
ANNUAL REPORT **2015**



IAASA

Irish Auditing & Accounting
Supervisory Authority

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CHAPTER 1

Overview of 2015

MISSION

To contribute to Ireland having a strong regulatory environment in which to do business by supervising and promoting high quality financial reporting, auditing and effective regulation of the accounting profession in the public interest

What IAASA does

IAASA is the independent body in Ireland responsible for the:

- (a) examination and enforcement of certain listed entities' periodic financial reporting;
- (b) supervision of the regulatory functions of the Prescribed Accountancy Bodies ('PABs'); and
- (b) (with effect from 17 June 2016) the inspection and promotion of improvements in the quality of auditing of Public Interest Entities ('PIEs').

IAASA's principal goals are to:

- I.** deliver independent and effective supervision of financial reporting which promotes high quality financial reporting and which responds to non-compliance robustly, promptly and proportionately;
- II.** deliver independent and effective supervision of the PABs' regulatory activities which promotes high quality regulation and which responds to inadequate regulatory practice robustly, promptly and proportionately;
- III.** promote adherence to high professional standards by accountants, auditors and preparers of financial reports; and
- IV.** provide specialist advice and support to the Minister for Jobs, Enterprise & Innovation ('the Minister') and high quality information to our stakeholders on key auditing and accounting matters.

The key strategies employed to realise these goals during 2015 were to:

- apply a risk-based approach to the supervision of the entities under IAASA's financial reporting supervision remit and to the supervision of the PABs;
- take appropriate supervisory and enforcement actions where necessary; and
- cooperate with third parties, both domestic and international, to further the Authority's objectives.

The work done to realise these goals is elaborated upon further in Chapters 2 and 3. IAASA's activities during the year in relation to the new activities of Audit Inspections and Liquidators registration are set out in Chapter 4. Information on the structure and governance of IAASA is set out in Chapter 5.

3 CHAIRPERSON'S STATEMENT



Brendan Walsh, Chairperson

Professor Brendan Walsh presided as Chairperson of IAASA from 3 January 2013 until his sudden and untimely death on 17 May 2016. A brief biography is set out in Chapter 5 of this Report.

Brendan was appointed to the Board in 2013, and brought a wealth of experience to the Board of IAASA. He had worked for many Irish and international bodies, and authored numerous studies on economic matters. He guided the Board during a period of significant development in the auditing and accounting profession nationally and internationally, providing strong leadership to the Authority as its role expanded to adapt to these changes. He presided over a Board where debate and discourse were welcomed and encouraged, so that complex issues could be comprehensively and properly dealt with. Aside from his knowledge and experience, Brendan's gentlemanly nature was such that all who worked with him in IAASA felt that their views were valued and respected.

The following was his Statement to the Minister on IAASA's achievements in 2015 and his expectations for 2016 and beyond.

Ar dheis Dé go raibh a anam dílis.

*Conor O'Mahony
Deputy Chairperson*

Introduction

This is IAASA's ('the Authority') tenth Annual Report. It is with pleasure that I submit it to the Minister for Jobs, Enterprise and Innovation ('the Minister'), in accordance with section 928(1) of the Companies Act 2014 ('the Act'). The Chief Executive's Review summarises the principal activities undertaken by the Authority during 2015 to fulfil its mission. The remainder of this Report gives details of this work. In my Statement, I would like to highlight some significant developments that occurred during the year 2015.

Organisational change

2015 was a year of significant organisational change in the Authority. As described below, a new Audit Inspections Unit ('AIU') was set up to plan for the inspection of the quality of audits of Public Interest Entities ('PIEs'), a function for which the Authority is expected to assume full responsibility during 2016. The Authority also put in place processes and procedures for the registration of liquidators, a new function assigned to it under the Act. These changes, together with developments within the Authority's Financial Reporting Supervision function, have led to an increase in the sanctioned and actual staff numbers and a change in internal structures designed to optimise the delivery of our services. While further increases in staffing are required to allow the Authority to discharge its statutory mandate, I wish to acknowledge the assistance and commitment of the Department of Jobs, Enterprise and Innovation ('the Department') in its support to date in this regard.

Audit reform

During 2015, we continued to liaise with the Department in relation to the transposition of the EU audit reform legislation into Irish law. In particular, the Authority provided advice to the Department on the options available to member states and on the interpretation of some aspects of the legislation. In addition, representatives from the Authority participated in EU audit reform workshops and submitted clarification questions to the European Commission regarding the audit reform legislation.

This legislation, which I expect to be enacted in 2016, will represent the most significant reform of audit regulation in Ireland for quite some time. The changes expected to be introduced include provision for the Authority to be:

- responsible for the direct inspection of the quality of audits of PIEs;
- designated as the competent authority with ultimate responsibility for approval and registration, continuing education, quality assurance and investigative and disciplinary systems in relation to all statutory auditors and audit firms in Ireland, as well as the adoption of standards on auditing, ethics and independence; and
- responsible for the investigation and sanctioning of auditors of PIEs in certain circumstances.

The legislation also introduces several new requirements relating to directors and audit committees of PIEs and imposes additional requirements on the auditors of PIEs, including mandatory audit firm rotation after specified periods and restrictions on the levels of non-audit

services that they may provide.

During 2015 the Authority set up its new AIU in order to plan for the new PIE audit inspection regime. It is expected that these inspections will commence in mid-2016 subject to the transposition of the relevant legislation. As at 31 December 2015 there were three AIU staff and one further inspector commenced employment in early 2016. The legislation will also have significant consequences for the Authority's Regulatory and Monitoring Supervision Unit, in particular its relationship with the six Recognised Accountancy Bodies ('RABs'). While it is expected that the Authority will be designated as the competent authority with ultimate responsibility for the matters outlined above, it is also anticipated that the legislation will provide that certain of these tasks are to be performed by the RABs. This represents a significant change from the current model in which the RABs are designated as competent authorities subject to supervision by the Authority.

The significant international dimension to the new audit inspection regime shouldn't be underestimated. In addition to continued engagement with the international forums of audit regulators, IAASA will be required to share inspection findings at a European level and will participate in joint inspections with third country regulators.

IAASA is an active member of the International Forum of Independent Audit Regulators ('IFIAR') and the European Group of Auditors' Oversight Bodies ('EGAOB'). During 2015, the Authority also finalised Memoranda of Understanding with the Canadian Public Accountability Board and Swiss Federal Audit Oversight Authority which will allow for mutual reliance on the audit oversight functions of those countries. Negotiations also continued during 2015 with the US Public Company Accounting Oversight Board ('PCAOB') and, subject to the enactment of the relevant legislation, the Authority hopes to conduct joint inspections with the PCAOB of the audits of the significant US-headquartered entities operating in Ireland.

Increased transparency regarding financial reporting decisions

During 2015 the law was amended to allow the Authority wider discretion in terms of publication of its financial reporting enforcement decisions than had previously been the case. IAASA published financial reporting decisions in respect of 11 examinations where decisions were reached in 2015. I welcome this development

as it affords the Authority the facility to make public information regarding its activities and increases the transparency of the outcomes its examinations of financial reports to preparers, auditors and other users of financial information.

Changes to the Board's composition

Late in 2015, IAASA's former Chief Executive, Helen Hall, tendered her resignation from her post and as a director of the Authority, and the Board agreed the appointment of Michael Kavanagh as interim Chief Executive. Helen led the Authority with energy and skill during a period of great change. I sincerely thank her for her work with IAASA and wish her every success in her future career. In addition, Seán Hawkshaw, Paddy Keating, Bernadette McGrory-Farrell, Sylvia McNeece and Muireann O'Neill departed from the Board during the year. As the 2014 Act provides for a considerably reduced Board membership, most of these members will not be replaced. I wish each of them well in the future and I express my appreciation on behalf of the Board for their service to the Authority over the years. Máiréad Devine also resigned from the Board in 2015. She too has my best wishes for her future career, and I warmly welcome Mary Burke who joined the Board in her place.

Concluding remarks

The Authority's successes and achievements are attributable to a strong and cohesive Board, the leadership of the Chief Executive and its dedicated and professional staff. I wish to thank all involved for the dedication they displayed during the year. I look forward to the continuing development and expansion of IAASA's role, and I am confident that the Authority can face the challenges arising from its broadened remit. I would also like to express my gratitude to the Minister and the management and staff of his Department for their ongoing support for our activities, as we strive to put in place the resources required to fulfil the Authority's mandate.

Professor Brendan Walsh
Chairperson
29 April 2016



Michael Kavanagh, Interim Chief Executive

Introduction

The purpose of this review is to set out a brief overview of the activities undertaken in pursuit of the Authority's core mission which is to supervise and promote high quality financial reporting and auditing, and effective regulation of the accounting profession in the public interest. As alluded to in the Chairperson's Statement, these activities in 2015 also included the setting up of the new Audit Inspections Unit, putting in place processes and procedures for the registration of liquidators and other internal organisational developments

Financial reporting examination and enforcement activities

IAASA's Financial Reporting Supervision Unit is responsible for the examination and enforcement of certain listed entities' periodic financial reports. This remit extends to equity issuers, closed-ended funds and issuers of debt instruments. As at 31 December 2015, the Authority's known financial reporting review constituency stood at 130 issuers, which published approximately 250 periodic financial statements during the year.

During the year the Authority:

- completed 33 examinations of individual financial statements and corresponded with issuers in relation to 24 of these examinations;
- raised 162 matters with issuers' directors in respect of completed reviews;
- secured 78 voluntary undertakings from 17 issuers' directors to amend future periods' financial statements;
- reviewed 25 financial statements as part of thematic studies; and
- published financial reporting decisions in respect of 11 examinations under the increased transparency allowed by the new legislation .

In pursuit of its goal to promote adherence to high professional standards in the area of financial reporting, during 2015 IAASA published the following reports:

- *Alternative Performance Measures – A Survey of their Use together with Key Recommendations: An Update* (January 2015);
- *Observations on selected financial reporting issues for issuers' financial years ending on or after 31 December 2015* (October 2015); and
- *Commentary on Directors' Significant Judgments and Auditors' Risks of Material Misstatement* (November 2015).

The Authority's financial reporting supervision publications are well received by our fellow European financial reporting enforcers. In particular, the concept, format, content and timing of IAASA's annual Observations document has been replicated in some other countries. It is also noteworthy that in 2015 the European Securities and Markets Authority ('ESMA') published mandatory reporting requirements on Alternative Performance Measures which apply to all EU issuers from July 2016. These requirements are consistent with previous IAASA publications on this topic which derived from our enforcement activity.

Further details on IAASA's financial reporting supervision work is outlined in Chapter 2 of this Report.

Supervising the Irish accounting profession

The Authority's Regulatory & Monitoring Supervision Unit ('RMS') is responsible for supervising the regulatory functions of the nine Prescribed Accountancy Bodies ('PABs') in Ireland. At 31 December 2015 there were:

- 34,777 PAB members resident in Ireland; and
- 1,476 statutory audit firms with offices in Ireland.

The principal supervisory activities performed by the Authority in this area in 2015 included:

- conducting four on-site supervisory visits;
- issuing three supervisory visit reports;
- holding 15 review meetings with PAB representatives;
- approving 28 new or revised constitutional documents; and
- initiating one statutory enquiry.

