

EXAMPLE REPORTS BY AUDITORS UNDER COMPANY LEGISLATION IN IRELAND

**(TO BE READ IN CONJUNCTION
WITH APB PRACTICE NOTE 9)**

04 June 2009

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INFORMATION SHEET 03/2009

EXAMPLE REPORTS BY AUDITORS UNDER COMPANY LEGISLATION IN IRELAND

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Introduction

1. The purpose of this Information Sheet is to provide updated illustrative examples of reports by auditors under companies legislation in Ireland which were originally published in Appendix 3 of Practice Note 9, "Reports by Auditors under Company Legislation in the Republic of Ireland". Illustrative examples of auditors' reports on financial statements and example wording of a description of the directors' responsibilities for inclusion in a company's financial statements are provided in the Auditing Practices Board's (APB) Bulletin 2006/1, "Auditor's Reports on Financial Statements in the Republic of Ireland".
2. In order to understand the legislative background giving rise to the need for these reports this Bulletin should be read in conjunction with Practice Note 9 which was issued in August 1994. This document can be downloaded from the APB's website www.frc.org.uk/apb.
3. The wording of the example reports by auditors is based on current legislative requirements and, in some cases, on ISA (UK and Ireland) 700, 'The Auditor's Report on Financial Statements' issued by the APB in December 2004.
4. Since the publication of Practice Note 9 changes to company law have given rise to a number of additional reports by auditors. These are;
 - 4.1 Section 194 of the Companies Act, 1990 as inserted by section 74 of the Company Law Enforcement Act, 2001 imposes a duty on auditors to report suspicions of indictable offences in certain circumstances to the Director of Corporate Enforcement. For guidance on this reporting obligation auditors should refer to APB Bulletin 2007/2 "The Duty of Auditors in the Republic of Ireland to Report to the Director of Corporate Enforcement.
 - 4.2 Section 128 (6(B)) of the Companies Act, 1963, as inserted by section 47 of the Companies (Auditing and Accounting) Act, 2003, requires the auditors of certain companies to prepare a report for submission with the company's annual return which confirms that the financial statements of the company were audited for the period to which the annual report relates and includes within that report a copy of the auditors' report on those financial statements pursuant to section 193 of the Companies Act, 1990. An illustrative example of such a report is set out at Example 9 in this Information Sheet.
 - 4.3 Section 34 of the Companies Act, 1990, as repealed and replaced by section 78 of the Company Law Enforcement Act, 2001, exempts companies from the general prohibition under section 31 of the Companies Act, 1990 on "arrangements" with directors or persons connected to those directors. One of the statutory criteria for availing of exemption under section 34 is that a statutory declaration made by the directors be circulated with the notice of the general meeting of the company being held to approve the proposed arrangement. The declaration by the directors is that ... "the company, having entered into the guarantee or provided the security, will be able to pay its debts in full

as they become due...”. Section 34(4) requires the statutory declaration to be accompanied by an independent person's report, in a prescribed format, stating whether, in that person's opinion, the opinion of the directors, as to the company's ability “...to pay its debts in full as they become due” is reasonable. An independent person is defined as “...qualified at the time of the report to be appointed, or to continue to be, the auditors of the company...”.

It will be extremely difficult for directors to make such a statement in respect of actual and potential liabilities of the company, including those yet to be incurred at the statement date, because the subsection has no limitation in amount or time period. It will be also difficult therefore for the independent person to opine as to the reasonableness of the directors' opinion in that regard. The 2001 report of the Company Law Review Group¹ (CLRG) accepts that it is impractical to expect declarations of solvency to be open-ended and the CLRG has subsequently proposed legislation to be included in the Companies Consolidation and Reform Bill which will simplify this validation procedure. No example of a report pursuant to section 34 of the Companies Act, 1990 has been included in this Information Sheet.

