



Availing of the Audit Exemption

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Contents

	Page
Introduction	3
Conditions	3
Deciding to avail of the audit exemption	4
Members' right to block the exemption	4
Termination of appointment of the auditor	5
Annual accounts	6
Filing abridged accounts	7
Preparation of financial statements	7
Engagement letters	7
Appendix 1 – Schedule 5	8
Appendix 2 – Minutes of directors' meeting	9
Appendix 3 – Sample letters of resignation for the auditor	10
Appendix 4 – Statement of directors' responsibilities	11
Appendix 5 – Sample accountants' report	12
Appendix 6 - Suggested Engagement Letter	13

Availing of the Audit Exemption

Introduction

The Companies Act 2014 (CA 2014) and the Companies (Accounting) Act 2017 (which commenced on 9th June, 2017) extended the audit exemption regime to a number of different types of company which heretofore were unable to avail of the exemption, including:

- a) **Group companies** - Parent and subsidiary companies are permitted, under section 360, to avail of audit exemption if they meet the criteria in section 359 '*Main conditions for audit exemption – group situation*'.
- b) **Dormant companies** – subject to meeting the conditions set out in section 365.
- c) **Guarantee companies** - Under Part 18, companies limited by guarantee which do not have a share capital - "CLGs" - can avail of audit exemption. Such companies were deemed to be public companies under previous Companies Acts and were therefore unable to avail of audit exemption under the Companies (Amendment) (No 2) Act 1999 ('1999 Act'), which restricted the exemption to private companies.

The new form of company established under the Companies Act 2014, the designated activity company ("DAC") under Part 16, is also entitled to claim audit exemption, subject to similar criteria as private companies limited by shares ("LTDs"). Private unlimited companies ("ULCs") are also entitled to avail of audit exemption.

The full text of the relevant legislation can be read on the CPA website at www.cpaireland.ie

Qualifying Conditions

Small & Micro Companies

In order to avail of audit exemption, a company which is not a member of a group, must qualify as small in respect of the financial year in question in accordance with section 280A of CA 2014. The qualifying conditions for a small company are satisfied by a company in relation to a financial year in which it fulfils two or more of the following requirements:

- The amount of turnover of the company does not exceed €12 million (increased from €8.8m by the Companies (Accounting) Act 2017;
- The balance sheet total of the company does not exceed €6 million (increased from X by the Companies (Accounting) Act 2017) ;
- The average number of employees of the company does not exceed 50 (section 280A).

The company must have filed its annual return on time with the CRO for the current and preceding year.

A company only loses 'small' status under CA 2014 if it does not satisfy the qualifying conditions in respect of two consecutive years.

Group situation

The Companies Act 2014 introduced the audit exemption for group companies. Section 358(3) states that audit exemption is not available to a company that at any time during the financial year was a group company **unless** the group qualifies under section 359 as a small group in relation to that financial year.

The qualifying conditions for a small group are satisfied by a group in relation to a financial year in which it fulfils two or more of the following requirements:

- The aggregate amount of the turnover¹ of the group does not exceed €12 million net (or €14.4 million gross);
- The aggregate balance sheet total of the group does not exceed €6 million net (or €7.2 million gross);
- The aggregate average number of employees of the group does not exceed 50 (section 280B).

A group only loses 'small' status under CA 2014 if it does not satisfy the qualifying conditions in respect of two consecutive years.

All Irish companies in the group must have filed their annual return on time with the CRO. The annual returns of the holding company and all other members of the group for the preceding year must also have been filed on time.

¹ Note that section 275 has expanded the definition of 'turnover' to clarify that for a company "whose ordinary activities include the making or holding of investments, [turnover also] includes the gross revenue derived from such activities". See section 6 of Technical Release *Companies Act 2014 Financial Reporting and Related Issues* for further details.