The Authority also published its annual *Profile of the Profession*, which provides statistical data on the nine PABs including memberships, student numbers, and the nature and scale of their regulatory and monitoring activities.

Since 2013, the Authority conducted six on-site supervisory visits focussed on the quality assurance procedures put in place by those PABs that are recognised in law to issue audit practicing certificates to their members. While in general, the audit monitoring inspections conducted by these PABs are carried out to a good standard, a number of common areas where there is scope for improvement were identified under the following headings:

- non-compliance with the inspection cycle requirements of the Statutory Audit Directive Regulations;
- process for the postponement of monitoring inspections;
- reporting delays;
- timeliness and appropriateness of follow-up actions;
- weaknesses in the documentation of quality assurance inspections; and
- monitoring of compliance with Irish legislation.

Further details are outlined in Chapter 3 of this Report.

Audit inspections and liquidator registration functions

As outlined in the Chairperson's Statement, it is anticipated that from 2016 the Authority will be responsible for the direct inspection of the work of the largest audit firms in the State with regard to the quality of their audits of Public Interest Entities. The Authority's new Audit Inspections Unit ('AIU') was set up in 2015 and is planning for the new regime and actively participating in International and European fora.

As well as outlining the work of the AIU, Chapter 4 also describes the work conducted by the Authority in 2015 arising from our new liquidator registration function.

Concluding remarks

2016 will also be a year of major change for the Authority and I would like to acknowledge colleagues' continued hard work and professionalism to date. We will continue to adapt and structure our work to meet these new challenges within the resources available to us. I would also like to thank the Chairperson and directors for their ongoing support and guidance during the year.

Michael Kavanagh
Interim Chief Executive
29 April 2016



CHAPTER 2

Examination of issuers' financial reports

1. Introduction

This Chapter sets out the:

- a) key activities undertaken in 2015 by IAASA in relation to its financial reporting enforcement function;
- b) financial reporting decisions published in the year in consequence of financial statement examinations performed; and
- c) ancillary functions relating to its financial reporting enforcement i.e.:
 - cooperation with other EU national financial reporting enforcers;
 - cooperation in the development of financial reporting standards; and
 - providing financial reporting advice to the Minister.

IAASA's legal framework for the examination of issuers' financial reports is set out in the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) ('Transparency Regulations'). Further detailed information regarding IAASA's functions in this respect can be accessed on the IAASA website.

2. Financial reporting enforcement remit and work performed during 2015

2.1. Issuer constituency

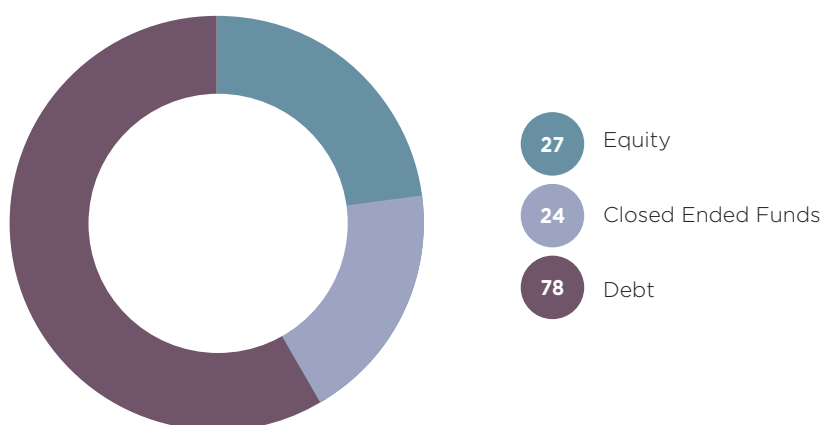
At 31 December 2015, IAASA's known financial reporting examination constituency comprised 129 (2014: 131) issuers made up of 27 equity issuers, 24 closed-ended ('CEF') issuers and 78 debt issuers.

These numbers exclude issuers registered in Ireland and admitted to trading on a regulated market within the EU but outside Ireland where the Central Bank of Ireland has not been notified by the issuer that Ireland is that issuer's home Member State. This is a Europe-wide issue which the European Securities Markets Authority ('ESMA') is currently working to resolve.

Table 2.1 details the number of financial reports of these issuers which are under IAASA's remit.

The majority of issuers are now required to publish annual and half-yearly financial statements; there are exceptions for certain Debt issuers. Accordingly, these 129 issuers publish approximately 250 periodic financial statements falling within IAASA's financial statement review remit.

Table 2.1: Financial reporting review constituency at 31 December 2015



2.2. Categories of examination¹

Depending upon risk factors identified and other relevant considerations, examinations undertaken by IAASA can be categorised as being:

- a) Unlimited scope examination of financial information** – the evaluation of the entire content of the financial information in order to identify issues / areas that need further analysis and to assess whether the financial information is compliant with the relevant financial reporting framework;
- b) Focused examination of financial information** – the evaluation of pre-defined issues in the financial information and the assessment of whether the financial information is compliant with the relevant financial reporting framework in respect of those issues;
- c) Follow-up examination of actions** – ensuring that actions taken are appropriately acted on by the issuers against which the actions were taken;

d) Thematic examination of financial information

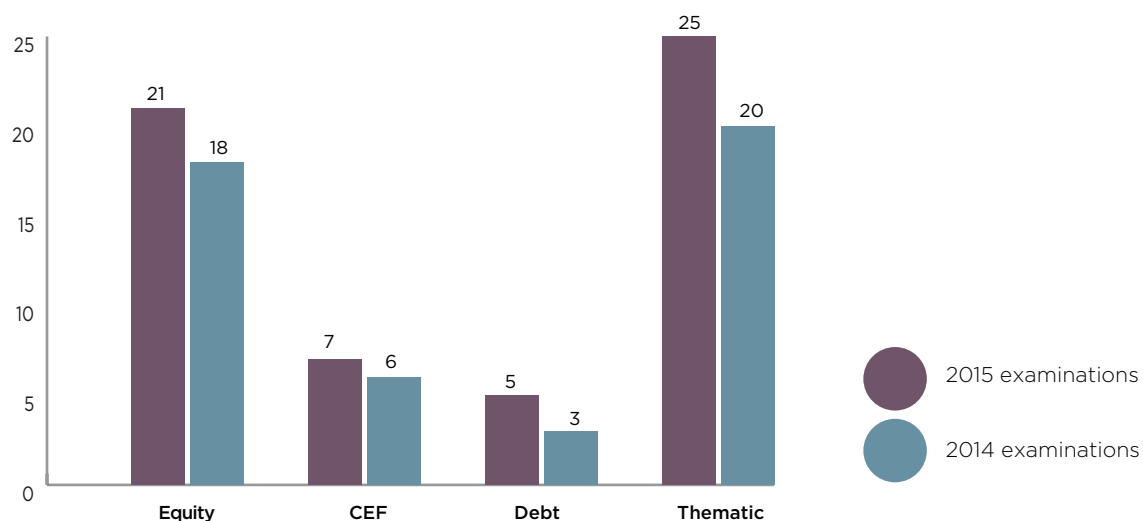
– the evaluation of financial reporting practices adopted by a range of issuers in respect of one or more financial reporting matters. These examinations are desk-based and limited to examining publicly published information without issuer engagement; and

- e) Topical surveys** – these surveys, mandated by ESMA, comprise the examination of the financial reporting treatments applied by selected issuers based on parameters set by ESMA. These surveys are also desk-based and limited to examining publicly published information without issuer engagement. If, as a result of its findings from these surveys, IAASA subsequently engages with an issuer, that subsequent engagement is designated as a separate unlimited scope examination or focused examination as appropriate.

2.3. Examinations undertaken in 2015

Examinations which were undertaken in the year are set out in Table 2.2.

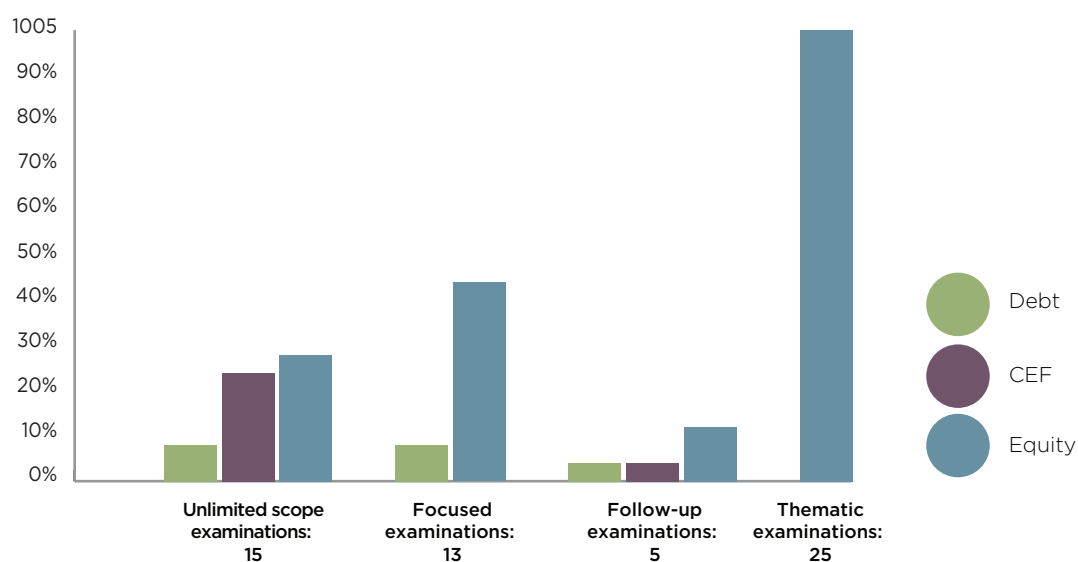
Table 2.2 Examinations undertaken in 2015



¹The definition and scope of unlimited scope examination, focused examination and follow-up examination are those adopted by ESMA in its Guidelines on enforcement of financial information

	2015				2014
	Equity	CEF	Debt	Total	Total
Examinations of annual financial reports	19	5	4	28	23
Examinations of half-yearly financial reports	2	2	1	5	4
Thematic examinations:					
IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 11 <i>Joint Arrangements</i> and IFRS 12 <i>Disclosure of Interests in Other Entities</i>	5	-	-	5	-
IAASA Survey of Directors' Critical Accounting Judgments and Auditors' Assessed Risks of Material Misstatement	20	-	-	20	-
Use of Alternative Performance Measures ('APMs') – an update	-	-	-	-	10
Application of IAS 7 <i>Statement of Cash Flows</i>	-	-	-	-	10
ESMA topical surveys:					
ESMA 2014 European Common Enforcement Priorities (ECEP) questionnaire	5	-	-	5	5

Financial reporting examinations undertaken in 2015 by type



A list of issuers' annual and half-yearly financial statements subject to unlimited scope, focused or follow-up examination during 2015 is set out in Appendix 4.

Consistent with earlier years and in line with ESMA selection criteria, the financial reports examined in 2015 were selected on the basis of:

- a) **Risk profiling** – the application of risk profiling whereby issuers are ranked based on the combination of the potential for misstatement and the potential impact of misstatement on users;
- b) **Rotational selection** – to ensure that all issuers, irrespective of their assessed risk profile, are selected for review over a period of time irrespective of their risk profile or the outcome of overviews; and
- c) **Overviews** – the outcome of overviews of periodic financial reports. Such overviews are undertaken to detect financial reporting treatments warranting closer examination.

