

# The Consultative Committee of Accountancy Bodies-Ireland

Chartered Accountants Ireland  
The Association of Chartered Certified Accountants  
The Chartered Institute of Management Accountants  
The Institute of Certified Public Accountants in Ireland

IAASA

Millennium Park

Naas

14 April 2022

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## **CCABI Response to the proposal to adopt Standards for Investment Reporting (Ireland)**

Dear Kevin

CCABI welcome the proposal to adopt Standards for Investment Reporting (Ireland) ('SIRs (Ireland)').

We have responses to the questions raised below and in addition we attach feedback on some editorial and typographical matters we have noted during our review.

### **1. Do you agree that it is in the public interest that IAASA adopts the SIRs (Ireland)?**

We agree that it is in the public interest for IAASA to adopt the SIRs (Ireland).

### **2. 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)?**

Currently many companies seeking to raise funds in Ireland obtain a dual listing and therefore accountants undertaking this work are bound by the UK rules, this includes the Ethical Standard for Auditors (UK) issued by the FRC. Having two sets of rules adds complexity for the issuer and the firm.

As currently proposed the reporting accountant is bound by their own professional body's code of ethics and the International Code of Ethics for Professional Accountants issued by IESBA. As stated in paragraph 19 in Draft SIR(Ireland) 100 IAASA is not aware of any significant instances where the IESBA code is more restrictive. We feel that is a situation which IAASA will need to monitor.

### **3. 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 or 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 (Questions 3 and 4 in the consultation paper)?**

4. Below are some points we feel need to be considered relating to amendments between the UK and Irish SIRs:

4.1. SIR(Ireland) 2000-Paragraph 52-56 and SIR (Ireland) 6000 paragraph 19 includes requirements and guidance in relation to where access to audit documentation may be necessary and considerations on obtaining such access.

We note that in Ireland there is no legal right of access to audit documentation for reporting accountants. This may be something that can be addressed via guidance issued by IAASA and/or the professional bodies or legal changes may be required. The implications of access to required information should be considered.

4.2. We are unclear as to why the “Modified Opinions” section of SIR (Ireland) 4000 has been amended from the UK version. We are of the view that the position in Ireland in relation to modified opinions is similar to the UK where a positive unmodified opinion is required in relation to pro forma information included in the prospectus as Commission Delegated Regulation (EU) 2019/980 – Annex 20 requires that:

“The prospectus shall include a report prepared by the independent accountants or auditors stating that in their opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) that the basis referred to in (a) is consistent with the accounting policies of the issuer.”

This is also our experience in practice.

We find that paragraph 59 in SIR (Ireland) 4000 is particularly confusing where it notes that the reporting accountant should draw attention to qualifications.

We are of the view that wherever possible the reporting in Ireland should be consistent with the UK given the high level of dual listings in Ireland and the UK therefore this paragraph should be reinstated.

4.3. We note that paragraph 6 of SIR (UK) 4000 includes reference to an ICAEW document on guidance for preparers of proforma financial information that is widely used by Reporting Accountants in Ireland has been removed from the Irish version of SIR 4000. Various footnotes to this document are also included in the UK SIRs. We consider that this guidance document is an important reference source for reporting accountants and are of the view that the reference to the document should be included in the Irish SIRs or alternative guidance developed for use in Ireland.

4.4. SIR (Ireland) 3000 paragraph 77

"The reporting accountant satisfies itself about the form and context of the statement that the reporting accountants have indicated that they have no objection to their report continuing to apply and provides the company with that confirmation in writing."

We consider that this should be clarified to state that this relates to a Directors Statement, e.g.:

"The reporting accountant satisfies itself about the form and context of the statement by the Directors, that the reporting accountants have indicated that they have no objection to their report continuing to apply and provides the company with that confirmation in writing."

4.5. The UK SIR 5000 paragraph 14 footnote 5 states: "The FCA generally encourages advisers or issuers preparing an investment circular in a limited access situation to contact them as soon as possible to discuss the exact disclosure requirements. In certain circumstances it may be appropriate for a financial information reconciliation to be published in a supplementary circular within 28 days of a contested offer becoming unconditional."