- 5 Following amendment of the Companies (Amendment) Act 1986 by S.I.116 of 2005, European Communities (IFRS and Miscellaneous Amendments) Regulations 2005, abridged financial statements are no longer required to give a true and fair view and this change in company law has been reflected in the reports in Examples 1 and 2.
- 6 Practice Note 9, paragraph 17(iii) mentions a special report by auditors under section 149(5) of the Companies Act, 1963 but does not include an illustrative example of such a report. Section 149(5) provides that in a holding company's financial statements the pre-acquisition profits or losses attributable to any shares in a subsidiary shall not be treated as revenue profits and losses, and that profits for a subsidiary's financial year are to be apportioned to the periods before and after the dates of its acquisition for this purpose. It is further provided, however, that where the directors and auditors are satisfied and so certify that it would be fair and reasonable and would not prejudice the rights and interests of any person, the treatment required by section 149(5) need not be followed. The difficulties with this section are likely to be resolved by the Companies Consolidation and Reform Bill and so no illustrative example has been provided in this Help Sheet.
- 7 Changes to the example reports given in this Help Sheet may be needed when the Companies Consolidation and Reform Bill, currently being developed by the CLRG, is enacted. APB will consider whether to update the whole of Practice Note 9 to reflect consequent amended legal requirements.
- 8 Unless otherwise indicated in a footnote, these example reports are effective immediately upon publication.

¹ The Company Law Review Group is a statutory advisory expert body charged with advising the Minister for Enterprise, Trade and Employment on the review and development of Company Law in Ireland.

Example 1 – Report on abridged financial statements

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF XYZ LIMITED PURSUANT TO SECTION 18(4) OF THE COMPANIES (AMENDMENT) ACT 1986

We have examined:

- (i) the abridged financial statements for the year ended *[date]* on pages .. to... which the directors of XYZ Limited propose to annex to the annual return of the company; and
- (ii) the financial statements *[to be laid before the Annual General Meeting]*², which form the basis for those abridged financial statements.

Respective responsibilities of directors and auditors

It is your responsibility to prepare abridged financial statements which comply with the Companies (Amendment) Act 1986. It is our responsibility to form an independent opinion that the directors are entitled under section 18 of the Companies (Amendment) Act 1986 to annex abridged financial statements to the annual return of the company and that those abridged financial statements have been properly prepared pursuant to sections 10 to 12 of that Act and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to annex abridged financial statements to the annual return of the company and that the abridged financial statements are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the directors are entitled under section 18 of the Companies (Amendment) Act 1986 to annex to the annual return of the company abridged financial statements and those abridged financial statements have been properly prepared pursuant to the provisions of sections 10 to 12 of that Act (exemptions available to small and medium-sized companies).

Registered Auditors

[Address]

[Date]

² Not to be included in the case of single member company in respect of which no AGM is required.

Example 2 – Report on abridged financial statements annexed to the annual return

INDEPENDENT AUDITORS' SPECIAL REPORT TO THE DIRECTORS OF XYZ LIMITED PURSUANT TO SECTION 18(3) OF THE COMPANIES (AMENDMENT) ACT 1986

On *[date]* we reported, as auditors of XYZ Limited, to the directors of the company on the copy of the abridged financial statements for the year ended *[date]* on pages ... to ..., and our report was as follows:

'We have examined:

- (i) The abridged financial statements for the year ended *[date]* on pages... to ... which the directors of XYZ Limited propose to annex to the annual return of the company; and
- (ii) the financial statements *[to be laid before the Annual General Meeting]*³, which form the basis for those abridged financial statements.

Respective responsibilities of directors and auditors

It is your responsibility to prepare abridged financial statements which comply with the Companies (Amendment) Act 1986. It is our responsibility to form an independent opinion that the directors are entitled under section 18 of the Companies (Amendment) Act 1986 to annex abridged financial statements to the annual return of the company and that those abridged financial statements have been properly prepared pursuant to sections 10 to 12 of that Act and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to annex abridged financial statements to the annual return of the company and that the abridged financial statements are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the directors are entitled under section 18 of the Companies (Amendment) Act 1986 to annex to the annual return of the company abridged financial statements and those abridged financial statements have been properly prepared pursuant to the provisions of sections 10 to 12 of that Act (exemptions available to small and medium-sized companies).'

³ Not to be included in the case of single member company in respect of which no AGM is required.

Other Information

[The abridged financial statements have been prepared from the financial statements [to be laid before the Annual General Meeting], in respect of which our audit report, as detailed below, was qualified.]⁴

On *[date]* we reported, as auditors of XYZ Limited⁵, to the members on the company's financial statements for the year ended *[date]* *[to be laid before its Annual General Meeting]* and our report was as follows:

[Insert wording of auditors' report on financial statements of the company]

Registered Auditors

[Address]

[Date]

⁴ For inclusion as necessary

⁵ Where the financial statements to be laid before the AGM have been reported on by the previous auditors of the company, this paragraph would be reworded as follows: 'On *[date]* ABC and Co. reported, as auditors of XYZ Limited, to the members on the company's financial statements ...'

