

## **Illustrative example of an Irish auditor's report reflecting the requirements of ISA (UK and Ireland) 700 (Revised June 2013)**

The attached illustrative auditor's report updates Example 14 in Bulletin 1 (I) "Compendium of Illustrative Auditor's Reports on Irish Financial Statements" to reflect the changes to ISA (UK and Ireland) 700 made in October 2012 and June 2013. The changes shown in blue and green reflect these changes. The change shown in red reflects a recent change in Irish law.

The blue and the green changes apply to audits of financial statements for periods commencing on or after 1 October 2012.

### **Changes shown in green**

The changes shown in green should be made in respect of all auditor's reports.

### **Changes shown in blue**

The changes shown in blue also apply in respect of examples 6, 7, 15 and 16 in Bulletin 1 (I). These changes also apply in respect of auditor's reports of any entity that has voluntarily chosen to report on how it has applied the UK Corporate Governance Code.

### **Changes shown in red**

The changes shown in red should be made in respect of all auditor's reports on companies which are signed on or after 24 December 2013.

## **Example 14 — Publicly traded group – Parent company incorporated in Ireland prepares financial statements under IFRSs as adopted by the European Union**

- *Company has equity shares with a primary listing on the Main Securities Market (“MSM”) of the Irish Stock Exchange and is subject to the continuing obligations in relation to the annual report as set out in Chapter 6 of the Listing Rules of the MSM.*
- *Company prepares group financial statements under IFRSs as adopted by the European Union and Section 148(8) exemption taken in respect of parent company’s own statement of comprehensive income.*
- *Corporate governance statement incorporated into the directors’ report, either directly or by incorporation by reference as explained in Bulletin 2011/1 issued by the APB<sup>1</sup>.*

### **INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF XYZ PLC**

We have audited the financial statements of (name of company) for the year ended ... which comprise [specify the titles of the primary statements such as the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity<sup>2</sup>] and the related notes<sup>3</sup>. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 1963 to 201~~2~~<sup>3</sup>.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors’ Responsibilities Statement [set out [on page ....]] the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s [APB’s] Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

Either:

A description of the scope of an audit of financial statements is [provided on the FRC’s website at [www.frc.org.uk/audit-scope-ireland](http://www.frc.org.uk/audit-scope-ireland)] / [set out [on page...] of the Annual Report].

Or:

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<sup>1</sup> See example 16 for an illustration of an auditor’s report where the corporate governance statement is not incorporated into the directors’ report.

<sup>2</sup> The names used for the primary statements in the auditor’s report should reflect the precise titles used by the company for them.

<sup>3</sup> Auditor’s reports of entities that do not publish their financial statements on a web site or publish them using ‘PDF’ format may continue to refer to the financial statements by reference to page numbers.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the [describe the annual report] to identify material inconsistencies with the audited financial statements **and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.** If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at ... and of its [profit/loss] for the year then ended;
- the parent company statement of financial position gives a true and fair view, in accordance with International Financial Reporting Standards (IFRSs) as applied in accordance with the provisions of the Companies Acts 1963 to 2012<sup>3</sup>, of the state of the parent company's affairs as at; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2012<sup>3</sup> and, as regards the group financial statements, Article 4 of the IAS Regulation.

### Our assessment of risks of material misstatement

*[Insert a description of those specific assessed risks of material misstatement that were identified by the auditor and which had the greatest effect on the audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.]*

### Our application of materiality

*[Insert an explanation of how the auditor applied the concept of materiality in planning and performing the audit. Such explanation shall specify the threshold used by the auditor as being materiality for the financial statements as a whole.]*

### An overview of the scope of our audit

*[Insert an overview of the scope of the audit, including an explanation of how the scope addressed the assessed risks of material misstatement and was influenced by the auditor's application of materiality.]*

*[The disclosures about the above three matters are made in a manner that complements the description of significant issues relating to the financial statements required to be set out in the separate section of the annual report describing the work of the audit committee in discharging its responsibilities (see paragraphs 19B and A13D)].*

## **[Separate opinion in relation to IFRSs as issued by the IASB**

As explained in note [x] to the financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, have also complied with the IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.]

## **Matters on which we are required to report by the Companies Acts 1963 to 201~~23~~**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit
- In our opinion proper books of account have been kept by the parent company.
- The parent company statement of financial position is in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.
- The net assets of the parent company, as stated in the parent company statement of financial position are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at ..... a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the parent company.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Acts 1963 to 201~~32~~ we are required to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Listing Rules of the Irish Stock Exchange we are required to review:

- the directors' statement, [set out [on page...]], in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review; and

- the six specified elements of the disclosures in the report to shareholders by the Board on directors' remuneration.

*[Signature]*  
*Seán MacGabhan*  
*for and on behalf of ABC & Co*

*Address*  
*Date*