This has been replaced in Irish version with "The Irish Stock Exchange generally encourages advisers or issuers preparing an investment circular in a limited access situation to contact them as soon as possible to discuss the exact disclosure requirements."

Should there be a reference to a set timeframe here? Why has the 28 days been removed?

4.6. SIR (Ireland) 6000 has deleted paragraphs 55 through 61 of the UK SIR 6000 relating to "Confirmations of the report continuing to apply - subsequent documents" and the related Appendix 2. It is not clear why this guidance has been removed as the requirement applies here. A localised version of this appendix should be included in SIR(Ireland) 6000.

SIR (Ireland) 3000 paragraph 72 footnote 14 cross references to Appendix 2 in SIR (Ireland) 6000 but the cross reference is not valid given the Appendix 2 has been deleted from SIR (Ireland) 6000.

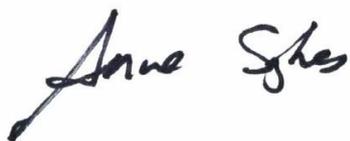
**5 Is the proposed effective date, i.e. for reporting accountant engagements commencing on or after 15 September 2022, appropriate?**

We agree that the proposed date is appropriate.

We would be happy to meet (online or in person as COVID permits) to discuss any matters noted here.

Please contact me by email [Anne.Sykes@charteredaccountants.ie](mailto:Anne.Sykes@charteredaccountants.ie) to arrange this.

Regards



Anne Sykes

Manager

Advocacy and Voice,

Chartered Accountants Ireland for CCAB-I

## Appendix

### Editorial matters

1. ISA (Ireland) 2000 paragraph 25 references requirements of ISA (Ireland) 240 (Updated December 2018) "The auditor's responsibilities relating to fraud in an audit of financial statements", this should refer to revised ISA (Ireland) 240 October 2021 rather than ISA (Ireland) 240 Updated December 2018.
2. SIR (Ireland) 3000 paragraph 72 Footnote 14 includes a reference to Appendix 2 of SIR (Ireland) 6000, however there is no Appendix 2 in SIR (Ireland) 6000.  
  
"An example of a reporting accountant's confirmation can be found at appendix 2 of SIR (Ireland) 6000". SIR (Ireland) 3000 footnote 13 refers to Rule 28.2c. For clarity this should be a more complete reference, "The Takeover Rules, 28.2c".
3. SIR (Ireland) 3000 paragraph 68 contains a reference to SIR 1000.20, this should read SIR **(Ireland)** 1000.2.
4. SIR (Ireland) 5000 Appendix 3 and 4 refers to the listing rules of Euronext Dublin. Should this be the Listing Rules of the Irish Stock exchange as the document inconsistently refers to the Irish Stock Exchange in other places.
5. SIR (Ireland) 3000 Appendix 1 Examples of Engagement Letter Clauses. The UK version notes in scope of work states "We draw your attention in particular to paragraph 68 of SIR 3000 which would preclude us from expressing any opinion if the Directors have not complied with the requirements of the Takeover code.  
This content still resides in paragraph 69 – but this is no longer called out in the engagement letter. Should the engagement letter include this reference?"
6. We also suggest the following edits for the reasons outlined below:
  - suggested insertions are in bold italics
  - deletions are in strikethrough
  - **SIR 1000 – Appendix 1** – Paragraph 3: The reference material should be clarified for consistency with the underlying documents as follows:  
  
