**ILLUSTRATIVE REPRESENTATION LETTER (ANNUAL ACCOUNTS)**

|  |
| --- |
| This illustrative representation letter includes the written representations as required by ISA 580 and the other standards in effect, taking into account the financial reporting framework applicable in Belgium. **It is assumed in this illustration that the auditor considers that no additional representations are required, and that there are no exceptions to the requested written representations.** If there were exceptions, the representations would need to be modified to reflect the exceptions.This illustrative representation letter takes into account: * the complementary standard (Revised in 2018) in addition to the ISAs applicable in Belgium and it proactively integrates the amendments made to it by the draft additional standard (revised version of 2020), pending its approval in accordance with article 31 § 3 of the law of 7 December 2016 ;
* the obligations under Regulation No 648/2012 of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (‘the EMIR Regulation’);
* the amendments made by Law of 7 December 2016 on the organisation of the profession and the public oversight of registered auditors; and
* the (new and revised) ISAs, as approved in Belgium (standard revised in 2018 on the application of the ISAs in Belgium); and
* the amendments made by the Code for Companies and Associations (CCA) and by the Royal Decree of 29 April 2019 implementing the Code for Companies and Associations, as from their entry into force on 1 January 2020.

The parts between [ ] indicate the items in the letter that will have to be amended. |

(Company letterhead)

(Date)

(Addressed to the statutory auditor)

This representation letter is provided in connection with your audit of the annual accounts of the company [company name] for the period ended [date] for the purpose of expressing an opinion as to whether the annual accounts give a true and fair view of the companies’ assets, liabilities, financial position as at [date], as well as of the profit or loss for the period [of xxx months] ended at that date, in accordance with the financial reporting framework applicable in Belgium. The balance sheet total of the annual accounts as at the aforementioned date is € [….], and there is a profit/loss of € [….].

Certain statements included in this letter are limited to the items considered to be material. An item is considered to be material if it involves an omission or misstatement that could, individually or in the aggregate, influence the economic decisions taken by users on the basis of these annual accounts. Materiality depends on the size and/or nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the misstatement or omission, or a combination of both, could be the determining factors.

We acknowledge our responsibility, as set out in the engagement letter dated [date][[1]](#footnote-1) and according to the law, as regards the preparation and fair presentation of the annual accounts in accordance with the financial reporting framework applicable in Belgium.

This responsibility includes the design, implementation and monitoring of internal control measures for the preparation of annual accounts that are free from material misstatement, whether due to fraud or error. It is also our responsibility to give you access to all information of which we are aware that is relevant to the preparation of the annual accounts (such as records, documentation and other matters), to any additional information you may request for the purpose of the audit, as well as unrestricted access to persons within the company from whom you determined it necessary to obtain information.

Consequently, after having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, we confirm, to the best of our knowledge and belief, the information and statements provided to you for the purpose of your audit.

**Annual accounts**

All transactions have been recorded appropriately in the accounting records and are reflected in the annual accounts and, where applicable, were appropriately disclosed in the annual accounts. We have recorded or, where applicable, described appropriately all liabilities, both actual and contingent, and information has been provided regarding them in accordance with the financial reporting framework applicable in Belgium. We have recorded in note No [X] of the notes to the annual accounts all the guarantees offered by the company to third parties. More specifically, we have informed you of all known actual or possible litigation and claims, material financial commitments (e.g. those related to the use of financial instruments) and all commitments not taken up in the balance sheet and they have been appropriately recorded and/or disclosed in the annual accounts in accordance with the said financial reporting framework.

We have informed you of all plans or intentions that may significantly affect the carrying value or classification of assets and liabilities. Where appropriate, notes relating to these matters have been included in the annual accounts, in accordance with the financial reporting framework applicable in Belgium.

The most significant assumptions used by us in making accounting estimates are reasonable.

The company has a valid title to [all its] assets included in the annual accounts, and the granted or received securities and other rights on those assets have been disclosed in accordance with the financial reporting framework applicable in Belgium.

We have provided you with access to all information of which we are aware that is relevant to the preparation of annual accounts, such as the whole accounting, accounting records, all related documentation and all minutes of the general meetings of shareholders and [*in case of a NV/SA, CV/SC or BV/SRL: meetings of the management body, in case of a dual board in a NV/SA: meetings of the supervisory board and the executive board, / in case of a sole director in a NV/SA or BV/SRL: decisions of the sole director]* and all information relevant to your audit.

[We are of the opinion that the effects of uncorrected misstatements are not material, both individually and in the aggregate, to the annual accounts. A list of the uncorrected misstatements is attached to this representation letter (cf. Appendix 1).] [[2]](#footnote-2)

[There are no] [All] events and matters that, according to the financial reporting framework applicable in Belgium, require a correction of the corresponding figures [were identified and recorded correctly].

**Risk of fraud and internal control**

We acknowledge our responsibility for designing, implementing and maintaining internal control in order to prevent and detect fraud. Internal control mechanisms have been designed and implemented within the company with a view to preventing and detecting fraud and errors. We have disclosed to you our assessment of the risk that the annual accounts may contain material misstatements as a result of fraud.