Example 3 – Statement on a company’s ability to make a distribution

This example is based on the assumption that the financial statements have been prepared in accordance with Irish GAAP.⁶

INDEPENDENT AUDITORS' STATEMENT TO THE MEMBERS OF XYZ LIMITED PURSUANT TO SECTION 49(3)(c) OF THE COMPANIES (AMENDMENT) ACT 1983.

We have audited the financial statements of XYZ Limited for the year ended *[date]* in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and have expressed a qualified opinion thereon in our report dated *[date]*.

Respective responsibilities of directors and auditors

As set out in the Statement of Directors’ Responsibilities in the financial statements for the year ended *[date]*, the directors are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board (Generally Accepted Accounting Practice in Ireland). They are also responsible for considering whether the company, subsequent to the balance sheet date, has sufficient distributable profits to make a distribution at the time the distribution is made.

Our responsibility is to report whether, in our opinion, the subject matter of our qualification of our auditors’ report on the financial statements for the year ended *[date]* is material for determining, by reference to those financial statements, whether the distribution proposed by the company is permitted under section 49 of the Companies (Amendment) Act, 1983. We are not responsible for giving an opinion on whether the company has sufficient distributable reserves to make the distribution proposed at the time it is made.

Basis of opinion

We have carried out such procedures as we considered necessary to evaluate the effect of the qualified opinion for the determination of profits available for distribution.

Opinion

In our opinion the subject matter of that qualification is not material for determining, by reference to those financial statements, whether a *[distribution]/[interim dividend for the year ended...]* of €*[...]* would be permitted under Section 49 of the Companies (Amendment) Act, 1983.

Registered Auditors

[Address]

[Date]

⁶ For this statement to be relevant to the financial statements prepared in accordance with IFRS the reference to “accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland)” in the Respective responsibilities of directors and auditors paragraph should be replaced by reference to “International Financial Reporting Standards as adopted for use in the European Union”.

Notes

1. Where the amount of the dividend has not yet been determined, the auditors' statement is expressed in terms of the company's ability to make potential distributions up to a specific level. The opinion paragraph will be worded as follows:

'In our opinion the subject matter of the qualification is not material for determining, by reference to those financial statements, whether a distribution of not more than €[...] by the company would be permitted under Section 49 of the Companies (Amendment) Act 1983.'

2. Where the auditor concludes that the subject matter of the qualification is material to either a specific distribution which is proposed or to any distribution, then an adverse opinion is given. In such circumstances the opinion paragraph would be worded as follows:

Adverse opinion

'In our opinion the subject matter of the qualification is material for determining, by reference to those financial statements, whether a *[distribution]/[interim dividend for the year ended]* of €[...] would be permitted under Section 49 of the Companies (Amendment) Act 1983.'

3. This example assumes that a separate report is given regarding the company's ability to make a distribution. This matter is sometimes referred to in the statutory auditors' report by adding a separate statement after the audit opinion paragraph. That statement might be worded as follows:

'Statement of the independent auditor to the members of XYZ Limited pursuant to section 49 of the Companies (Amendment) Act 1983.'

Basis of opinion

We have carried out such procedures as we considered necessary to evaluate the effect of the qualified opinion for the determination of profits available for distribution.

Opinion

In our opinion the subject matter of the qualification is not material for determining whether a *[distribution]/[interim dividend for the year ended]* of €[...] would be permitted under Section 49 of the Companies (Amendment) Act 1983.'

Example 4 – Statement when a private company wishes to re-register as a public limited company

This example is used when the company's financial statements were prepared within seven months before its application to re-register as a public company.

If the company's financial statements were not prepared within seven months then this statement must be made in respect of a specially prepared balance sheet which must be audited by the auditor. This statement is made in addition to a separate report made by the auditor on such a specially prepared balance sheet (see Example 4A).

