



KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Telephone +353 1 410 1000
Fax +353 1 412 1122
Internet www.kpmg.ie

Private and confidential
Irish Auditing & Accounting Supervisory
Authority
Willow House
Millennium Park
Naas
Co. Kildare

Our ref 22198363

By email to: submissions@iaasa.ie

15 April 2022

Dear Sir or Madam,

IAASA Consultation: Proposal to adopt Standards for Investment Reporting (Ireland) ('SIRs (Ireland)')

KPMG welcome the opportunity to comment on the Irish Auditing & Accounting Supervisory Authority's (IAASA) proposal to adopt SIRs (Ireland).

Our responses to the consultation questions raised are set out in Appendix 1. In addition, we have included drafting considerations in Appendix 2.

If you have any questions or require further information, please do not hesitate to contact me.

Yours faithfully,

Daniel O'Donovan
Principal, Department of Professional Practice

Seamus Hand • Marie Armstrong • Darina Barrett • Cillein Barry • James Black • Alan Boyne • Brian Brennan • Alan Bromell • Gareth Bryan
Patricia Carroll • James Casey • Neil Casey • Brian Clavin • Jim Clery • Kevin Cohen • Mark Collins • Ivor Conlon
Michele Connolly • John Corrigan • Terence Coveney • Hubert Crehan • Killian Croke • Camilla Cullinane • Brian Daly • Michael Daughton
Cormac Deady • Eamon Dillon • Paul Dobby • Robert Dowley • David Duffy • Brian Egan • Nancy Fallon • Patrick Farrell
Jorge Fernandez Revilla • Damien Flanagan • Caroline Flynn • Andrew Gallagher • Frank Gannon • Orla Gavin • Michael Gibbons • Colm Gorman
Johnny Hanna • Ken Hardy • Michael Hayes • Selwyn Hearn • Jackie Hennessy • Rio Howley • Brian Kane • Declan Keane • Gillian Kelly
James Kelly • David Kennedy • Stephen King • Jonathan Lew • Owen Lewis • Cian Liddy • Carmel Logan • Liam Lynch • Olivia Lynch
Tim Lynch • Ryan McCarthy • Shane McCarthy • Tom McEvoy • Emer McGrath • Caoimhe McLoughlin • Liam McNally • Niamh Marshall
Dani Michaux • David Moran • Brian Morrissey • Ciona Mullen • Phillip Murphy • Niall Naughton • Ian Nelson • Emer O'Brien • Kieran O'Brien
Paul O'Brien • Barrie O'Connell • Emma O'Driscoll • Sean O'Keefe • David O'Kelly • Joe O'Mara • Colm O'Neill • Garrett O'Neill • Colm O'Sé
Conor O'Sullivan • John Poole • Eoghan Quigley • Jean Rea • Vincent Reilly • Cristian Reyes • Glenn Reynolds • Eamonn Richardson
Colm Rogers • Eamonn Russell • Niall Savage • Anna Scally • Mathew Scott • Gavin Sheehan • Sean Sheridan • Russell Smyth • Donal Thomas
Paul Toner • Kieran Wallace • Keith Watt • David Wilkinson • Tom Woods

Offices: Dublin, Belfast, Cork and Galway

KPMG, an Irish partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG is authorised by Chartered Accountants Ireland to carry on Investment Business.



- Q1. Do you agree that it is in the public interest that IAASA adopts the SIRs (Ireland)? If not, please give your reasons and describe any alternatives that you wish IAASA to consider**

We agree that it is in the public interest that IAASA adopts SIRs (Ireland) to ensure that the standards used by reporting accountants undertaking engagements in connection with investment circulars are appropriately tailored for Irish law and regulations.

- Q2. Do you agree that a reporting accountant performing an engagement involving an investment circular should be required to comply with the relevant ethical code of the recognised accountancy body of which the reporting accountant is a member (SIR (Ireland) 1000.4)? If not, please give your reasons and state what alternative ethical provisions you consider to be appropriate.**

We would welcome clarification when an engagement team applies the CAI Code of Ethics to a SIRs engagement on what aspect of the CAI code is being applied. As the CAI have adopted the Code of Ethics for Professional Accountants developed by the International Ethics Standards Board for Accountants (IESBA) it would be helpful to confirm that Part 4B (Independence for Assurance Engagements other than Audit and Review Engagements) of the IESBA code applies and not Part 4A (Independence for Audit and Review Engagements). This clarification is welcome in the context of the FRC Ethical Standard (applicable to '*Audit engagements and other public interest assurance engagements*') being applied to the equivalent UK SIR standards.

If Part 4A is applicable, it would be helpful to clarify if the rules applying to Non-PIEs or the rules that apply to PIEs are to be complied with. In practice the timing of the reporting accountants work being performed is when the entity is a non-PIE (for example in the case of an IPO) and clarification would ensure a consistent approach.