Deciding to Avail of the Audit Exemption

Dormant Companies

In order to avail of the dormant company audit exemption, section 365(1) requires that the directors of the company are of the opinion that the company will satisfy the conditions set out below. **The decision to avail of audit exemption is to be recorded by the directors in the minutes of the meeting at which the decision is taken.**

The conditions are that in respect of the year in question:

- a) It has no significant accounting transaction, and
- b) Its assets and liabilities comprise only permitted assets and liabilities.
“Significant accounting transaction” is defined as a transaction that is required by sections 281 and 282 to be entered in the company’s accounting records. Transactions specifically excluded from this term by section 365(8), which therefore do not trigger the audit obligation, are:
- c) A fee to the Registrar on a change of the company’s name;
- d) A fee to the Registrar on the re-registration of the company; or
- e) A fee to the Registrar for the registration of an annual return (including any fee of an increased amount by virtue of regulations under section 889(6)).

“Permitted assets and liabilities” are investments in shares of, and amounts due to or from, other group undertakings.

If a company holds a fixed asset such as property or has a bank account, a tax liability or any other non-group liability or contingent asset or liability, which do not fall within the definition of “permitted assets and liabilities”, then in accordance with section 365(1) and (2) it would not meet the requirements to avail of the dormant company audit exemption, irrespective of having no transactions.

Companies Limited by Guarantee

Companies limited by guarantee may also avail of the audit exemption. If the company is a registered charity the company should contact the Charities Regulatory Authority for further information, www.charitiesregulatoryauthority.ie

Rights of Shareholders and Members

Shareholders with not less than one-tenth of the voting rights in the company, have the option of serving notice on the company in writing under section 334 noting that they do not wish the company to avail of the audit exemption.

This notice must be served on the company either 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 one month before the year end. The notice cannot be served retrospectively.

Individual members of companies limited by guarantee are entitled, by virtue of section 1218 (which applies section 334 to CLGs with modified wording), to serve notice on the company that they do not wish the company to avail of the audit exemption.

This notice must be served on the company either 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 one month before the year end. The notice cannot be served retrospectively.

Directors of companies should carefully consider the rights of shareholders/members to request that an audit be conducted when considering the availability of the audit exemption to their company.

What companies cannot avail of the audit exemption?

The following company types cannot avail of the audit exemption;

The audit exemption is not available to the following types of company, irrespective of size:

- a) Public limited companies ("PLCs") - see section 1002 of Part 17 (which disappplies audit exemption for PLCs);
- b) Public unlimited companies ("PUCs") - see section 1230 of Part 19 (which disappplies audit exemption for PUCs);
- c) Public unlimited companies that have no share capital ("PULCs") - see section 1230 of Part 19 (which disappplies audit exemption for PULCs);
- d) Investment companies – see section 1387 of Part 24 (which disappplies audit exemption for investment companies);
- e) Companies falling within any provision of Schedule 5, other than a company referred to in paragraph 5 or 16 of the Schedule (see section 362);
- f) A "relevant securitisation company", as defined in section 362(3).

In addition to these there are certain companies whose activities preclude them from availing of the audit exemption. These are set out in Schedule 5 to the Companies Act 2014, the full text of which is provided in Appendix 1.

Termination of appointment of the auditor

Once the directors have made the decision to avail of the audit exemption they must terminate the appointment of the auditor.

They must serve a notice on the auditor outlining their decision and the termination of their appointment.

Within a period of 21 days beginning on the date of being notified, the auditor must serve a notice on the company containing a statement stating whether or not any circumstances exist that should be brought to the attention of the creditors or shareholders.

As soon as this notice is served on the company the auditor must write within 14 days to the CRO together with a copy of the notice.

Examples of these letters can be found in Appendix 3.

If the statement contained in the notice from the statutory auditor includes circumstances, which the statutory auditor considers should be brought to the attention of the members or creditors of the company, the company is obliged to send, within 14 days of receiving such notice, a copy of the notice to every person (including members of the company and holders of debentures) who is entitled under section 338 to receive the statutory financial statements, directors' report and statutory auditor's report.

There continues to be no requirement on the part of statutory auditor, removed from office due to a company availing of audit exemption, to notify the Irish Auditing and Accounting Supervisory Authority (IAASA) of this removal. Such a duty to notify IAASA only applies, in accordance with section 403, where the statutory auditor is removed by ordinary resolution at a general meeting (under section 394) or where the statutory auditor resigns from the office of statutory auditor to the company in accordance with section 400.

