## ****Draft Format of Engagement letter on Statutory Audit****

Date: XX/XX/20YY

To,

The Executive Director

(Mention the name & Address of client)

**Sub: Engagement Letter for conducting Statutory Audit for the financial**

**year…………**

Dear Sir,

You have requested vide your letter no.                                      dated            , that we audit the Balance Sheet of (Mention the name of Company). (Hereinafter referred as “Company”) as at 31st March                and the related Profit & Loss Account for the year ended on the date. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will conduct our audit in accordance with the auditing standards generally accepted in India and with the requirements of the relevant statute. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

However, having regard to the test nature of an audit, persuasive rather than conclusive nature of audit evidence together with inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements of financial statements, resulting from fraud, and to lesser extent error, if either exists, may remain undetected.

In addition to our report on the financial statements, we expected to provide you with a separate letter concerning any material weakness in accounting and internal control system, which might come to our notice.

The responsibility for the preparation of financial statements on a going concern basis is that of the management of the company. The management is also responsible for selection and consist application of appropriate accounting policies, including implementation of applicable accounting standards along with proper explanation relating to any material departures from those accounting standards. The management is also responsible for making judgments and estimates that are reasonable and prudent as to give a true and fair view of the state of affairs of the institute at the end of the financial year and of the surplus or deficit of the institute for that period. Further, the management is also responsible for the identifying and ensuring that the institute complies with the laws and regulations applicable to its activities.

The responsibility of the management also includes the maintenance of adequate accounting records and internal controls for safeguarding of the assets of the company and for the preventing and detecting fraud of irregularities. Further, the management is also responsible for adjusting the financial statements to correct material misstatements identified by us. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit at the conclusion of our audit.

**Our fees will be billed as follows”**

The total audit fee of Rs…… (Excluding GST) (Rupees………………only) which will be billed on submission of the audit report.

We wish to emphasis that our audit report would be exclusively for income tax and Registrar of company’s purposes. We shall not be liable for any way to any third party to whom you may make the audit report available.

We also wish to invite your attention to the fact that our audit process is subject to “peer review” under the Chartered Accountants Act, 1949. The reviewer may examine our working papers during the course of the peer review.

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records; documentation and other information as requested in connection with our audit.

This letter will be effective for future years unless it is terminated, amended of superseded.

If the forgoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us.

Thanking you

Yours faithfully

**For S M GUPTA& Co.**

Chartered Accountants

CA SAGAR MAL GUPTA

PARTNER