***PART 1 – EXAMPLE ENGAGEMENT LETTER WORDING***

***The following wording is given as an example. It may not be applicable in every case or be in line with the method of operation of your practice and may consequently need addition or amendment.***

***The letter should be prepared on the practice letterhead and should be marked ‘Private & Confidential’.***

***Refer to*** [***accompanying guidance***](#AccompanyingGuidance) ***for additional guidance when acting for a group of companies***

## ADDRESSEE

[To the [Board of Directors] [Members] of .......................................]

[To [Mr] [Mrs] [Miss] ................................]

[To ........................................................... ***Business / client name]***

Dear .......................................................

Thank you for engaging us as your [accountants], [tax advisers], [auditors] [and advisers]. This letter and the attached schedule[s] of service together with our terms of business dated ……………..….. ***insert date*** set out the basis on which we are to provide services as [accountants], [tax advisers], [auditors] [and advisers] and your and our respective responsibilities.

We are bound by ICAS’s Code of Ethics, [including Professional Conduct in Relation to Taxation]\* and accept instructions to act for you on the basis that we will act in accordance with these ethical guidelines.

***\* add for tax engagements or delete***

………………………… ***insert name*** will be the principal responsible for this engagement.

[……..………………… ***insert name*** will be the manager responsible for the ongoing work.]

1. SCOPE OF SERVICES
   1. We have listed below the work which you have instructed us to carry out, the detail of which is contained in the attached schedule[s]. [This][These] state[s] your and our responsibilities in relation to the work to be carried out. Only the services which are listed in the attached schedules are included within the scope of our instructions. If there are other services that you wish us to carry out which are not listed in the schedule[s], please let us know and we will discuss with you whether they can be included in the scope of our work. If we agree to carry out additional services for you, we will provide you with a new or amended engagement letter and schedules.
   2. The following schedule[s] of services and our terms of business are attached to this engagement letter and should be read in conjunction with it. [The estimated fees quoted below, excluding VAT, are for the first year only, the basis of which is specified in our standard terms of business attached.]

|  |  | **Net  £** | **VAT  £** | **Gross  £** |
| --- | --- | --- | --- | --- |
| Schedule 1 | Acting as auditors under the Companies Act 2006\* | NNN | XXX | PPP |
| Schedule 2 | Preparation of [statutory] financial statements\* | NNN | XXX | PPP |
| Schedule 3 | Preparation and maintenance of accounting records\* | NNN | XXX | PPP |
| Schedule 4 | Corporation tax\* | NNN | XXX | PPP |
| Schedule 5 | …………………… ***Name of service as applicable\**** | NNN | XXX | PPP |
| Total annual fee for the year ended…………………… | | £YYY | £YYY | £YYY |
|  | ***\* Add or delete as appropriate*** |  |  |  |
|  |  |  |  |  |

* 1. The fees above are estimated based on the following [timetable] [provision of information] [and] [scope of work] ………………………… ***give details***. Should these requirements not be met we reserve the right to notify you of a revised figure or range and seek your agreement to the change.
  2. [We do not expect to incur any [disbursements][expenses][other professional fees].] [Shown below are likely disbursements we incur on your behalf, and likely expenses in the course of carrying out our work for you. These will be added to our invoices where appropriate, [unless agreed otherwise]].

|  |  | **Net  £** | **VAT  £** | **Gross  £** |
| --- | --- | --- | --- | --- |
| Disbursement | …………………… ***add example\**** | NNN | XXX | PPP |
| Expenses | …………………… ***add example\**** | NNN | XXX | PPP |
| Other professional fees | …………………… ***add example\****\* | NNN | XXX | PPP |
| Other third party costs | …………………… ***add example\**** | NNN | XXX | PPP |
| Total estimated other costs | | £YYY | £YYY | £YYY |
|  | ***\* Add or delete as appropriate*** |  |  |  |
|  |  |  |  |  |

1. LIMITATION OF LIABILITY

***For practitioners who wish to limit their liability in respect of a claim, example wording is included in Part 4. Such a limit can only be agreed in respect of statutory audit services by complying with sections 534, 535 and 536 of the Companies Act 2006.***

* 1. We will provide services as outlined in this letter with reasonable care and skill. Our liability to you is limited to losses, damages, costs and expenses caused by our negligence or wilful default. However, to the fullest extent permitted by law, we will not be responsible for any losses, [penalties, surcharges, interest or additional tax liabilities] if you or others supply incorrect or incomplete information, or fail to supply any appropriate information or if you fail to act on our advice or respond promptly to communications from us [or the tax authorities].
  2. You will not hold us [our] [principal][s] [director][s] [and staff], responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with this agreement. You have agreed that you will not bring any claim in connection with services we provide to you against any of our partners or employees personally.
  3. Unless there is a legal or regulatory requirement to do so, our work is not to be made available to third parties without our written permission and we will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

