the annual accounts. Also the management will be responsible to the external users for the annual accounts compiled by us. These responsibilities include adequate bookkeeping and the maintenance of sufficient internal controls and the use of adequate accounting policies. The nature of the procedures we will perform makes that eventually existing fraud or errors, or illegal acts may not be disclosed. If any material irregularity comes to our attention we will inform you.

The information will be prepared in accordance with [indicate the applicable financial reporting framework]. Departures from this framework, which come to our attention, will be disclosed within the annual accounts. If necessary we will mention these departures in our compilation report.

We understand that the intended use and distribution of the information we have compiled is [specify] and that should this change in a material respect, that you will inform us.

It is not allowed to publish the compiled annual accounts without our permission.

We expect that you or your staff will provide us with any information, records, documents and deeds we will need for our engagement.

Our fees will be invoiced as work progresses and will be based on the time required for performing the engagement. The individuals assigned to the engagement may have varying hourly rates in accordance with the responsibility and skills.

This letter will be effective for future years unless it is terminated, amended or superseded. To this compilation engagement our General Terms of Conditions, of which a copy has been enclosed, also apply.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our compilation of your annual accounts.

<name audit firm>

Acknowledged on behalf of

<name entity>

<Signed> ..........................

Name and Title