IAASA completed 33 examinations (2014: 27) of individual financial statements during 2015 and corresponded with issuers in relation to 24 (2014: 12) of these examinations. A further three (2014: three) examinations were at an advanced stage at year end and IAASA was in ongoing correspondence with these three issuers.

A total of 162 (2014: 63) matters were raised with issuers' directors during 2015.

The average number of matters raised with issuers in respect of full scope examinations undertaken was seven (2014: seven).

IAASA held face-to-face meetings and/or conference calls with 10 (2014: 10) issuers during the year as part of their financial statement examinations.

A further 25 (2014: 20) financial statements were reviewed as part of thematic examinations.

Section 6 provides further detail on these thematic examinations.

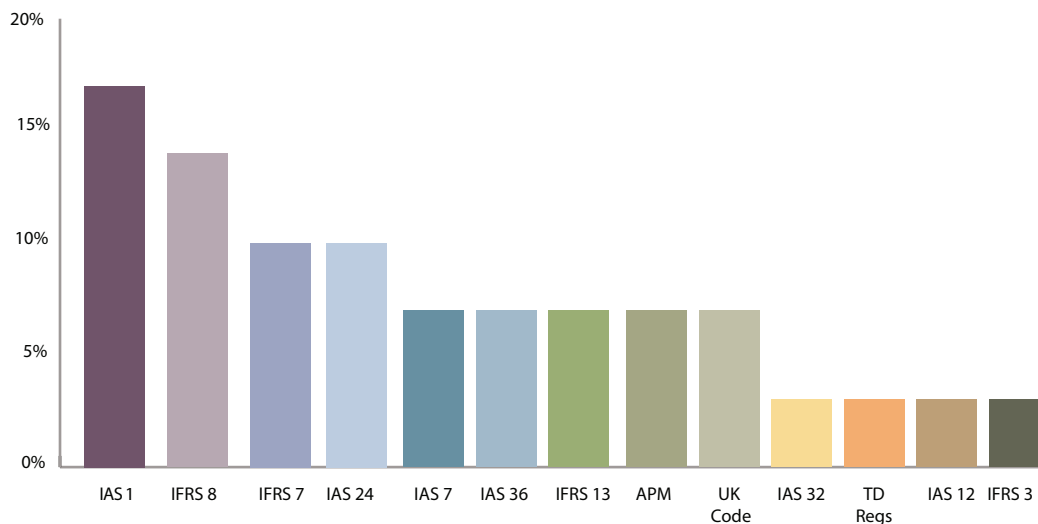
3. Outcomes of 2015 examinations

As a consequence of IAASA's examinations 17 (2014: 11) issuers provided undertakings in respect of future periodic financial reports.

For unlimited scope examinations a total of 61 (2014: 21) voluntary undertakings were provided by issuers' directors to amend future periods' financial statements and nine (2014: 14) in respect of focused examinations and follow-up examinations.

Equity issuers

For examinations of equity issuers a total of 78 matters were raised and 28 (2014: 17) undertakings were received. The average number of undertakings per issuer was 1.6. The year-on-year increase in the number of undertakings provided by equity issuers is primarily due to a disproportionately large number of undertakings arising from three examinations in 2015. The undertakings received from equity issuers (all of which apply IFRS as adopted by the EU) are analysed in the following table:

Table 2.3 Analysis of undertakings received from IFRS equity issuers in 2015 by topic

Closed-ended funds and debt issuers

For closed-ended funds and debt issuers' examinations a total of 51 matters were raised and 41 (2014:17) undertakings were received. The average number of undertakings provided was 4.1 per issuer, which compares with an average of 1.3 for equity issuers. The relatively higher incidence of non-compliance in the closed-ended fund and debt population is consistent with IAASA's findings that the quality of those issuers' financial reports remains of a lower quality than for equity issuers.

Examinations of CEF and debt issuers frequently result in significantly more engagement time being spent by IAASA and result in more undertakings being provided.

In addition to the IFRS undertakings noted above a further one (2014: eight) undertaking was received from one (2014: three) issuer applying Irish GAAP. These undertakings related to FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

IAASA's perception of the quality of financial reporting by issuers

a) Equity issuers

IAASA has noted that the standard of financial reporting is for the most part of good quality and IAASA has enjoyed a high level of

cooperation during its engagement with equity issuers.

Notwithstanding this overall positive perception, IAASA takes this opportunity to remind issuers that there is room for improvement in the quality and transparency of financial reporting and, in particular, through the incorporation of issuer-specific disclosures in reports. Alternative Performance Measures continue to be an area which issuers are reminded to further consider, thereby strengthening the link between the "front end" analysis and management commentary and the statutory IFRS-based financial statements.

IAASA remains alert to the fact that each phase of the economic cycle together with new and amended financial reporting pronouncements present challenges for preparers, Audit Committees and enforcers.

Issuers are encouraged by IAASA to remain vigilant to developments arising from:

- (i) the application of new and amended financial reporting pronouncements;
- (ii) matters raised in IAASA's Observations documents and periodic publications; and
- (iii) ESMA's Common Enforcement Priorities published annually.

b) Closed-ended fund and debt issuers

IAASA has for a number of years commented on the wide variation in quality of the financial reporting of closed-ended fund and debt issuers. Certain issuers have demonstrated a noted improvement in the quality of their financial reporting. However, there remain a number of issuers where the quality of financial reporting remains below the standard expected. This below par performance is evidenced by a disproportionately large number of undertakings provided and some significant instances of non-compliance being identified. The complexity of some issuers and their risks has not been reflected in their financial reporting processes. In some instances, this results in prolonged engagement with IAASA and results in significant time resources being required by the issuer to correct the financial reporting.

Issuers are reminded that IAASA now has the power to publish its financial reporting decisions.

4. Summary of financial reporting decisions published

During 2015 the law was amended to allow IAASA wider discretion in terms of the publication of its financial reporting decisions than had previously

been the case. The Transparency (Directive 2004/109/EC) (Amendment) Regulations 2015 (S.I. No. 44 of 2015) gave effect to these changes.

IAASA has published its financial reporting decisions in respect of 11 examinations where the decision was reached in 2015.

It should be noted that the published financial reporting decisions (summarised below) include decisions where:

- a) the issuer has voluntarily provided undertakings to enhance its financial reporting treatment and/or disclosures in future financial statements to address matters identified in the course of IAASA's examinations; and
- b) IAASA concurred with the financial reporting treatment applied by the issuer and, consequently, no corrective actions are required.

Readers may find it helpful to refer to IAASA's Policy Paper on Publication of IAASA's Financial Reporting Enforcement Findings.

The following Table summarises those 11 decisions. The complete text of the published financial reporting decisions may be accessed on the Authority's website.

Decision no.	Issuer	Financial report	Financial reporting pronouncement	Summary of financial reporting decision
2015/001	Global Fixed Income Realisation Limited	Annual financial statements for the year ended 31 December 2014	IFRS 7 <i>Financial Instruments: Disclosures</i> IFRS 8 <i>Operating Segments</i> IFRS 13 <i>Fair Value Measurement</i>	<p>The main enforcement action concerns the absence of disclosure of certain liquidity risk information in the financial statements that IAASA considered did not fully comply with IFRS 7.</p> <p>The issuer provided IAASA with undertakings to enhance its liquidity risk disclosures in future periodic financial statements. In addition to the undertakings mentioned above, the issuer also provided IAASA with a further eleven undertakings to enhance disclosures in future periodic financial statements, with regard to, amongst other matters, price risk, credit risk, fair value measurement and operating segments.</p>
2015/002	Irish Residential Properties REIT plc	Annual financial statements for the period ended 31 December 2014	IFRS 7 <i>Financial Instruments: Disclosures</i> IFRS 13 <i>Fair Value Measurement</i> IAS 1 <i>Presentation of Financial Statements</i> IAS 7 <i>Statement of Cash Flows</i> IAS 24 <i>Related Party Disclosures</i> Transparency (Directive 2004/109/EC) Regulations 2007 Corporate Governance Code Irish Annex to the Corporate Governance Code	<p>The issuer provided IAASA with a number of undertakings to enhance disclosures in future periodic financial statements with regard to, amongst other matters:</p> <ul style="list-style-type: none"> a) property valuation disclosures; b) key management personnel compensation; c) interest rate risk sensitivity; d) the statement of cash flows; and e) various disclosures relating to the Corporate Governance Code and the Transparency (Directive 2004/109/EC) Regulations 2007.
2015/003	IFG Group plc	Annual financial statements for the year ended 31 December 2014	IFRS 8 <i>Operating Segments</i>	<p>This financial reporting decision concerns the information reviewed by the Chief Operating Decision Maker. In particular, IAASA considered that the absence of disclosure of certain segmental information in the financial statements did not fully comply with IFRS 8.</p> <p>The issuer provided IAASA with undertakings to enhance its operating segment disclosures in future periodic financial statements.</p>

Decision no.	Issuer	Financial report	Financial reporting pronouncement	Summary of financial reporting decision
2015/004	UDG Healthcare plc	Annual financial statements for the year ended 30 September 2014	IAS 36 <i>Impairment of Assets</i>	<p>This financial reporting decision concerns the discount rate applied by the issuer in respect of determining the recoverable amount for its cash generating units and related disclosures.</p> <p>The issuer provided undertakings to IAASA to:</p> <ul style="list-style-type: none"> a) discontinue its practice of using a single group-wide weighted average cost of capital to determine the recoverable amount of its cash generating units; and b) disclose the discount rates by individual cash generating unit with significant goodwill in future financial statements.
2015/005	Paddy Power plc	Annual financial statements for the year ended 31 December 2014	IFRS 3 <i>Business Combinations</i>	<p>This financial reporting decision concerns the recognition separately from goodwill, of the identifiable intangible assets acquired through a business combination [IFRS 3.10]. The issuer provided explanations as to why the intangible assets (i.e. brands and customer relationships) acquired in a business combination were not recognised separately from goodwill. Following the receipt of the issuer's explanations, IAASA did not require it to make corrective actions and concurred with the issuer not to recognise the brands and the non-contractual customer relationships as intangible assets for its 2014 business combinations.</p>
2015/006	Dragon Oil plc	Annual financial statements for the year ended 31 December 2014	IAS 12 <i>Income Taxes</i>	<p>This financial reporting enforcement decision concerns the treatment adopted by the issuer in respect of the write-back of corporate tax over-provisions recognised in earlier years and reversed in the current year.</p> <p>IAASA concurred with the issuer's financial reporting treatment.</p>