We have no knowledge [Where applicable: We confirm that we have reported to you every case]:

1. of fraud – proven or suspected – that we are aware of and involves management, employees who have significant roles in internal control or other persons and that could lead to material misstatements in the annual accounts;
2. of allegations of fraud that could have a material effect on the annual accounts[, that we became aware of from employees, former employees, analysts, regulators or others].

**Subsequent events**

At this time we have no knowledge of events subsequent to the date of the annual accounts that require an adjustment or a disclosure in the notes and/or the management report, other than those which have already been taken into account.

**Going concern**

We believe that the use of the going concern basis of accounting is justified. [*Where applicable:* We have provided you with our action plans drawn up for the future of the company. These action plans reflect the intentions [*in case of a NV/SA, CV/SC or BV/SRL:* of the management body*, in case of a dual board in a NV/SA: of the supervisory board and the executive board / in case of a sole director in a NV/SA or BV/SRL: of the sole director].* We are not aware of factors that could compromise these plans and the assumptions on which they are based]. [[3]](#footnote-3)

**Compliance with laws and regulations**

To the best of our knowledge, we believe that we have complied with the laws and regulations. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effect should be considered when preparing annual accounts.

**Information on related parties**

We confirm the completeness of the information provided regarding the identification of the Company’s related parties, as defined in the financial reporting framework applicable in Belgium. In accordance with the said framework, relationships and transactions with related parties have been appropriately accounted for and the information in this regard has been disclosed in the notes to the annual accounts.

**Money laundering**

We have no knowledge of any Anti Money Laundering Law -infringements (law of 18 September 2017 on the prevention of money laundering and terrorist financing and on the restriction on the use of cash).

To our best knowledge and belief, we confirm that for the financial year ended [date] and up to the date of this representation letter:

* all transactions occurring during the audited financial year are of a reliable and normal business nature, well-founded and in accordance with the company’ purpose as set out in the by-laws;
* there have been no transactions involving real estate property that involved the payment or receipt of cash;
* there have been no transactions involving moveable property, provision of services or several transactions that appear to be linked, for an amount greater than or equal to EUR 3000 for which payment was made or received in cash;
* there have been no transactions in which funds from third parties were transferred via bank accounts of our company;
* there have been no transactions with entities or persons registered in countries that have been classified by the Financial Action Task Force (FATF), the Organisation for Economic Cooperation and Development (OECD), the European Union (EU) or the Belgian Audit Oversight College (CTR-CSR, see Circulaire 2018/01) as non-cooperative[, except for: …];
* we have not granted or received equity participation, subscriptions to capital increases or loans from or on behalf of entities and/or persons registered in countries considered by the tax administration to be tax havens/offshore centres[, with the exception of: …];
* no offences or suspected offences were committed having the characteristics set out in Article 505 of the Belgian Criminal Code, such as abuse of corporate assets, fraud, serious tax fraud, whether organised or not, or corruption.

***[Where applicable, include section on the basis of the professional judgment of the statutory auditor:]***

**[EMIR requirements**

We acknowledge our responsibilities under Regulation 648/2012 of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (‘the EMIR Regulation’). We have complied with the requirements arising from this Regulation during the audited financial year and until the date of this letter.

We confirm that we have provided you with all information required for the fulfilment of your engagement as provided for in the Financial Services and Markets Authority Regulation of 17 January 2017 on the cooperation of registered auditors to the supervision of compliance with the EMIR Regulation by non-financial counterparties.

To the best of our knowledge and belief,

1. administrative procedures have been established that allow us to report all derivative transactions to a trade repository;
2. all necessary measures have been taken to ensure compliance with the EMIR requirements applicable to our company;
3. we are not aware of any intentional or unintentional violation of the EMIR Regulation.

**Conflicts of interest**

We confirm to have no knowledge of conflicts of interest, as defined and described in the Company Code [Code for Companies and Associations] (or in related legislation and regulations) [except for [to be completed if necessary]].

**[Management report[[4]](#footnote-4)**

The management report on the annual accounts [and the non-financial information annexed thereto][[5]](#footnote-5) contain(s) the information required under Article 96 of the Company Code [article 3:6 of the Code for Companies and Associations[[6]](#footnote-6)], including the required description of the principal risks and uncertainties the company is facing, the foreseeable evolution thereof or the circumstances that could have a significant impact on its future development, and, where applicable, the justification of the application of the accounting valuations under the going concern assumption.

[Where applicable: The non-financial information [included in the [add title of the separate report]] was prepared in accordance with the provisions of Article 96, § 4 of the Company Code [article 3:6 § 4 of the Code for Companies and Associations[[7]](#footnote-7)] and [add the reporting framework used]. It is consistent with the annual accounts. We acknowledge our responsibility for the preparation of the said non-financial information as well as for the implementation of the internal control that we consider necessary for the preparation of the said non-financial information in accordance with the provisions of Article 96, § 4 of the Company Code [article 3:6 § 4 of the Code for Companies and Associations[[8]](#footnote-8)] and [add the reporting framework used].]