INDEPENDENT AUDITORS' STATEMENT TO THE DIRECTORS OF XYZ LIMITED PURSUANT TO SECTION 9(3)(b) OF THE COMPANIES (AMENDMENT) ACT 1983

We have examined the balance sheet and related notes of XYZ Limited as at *[date]* *[which formed part of the financial statements for the year then ended]/[which were prepared for the purpose of the proposed re-registration of XYZ Limited as a public company]* and audited by *[us]/[ABC and Co]*.

Respective responsibilities of directors and auditors

As described on page... the company's directors are responsible for the preparation of the balance sheet and related notes. It is our responsibility to form an independent opinion, based on our examination, and to report our opinion to you.

Basis of opinion

The scope of our work for the purpose of this statement was limited to an examination of the relationship between the company's net assets and its called-up share capital and undistributable reserves as stated in the audited balance sheet in connection with the company's proposed re-registration as a public limited company.

Opinion

Where the opinion on the [financial statements]/[specially prepared balance sheet] is unqualified

In our opinion the audited balance sheet at *[date]* shows that the amount of the company's net assets was not less than the aggregate of its called-up share capital and undistributable reserves.

Where the opinion on the financial statements is qualified but the qualification is not 'material' for the purposes of this statement

We audited the financial statements of XYZ Limited for the year ended *[date]* in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and expressed a qualified opinion thereon.

[Description of qualified opinion]

In our opinion the matter giving rise to our qualification is not material for the purposes of this report and, in our opinion, by reference to the balance sheet at *[date]*, at that date the net assets of the company were not less than the aggregate of its called-up share capital and undistributable reserves.

Registered Auditors

[Address]

[Date]

Example 4A - Report on balance sheet prepared other than in respect of an accounting period for the purpose of a private company re-registering as a public company

This example is used when the latest financial statements are not eligible for use as they were prepared more than seven months before the company's application to re-register as a public company. In these circumstances it is necessary for the company to prepare a balance sheet which is required to be audited. In such circumstances the statement in Example 4 is also made in respect of the prepared balance sheet.

This example is based on the assumption that the balance sheet has been prepared in accordance with Irish GAAP⁷.

INDEPENDENT AUDITORS' REPORT TO XYZ LIMITED FOR THE PURPOSE OF SECTION 9(3)(c) OF THE COMPANIES ACT 1985

We have audited the balance sheet and related notes of XYZ Limited as at [date].set out on pages... to.... which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparation of the balance sheet and related notes in accordance with applicable law and the accounting standards issued by the Accounting Standards Board (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the balance sheet and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the balance sheet and related notes, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the balance sheet is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the balance sheet.

⁷ For this statement to be relevant to the financial statements prepared in accordance with IFRS the reference to "accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland)" in the Respective responsibilities of directors and auditors paragraph should be replaced by reference to "International Financial Reporting Standards as adopted for use in the European Union"

Opinion

Unqualified⁸

In our opinion the balance sheet as at *[date]* has been properly prepared in accordance with the provisions of the Companies Acts 1963 to 2006, which would have applied had the balance sheet been prepared for a financial year of the company.

Qualified

[Description of qualified opinion]

Except for the financial effect of the matter referred to in the preceding paragraph, in our opinion the balance sheet has been properly prepared in accordance with the provisions of the Companies Acts 1963 to 2006, which would have applied had the balance sheet been prepared for a financial year of the company.

In our opinion, the matter giving rise to our qualification is not material for determining by reference to the balance sheet at *[date]* whether, at that date, the amount of the company's net assets was less than the aggregate of its called-up share capital and undistributable reserves.

Registered auditors

[Address]

[Date]

⁸ The meaning of unqualified report is set out in section 9(13) of the Companies (Amendment) Act 1983

Example 5 – Report when a public company wishes to allot shares otherwise than for cash

INDEPENDENT ACCOUNTANTS'⁹ REPORT TO XYZ PUBLIC LIMITED COMPANY FOR THE PURPOSES OF SECTION 30(1)(b) OF THE COMPANIES (AMENDMENT) ACT 1983

We report on the value of the consideration for the allotment to *[name of allottee]* of *[number]* shares, having a nominal value of €*[...]* each, to be issued at a premium of *[...]* cent per share. The shares and share premium are to be treated as fully paid up.

The consideration for the allotment to *[name of allottee]* is the freehold building situated at *[address]* and *[number]* shares, having a nominal value of €*[...]* each, in LMN public limited company.