Q3. In the context of IAASA's policy to make minimal amendments to the UK standards, are there any provisions in the proposed SIRs (Ireland) that conflict with Irish or EU law? If so, please:

- Identify the relevant legal provisions
- Give reasons for your view
- Describe how you believe these matters should be addressed in the SIRs (Ireland)

We do not believe there to be any notable provisions in the proposed standard that conflict with Irish or EU law which would impact the applicability of this standard. We have set out areas where we consider that the amendments proposed by IAASA require further clarification and/or amendment:

1. Workpaper/system access:

References are made in the standard to obtaining access to information and systems of the financial advisors and auditors, examples of which are extracted below. We would welcome clarification on the legislative basis supporting such access requests, and the implications where access is not provided.

SIR (Ireland) 6000 Paragraph 19 notes "The reporting accountant considers whether it will require access to the work of the relevant financial advisers who are responsible for the report under the Takeover Rules that the Quantified Financial Benefits Statement ("QFBS") has been prepared with due care and consideration when agreeing the terms of engagement with directors."

SIR (Ireland) 2000 Paragraph 52-56 details "Obtaining access to information in audit documentation".

2. Confirmations of the report continuing to apply:

Given IAASA's policy to make minimal amendments to the UK standards, we propose that **Paragraph 55 through 61** and the related **Appendix 2** of the extant SIR 6000 (issued by the FRC) which were removed from the proposed SIR (Ireland) 6000 are reinstated. The provisions removed relate to "*Confirmations of the report continuing to apply - subsequent documents*" which are explicitly referred to in the Takeover Panel Takeover Rules under



Rule 26. (vi) and 28.5 e.g., “*Subsequent Documents - continuing validity of forecast*”

3. SIR (Ireland) 4000 - Modified Opinions

Given IAASA’s policy to make minimal amendments to the UK standards, it is unclear why **Paragraph 58 through 59** addressing “Modified Opinions” has been amended in comparison to the extant SIR 4000 (issued by the FRC). The FRC require a ‘positive and unmodified opinion’ in its interpretation of the ESMA guidance and the IAASA proposed standard does not. We propose that IAASA align with the FRCs interpretation in this regard given there are no market or law differences which would require an amendment.

Q4. In the context of IAASA’s policy to make minimal amendments to the UK standards, are there any areas where there are distinct differences between the Irish and UK markets which would impact on the applicability of the proposed standards in Ireland? If so, please:

- **Give your reasons**
- **Identify the market sectors, entities etc. in Ireland impacted by the proposed standard**
- **Describe how you believe these matters should be addressed in the SIRs (Ireland)**

We do not believe the distinct differences between the Irish and UK markets impact the applicability of this standard in Ireland.

Q5. Is the proposed effective date, i.e. for reporting accountant engagements commencing on or after 15 September 2022, appropriate? If not, please give reasons and indicate the effective date that you would consider appropriate.

We agree with the proposed effective date. We believe that it is appropriate to ensure that the standards available are tailored to reflect Irish law and applicable regulations. We believe the effective date is practicable given the nature of the revisions.



Appendix 2 – Drafting considerations

We have set out below areas where we consider that the drafting proposed by IAASA would benefit from further clarification and/or amendment:

1. **SIR (Ireland) 1000 Preface** provides narrative to navigate the standards essential procedures and two-tier referencing, for example:

*"SIR (Ireland) 1000 contains basic principles and essential procedures ("Investment Reporting Standards"), **indicated by paragraphs in bold type**, with which a reporting accountant is required to comply in the conduct of all engagements in connection with an investment circular prepared for issue in connection with a securities transaction governed wholly or in part by the laws and regulations of Ireland."*

The bolding of text and allocation of specific references for "essential procedures" is applicable to all SIRs and not just SIR (Ireland) 1000. The remaining SIRs would benefit from similar guidance provided in SIR (Ireland) 1000.

2. **SIR (Ireland) 1000 Appendix 1 Paragraph 6** refers to acquisitions of publicly traded companies:

*"Where an issuer with listed equity securities proposes to undertake a Class 1 acquisition, Listing Rule 12.5 requires that certain historical financial information is presented in relation to the target and, where relevant, the target's subsidiary undertakings. The last three years' historical financial information must be presented in a financial information table on a basis consistent with accounting policies of the issuer. Unless the target is itself **admitted to trading on an EU regulated market or on an overseas regulated market or listed on an overseas investment exchange**, the financial information table must be reported on by a reporting accountant."*

This narrative does not fully align with Listing Rule 12.5.27 as referenced to and should be expanded/clarified to capture the scope accordingly.

3. **SIR (Ireland) 1000 Paragraphs 23/29** refers to ISQC (Ireland) 1 and will require an update once ISQM (Ireland) 1 comes into effect in December.



4. **SIR (Ireland) 2000 Paragraph 25** refers to the requirements of ISA (Ireland) 240 (Updated December 2018) "*The auditor's responsibilities relating to fraud in an audit of financial statements*". Suggest this reference is updated to state "Revised October 2021" instead of "Updated December 2018".
5. **SIR (Ireland) 3000 Paragraph 72 Footnote 14** refers to "An example of a reporting accountant's confirmation can be found at Appendix 2 of SIR (Ireland) 6000." There is no Appendix 2 included in SIR (Ireland) 6000.
6. **SIR (Ireland) 3000 Footnote 13** refers to "Rule28.2(c)", any such references to the Takeover Rules would benefit from an extension to include the complete source i.e. "The Takeover Rules, 28.2c"