**[Other information included in the annual report**

The following other information: [management commentary, operational and financial review or other similar reports issued by [*in case of a NV/SA, CV/SC or BV/SRL:* the management body / *in case of a dual board in a NV/SA: the supervisory board and the executive board / in case of a sole director in a NV/SA or BV/SRL: the sole director]* and intended for shareholders or similar stakeholders or a statement by the chairman of the entity] are included in the annual report and the definitive version of this other information was sent to you in due time [*where applicable*: the definitive version of the following document[s] will be provided to you when it becomes available, and before we publish it and prior to the general meeting, in order to allow you to perform the procedures required under ISA 720 (Revised).]

**Documents to be filed in accordance with Art. 100, § 1, 5°, 6°/1 and 6°/2 of the Company Code [article 3:12, § 1, 5°, 7° and 8° of the Code for Companies and Associations[[9]](#footnote-9)]**

When their completion is required by law, we confirm that it is our responsibility to prepare and to file:

* the social balance sheet as required by Article 100, § 1, 6°/2 of the Company Code [article 3:12, § 1, 8° of the Code for Companies and Associations];
* the document providing the following information, unless that information is already provided for separately in the annual accounts:
1. the amount, at the date the accounts were closed, of debts or of the portion of debts guaranteed by the Belgian public authorities;
2. the amount, at the same date, of outstanding debts, whether or not deferral of payment has been obtained, owed to tax administration and to the National Social Security Office;
3. the amount relating to the financial year ended, of subsidies in capital or in interest paid or allocated by public authorities or institutions;
* the list of undertakings in which the Company holds an interest: […]

*The above-mentioned list is to be supplemented, where applicable, by an overview of the undertakings in which the company holds unlimited liability as a partner or member with unlimited liability.*

We also confirm that we have provided you with the final version of these documents.

In addition, we confirm that the documents that have to be filed in accordance with Art. 100, § 1, 5°,6°/1 and 6°/2 of the Company Code [article 3:12, § 1, 5°, 7° and 8° of the Code for Companies and Associations], include, both in terms of form and content, the information required by this Code.

**Other information**[[10]](#footnote-10)

- [Complete where applicable]

- ***[If applicable:* Filing of the annual accounts]**

- *[If applicable:* **Corresponding figures]**

[The corresponding figures relating to the previous financial year for [specify the relevant section/sub-section] have been adjusted in with the context of the comparison with the amounts relating to the audited financial year, and this adjustment was disclosed in accordance with Article 83, 2 of the Royal Decree of 30 January 2001 [article 3:59, 2 of the Royal Decree of 29 April 2019 implementing the Code for Companies and Associations[[11]](#footnote-11)]].

OR

[We have no knowledge of any necessary adjustments needed to the corresponding figures relating to the previous financial year in the context of the comparison with the amounts relating to the audited financial year; no disclosures are required in accordance with Article 83, 2 of the Royal Decree of 30 January 2001 [article 3:59, 2of the Royal Decree of 29 April 2019 implementing the Code for Companies and Associations[[12]](#footnote-12)]].

Yours sincerely,

Chief Executive Officer or Managing Director Financial Director

 OR Business Manager
 (if applicable)

**Annex to the representation letter relating to the financial year ended XX/XX/20XX**

List of uncorrected misstatements:

 [Insert uncorrected misstatements]:

1. For ’public sector assignments’, no reference is to be made to the engagement letter. [↑](#footnote-ref-1)
2. *[In the event that the legal representative disagrees]:*

We do not agree with the attached list of the uncorrected misstatements identified in the course of the audit for the following reasons *(state the reasons for disagreement)*: […]. [↑](#footnote-ref-2)
3. This paragraph must be amended if facts or events are identified that could threaten continuity: ISA 570 (Revised) ‘Going Concern’. [↑](#footnote-ref-3)
4. This section only applies to companies that are not referred to in Section 3:4 of the WVV. Small companies in particular are not obliged to draw up an annual report [↑](#footnote-ref-4)
5. To be mentioned in the event that the client is a Public Interest Entity (PIE) meeting the criteria of Art. 96, § 4 of the Company Code/art. 3:6 CCA, which is therefore required to prepare the non-financial information. If the PIE decides to prepare a report that is separate from the management report, this separate report is to be attached to the management report. [↑](#footnote-ref-5)
6. Applicable as from 1st of January 2020. [↑](#footnote-ref-6)
7. Applicable as from 1st of January 2020. [↑](#footnote-ref-7)
8. Applicable as from 1st of January 2020. [↑](#footnote-ref-8)
9. Applicable as from 1st of January 2020. [↑](#footnote-ref-9)
10. If the auditor has included other items relating to the responsibilities of the management in the letter of engagement in accordance with ISA 210, *Agreeing the terms of audit engagements*, it may be appropriate to include these items in the written representations by the management or by those charged with governance. [↑](#footnote-ref-10)
11. Applicable as from 1st of January 2020. [↑](#footnote-ref-11)
12. Applicable as from 1st of January 2020. [↑](#footnote-ref-12)