Basis of opinion

The freehold building was valued on the basis of its open market value by *[name of specialist]*, a Fellow of the Royal Institution of Chartered Surveyors, on *[date]* and in our opinion it is reasonable to accept such a valuation.

The shares in LMN public limited company were valued by us on *[date]* on the basis of the price shown in the Irish Stock Exchange Daily Official List at *[date]*.

Opinion

In our opinion, the methods of valuation of the freehold building and the shares in LMN public limited company were reasonable in all the circumstances. There appears to have been no material change in the value of either part of the consideration since the valuations were made. On the basis of the valuations, in our opinion, the value of the total consideration is not less than €*[...]* (being the total amount to be treated as paid up on the shares allotted together with the share premium).

Registered Auditors

[Address]

[Date]

⁹ Section 30(5) of the 1983 Act requires the valuation and report required by section 30(1)(b) to be made by an independent person, that is to say a person qualified at the time of the report to be appointed, or continue to be, an auditor of the company. Auditor involvement in valuations of this nature is addressed in APB Ethical Standards for Auditors – ES5⁷

Example 5A – Statement when non-cash assets are transferred to a public company by certain of its members

INDEPENDENT ACCOUNTANTS'¹⁰ REPORT TO XYZ PLC FOR THE PURPOSES OF SECTION 32(3)(b) OF THE COMPANIES (AMENDMENT) ACT, 1983

We report on the transfer of non-cash assets to XYZ Public Limited Company ('the Company') by subscribers to the Company's memorandum of association.

The consideration to be received by the Company is a freehold building situated at *[address]* ('the consideration to be received').

The consideration to be given by the Company is *[number]* shares, having a nominal value of €1 each, in LMN PLC ('the consideration to be given').

Basis of valuation

The freehold building was valued on the basis of its open market value by *[name of specialist]*, a Fellow of the Royal Institution of Chartered Surveyors, on *[date]* and in our opinion it is reasonable to accept such a valuation.

The shares in LMN PLC were valued by us on *[date]* on the basis of the price shown in the Irish Stock Exchange Daily Official List at *[date]*.

Opinion

In our opinion, the methods of valuation of the freehold building and the shares in LMN PLC were reasonable in all the circumstances. There appears to have been no material change in the value of the consideration to be received or the consideration to be given since the date(s) at which the valuations were made.

On the basis of the valuations, in our opinion, the value of the consideration to be received by the Company is not less than the value of the consideration to be given by the Company.

Registered auditors

[Address]

[Date]

¹⁰ Section 30(5) of the 1983 Act requires the valuation and report required by section 32(3)(b) to be made by an independent person, that is to say a person qualified at the time of the report to be appointed, or continue to be, an auditor of the company. Auditor involvement in valuations of this nature is addressed in APB Ethical Standards for Auditors – ES5'

Example 6 – Report on initial accounts when a public limited company wishes to make a distribution

This example is based on the assumption that the initial accounts have been prepared in accordance with Irish GAAP¹¹.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF XYZ plc PURSUANT TO SECTION 49(6)(b) OF THE COMPANIES (AMENDMENT) ACT 1983

We have audited the initial accounts of XYZ plc on pages to ... which comprise [*state the primary financial statements such as the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses*] and the related notes. The initial accounts have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page the directors are responsible for the preparation of the initial accounts in accordance with applicable law and the accounting standards issued by the Accounting Standards (Generally Accepted Accounting Practice in Ireland).

It is our responsibility to audit the initial accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the initial accounts have been properly prepared within the meaning of section 49(9) of the Companies (Amendment) Act 1983.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the initial accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the initial accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the initial accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the initial accounts.

¹¹ For this statement to be relevant to the financial statements prepared in accordance with IFRS the reference to “accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland)” in the Respective responsibilities of directors and auditors paragraph should be replaced by reference to “International Financial Reporting Standards as adopted for use in the European Union”. Also the reference to named primary financial statements in the first paragraph should be amended to titles such as the Income Statement, the Balance Sheet, the Cash Flow Statement and the Statement of Changes In Equity”

Opinion

In our opinion the initial accounts for the period from ... to ... have been properly prepared within the meaning of section 49(9) of the Companies (Amendment) Act 1983.

