The management representation letter

United States edition

[Client letterhead]

[Date: the date of the auditor's report]

[Audit firm name]
[Audit firm address]

PURPOSE OF THIS LETTER

This representation letter is provided in connection with your audit of the financial statements of [Client name], which comprise the balance sheet as of [date] and the related statements of income, changes in stockholders' equity and cash flows for the year then ended, and the related notes, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with [accounting principles generally accepted in the United States of America].

Certain representations in this letter are limited to matters that are material. Misstatements, including omissions, are material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

[Only if agreed with you: Except where stated otherwise, matters of less than $[amount] in total are not treated as exceptions for the purpose of these representations. This amount is not indicative of what would require adjustment to or disclosure in the financial statements, and it does not apply to representations that are not about amounts, including our acknowledgement of responsibility for internal control to prevent and detect fraud.]

We confirm, [to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves,] as of [the date of the auditor's report]:

THE FINANCIAL STATEMENTS

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated [date], for the preparation and fair presentation of the financial statements in accordance with [U.S. GAAP / the applicable framework].

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. The methods, significant assumptions and data we used in making accounting estimates, and the related disclosures, are appropriate to achieve recognition, measurement or disclosure that is in accordance with [the applicable framework].

5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with [the applicable framework].

6. All events subsequent to the date of the financial statements for which [the applicable framework] requires adjustment or disclosure have been adjusted or disclosed.

7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached.

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with [the applicable framework].

INFORMATION PROVIDED

9. We have provided you with access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters; additional information you requested from us for the purpose of the audit; and unrestricted access to persons within [Client name] from whom you determined it necessary to obtain audit evidence.

10. All transactions have been recorded in the accounting records and are reflected in the financial statements.

11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12. We have [no knowledge of any] [disclosed to you all information that we are aware of regarding] fraud or suspected fraud that affects [Client name] and involves management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.

13. We have [no knowledge of any] [disclosed to you all information that we are aware of regarding] allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

14. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

15. We [have disclosed to you all known actual or possible] [are not aware of any pending or threatened] litigation, claims and assessments whose effects should be considered when preparing the financial statements.

16. We have disclosed to you the identity of [Client name]'s related parties and all the related party relationships and transactions of which we are aware.

MATTERS SPECIFIC TO THIS AUDIT

[Add any further representations the auditor has requested, such as those on going concern, on the carrying value of long-lived assets, or on side agreements. Delete this section if there are none.]

SIGNED

[Name], [Chief Executive Officer]

Signature _____

[Name], [Chief Financial Officer]

Signature _____

Attachment: list of uncorrected misstatements

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