1. COMMUNICATING WITH YOU
   1. We will communicate with ………………………………………. ***insert name*** in relation to [your] [the] [company’s] [partnership’s] [trust’s] [auditing] [accounting] [tax] [and other] affairs, having agreed with you that [s]he will represent [you] [the] [company] [partnership] [trust].
   2. [In section [14] of our terms of business we set out our approach in the event of an internal dispute within the [company] [partnership] [trust].]
2. AGREEMENT OF TERMS
   1. **Data Protection**
      1. We are committed to ensuring the protection of the privacy and security of any personal data which we process. Your attention is drawn to clause [7] of the attached terms of business which details how we treat personal data received by us in the provision of our services during our engagement with you. By signing this letter, you confirm that you have read and understood clause [7] and any privacy notice referred to therein.
   2. **Period of engagement**
      1. This engagement will start [on … ***date***] [with] [your] [the] [partnership’s] [company’s] [accounting period ending on] [tax year ending] [VAT period ending] [payroll month ending]. ***tailor to services being provided***
      2. [We will also deal with matters arising in earlier years as appropriate.] [We will not be responsible for earlier years.] [Your] [The company’s] previous advisers .……………………. ***insert name of advisers***, will deal with outstanding matters relating to earlier periods.]
      3. This letter supersedes any previous engagement letter for the period covered. Once agreed, this letter will remain effective from the date of signature until it is replaced. You or we may agree to vary or terminate our authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.
   3. **Confirmation of your agreement**
      1. This letter, together with the attached schedules, constitutes the entire contract between us and any proposed variations or termination must be given in writing.
      2. The terms set out in this letter shall take effect immediately upon your countersigning this letter and returning it to us. If we are instructed to start work before receiving a signed copy of this letter we will treat that as acceptance of all the terms of this engagement letter, unless we hear from you to the contrary within 14 days of you giving that instruction. [Subject to company law provisions for auditors you or] [You or] we may agree to vary or terminate our authority to act on your behalf at any time without penalty.
      3. Please confirm your agreement to the terms of this letter and the attached terms of business by signing and returning the appointment acceptance below, together with a copy of this letter. If this letter and the attached terms of business are not in accordance with your understanding of our terms of appointment, please let us know. ***Alternative paragraph for use where one tax engagement letter is issued for both spouses/partners (applicable when schedules in Part 2E and Part 2O are used)*** [If you both are in agreement with the terms of our appointment as your tax advisers, as set out in this engagement letter, the schedule[s] of services and the terms of business, please will you both sign the enclosed copy letter and return it to us. If this letter and the attached terms of business are not in accordance with your understanding of our terms of appointment, please let us know]
3. CONSUMER CANCELLATION RIGHTS

***For personal clients only where the engagement has been agreed at the business premises***

* 1. **Right to cancel**
     1. This contract was agreed at our business premises therefore cancellation rights given to consumers under The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 do not apply.

***\*\*OR\*\****

***For personal clients only where the engagement has been agreed at a distance or off-premises***

* 1. **Right to cancel**
     1. You have the right to cancel within 14 days without giving any reason. The cancellation period will expire after 14 days from the date you enter into the contract.
     2. To exercise your right to cancel, you must inform us of your decision to cancel this contract by a clear statement (eg, a letter sent by post, fax or email). You may use the attached cancellation form, but it is not obligatory. [***Where appropriate***: You may also electronically fill in and submit the model cancellation form or any other clear statement on our website ……………………...…… ***give website address***. If you use this option, we will acknowledge receipt of such a cancellation by sending you an email without delay.]
     3. To meet the cancellation deadline, it is sufficient for you to send your communication before the cancellation period expires.
  2. **Effect of cancellation**
     1. If you cancel this contract, we will reimburse you for all payments received from you. We will make the reimbursement without undue delay, and not later than 14 days from the day on which we are informed about your decision to cancel the engagement. We will make the reimbursement using the same means of payment as you used for the initial transaction, unless you have expressly agreed otherwise; in any event, you will not incur any fees as a result of the reimbursement.
  3. **Commencement of services**
     1. We will not begin work on the attached schedules[s] of services before the expiry of the cancellation period unless you specifically instruct us to do so. You may do this by ticking the box below your signature.
     2. If, during the cancellation period, you asked us in writing to begin the performance of our services and then cancelled, you will pay us a proportional amount for our services performed up to the date of your cancellation, compared with the total amount for the whole assignment.

Yours sincerely

……………………………………………….. ***Name of Principal responsible for this engagement***

……………………………………………….. ***Firm name***

## APPOINTMENT ACCEPTANCE

[I] [We] acknowledge receipt of your engagement letter, a copy of which is attached, and we agree to the letter and the attached schedules[s] of services which, together with the terms of business, fully record the agreement between us concerning your appointment to carry out the work described in the schedule[s].

Name…………………………. Signed ................................................... Date ......................

[Director] [Member] [Partner] [Trustee]

Name…………………………. Signed ................................................... Date ......................

[Director] [Member] [Partner] [Trustee]

[For and on behalf of .................................................] [Limited] [LLP]

***For clients (individuals who are consumers) in circumstances where the right to cancel applies:***

I hereby instruct you to begin providing the attached schedules[s] of services before the expiry of the cancellation period

## CANCELLATION FORM

To [***fill in firm’s name, address, email address, fax number if applicable***]

I hereby give notice that I cancel my engagement with you for the following service(s):

……………………………………………………………………………………………….………………

Client’s name ….………….…………………………………………………………………………………

Address ………..……….……………………………………………………………………..……………..

Signature (if on paper) ………………………………………………………………………………………

Date ………………………………………………………………………………………..……………….…