Registered Auditors

[Address]

[Date]

Example 7 – Report when a company is required to prepare a statutory declaration of solvency

INDEPENDENT ACCOUNTANTS'¹² REPORT TO THE DIRECTORS OF XYZ LIMITED PURSUANT TO SECTION 256 OF THE COMPANIES ACT, 1963, AS SUBSTITUTED BY SECTION 128 OF THE COMPANIES ACT, 1990

We have examined the statement of the assets and liabilities of XYZ Limited as at *[date to which the statement is made up]* which forms part of the statutory declaration of solvency made by the directors on *[date of declaration]*.

Respective responsibilities of directors and independent accountants

The directors are responsible for ensuring that the company maintains proper books of account which disclose with reasonable accuracy, at any time, the financial position of the company and for the preparation of the statement of the company's assets and liabilities as at *[date to which statement is made up]*. As stated in the statutory declaration of solvency the directors are also responsible for making a full enquiry into the affairs of the company and, having done so, forming the opinion that the company will be able to pay its debts in full within a period not exceeding twelve months from the commencement of the winding up.

Our responsibility as independent accountants is to state whether in our opinion and to the best of our information and according to the explanations given to us:

- the statement of the company's assets and liabilities, and
- the opinion of the directors referred to above

are reasonable.

Basis of opinion

We planned and performed our work so as to form an opinion that:

- (i) the statement of the company's assets and liabilities at *[date to which statement is made up]*; and
- (ii) the opinion of the directors that the company will be able to pay its debts in full within the period specified in the statutory declaration of solvency

are reasonable.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the statement of the company's assets and liabilities at *[date to which statement is made up]* and the opinion of the directors that the company will be able to pay its debts in full within the stated period, are reasonable.

Certified Public Accountants/Accountants

¹² Section 256(3) of the Companies Act 1963 requires the independent person making this report to be "a person qualified at the time of the report to be appointed, or to continue to be, auditor of the company"

[Address]

[Date]

Example 7A - Consent letter required to accompany a report issued in connection with a declaration of solvency

INDEPENDENT ACCOUNTANTS' REPORT TO THE DIRECTORS OF XYZ LIMITED PURSUANT TO SECTION 256 OF THE COMPANIES ACT, 1963 AS AMENDED BY SECTION 128 OF THE COMPANIES ACT, 1990

We, *[name of independent accountants]* an independent person within the meaning of Section 256 of the Companies Act, 1963 being the author of the attached report have given and not withdrawn our written consent to the issue of the declaration with the report attached.

Certified Public Accountants/Accountants

[Address]

[Date]

Example 8 – Report where a company has failed to keep ‘proper books of account’

INDEPENDENT AUDITORS’ SPECIAL REPORT TO THE DIRECTORS OF XYZ LIMITED PURSUANT TO SECTION 194 OF THE COMPANIES ACT, 1990.¹³

In accordance with Section 194 of the Companies Act, 1990 ("the Act"), we hereby notify you that, in our opinion, Company Limited *[is contravening]/[has contravened]* Section 202 of the Act by failing to cause to be kept proper books of account in relation to the matters specified in Subsection (1) and (2) of that section and the contraventions concerned are material in nature.

[Matters in respect of which proper books are not being or have not been kept should be described here or in a separate letter¹⁴].

We are required by Section 194 to notify the Registrar of Companies of this notice in the prescribed form (Form H4, blank copy attached) not later than *[date]* (being seven days from today), unless in our opinion the directors of Company Limited have by then taken the necessary steps to ensure that proper books of account are kept.

Please inform us by *[date earlier than used in previous paragraph]* of the steps which the directors of the company have taken to ensure that proper books of account are kept as required by Section 202. *[For alternative paragraphs - see below**].*

Please send a copy of this letter to each director as soon as possible. *[This paragraph will not be necessary where a copy of this letter is issued to each director].*

Please acknowledge receipt of this notice by signing the enclosed copy and returning it to us.

Yours faithfully,

Registered Auditors

[Address]

[Date]

**** Alternative A - Where necessary steps have been successfully completed**

¹³ This report should be sent by recorded delivery to the directors of the company.

Auditors have a duty to report to the Office of the Director of Corporate Enforcement where a company of which they are auditors has failed to keep proper books of account. For guidance in relation to reporting to the ODCE auditors should refer to APB Bulletin 2007/2 “The Duty of Auditors in the Republic of Ireland to Report to the Director of Corporate Enforcement”.