Annual Accounts

For audit exempt companies, annual statutory accounts must still be prepared in accordance with the Companies Act 2014 and accounting standards. The financial statements must show a true and fair view and otherwise comply with the Companies Act 2014.

A statement must be included at the bottom of the company's balance sheet above the directors signature/s as per section 335 which reads as follows:-

Balance Sheet Statement for a Small Company

We as Directors of X Limited, state that:

- a) the company is availing itself of the audit exemption (and the exemption shall be expressed to be "the exemption provided for by *Chapter 15 of Part 6 of the Companies Act 2014*"),
- b) the company is availing itself of the exemption on the grounds that *section 358* is complied with,
- c) no notice under *subsection (1) of section 334* has, in accordance with *subsection (2)* of that section, been served on the company, and
- d) the company qualifies for the small companies regime on the grounds that *section 280C of the Companies Act 2014* is complied with and the statutory financial statements have been prepared in accordance with the small companies regime.
- e) the directors acknowledge the obligations of the company, under this Act, to—
 - (i) keep adequate accounting records and prepare statutory financial statements which give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year, and
 - (ii) otherwise comply with the provisions of this Act relating to statutory financial statements so far as they are applicable to the company.

Balance Sheet Statement for a Small Group Company

We as Directors of X Limited, state that:

- a) the company is availing itself of the audit exemption (and the exemption shall be expressed to be "the exemption provided for by *Chapter 15 of Part 6 of the Companies Act 2014*"),
- b) the company is availing itself of the exemption on the grounds that *section 359* is complied with,
- c) no notice under *subsection (1) of section 334* has, in accordance with *subsection(2)* of that section, been served on the company, and
- d) the company qualifies for the small companies regime on the grounds that *section 280C of the Companies Act 2014* is complied with and the statutory financial statements have been prepared in accordance with the small companies regime.
- e) the directors acknowledge the obligations of the company, under this Act, to
 - (i) keep adequate accounting records and prepare statutory financial statements which give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year, and
 - (ii) otherwise comply with the provisions of this Act relating to statutory financial statements so far as they are applicable to the company.

Balance Sheet Statement for a Micro Company

We as Directors of X Limited, state that:

- a) the company is availing itself of the audit exemption (and the exemption shall be expressed to be "the exemption provided for by *Chapter 15 of Part 6 of the Companies Act 2014*"),
- b) the company is availing itself of the exemption on the grounds that *section 358* is complied with,
- c) no notice under *subsection (1) of section 334* has, in accordance with *subsection(2)* of that section, been served on the company, and
- d) the company qualifies for the micro companies regime on the grounds that *section 280D of the Companies Act 2014* is complied with and the statutory financial statements have been prepared in accordance with the micro companies regime.
- e) the directors acknowledge the obligations of the company, under this Act, to

- i) keep adequate accounting records and prepare financial statements which as the company qualifies for the micro companies regime and complies with the minimum requirements of the Act in relation to its financial statements is presumed, until the contrary is proved, to give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year, and
- ii) otherwise comply with the provisions of the Act relating to financial statements so far as they are applicable to the company.

A statement of the directors' responsibilities must be included in the Accountants' Report on the financial statements as set out in Appendix 5 and a Directors' Responsibilities Statement for Small Companies or Small Groups as set out in Appendix 4.

Abridged Accounts Balance Sheet Statement

Where both audit and abridged exemption are availed of the following paragraph should be included in the abridged Balance Sheet statement:

For the Small Companies regime

In preparing these abridged financial statements the directors have relied on the exemption contained in section 352 of the Companies Act 2014 on the ground that the company is entitled to the benefit of that exemption as it qualifies for the small company regime. These abridged financial statements have been properly prepared in accordance with section 353 of the Companies Act 2014

For the Micro Companies regime

In preparing these abridged financial statements the directors have relied on the exemption contained in section 352 of the Companies Act 2014 on the ground that the company is entitled to the benefit of that exemption as it qualifies for the micro company regime. These abridged financial statements have been properly prepared in accordance with section 353 of the Companies Act 2014.