Decision no.	Issuer	Financial report	Financial reporting pronouncement	Summary of financial reporting decision
2016/001	C&C Group plc	Annual financial statements for the year ended 28 February 2015	IAS 36 <i>Impairment of Assets</i>	<p>This financial reporting enforcement finding concerns the disclosure approach adopted by the issuer in respect of the sensitivity of the recoverable amount of cash generating units to impairment. This particularly relates to cash generating units which have significant amounts of goodwill and intangible assets and where there is limited or no headroom.</p> <p>The issuer gave an undertaking to IAASA to provide particular disclosures required by paragraph 134(f) of IAS 36 in future financial statements.</p>
2016/002	Mainstay Medical International plc	Annual financial statements for the period ended 31 December 2014	<p>IAS 24 <i>Related Party Disclosures</i></p> <p>IAS 1 <i>Presentation of Financial Statements</i></p> <p>IAS 12 <i>Income Taxes</i></p> <p>IFRS 3 <i>Business Combinations</i></p> <p>IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i></p>	<p>This unlimited scope examination of the issuer's annual financial statement resulted in two financial reporting decisions meeting IAASA's publication criteria, namely:</p> <p>a) the issuer providing IAASA with undertakings to enhance disclosures in future periodic financial statements regarding related party disclosures required by IAS 24 Related Party Disclosures; and</p> <p>b) IAASA accepting the issuer's financial reporting treatment for the transfer of pre-acquisition losses to a "re-organisation reserve".</p>
2016/003	Smurfit Kappa Group plc	Half-yearly financial report for the six month period ended 30 June 2015	IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	<p>This financial reporting decision concerns the exchange rate used by the issuer to consolidate the results, assets and liabilities of its operations in Venezuela under IAS 21. It also relates to the associated disclosures in the issuer's half-yearly financial report.</p> <p>IAASA concurred with the issuer's financial reporting treatment.</p>

Decision no.	Issuer	Financial report	Financial reporting pronouncement	Summary of financial reporting decision
2016/004	Lusitano Mortgages No. 1 plc and Lusitano Mortgages No 2 plc	Annual financial statements for the period ended 31 December 2014	IFRS 13 <i>Fair Value Measurement</i> IFRS 7 <i>Financial Instruments: Disclosures</i> IAS 7 <i>Statement of Cash Flows</i> IAS 24 <i>Related Party Disclosures</i>	The issuers provided IAASA with a number of undertakings to ensure compliance, in full, with certain financial reporting standards. In particular, the issuers have agreed to provide additional disclosures in future financial statements with regard to, amongst other matters: a) fair value measurement disclosure; b) credit risk policies disclosure; c) Statement of Cash Flows; and d) related parties disclosures.
2016/005	UT2 Funding plc	Half-yearly financial report for the six month period ended 28 February 2015	IAS 34 <i>Interim Financial Reporting</i>	This financial reporting finding concerns the treatment adopted by the issuer in respect of the restatement of the comparative amounts in the Statement of Cash Flows without providing the disclosures required by the relevant financial reporting standards. The re-statements resulted from an examination by IAASA of the previous half year financial report (2014). The issuer provided an undertaking to IAASA to provide the relevant disclosures required by IAS 34 in future periodic financial statements.

5. Thematic examinations

IAASA undertook two thematic examinations during 2015 (2014: two)

5.1. Survey of Directors' Critical Accounting Judgments and Auditors' Assessed Risks of Material Misstatement

This thematic examination consisted of a desk-top survey undertaken into the critical accounting judgments made by issuers' directors, together with a comparison of the assessed risks of material misstatement identified by those issuers' independent auditors. The survey covered the 2014/15 financial statements of 20 equity issuers.

Financial reporting standards require the disclosure of judgments that have the most significant effect on the amounts recognised in the financial statements. Auditing standards require auditors to provide a description of those assessed risks of material misstatement that the auditor identified and which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the audit engagement team.

The primary purpose of the desk-top survey was to:

- a) determine the critical accounting judgments which the companies' directors considered to be the most significant when preparing their 2014/15 financial statements;
- b) determine the assessed risks of material misstatement identified by those companies' auditors; and
- c) provide preparers, auditors and users of financial statements with factual information which may encourage discussion and debate on the nature and extent of assessed risks and judgments made in the 2014/15 financial statements.

The most common critical accounting judgments made by directors in the 2014/15 financial statements were:

- a) taxation – identified in 75% of the financial statements;
- b) retirement benefit obligations – identified in 60% of the financial statements;
- c) goodwill impairment – identified in 55% of the financial statements; and
- d) provisions – identified in 40% of the financial statements.

In relation to auditors, the most commonly assessed risks of material misstatement identified in the 2014/15 audit reports were:

- a) assessment of goodwill – identified in 55% of audit reports;
- b) deferred tax – identified in 40% of audit reports;
- c) revenue recognition – identified in 40% of audit reports; and
- d) retirement benefit obligations – identified in 30% of audit reports.

It is noteworthy that a number of the topics identified by the directors as critical accounting judgments and the assessed risks of material misstatement identified by the auditors are those raised by IAASA through its financial reporting enforcement activities.

5.2. Examination of Equity Issuers' Application of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities

This thematic examination consisted of a desk-top examination of a sample of five Irish equity issuers' application of IFRS 10, IFRS 11 and IFRS 12. The examination covered the 2014 financial statements of the selected equity issuers and was undertaken to provide ESMA with follow-up information related to ESMA's 2014 Common Enforcement Priorities.

As a result of the thematic examination, IAASA corresponded with the five issuers seeking clarification of the following matters:

- a) whether the issuer had not consolidated any entities in which it holds over 50% of the voting rights;
- b) whether the issuer has consolidated any entities in which it holds 50% or less of the voting rights;
- c) whether there were any significant restrictions (e.g. statutory, contractual and regulatory restrictions) on the issuer's ability to access or use the assets and settle the liabilities of group entities;
- d) whether the issuer had provided any financial or other support to any consolidated structured entity without having a contractual obligation to do so; and
- e) whether the issuer had any interests in unconsolidated structured entities.

Based on this thematic examination IAASA did not identify any instances of non-compliance with IFRS 10, 11 or 12.

5.3. Alternative Performance Measures – A Survey of their Use together with Key Recommendations: An Update

In January 2015, IAASA published an updated Commentary and Key Recommendations on the use of Alternative Performance Measures ('APMs') by selected Irish equity issuers for which the field work was undertaken during 2014. Details are set out in IAASA's 2014 Annual Report.

6. International cooperation

6.1. Cooperation with other EU national financial reporting enforcers through EECS

IAASA cooperates with other EU national financial reporting enforcers through the ESMA sponsored

EECS. The objective of EECS is to coordinate the enforcement activities in the EU/EEA countries in order to increase convergence amongst European national accounting enforcers and contribute to fostering investor confidence. IAASA also attends the quarterly meetings of ESMA's Corporate Reporting Standing Group to which the EECS reports.

IAASA's Head of Financial Reporting Supervision is a member of the EECS Agenda Group. Accordingly, IAASA has a direct input into the selection of emerging cases and decisions as tabled by EU national financial reporting enforcers for discussion at EECS plenary meetings.

As part of the regular activities of EECS, in 2015 IAASA:

- a) supplied information for ESMA publications and conducted surveys on the application of IFRS across the EU from an Irish perspective;
- b) attended all 8 (2014: 8/9) EECS plenary meetings held in 2015 and actively participated in the consideration of issues brought to EECS by other members;
- c) submitted 16 (2014: 4) decisions to the EECS database. The subject matter of these decisions is set out in Appendix 5;
- d) presented 3 (2014: 3) of these decisions to the plenary meetings for discussion.
- e) submitted and presented 4 (2014: 3) emerging cases to the plenary meetings for discussion. The subject matter of these emerging cases is set out in Appendix 5; and
- f) presented the following IAASA publications at the EECS plenary meetings:
 - *Alternative Performance Measures – A Survey of their Use together with Key Recommendations: An Update* (published January 2015);

- *IAASA's 2014 Annual Report* (published July 2015); and
- *Observations on selected financial reporting issues for issuers' financial years ending on or after 31 December 2015* (published October 2015).

As a consequence of the discussion of emerging cases and decisions at EECS plenary meetings, one matter raised by IAASA (namely, the disclosure of information provided to the Chief Operating Decision Maker as required by IFRS 8 *Operating Segments*) has been added to the agenda for further discussion between EECS and the IFRS-IC representatives.

6.2. Subgroup of EECS on Accounting of Financial Institutions

IAASA has a representative on the EECS sub-group addressing Accounting of Financial Institutions. That sub-group discusses accounting issues related to accounting by financial institutions including implementation of IFRS 9 and the application by banks of the revised impairment model. Other matters being considered include funding value adjustments in the calculation of the fair value of financial instruments, deferred tax assets, reporting of contributions arising from the Bank Recovery and Resolution Directive, accounting for deposit guarantee schemes and banks' exposure to country risk.

6.3. Cooperating in the development of financial reporting standards

IAASA continues to act as an observer at Accounting Council meetings of the FRC ('the Accounting Council'). The FRC prepares the financial reporting standards known as UK or Irish Generally Accepted Accounting Principles ('GAAP') and these are used by the majority of Irish entities.

One of the principal reasons for IAASA having observer status at the Accounting Council in the first instance is to enable IAASA to discharge its

statutory remit to cooperate with interested parties in the development of financial reporting standards. It is IAASA's view that observer status facilitates the identification at an early stage of issues that might be of particular interest or relevance in an Irish context.

IAASA attended nine Accounting Council meetings in 2015 (2014: eight meetings).

7. Advocacy activities

7.1. Publications during the year

IAASA issued three publications during 2015 which may be accessed through the following links:

- *Alternative Performance Measures – A Survey of their Use together with Key Recommendations: An Update* (January 2015);
- *Observations on selected financial reporting issues for issuers' financial years ending on or after 31 December 2015* (October 2015); and
- *Commentary on Directors' Significant Judgments and Auditors' Risks of Material Misstatement* (November 2015).

7.2. Stakeholder engagement, presentations and publications

In 2015, IAASA continued to engage with its stakeholders. These included the Central Bank, the Department, ICAI, ESMA, FRC, IFRS-IC, other accounting enforcers and the Irish Charities Tax Reform Group.

During the year the Head of Financial Reporting Supervision contributed two articles to *Accountancy Ireland* published by the ICAI – *Accounting Enforcement in Europe* (June 2015 issue) and *IAASA's Observations* (December 2015 issue).



CHAPTER 3

Supervision of the accountancy and auditing profession

1. Introduction

This Chapter details IAASA's activities during the year to examine and promote improvements in the quality of the PABs' regulatory activities.

The Act and Statutory Audit Directive Regulations provide that IAASA's principal functions relating to the PABs include:

- granting approval of the PABs' respective constitutional documents and other related rules, regulations and standards applying to their members, and of any proposed amendments thereto;
- supervising the operation of the PABs' investigation and disciplinary processes and the manner in which the RABs monitor their members and member firms; and
- with regards to their audit members, superintending the RABs' systems in relation to approval and registration, adoption of standards, continuing education, quality assurance and investigation and discipline.

Detailed information regarding IAASA's functions in respect of the PABs can be accessed on the IAASA website.

2. Overview of supervisory activities

2.1. PABs and RABs

A PAB is an accountancy body that comes within IAASA's supervisory remit. There are currently nine PABs:

- **ACCA** Association of Chartered Certified Accountants;
- **AIA** Association of International Accountants;
- **CIMA** Chartered Institute of Management Accountants;
- **CIPFA** Chartered Institute of Public Finance and Accountancy;
- **ICAEW** Institute of Chartered Accountants in England and Wales;
- **ICAI** Institute of Chartered Accountants in Ireland;
- **ICAS** Institute of Chartered Accountants of Scotland;
- **ICPAI** Institute of Certified Public Accountants in Ireland; and
- **IIPA** Institute of Incorporated Public Accountants.

