

## **Appendix 1: Template of a Compilation Engagement Letter**

The following template, in connection with the explanations given in section 5.2. of this expert opinion, may be used as a guideline and has to be adapted to the individual requirements and circumstances.

To ... [client]

This letter is to confirm our understanding of the conditions of our engagement as well as of the nature and limitations of the services to be rendered by us.

You have engaged us to render the following services:

Based on the documents and information which you provide us with, we will compile<sup>1</sup> the financial statements of ... [client] as of ... [balance sheet date] – consisting of the balance sheet, the income statement, and the notes – in accordance with the applicable expert opinion KFS/RL 26 with regard to compilation engagements.

The engagement comprises the compilation of the balance sheet and the income statement as well as the notes on the basis of the accounting and the inventory as well as on the provisions of applicable accounting and valuation methods.

With regard to the financial statements, we will not render any audit procedures and/or assurance services that would have to be carried out in the course of an audit or review and/or assurance engagements or agreed-upon procedures. As a consequence, we do not provide any assurance (confirmation) on financial statements.

You will send to us to the best of your knowledge and belief the complete documentation, accounting and inventory records as well as information necessary for the compilation of the financial statements.

The submitted documentation and information will not be subject to any review on our part, that is the management is responsible for the accuracy and exhaustiveness of the documentation and information provided to us. This also applies vis-à-vis the users of the financial statements compiled by us. This also includes keeping appropriate accounting records and establishing an internal control system. This compilation engagement does not cover the detection of errors, unlawful conduct or other irregularities.

The General Conditions of Contract for the Public Accounting Professions (AAB), issued by the Austrian Chamber of Public Accountants and Tax Advisors (KWT), as of ... [date], shall apply to this compilation engagement. Please find attached to this Engagement Letter a copy of these General Conditions of Contract (AAB).

After the compilation of the financial statements, we will send to you a report on the compilation of the financial statements (compilation report). Any distribution to third parties of

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<sup>1</sup> Translator's note: Expert opinion KFS/RL 26 (Grundsätze für die Erstellung von Abschlüssen) distinguishes between "Aufstellung" and "Erstellung" of financial statements. Whereas "Aufstellung" refers to the Company's (statutory) obligation to prepare financial statements, "Erstellung" refers to the preparatory activities to prepare financial statements based on the accounting, inventories or other information. These activities may also be carried out by certified public accountants. As a consequence, "preparation" was used for "Aufstellung" and "compilation" for "Erstellung" for the purpose of this document.

the financial statements compiled by us is only permissible upon inclusion of the compilation report.

If the financial statements compiled by us are distributed to any third parties, the provisions stipulated in Point 7. AAB for the Public Accounting Professions of KWT on the liability vis-à-vis third parties shall apply.

We are looking forward to working together with your member(s) of staff and are confident that they will grant us access to all records, documents and other information that we require for the compilation of the financial statements.

Our fee, which we charge based on the progress of our work, is based on the amount of time required by our member(s) of staff assigned to the engagement, and is exclusive of any expenses and cash expenditure. The individual hourly rates vary according to the respective degree of responsibility assumed as well as according to the required expertise and qualifications.

This Engagement Letter shall also be deemed valid for future years, subject to its termination, change or replacement.

We kindly ask you to sign and return to us the enclosed copy of this Engagement Letter in order to express your consent with the terms and conditions with regard to our compilation of your financial statements.

*[wenn die deutsche Version der Beauftragung unterzeichnet wird:]*

The English translation of this engagement letter is presented for the convenience of the reader only and the German wording is the only legally binding version.

*[wenn ausschließlich die englische Version der Beauftragung verwendet wird:]*

The engagement letter and the terms used within are only a translation of the original German engagement letter and this engagement letter is governed by the laws of the Republic of Austria.

(Public accountant's signature)

(Date)

(Address)

Confirmed on behalf of .... [client], represented by

(Signature)

(Name and title)