"The Central Bank's Guidance on Prospectus Regulatory Framework states that documents persons should have regard to include: Regulation (EU) No 2017/1129; Chapter 1, Part 23 of the Companies Act 2014; the European Union (Prospectus) Regulations 2019 (SI 380/2019); CDR (EU) No2019/980; Commission Delegated Regulation (EU) No 2019/979; Part 4 (Prospectus Requirements) of the Central Bank (Investment Market Conduct) Rules; the ESMA Guidelines on Alternative Performance Measures; ***to the extent they are compatible with the Prospectus Regulation, Esma's Recommendations for consistent implementation of the Prospectus Regulation (2013/319)***; ESMA's Guidelines on disclosure requirements under the Prospectus Regulation; and ***ESMA's document entitled "Questions and Answers on Prospectus Regulation (ESMA/2013/319)s***. ~~Esma's questions and answers documents."~~

- **SIR 1000 – Appendix 1 – Paragraph 6:** The reference material should be clarified as follows for consistency with the underlying documents:

“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 ***used in the latest annual consolidated financial statements except where otherwise permitted by LR 12.5.4(2)***. Unless the target is itself admitted to trading on an EU regulated market or ~~an~~ ***admitted to listing on an investment exchange that is not a Regulated Market or admitted to trading on a multilateral trading facility, where appropriate standards as regards the production, publication and auditing of financial information are in place and none of the financial information included in the Targets Financial Information Table is subject to a Modified Report, except where a dispensation has been granted under LR 12.5.27C*** ~~an overseas regulated market or listed on an overseas investment exchange~~, the financial information table must be reported on by a reporting accountant. However, if there is no report by reporting accountants on the financial information table itself, it is necessary for the issuer to consider whether any material adjustment is required to achieve consistency between the target’s historical financial information and the accounting policies of the issuer, in which event a reconciliation of key financial statement components must be presented and the reconciliation reported on by reporting accountants. ***If no material adjustment is considered necessary a positive statement to this effect is required.***”

- **SIR 1000 – Appendix 1 – Paragraph 6.** Suggested edit to define what is meant by the Code in following paragraphs.

“The UK Corporate Governance Code (***the “Code”***) and Irish Corporate Governance Annex is applicable to all companies with a primary listing on Euronext Dublin, whether incorporated in Ireland or elsewhere. The Code includes both Principles and supporting Provisions. The Provisions operate on a ‘comply or explain’ basis. For parent companies with a primary listing on Euronext Dublin, the board should ensure that there is adequate co-operation within the group to enable it to discharge its governance responsibilities under the Code effectively. This includes the communication of the parent company’s purpose, values and strategy”

- **SIR 1000 – Appendix 2** To clarify the reference.

In addition to references in the final paragraph of the consent letter, should a reference to Section 1353(2) of the Companies Act 2014 also be included?

- **SIR 4000 – Paragraph 2 II. Footnote 2.** To be consistent with other SIRs

Consider aligning this footnote with SIR 1000 – Appendix 1 – Paragraph 3

- **SIR 1000 - Appendix 3 - page 27.** Format correction

The definition for “Report” should be a separate paragraph.

- SIR 4000 - Appendix 2** - page 20. Correction of references

The references in the column “Annex 20 of Commission Delegated Regulation (EU) 2019/980” are incorrect in relation to the following:

“The introduction must include an explanation illustrating the impact of the transaction as if the transaction had been undertaken at an earlier date.”

**Amend reference from 1.1.a.iii to 1.1(a).(iv)(i)**

“The introduction must state that, because of its nature, it addresses a hypothetical situation and, therefore, may not represent the company’s actual financial position or results.”

**Amend reference from 1.1.a.iii to 1.1(a).(iv).(ii)**

“In order to present pro forma financial information, a balance sheet and/or profit and loss account, and accompanying explanatory notes, depending on the circumstances may be included.”

**Amend reference from 1.1 b to 1.1 (b) to (c)**
- SIR 6000 – Paragraph 31.** Amendment of references

SIR (Ireland):

31. To form an opinion that the QFBS has been made with due care and consideration, the reporting accountant shall obtain sufficient appropriate evidence that the QFBS is free from material error in its compilation by:

  - ensuring that information and data is appropriate for the purpose of preparing the QFBS, and has been extracted accurately;
  - obtaining evidence that the directors have complied with the Takeover Code and applied the criteria set out in this SIR (Ireland)