Six of the nine PABs are also RABs. A RAB is an accountancy body that has been recognised for the purposes of the Statutory Audit Directive Regulations and section 1441 of the Act. RABs are permitted to authorise their members/member firms to practice as auditors. The six RABs are the ACCA, ICAEW, ICAI, ICAS, ICPAI and the IIPA.

Details of the PABs' membership, student numbers, public practice profiles and their regulatory activities during the year are set out in a separate publication entitled *Profile of the Profession 2015*, which is available on the IAASA website.

IAASA's supervisory activities in relation to the nine PABs fall broadly into the following categories:

- supervisory visits, desktop reviews and periodic review meetings (Section 3);
- approval of the PABs' constitutional documents (Section 4);
- complaints handling (Section 5);
- enquiries and investigations (Section 6);
- attachment of conditions to the RABs' recognitions (Section 7); and
- the PABs' annual return process, the results of which are summarised the *Profile of the Profession 2015*, available on the IAASA website.

2.2. Additional supervisory activities

In addition to the PAB specific functions, IAASA's activities in the area of supervision of the accountancy and auditing profession also encompass:

- responding to queries from members of the public (Section 8);
- implementation of the Statutory Audit Directive Regulations (Section 9);
- cooperation with IAASA's EU and international counterparts, as well as with other national authorities (Section 10); and
- acting as advisor to the Minister, in particular in respect of planning for the entry into force of the European Commission's ('EC') amendment of the Statutory Audit Directive and new EU Regulation regarding the statutory audit of PIEs (Section 11).

The visits commenced in 2015 included two (2014: one) supervisory visits undertaken jointly with the FRC. While IAASA and the FRC operate in separate jurisdictions and each is subject to a separate legislative framework, both entities have responsibilities for the supervision or oversight of the regulatory activities of certain accountancy bodies (currently ACCA, ICAEW, ICAI and ICAS) that are competent authorities for the purposes of the Statutory Audit Directive Regulations and share similar objectives which include to:

- supervise how the professional accountancy bodies oversee the auditing profession; and
- promote high standards in auditing and corporate reporting.

Such joint visits allow a pooling of resources and a more cost-efficient approach to monitoring the RABs compared to each organisation carrying out its own separate review. There should also be benefits to the RABs in both regulators taking a joint approach to monitoring. Further it enables both regulators to ensure that a consistent approach is being taken to the supervision of the accountancy bodies within our joint remit.

3. Supervisory visits, desktop review and periodic review meetings

3.1. Supervisory visits

IAASA issued three final supervisory visit reports during the year and the drafting of reports in respect of three further supervisory visits was ongoing at 31 December 2015. A summary of these visits is set out in Table 3.1.

The primary focus of the three supervisory visit reports issued during the year and one further report in progress at year end was the RABs' processes for the quality assurance of their audit members. Arising from these reviews and two further supervisory visits relating to this matter concluded in 2014, a number of common issues were identified across the RABs, as detailed in Section 3.2.

Table 3.1 Supervisory visits

Primary area of focus	In progress at 1 January 2015	Commenced during 2015	Final visit report issued during 2015	In progress at 31 December 2015
RABs' processes for the quality assurance of audit firms	2	2	(3)	1
RABs' processes for the licensing of auditors	-	2	-	2
Total	2	4	(3)	3

In addition, two on-site supervisory visits relating to the RABs' processes for the licensing of auditors were conducted during the year and a summary of the initial findings arising from these visits is set out in Section 3.3.

Following supervisory visits, IAASA works with the PABs concerned to address the issues identified through improvements to their overall systems and processes. At year end, IAASA continued to actively consider a number of matters and to monitor the relevant PABs' actions to implement recommendations made in the above and in previous supervisory visit reports.

3.2. Quality assurance of audit members – principal findings and recommendations

Since 2013, IAASA has conducted six on-site supervisory visits focussed on the RABs' quality assurance of their audit members, including one joint visit with the FRC. In general, the RABs carry out audit monitoring inspections to a good standard in accordance with their approved regulations and procedures. However, a number of common areas where there is scope for improvement were identified, as detailed below.

3.2.1. Non-compliance with the inspection cycle requirements of the Statutory Audit Directive Regulations

It was not always evident that the RABs had adequate resources available to perform the number of inspections required to meet the initial six year cycle requirement of the Statutory Audit Directive Regulations, which expires in May 2016. In this context, the relevant RABs were requested to:

- o set out what steps they intend to take to ensure that they will meet the six year cycle to May 2016; and
- o consider what longer term action(s) they may need to take to spread the inspection load more evenly over the six year cycle.

IAASA continues to engage with these RABs to ensure that, to the maximum extent possible, they have visited all relevant audit firms by May 2016 and they have adequate

resources to ensure that, in future, all audit firms are subject to a quality assurance inspection at least once every six years.

Further, one RAB was found to have misinterpreted the inspection cycle requirements of the Statutory Audit Directive Regulations. Specifically, inspections were scheduled by calendar year, without reference to the relevant month. In practice, this meant that the period between inspections could have been up to 11 months longer than six years. It is IAASA's expectation that all RABs interpret the inspection cycle requirement of the Statutory Audit Directive Regulations by reference to both the month and year of the previous inspection and schedule inspections accordingly.

3.2.2. Process for the postponement of monitoring inspections

All of the RABs permit members to request the postponement of a monitoring inspection and it is recognised that they must take a reasonable approach in responding to difficulties experienced by members in making themselves available for an inspection. However, it was not always evident that the RABs were only permitting postponement where there was a genuine reason or that postponed visits were being re-scheduled within a reasonable time frame. In this context, each RAB should ensure it has a formal application system, with set criteria, for the postponement of inspections which includes:

- o written application by the audit firm explaining the reasons for the requested postponement and providing appropriate documentary evidence; and
- o notification of a future date, as determined by the RAB, for the postponed inspection to proceed.

3.2.3. Reporting delays

Delays were often found to have occurred in the issuing of inspection reports, particularly those where a significant number of issues had arisen. Given the poor quality audit work

evident in such cases and the consequent necessity for prompt remediation, it is essential that the RABs prioritise such reports and eliminate unnecessary delays. In particular, if a RAB considers that significant delays could occur in the completion of such an inspection report, additional resources should be allocated to the relevant assignment to ensure that the RAB's internal targets are observed and appropriate follow-up actions are taken to address any significant issues identified during the inspection.

3.2.4. Timeliness and appropriateness of follow-up actions

The adequate follow-up of recommendations is an important aspect of an effective quality assurance system. Furthermore, the Statutory Audit Directive Regulations require the RABs to take appropriate action where an audit firm fails to take all reasonable steps to implement inspection report recommendations within a reasonable period.

While all of the RABs require their members to agree to follow-up actions in cases of poor audit work, their potential effectiveness is undermined if a RAB does not take measures to deal with non-compliance within a reasonable time period or the provision of an inadequate response by an audit firm. This was found to be the case in several RABs, with limited evidence of follow-up or significant delays in follow-up observed in a number of cases. Without timely follow-up, audit firms may not act to remedy breaches or implement the recommended improvements. Therefore, each RAB should ensure that it:

- o formulates measures to deal with an inadequate or slow response to an inspection report from an audit firm;
- o sets target timelines for the review of submitted responses and implements a process for monitoring the completion of remedial actions by the audit firms; and
- o takes steps to ensure that firms who have appealed the outcome of

a quality assurance inspection are subject to appropriate regulatory supervision pending the outcome of the appeal. It was found that some RABs provide that, where a member has appealed the outcome of a quality assurance inspection, any proposed regulatory action is suspended pending the outcome of the appeal.

Further, in some instances it was not apparent how the proposed follow-up actions would remediate the issues identified. It is essential that the RABs ensure that the actions taken are effective in bringing about substantial and sustained improvement to the quality of a firm's audit work and that those measures are implemented on a timely basis.

3.2.5. Weaknesses in the documentation of quality assurance inspections

Documentation of the inspection team's thought process and the inspection procedures performed is critical to support the conclusions reached. It was found that RAB inspection staff usually had a good understanding of the firm's audit methodologies and approaches and could, when requested, describe in some degree of detail how they approached their inspections. However, in the majority of RABs, the level of documentation was inconsistent and inspection files did not always provide a clear trail of how issues raised were either closed off to the RAB's satisfaction or included in the final inspection report. In this context, the RABs were advised that they should ensure that they have consistent inspection documentation processes and that complete files of all quality assurance inspections are maintained. The files should include all documentation prepared by inspections staff to evidence the inspection procedures performed and support the conclusions reached. Further, it is essential that each RAB's quality assurance materials, including checklists and manuals, are up to date, reflecting their current procedures and relevant legislative requirements, including those set out in the Statutory Audit Directive Regulations.

3.2.6. Monitoring of compliance with Irish legislation

As noted above, four of the RABs (ACCA, ICAEW, ICAI and ICAS) are also Recognised Supervisory Bodies in the United Kingdom ('UK'). As a consequence, all four of these RABs may authorise their members as auditors in both Ireland and the UK. However, IAASA found that the RAB reviewers in some of these RABs do not always appear to consider the requirements of Irish legislation when reviewing firms located in Ireland and/or those with Irish audit clients. In order to comply with the requirements of the Statutory Audit Directive Regulations, all RABs that authorise their members as auditors in both Ireland and the UK should ensure that:

- o they have an inspection checklist tailored for firms located in Ireland and/or with Irish audit clients. This checklist should include consideration of the quantity and quality of resources spent by the audit firm on each individual audit file selected for review and the audit fees charged by the audit firm for each of those audit engagements, as required by the Statutory Audit Directive Regulations;
- o where a member has Irish audit clients, a representative sample of such audit files is subject to review; and
- o adequate guidance and training is provided to their quality assurance reviewers in relation to Irish legislation.

3.3. Licensing of auditors – initial findings

As noted in Section 3.1, two on-site supervisory visits relating to the RABs' processes for the licensing of auditors were conducted during the year. While drafting of the final reports in respect of these visits was ongoing at year end, the principal findings related to the:

- documentation by applicants of audit experience and certification of such

experience by appropriately qualified individuals;

- evidence of assessment of certain elements of licensing applications;
- adequacy of the RABs' documentation; and
- assessment and approval of higher risk applications including, where relevant, the monitoring of such applicants following approval.

3.4. Desktop review

During the year a survey of the PABs' regulatory responses to members who find themselves in financial difficulty was undertaken. The survey was conducted by means of written questionnaire. The primary purpose of the survey was to gather information on the regulatory approach adopted by the PABs in relation to members who find themselves in financial difficulty. While no issues of concern arose from the information submitted by the PABs, the principal survey findings were that:

- the PABs' regulatory responses are dependent on whether the matter in question relates to bankruptcy or a different insolvency event;
- bankruptcy and/or insolvency events may render a PAB member subject to disciplinary action. In the case of three PABs, bankruptcy results in automatic exclusion from membership, while in a further three PABs exclusion from membership applies if the member does not report the bankruptcy/insolvency event within the required timeframe or does not make an application for retention of membership; and
- the PABs do not generally undertake specific monitoring to establish whether their members have, or have had, financial difficulties. Rather, members are generally required to self-report bankruptcy and other insolvency events. It is noted, however, that the number of members experiencing such events did not appear to be significant in 2013 or 2014.

