CHARTERED ACCOUNTANTS,
TAX & BUSINESS ADVISERS

Lamont Pridmore

DISENGAGEMENT LETTER

The purpose of a disengagement letter is to clarify with the client the matters for which your firm will continue to have responsibility during the handover and those that will fall immediately to the new accountants. Failure to agree a clean handover with the client is a common source of complaint to the Institute/Association.

The letter below gives some suggested clauses for inclusion in such a letter. These should be tailored to meet the circumstances of ceasing to act for the particular client concerned. You should ensure that all services that were provided to the former client are addressed in the letter.

Dear ……..

Purpose

Further to our/your* letter of [*insert date*] I am writing to confirm my firm's responsibilities in relation to your affairs during the handover to your new auditors/accountants*, [*insert name of firm*].

Audit

The audit of the company's accounts for the year ended [*insert date*] was completed on [*insert date*]. This firm will have no further responsibility in relation to the audit of your accounts. A separate letter will be sent/has been sent* to you containing our formal resignation in accordance with *[insert applicable legislation e.g.* Companies Act 2006].

Accounts

Your accounts for the year ended [*insert date*] were completed on [*insert date*]. This firm will have no further responsibility in relation to preparation of your accounts for subsequent years.

Corporate tax returns

The company's tax return for the year ended [*insert date*] [was submitted to HM Revenue & Customs on [*insert date*]] [will be submitted on [*insert date*]. After submission of this return], this firm will have no further responsibility in relation to completion and submission of the company's tax returns for future years.

Payroll

We will continue to administer the company's payroll until [*insert date*]. At this time we will forward the necessary information to you/your new advisers*. This firm will have no responsibility in relation to your company's payroll after [*insert date*].

Personal tax returns

Your personal tax return for 20XX/20YY was submitted to HM Revenue & Customs on [*insert date*]. This firm will have no responsibility in relation to your personal tax affairs, including tax credits.

Other services

Insert as appropriate, specify the last service provided or details of any that are in progress and how they will be completed.

Respective Responsibilities

You will be solely responsible for identifying another accountant to take on these responsibilities or to satisfy the need for the services that we provided.

Our responsibilities, on resignation as accountants include those set out in our [Institute] [Association]'s code of ethics to respond to the enquiry of our successor and disclose, with your consent, any issues or circumstances relevant to their decision to accept or decline appointment. It is also common for practitioners to combine this initial professional enquiry with a request for information and documents relevant to the engagement. We will, unless undue additional work is entailed be pleased to respond to these enquiries at no additional fee and would be pleased if you would indicate your agreement to our satisfying these requests by signing and returning to us the attached copy of this letter. If you do not return the copy letter we will assume that you are content for us to co-operate with a successor as set out above.

Retention of records

During the course of our work we have collected information from you and other parties acting on your behalf. Some of these records and other items of documentation should be retained to meet your statutory obligations. We will be pleased to return any original documents or documents that belong to you on request.

We should advise you, however, that if you fail to collect such records within six months of the date of this letter, we cannot be held responsible for their safekeeping and we may destroy documents and records that we hold without further notice.

Fees

With reference to our fees, we calculate that an amount of £…… plus VAT, as set out in the attached invoice, remains due from you. This amount has been determined on the basis of time spent on your affairs by the principal(s) and staff and on the levels of skill or responsibility involved and is due on presentation.

Please let me know immediately if you disagree with the respective responsibilities set out above. We shall be grateful if you could confirm your agreement to these terms by signing the enclosed copy of this letter and returning it to us immediately. If a signed copy of this letter is not returned, we will assume that the above responsibilities are agreed unless we are informed to the contrary in writing.

Yours

Firm's name

I/We* confirm that I/we* have read and understood the contents of this letter dated [*insert date*] and agree that they accurately reflect the respective responsibilities during the handover.

Signed ..... Dated .....

Signed .....* Dated .....*

For and on behalf of [*insert name of entity*]