¹⁴ ISA (UK and Ireland) 260 Communication of Audit Matters with those Charged with Governance and ISA (UK and Ireland) 250 Consideration of Laws and Regulations in an Audit of Financial Statements require the auditor to communicate to those charged with governance any non-compliance with laws and regulations which is material or believed to be intentional.

In our opinion the directors have taken the necessary steps to ensure that proper books of account are kept. Consequently it is not necessary for us to notify the Registrar of Companies of this notice.

Alternative B - Where initial steps have been taken but not completed

In our opinion the directors have commenced the necessary steps to ensure that proper books of account are kept. Consequently it is not necessary for us to notify the Registrar of Companies within seven days of this notice. Pending completion of these steps we will keep these matters under review.

Example 9 - Report to be annexed to a company's annual return confirming that the financial statements have been audited

Certain companies are required by Section 128 (6C) of the Companies Act, 1963, to annex to the annual return, a confirmation from the auditors (“confirmation report”) that an audit has been carried out in respect of the financial year relevant to the annual return. This report includes the auditors’ report on the company’s profit and loss account and balance sheet (issued pursuant to Section 193, Companies Act, 1990) for the relevant year. This requirement applies to companies which are and continue to be exempted from filing their financial statements with the Companies Registration Office (CRO) and includes the following types of companies:

- (a) private unlimited companies;
- (b) private companies not trading for the acquisition of gain by the members;
- (c) a company not having a share capital which is formed for an object that is charitable and is under the control of a religion recognised by the State under Article 44 of the Constitution and which exercises its functions in accordance with the laws, canons and ordinances of the religion concerned, and
- (d) a company which is exempted by order of the Commissioners of Charitable Donations and Bequests for Ireland from the application of Section 128, being a company formed for charitable purposes not having a share capital.

INDEPENDENT AUDITORS’ REPORT TO THE DIRECTORS OF XYZ LIMITED PURSUANT TO SECTION 128 (6B) OF THE COMPANIES ACT, 1963.

This report is prepared pursuant to Section 128 (6B) of the Companies Act, 1963 which requires the auditors of certain companies to confirm that they audited the financial statements of the company for the relevant year and include within it the statutory audit report to the members of the company made pursuant to Section 193 of the Companies Act, 1990.

We confirm that we have audited the accounts of XYZ Limited for the year ended *[date]*.

On *[Date of auditors’ report pursuant to Section 193 of the Companies Act 1990]* we reported, as auditors of XYZ Limited, to the members of the company on the financial statements for the year ended *[date]* and our report was as follows:

[Insert text of report]

Registered Auditors

[Address]

[Date]

Certified a true copy:

Director

Secretary

Example 10 – Report on ceasing to hold office

NOTICE OF [RESIGNATION]/[UNWILLINGNESS TO BE RE-APPOINTED] AS AUDITORS

In accordance with section 185(1) of the Companies Act 1990, we give notice that we are resigning as auditors of [*name of client*], registered number [*Company number*] with effect from [*date*].

OR

In accordance with section 160(2) of the Companies Act 1963 we give notice of our unwillingness to be re-appointed as auditors of [*name of client*], registered number [*Company number*].

STATEMENT TO THE DIRECTORS OF XYZ LIMITED ON CEASING TO HOLD OFFICE AS AUDITORS

No circumstances connected with ceasing to hold office as auditor

In accordance with section 185(2) of the Companies Act, 1990, we confirm that there are no circumstances connected with our ceasing to hold office as auditors which we consider should be brought to the notice of the members or creditors of XYZ Limited.

OR

Circumstances connected with ceasing to hold office that the auditor considers should be brought to the attention of the members or creditors of the company

In accordance with section 185(2) of the Companies Act, 1990, we consider that the following circumstances connected with our ceasing to hold office as auditors should be brought to the attention of the members and creditors of XYZ Limited.

[Insert circumstances]

Unless the company applies to the court, section 185(4) of the Companies Act 1990 requires that this statement of circumstances, which we consider should be brought to the attention of members and creditors of the company, must be sent within 14 days to every person entitled under section 159(1) of the Companies Act 1963 to be sent copies of the company's accounts.

Registered Auditors

[Address]

[Date]