3.5. Periodic review meetings

IAASA held 15 review meetings with PAB representatives during the year. The purpose of such meetings is, amongst other things, to:

- review outstanding actions and obtain updates on all outstanding regulatory matters;
- make recommendations for improvements where IAASA has identified potential weaknesses in the manner in which the PABs regulate and monitor their members;
- discuss progress on the implementation of IAASA's recommendations;
- identify, discuss and plan for forthcoming developments; and
- discuss regulatory matters of mutual interest.

In addition to these 15 review meetings, bilateral meetings were held with the PABs as and when required.

4. Approval of the PABs' constitutional documents

IAASA is responsible for the approval of the PABs' constitutional documents (i.e. the PABs' charters, memoranda and articles of association, bye-laws, rules, regulations, codes and standards) and any amendments thereto. These approval activities enable IAASA to ensure that the PABs' rules and regulations provide a suitable framework for the regulation and monitoring of their members.

As can be seen from Table 3.2, IAASA approved 28 (new or revised) constitutional documents during the year, which related to the ACCA, ICAEW, ICAI and ICPAI. The review of a further 10 constitutional documents was ongoing at 31 December 2015.

5. Complaints handling

5.1. Overview

Occasionally, IAASA is contacted by members of the public expressing dissatisfaction with professional services provided by PAB members/member firms and/or with the regulation of accountants by the PABs.

However, the Act provides for a model of supervised self-regulation under which the PABs are normally responsible for carrying out investigations into their members' activities under IAASA's supervision. Therefore, where IAASA receives a complaint which has not, in the first instance, been made to the relevant PAB, the matter is referred to that PAB for processing in accordance with its approved investigation and disciplinary procedures. Of the 17 complaints closed during the year (Table 3.3 refers), 11 were referred to the relevant PAB.

Although IAASA has no statutory role in facilitating the resolution of individual complaints or in operating a system of final appeal against decisions taken by the PABs in relation to complaints, it has a statutory role in relation to the supervision of the PABs' compliance with their approved investigation and disciplinary procedures. Therefore, where there is an issue of non-compliance with those procedures, IAASA considers what supervisory or regulatory action is appropriate. This may include a section 933 enquiry as detailed in Section 6.1.

5.2. Complaints received

During the year, IAASA responded to complaints received from members of the public, providing

Table 3.2 Approvals granted

	2015	2014
Bye-laws	10	3
Regulations	17	25
Codes of ethics & conduct	1	2
Total	28	30

them with assistance and the information necessary to:

- understand IAASA's and the PABs' respective roles in the processing of complaints; and
- direct their complaints to other relevant authorities, where appropriate.

13 complaints were received during the year, further details of which are set out in Table 3.3. The principal issues raised by complainants related to:

- allegations of unsatisfactory work;
- dissatisfaction with aspects of the PABs' investigation and disciplinary procedures; and
- dissatisfaction with aspects of the PABs' regulatory processes.

5.3. Notifications from other regulators

In 2015 IAASA received two notifications from the Office of the Director of Corporate Enforcement ('ODCE') concerning matters it had referred to the PABs. Both notifications related to the lack of qualification to audit by certain individuals.

No notifications were received from other regulators during the year. The PABs typically process such notifications as complaints. Consequently, during the year IAASA continued to monitor the PABs' responses to notifications from other regulators through the routine supervision of their approved investigation and disciplinary processes.

5.4. Supervision of the PABs' responses to matters of public interest

As detailed in Section 5.1, the PABs are primarily responsible for their investigation and disciplinary processes, which are subject to IAASA's oversight. Accordingly, IAASA normally focuses on the proper operation of the PABs' investigation and disciplinary systems rather than on their handling of individual cases. However, where issues are identified which appear to be of a public interest nature, they are brought to the attention of the relevant PAB and the responses are monitored accordingly.

During the year, IAASA reviewed certain PABs' files relating to the processing of complaints and also considered the Chartered Accountants Regulatory Board's ('CARB') Report on the reviews of the audits of the provisions for impairments by certain Financial Institutions for the financial years ended between 30 September 2008 and 31 March 2009. CARB is the regulatory arm of the ICAI. The reviews were carried out at IAASA's instigation and in the context of ICAI's responsibility to regulate and monitor its members and member firms. IAASA also advised ICAI that the work should be overseen by an independent expert, possessing relevant experience and preferably sourced from outside the jurisdiction. Having received the Report, the Board of IAASA examined the issues it raised to determine the appropriate response in the context of IAASA's current remit and powers. IAASA continues to engage with ICAI regarding this matter.

Table 3.3 Complaints received

	2015	2014
Complaints on hand at 1 January	9	16
Complaints received during the year	13	19
Complaints closed during the year	(17)	(26)
Complaints on hand at 31 December	5	9
<i>Analysed as:</i>		
Complaints under consideration at year end	2	7
Matters ongoing under the section 933 process (see Table 3.4)	3	2

6. Enquiries and investigations

6.1. Section 933 enquiries

IAASA is empowered by section 933 of the Act to initiate statutory enquiries to determine whether a PAB has complied with its approved investigation and disciplinary procedures. An overview of the section 933 process is available on the IAASA website. Table 3.4 provides an overview of section 933 enquiry activity during the year.

One preliminary and one full enquiry were commenced during 2015. Application for High Court approval of the findings of one full enquiry was ongoing at 31 December 2015.

6.2. Section 934 investigations

Section 934 of the Act provides that if, in IAASA's opinion, it is appropriate or in the public interest to undertake an investigation into a possible breach of a PAB's standards by a member, IAASA may undertake such an investigation, either following a complaint or on its own initiative.

An overview of the section 934 process is available on the IAASA website. One preliminary investigation was ongoing at 1 January 2015. During the year, the Committee determined that the matter should be referred back to the relevant PAB for investigation. There were no active section 934 investigations ongoing at year end.

7. Attachment of conditions to the RABs' recognitions

The six RABs are, subject to certain criteria being satisfied, permitted to register their members/ member firms to practice as auditors. Section 931 of the Act provides that IAASA may attach such terms or conditions as it considers necessary to the recognition of a RAB. That section also provides that IAASA may amend the terms of a previously attached condition. During 2015, compliance by the relevant RABs with conditions attached in previous years was monitored. No new conditions were imposed during the year.

8. Queries received

As detailed in Table 3.5, IAASA received 127 queries relating to its supervision of the accountancy and auditing profession during the year. While it is not appropriate to provide advice to members of the public, IAASA tries to assist enquirers to the fullest extent possible.

Table 3.4 Summary of section 933 enquiry activity

	Preliminary Enquiry Stage	Full Enquiry Stage	Total
Section 933 enquiries ongoing at 1 January 2015	1	1	2
Preliminary enquiries completed during the year	(1)	-	(1)
Preliminary enquiries commenced during the year	1	-	1
Full enquiries commenced during the year	-	1	1
Section 933 enquiries ongoing at 31 December 2015	1	2	3

Table 3.5 Nature of queries received

	2015	2014
Companies legislation	71	63
IAASA's role or IAASA's and the PABs' respective roles	16	21
PABs or individual accountants/auditors	14	15
Third country audit registration	2	15
How to lodge a complaint with IAASA and/or a PAB	5	14
Relating to the functions of other regulatory bodies	2	-
Miscellaneous	17	11
Total	127	139

9. Implementation of the Statutory Audit Directive Regulations

The Statutory Audit Directive Regulations provided IAASA with additional functions and responsibilities in respect of the system of public oversight of statutory auditors and audit firms in Ireland. IAASA's work during the year relating to the Statutory Audit Directive Regulations included:

- receipt of 2,665 (2014: 3,203) notifications relating to auditor resignations and removals;
- ensuring that Individually Authorised Auditors ('IAAs') who continue to audit are subject to the regulation of a RAB and therefore have been listed on the public register of auditors by the relevant RAB; and
- registration of third country auditors and audit entities, as detailed in Chapter 4.

10. Domestic and international cooperation

IAASA seeks to maintain strong links with domestic and international counterparts as part of its ongoing supervisory activities, including liaison with the:

- Office of the Director of Corporate Enforcement;
- Central Bank of Ireland;
- Companies Registration Office; and

- UK Financial Reporting Council including its Audit & Assurance Council.

In addition IAASA also engaged with the Revenue Commissioners, Quality & Qualifications Ireland and the Director of Public Prosecutions on matters of mutual interest during the year.

11. Reform of the European audit market

In April 2014, the EU Council ratified changes to the existing Statutory Audit Directive and a new regulation on specific requirements regarding the statutory audit of PIEs. The revised directive and regulation, which become applicable for all EU member states from June 2016, are intended to improve audit quality and re-establish investor confidence in financial information. The reforms will lead to a number of changes in the regulation and supervision of the RABs. In particular, it is anticipated that IAASA will be designated as the competent authority with overall responsibility for the regulation and oversight of statutory auditors in Ireland in accordance with the requirements of the revised directive and regulation.

During the year, IAASA continued to monitor the reforms and to provide advice to the Department. In particular, IAASA staff assisted in drafting of the Heads of Bill required to give effect to the reforms. Further, IAASA representatives participated in EU audit reform workshops and submitted clarification questions to the EC regarding the audit reform legislation.



CHAPTER 4

Audit inspections unit and liquidator registration functions

1. Introduction

This Chapter details IAASA's activities during the year in relation to the new activities of audit inspections and liquidators registration.

2.

2.1. Introduction

As part of the recent European audit reform measures, including in particular Regulation 537/2014 ('the Regulation'), with effect from June 2016 IAASA will assume responsibility for inspecting the quality of audit work performed by the auditors of Public Interest Entities ('PIEs'). The reforms will lead to a number of changes in the regulation and supervision of audits, including the transfer of responsibility for the quality assurance of auditors of PIEs from the RABs to IAASA. In order to prepare for this transfer, IAASA has set up an Audit Inspections Unit ('AIU'). The AIU's overall objective will be to inspect PIE auditors' work and to promote improvements in the quality of auditing of PIEs. Some of the functions now performed by AIU had been undertaken by IAASA's RMS Unit and included in previous Annual Reports (sections 2.3, 2.4 and 2.5 refer).

2.2. Staffing

IAASA obtained sanction for a Head of Audit Inspections, nine Audit Inspectors and one Administrative Executive. At 31 December 2015, IAASA had successfully recruited and commenced employment of two Audit Inspectors and one Administrative Executive. One further Audit Inspector had accepted the position and subsequently commenced employment in early January.

2.3. Audit reform legislation

During the year, IAASA continued to monitor the reforms and to provide advice to the Department. In particular, IAASA liaised with the Department in relation to its consultation paper on the member state options available in the revised Statutory Audit Directive and Regulation and the interpretation and implementation of the reforms, including the planned transposition of the

revised Directive into Irish law. In addition, IAASA representatives participated in EU audit reform workshops and submitted clarification questions to the EC regarding the audit reform legislation.

2.4. International Cooperation

IAASA continued to liaise with various international authorities as part of its current and future remit in this area. This included involvement in various fora together with bilateral engagement with other authorities in order to progress Memoranda of Understanding. Those engagements included liaising with the:

- UK Financial Reporting Council including its Audit and Assurance Council;
- European Group of Auditors' Oversight Bodies;
- European Audit Inspection Group;
- International Forum of Independent Audit Regulators;
- US Public Company Accounting Oversight Board;
- Canadian Public Accountability Board; and
- Swiss Federal Audit Oversight Authority.