Preparation of the Financial Statements

Where the appointment of auditor has been terminated but the services of the accountant have been retained to prepare financial statements or provide additional services all financial statements must be prepared in accordance with Miscellaneous Technical Statement 14- *Compiling and reporting on financial statements not subject to audit*. Members should refer to the CPA website for full details.

A sample Accountants' Report can be found in Appendix 5.

Engagement Letters

A new engagement letter should be issued reflecting the change in the accountant's appointment. It should be clear to the client that audit services are no longer being provided. The accountant should ensure that all correspondence to the client makes this point clear e.g. fee notes to client should not state audit services etc. A sample engagement letter can be found at Appendix 6.

Appendix 1

Schedule 5

List of Companies for Certain Purposes of Act (including, in particular, sections 142, 350, 362 and 510)

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.

Appendix 2 – Minutes of Meeting of the Directors

Under sections 358 and 359 it is no longer necessary to have recorded the decision to avail of audit exemption in the minutes of a directors' meeting in advance of the year end (with the exception of a dormant company). However the directors may wish to minute the decision as follows;

Minutes of meeting of the directors

Held at

On

Present

The meeting fully reviewed the financial position of the company and having reviewed the provisions of the Companies Act 2014, the Directors were satisfied that the company will fulfil the conditions specified in the Act and it was resolved that the company should avail of the audit exemption in respect of the year commencing on XXXXX.

Resignation of Auditor

The Company Secretary was instructed to write to the auditors of the company and to advise them that the company has decided to avail of an exemption and to request them to serve a notice on the company in accordance with Section 399.

This concluded the business of the meeting

Date

Chairman

Appendix 3 - Sample Letters of Resignation for the auditor

Letter 1 - Proforma Resignation notice under Section 399 of the Companies Act 2014

The Directors,
XYZ Limited,
Registered Office

Date

We, ABC & Co., of (Address), hereby serve notice, pursuant to Section 399 of the Companies Act, 2014, that, having been requested to do so by the directors, we are resigning from the office of auditor of XYZ Limited as and from XXXXX.

We confirm that there are no circumstances in connection with our resignation that we consider should be brought to the notice of the members or creditors of the company.

As required by the Companies Act 2014 we will be forwarding a copy of this notice to the Registrar of Companies.

Yours faithfully,

Letter 2 – Letter to the Registrar of Companies

The Registrar of Companies

Date

Re: XYZ Limited (Registered No.)

Dear Sir,

Pursuant to Section 399(3)(a) of the Companies Act, 2014 we are sending you a copy of our notice of resignation from the office of auditor of the above named company.

Yours faithfully,

ABC & Co.

Appendix 4 - Directors' Responsibilities Statement

The directors are responsible for preparing the annual report and the statutory financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland, including the Accounting Standards issued by the Financial Reporting Council.

Irish company law requires the directors to prepare statutory financial statements for each financial year. Under company law, the directors shall not approve financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position, as at the end of the financial year, and profit or loss, for the financial year and otherwise comply with the Act. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the statutory financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards
- Prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy and enable them to ensure that the statutory financial statements and directors report comply with the Companies Act 2014. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' declaration on unaudited financial statements

In relation to the statutory financial statements as set out on pages x to x.

- The directors approve these statutory financial statements and confirm that they are responsible for them, including selecting the appropriate accounting policies, applying them consistently and making, on a reasonable and prudent basis, the judgements underlying them. They have been prepared on the going concern basis on the grounds that the company will continue in business.
- The directors confirm that they have made available to ABC & Co Certified Public Accountants, the company's accounting records and provided all the information necessary for the compilation of the financial statements.
- The directors confirm that to the best of their knowledge and belief, the accounting records reflect all the transactions of the company for the year ended 31st December 2017.

On behalf of the board

Signature
A. Smith
Director
Date

Signature
B. Murphy
Director

Appendix 5 – Sample Accountants' Report

Small Companies Regime

Accountants' report to the directors on the unaudited financial statements of (Exempt Co.) Limited

We have compiled the financial statements set out on pages X to X of (Exempt Co.) Limited for the year ended [balance sheet date].

This report is made solely to you, in accordance with the terms of our engagement. Our work has been undertaken solely to prepare for your approval the financial statements and state those matters that we have agreed to state to you in this report in accordance with the guidance of Institute of Certified Public Accountants in Ireland. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than (insert director's name) for our work or for this report.

Respective responsibilities of directors and accountants

As described on page X the company's directors are responsible for the financial statements. It is our responsibility to compile the financial statements of (Exempt Co.) Limited from the accounting records, information and explanations supplied to us by the directors.

Scope of work

We compiled the financial statements in accordance with the guidance contained in M14 *Compiling and reporting on financial statements not subject to audit* from the accounting records and information and explanations supplied to us by the directors.

We have not audited or otherwise attempted to verify the accuracy or completeness of such records, information and explanations and, accordingly, express no opinion on the financial statements.

ABC & Co
Certified Public Accountants
Date:

Micro Companies Regime

Accountants' report to the directors on the unaudited financial statements of (Exempt Co.) Limited

We have compiled the statutory financial statements set out on pages x to x of (Exempt Co.) Limited for the year ended (balance sheet date).

This report is made solely to you, in accordance with the terms of our engagement. Our work has been undertaken solely to prepare for your approval the financial statements and state those matters that we have agreed to state to you in this report in accordance with the guidance of Institute of Certified Public Accountants in Ireland. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than (insert director's name) for our work or for this report.

Respective responsibilities of directors and accountants

The company's directors are responsible for the financial statements. It is our responsibility to compile the statutory financial statements of (Exempt Co.) Limited from the accounting records, information and explanations supplied to us by the directors.

Scope of work

We compiled the statutory financial statements in accordance with the guidance contained in M14 (Revised) *Compiling and reporting on statutory financial statements not subject to audit* and Financial Reporting Standard 105 – 'The Financial Reporting Standard applicable to the Micro-entities Regime' (FRS 105), from the accounting records and information and explanations supplied to us by the directors.

We have not audited or otherwise attempted to verify the accuracy or completeness of such records, information and explanations and, accordingly, express no opinion on the financial statements.

ABC & Co
Certified Public Accountants
Date:

Appendix 6 – Sample Engagement Letter for Exempt Co. Limited

(A Company availing of Audit Exemption in ROI)

Dear (Name of Client),

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

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

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

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

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

Responsibilities of the Directors:

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

1. To ensure that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, and enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy
2. To prepare or cause to be prepared financial statements which give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit and loss of the company at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.
3. To determine whether, in respect of the year, the company meets the conditions for exemption from an audit of the statutory financial statements set out in the Companies Act 2014.
4. In respect of any year, the availability of the exemption from an audit of the financial statements is conditional upon your forwarding an annual return, with accompanying financial statements, to the registrar of companies. You are responsible for ensuring that such return is forwarded within the appropriate time scale.
5. You are also responsible for making available to us, as and when required, all of the company's accounting records and all other relevant records and information that are necessary for the compilation of financial statements. You are responsible for both the accuracy and completeness of the information supplied to us and are responsible to users for the financial statements compiled by us.

Responsibilities of Accountants

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

Scope of the Reporting Accountants' Work

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

Tax Compliance Work

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

Additional Legal Responsibilities Regarding Taxation

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

Other Legal Responsibilities

1. Where a document or information indicates to us that an offence under the Criminal Justice (Theft and Fraud Offences) Act 2001 has been committed such as theft, unlawful use of computer, or false accounting, we must report this fact to a member of the Garda Síochána.

2. The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and 2013 requires that where we have a suspicion that a money laundering offence or terrorist financing has been committed that we report the matter to the Garda Siochana and to the Revenue Commissioners.
3. The Criminal Justice Act 2011 requires that where we have a suspicion that a listed offence has been committed that we report the matter to the Garda Siochana.

Company Secretarial

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

Other Services

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

Fees

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

Applicable Law

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

Agreement of Terms

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

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

Yours sincerely,

ABC & Co.

Acknowledged by: _____

Date: _____

**On behalf of the board of Exempt Co. Limited.
June 2017**



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