2.5. Registration of third country auditors and audit entities

The EC put in place a framework whereby auditors and audit entities from non-EEA countries ('third countries') could continue to issue valid audit opinions in the EU provided that certain requirements were met. In Ireland, such auditors must make an application to register with IAASA following which a detailed assessment is undertaken to ensure that such auditors meet the relevant criteria ('full registration'). In addition, auditors from certain third countries, as designated by the EC, are exempt from this requirement for a transitional period on condition that they provide specific limited information to IAASA ('transitional registration').

During the year, IAASA renewed the full registration of 11 (2014: 16) third country audit firms. One application for renewal of full registration was ongoing at year-end. In addition, one (2014: two) new application for full registration was received during the year and was ongoing at year-end. One

(2014: none) application for transitional registration was received and approved during the year.

IAASA is also responsible for updating the Register of Third Country Auditors (which is available on the Companies Registration Office ('CRO') website, www.cro.ie) for approved applications and notifying any changes to the CRO. The register of transitional third country auditors is available on the IAASA website.

3. Liquidator registration function

3.1. Introduction

Sections 633 and 634 of the Act provide IAASA with a number of new responsibilities in relation to liquidators.

3.2. Qualifications governing those who wish to act as company liquidators

The categories of those individuals who will be entitled to act as company liquidators as set out in the Act are as follows:-

- Category 1: Members of a PAB holding a practising certificate;
- Category 2: Solicitors holding a practising certificate;
- Category 3: Members of other professional bodies recognised by IAASA;
- Category 4: Persons qualified under the laws of another EEA State; and
- Category 5: Persons with practical experience of windings-up and knowledge of relevant law (prior to 01 June 2015) who are authorised by IAASA to act as liquidators.

For the first time in Irish law, there are also minimum requirements for those wishing to act as liquidators in the context of corporate insolvency. Section 519(1) of the Act states that "a person shall not be qualified to be appointed or act as an

examiner of a company unless he or she would be qualified to act as its liquidator".

It should be noted that IAASA has a limited role in relation to liquidator registration. The vast majority of liquidators will be either accountants or solicitors with practising certificates (Categories 1 and 2). A small number of people who do not fall into either of those categories may apply to the Authority for registration during a restricted period on the basis of prior experience as a liquidator (Category 5).

3.3. Professional Indemnity Cover

Under Section 634(1) of the Act, IAASA has responsibility for prescribing the amount and terms of an indemnity (professional indemnity cover) for all liquidators, without which a person cannot act as liquidator.

3.4. Recognition of Professional Bodies

Under the table to Section 633 third category, IAASA is afforded responsibility for recognition of professional bodies who may in turn grant liquidator authorisation to their members.

3.5. Consultation Papers

During 2015, IAASA published two consultation papers regarding its liquidator functions under the Act, namely:

- Paper 1: Consultation on an authorisation process for certain individuals as liquidators published on the 1 June 2015; and
- Paper 2: Consultation on the amount and terms of indemnity against losses and claims arising in respect of civil liability by liquidators published on 7 August 2015.

Both of these papers and the resulting consultation feedback statements are available on the Authority's website.



CHAPTER 5

Governance and structure

1. Legal structure

IAASA is a company limited by guarantee with the following 13 members of the company:

- Association of Chartered Certified Accountants*
- Association of International Accountants*
- Chartered Institute of Management Accountants*
- Chartered Institute of Public Finance & Accountancy*
- Central Bank of Ireland
- Director of Corporate Enforcement
- Institute of Certified Public Accountants in Ireland*
- Institute of Chartered Accountants in England & Wales*
- Institute of Chartered Accountants in Ireland*
- Institute of Chartered Accountants of Scotland*
- Institute of Incorporated Public Accountants*
- Irish Stock Exchange
- Revenue Commissioners

* Denotes a PAB

Prior to the commencement of the Act on 1 June 2015, the following were also members of the company:

- Irish Association of Investment Managers
- Irish Business & Employers' Confederation
- Irish Congress of Trade Unions
- Law Society of Ireland
- Pensions Authority

2. Organisational structure

2.1. Overview

During the year, IAASA had 17 staff, structured into five units as follows:

- **Regulatory & Monitoring Supervision**, which was concerned principally with supervision of the PABs' regulation of their members;
- **Financial Reporting Supervision**, which was concerned principally with certain entities' financial reporting examination and enforcement;
- **Audit Inspections Unit**, which was established during the year and concerned principally with quality assurance of audits of PIEs;
- **Legal Services**, which, in addition to providing in-house legal advice, coordinates the Authority's statutory investigations and procedures; and
- **Finance & Administration**, which provides corporate services support to IAASA, together with providing a Secretariat to the Board and to certain of its Committees.

2.2. Approved staff complement

The numbers, grades, and terms and conditions of IAASA's staff are determined by IAASA with the approval of the Minister, given with the consent of the Minister for Public Expenditure & Reform. Accordingly, any amendments to IAASA's approved staff complement require both Ministers' prior approval. In addition to this approval, the filling of any vacancy in 2015 was subject to specific sanction by the Department of Public Expenditure & Reform as it arose. Vacancies persisted during 2015 despite public advertisements by open competition and the engagement of a professional recruitment partner.

Details of the approved, sanctioned and actual staff complements are set out in Table 4.1.

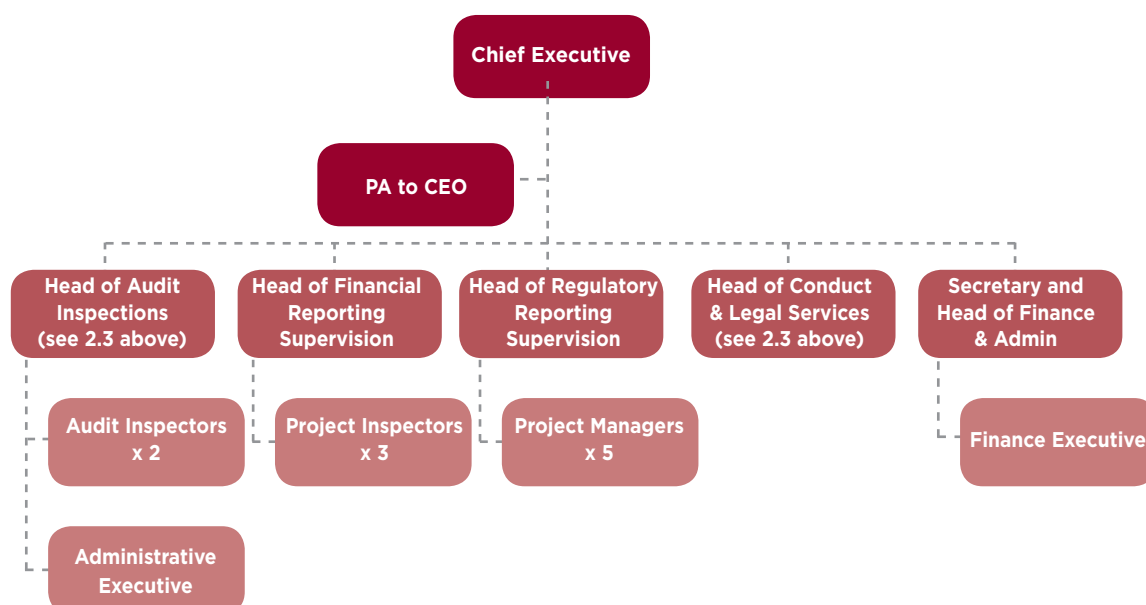
Table 4.1 Approved, sanctioned and actual staff complements as at year end

Grade	Required*	Sanctioned	Actual
Chief Executive	1	1	1
Heads of Function	5	5	3
Team Leaders/Inspectors	14	9	2
Project/Policy Managers	9	8	8
Project/Administrative Executives	10	2	2
Clerical Support Staff	1	1	1
Total	40	26	17

* Apart from the approved vacancies, IAASA considers that the staffing resource required to adequately discharge its current mandate is considerably greater than the approved complement of 26. During 2015, IAASA undertook a detailed review of its staffing requirements, and the outcome of this review is reflected in the above Table. Clearly, a shortfall in its staffing resource significantly impacts IAASA's ability to discharge its statutory mandate. Approval for a staff structure comprising 40 staff has been requested from the Department, and a formal response was awaited at year-end. By the date of this Report, a further four posts had been sanctioned by the Department, bringing the total to 30. IAASA is keeping the matter under review.

2.3. Organisational chart

IAASA's organisational structure as at 31 December 2015, reflecting the actual staff complement at that date, was as set out in the organisation chart below. The positions of both Head of Conduct & Legal Services and Head of AIU were unfilled at year-end, the former being filled in early January 2016 and the latter remaining vacant at the date of this Report.



3. Financial overview

IAASA is funded through a combination of Exchequer grant, statutory levy on the PABs, and to a lesser extent, by fees charged for registration services. All funding sources are governed by the provisions of the Act. As a company limited by guarantee, IAASA produces financial statements in accordance with the Companies Acts, which are in turn audited by the Comptroller & Auditor General and lodged with the CRO.

Total expenditure in 2015 amounted to €2.3m, from a budget of €3.2m. The principal variations from budget comprised:

- significant savings in payroll costs due to ongoing difficulties in attracting suitably qualified staff;
- savings in premises costs due to delays in the commencement of a major refurbishment project. This refurbishment is required in order to accommodate additional staff in respect of the Authority's new and pending functions; and
- a considerable overspend in legal costs due primarily to the absence of in-house legal counsel. The Authority's Head of Legal Services left the organisation in June 2015, and his replacement was not *in situ* until early in 2016.

4. Governance

4.1. Board of directors

Pursuant to the Act, IAASA is governed by a Board of nine directors, eight of whom are non-executive and appointed by the Minister having been nominated by those entities set out in Table 4.2. (The equivalent provision of the Companies (Auditing & Accounting) Act 2003 ('the 2003 Act') provide for 15 directors. Directors appointed under the 2003 Act remain as Board members until the expiration of their respective warrants.) The remaining director is the Chief Executive, who is appointed by the Board. The non-executive directors are nominated by the nominating bodies prescribed under the Act. Whilst this fact could be perceived as affecting their independence of judgment, they are independent as they neither represent the interests of their nominating bodies nor consult with their nominating bodies or their members on matters related to IAASA.

Table 4.2 Board of directors – nominating bodies

Nominating body	Nominees
Minister	2
Prescribed Accountancy Bodies (jointly by agreement)	2
Central Bank of Ireland	1
Director of Corporate Enforcement	1
Irish Stock Exchange	1
Revenue Commissioners	1
Total	8

As required by the Act, a maximum of three of these eight directors may be members of a PAB.

4.2. Directors' biographies

Set out below are brief biographies of those persons who were members of the Board as at the date of issue of this Report, i.e. 29 April 2016. The Board composition at year end and changes in directors since the last Annual Report are tabulated in Appendix 1.

Brendan Walsh is Professor Emeritus in the School of Economics at University College Dublin. He is author of several studies of the Irish economy. He has served as a consultant on numerous public bodies in Ireland and has worked for the OECD, the World Bank and the Harvard Institute of International Development. He is currently a member of the European Statistical Advisory Committee (Eurostat).

Michael Kavanagh was appointed as interim Chief Executive by the Board in January 2016 following the resignation of Ms Helen Hall. He has been with IAASA as Head of Financial Reporting Supervision Unit since 2005. Immediately prior to joining IAASA, Michael was a Director in the Professional Standards Department of KPMG, a member of the Accounting Consultative Committee of CCAB-I and chair of the ICPAI's Financial Reporting Committee. Prior to that he was the Technical Director and headed up the practice review function at the ICPAI.

Deirdre Behan is a Principal Officer in the Business Taxes Division of the Revenue Commissioners and is responsible for corporation tax policy, legislation and interpretation. Previously, Deirdre managed the Financial Services (Banking) Branch in Revenue's Large Cases Division. Her career experience included a secondment to the Department of Finance where she worked on policy development for the International Financial Services Centre. Deirdre holds an M.Sc. in Taxation and is an Associate of the Irish Tax Institute.

Mary Burke is Head of the Prudential Policy and Governance Division of the Central Bank of Ireland. The Division is responsible for the development of policy for the prudential regulation of banking and insurance undertakings as well as corporate

governance, auditing and accounting policy across financial services sectors and leads the Central Bank of Ireland's engagement in European regulation and policymaking in these areas. She has worked with the Central Bank since 1984 moving into financial services supervision in 1997. Previous roles within the Central Bank have included Head of Banking Supervision and Head of Securities and Exchanges Supervision. Mary is a Fellow of the ACCA.

Marie Daly is Head of Legal and Regulatory Affairs and the in-house legal advisor with IBEC. She qualified as a solicitor in 1987, working initially in Dublin Corporation's Law Department before joining the then Federation of Irish Employers in 1991 as an employment solicitor. She is also a member of the Company Law Review Group ('CLRG') and the High Level Group on Business Regulation.

David Devlin was a partner in PwC in Dublin until 30 September 2012. He continued with the PwC global network for a further year, latterly as Leader, Public Policy and Regulatory Affairs for PwC's network firms in Europe. David was a member of the EC European Corporate Governance Forum from 2005 to 2011. He is a past President of FEE, the European Federation of Accountants, having served two terms from 2002 to 2006. He was for two terms a member of International Federation of Accountants' ('IFAC') International Ethics Standards Board for Accountants, which is responsible for the profession's global Ethics Code. Previously he has been a member of the Supervisory Board of the European Financial Reporting Advisory Group, established to advise the EC, and of the Urgent Issues Task Force of the United Kingdom Accounting Standards Board (now Accounting Council of the FRC). David has been honoured with a Lifetime Achievement Award by the ICAI and with honorary life membership by both the ACCA in the UK and the ICPAI. He is a director of Our Lady's Children's Hospital Crumlin; a member of the Board of Management of CBC Monkstown; and chair of the European Corporate Governance Institute in Brussels.

Etain Doyle is an accountant and accredited executive coach with a varied portfolio including running a peer learning circle and coaching SME CEOs. Apart from Board membership of IAASA, she chairs the Business Leaders' Forum of the ACCA, serves as Director for the Association for Coaching Ireland and as Director for some not-for-profit organisations.

Aileen O'Donoghue is Director of Strategy, Policy and Communications at the ISE. In addition, she is Chairperson of the IFSC Ireland Executive Committee. Prior to joining the ISE, Aileen was Director of Financial Services Ireland, the representative body for the Irish financial sector in IBEC. She has participated on a number of national and international bodies including the National Economic and Social Forum, the Expert Group on Future Skills Needs, the National Training Advisory Council and Skillnets. Aileen is the holder of an MBA from University College Dublin.

Conor O'Mahony is currently a Principal Officer in the ODCE, where he has responsibility for matters relating to insolvent companies. He previously headed up the Small and Medium Enterprise Policy Unit in the Department and before that worked in the Department of Finance and the Revenue Commissioners. Conor was a member of the Review Group on Auditing that led to the establishment of IAASA.

Michael Quinlan is a practicing solicitor in private practice with Dixon Quinlan in Dublin. He is an elected member of the Council of the Law Society since 2000 and a Past Chairman of the Society's Regulation of Practice Committee. Michael is a former President of the Dublin Solicitors Bar Association.

4.3. Board procedures

The Board holds regular meetings and its procedures further provide for the convening of unscheduled meetings should the need arise. Board members receive regular and timely information in a form and of a quality appropriate to enable them to discharge their duties.

The Board has put in place a formal Schedule of Matters reserved specifically to it for decision, which covers key areas of policy and IAASA's statutory functions and powers. Certain matters are delegated to Board Committees, as outlined in section 3.5, and the Board has also put in place a system of formal delegations of authority to the Chief Executive.

Service on a statutory Board such as IAASA requires integrity, independence, objectivity and good faith on the part of Board members. Whilst it is recognised that members of the Board have responsibilities to their nominating organisations, their overriding responsibility as directors of IAASA is to act in accordance with the relevant legislation and to act in, and protect and promote, the best interests of IAASA. In this regard, all Board members bring independent judgment to bear on issues dealt with by the Board. The Board has a formal policy in place for dealing with conflicts of interest that may arise, including disclosure obligations and requirements that directors absent themselves from any discussions or decisions in respect of any such conflicts.

4.4. Board meetings

During the year, the Board held 10 meetings. The membership of the Board during the year, together with details of the number of meetings attended by each director, is set out in the Table 4.3.

Table 4.3 Directors' attendance at Board meetings

Director	Meetings attended/Meetings eligible to attend
Prof. Brendan Walsh (Chairperson)	10/10
Ms. Helen Hall (Chief Executive)	10/10
Ms. Deirdre Behan	9/10
Ms. Mary Burke	2/3
Ms. Marie Daly	9/10
Ms. Máiréad Devine	5/5
Mr. David Devlin	9/9
Ms. Etain Doyle	7/10
Mr. Seán Hawkshaw	5/9
Mr. Paddy Keating	8/10
Ms. Bernadette McGrory-Farrell	6/10
Ms. Sylvia McNeece	9/10
Ms. Aileen O'Donoghue	6/9
Mr. Conor O'Mahony	9/10
Ms. Muireann O'Neill	5/5
Mr. Michael Quinlan	6/10

4.5. Board Committees

The Board has established a number of Committees to assist it in discharging its functions and responsibilities. All Committees have written terms of reference and report regularly to the Board. Details of Committees' mandates and memberships are set out in Table 4.4.

Table 4.4 Board Committees – mandates and membership

Committee	Mandate	Membership at 31 December 2015
Section 933 committees	In accordance with section 933 of the Act from time to time IAASA establishes PECs and Enquiry Committees for the purpose of determining whether a PAB has complied with its approved investigation and disciplinary procedures.	Board members are nominated to PECs/ Enquiry Committees as and when the need arises.
Section 934 committee	In accordance with section 934 of the Act from time to time IAASA establishes Preliminary Investigation Committees ('PICs') and Investigation Committees for the purpose of determining whether there has been a possible breach of standards by a PAB member.	Board members are nominated to PICs/ Investigation Committees as and when the need arises.
Audit	Monitoring the integrity of IAASA's financial statements, the effectiveness of IAASA's internal control and risk management systems and monitoring and reviewing the effectiveness of the internal and external audit processes.	<ul style="list-style-type: none"> • Mr Conor O'Mahony (Chairperson) • Mr David Devlin • Mr Seán Hawkshaw

Whilst section 933 and 934 committees report to the Board on a regular basis, such reporting is concerned mainly with the progress of enquiries or investigations and other important issues relevant to the overall governance of IAASA (e.g. matters pertaining to litigation risk etc.). The Board does not receive reports regarding the subject matter of enquiries or investigations as committees operate independently of the Board and executive in discharging their mandates.

The audit committee comprises three non-executive directors and its terms of reference are set out in the Charter of the Audit Committee ('the Charter'), available on the Authority's website. The Charter sets out specific roles and responsibilities for the audit committee, and Table 4.5 sets out how these roles were discharged in 2015. The audit committee met on three occasions during the year.

Table 4.5 Audit committee activities

Charter Requirement	Actions taken during 2015
Internal controls and risk management systems (section 6.1)	<ul style="list-style-type: none"> The committee reviewed the System of Internal Financial Control ('SIFC') in conjunction with the internal auditor. The committee reviewed IAASA's Risk Register and framework based on its own assessment, input from the executive and a detailed review by the Board at its annual strategic review day.
Financial reporting (section 6.2)	<ul style="list-style-type: none"> The committee reviewed the 2014 Financial Statements and recommended their approval by the directors. The committee reviewed the 2014 Annual Report to the Minister, and considered the Report understandable, consistent and unbiased.
Whistle-blowing (section 6.3)	<ul style="list-style-type: none"> Detailed 'whistle-blowing' procedures remained in place throughout the period.
Compliance with laws, regulations and the Irish Code (section 6.4)	<ul style="list-style-type: none"> As alluded to above, IAASA's internal auditor completed a detailed audit of the SIFC, including testing of IAASA's compliance with the Irish Code. The committee satisfied itself that no material instances of non-compliance arose during the year under review.
Internal audit (section 6.5)	<ul style="list-style-type: none"> The committee met with the internal auditors, BDO, during the year.
External audit (section 6.6)	<ul style="list-style-type: none"> As mandated by the Act, the C&AG remained and remains IAASA's external auditor. The C&AG carried out its audit of the 2014 Financial Statements and cleared said Statements for approval by the directors.
Reporting responsibilities (section 6.7)	<ul style="list-style-type: none"> A report from the Chairperson of the audit committee to the Board was given at each Board meeting in 2015.
Other matters (section 6.8)	<ul style="list-style-type: none"> Based on an internal audit recommendation, the committee noted the compilation of an Employee Handbook during the year. The committee reviewed internal audit reports on other matters such as management information processes and internal unit structures.

In addition:

- the external auditor and internal auditor have access to the audit committee Secretary whenever required; and
- where requested by the audit committee Chairperson, the Head of Finance & Administration took part in the meetings of the Committee during 2015.

The audit committee reviewed the 2014 Financial Statements and found no issues of significance arising therefrom.

On the expiration of the term of office of Ms Muireann O'Neill as a director of IAASA, Mr David Devlin was appointed as a member of the audit committee on 15 September 2015.

5. Corporate governance statement

5.1. Introduction

The Board is committed to operating and maintaining the highest standards of corporate governance and to ensuring compliance with IAASA's various legal and other obligations. As a body established under statute, IAASA is subject to the provisions of the Irish Code of Practice for the Government of State Bodies ('Irish Code') as issued by the Department of Finance. The Irish Code sets out the principles of corporate governance applicable to State bodies.

In addition to complying with the Irish Code, in 2011 the Board also voluntarily adopted the UK Corporate Governance Code ('UK Code') and the Irish Corporate Governance Annex to the UK Code as promulgated by the ISE ('Irish Annex'). This Corporate Governance Statement, together with the contents of this Annual Report, describes how IAASA applies the principles of the Irish Code, the UK Code and the Irish Annex.

The directors acknowledge their responsibility for preparing the Annual Report and the Financial Statements respectively, and consider that these

documents, taken as a whole, are fair, balanced and understandable, and provide the information necessary for stakeholders to assess IAASA's performance, business model and strategy. Except where otherwise stated, the directors believe that IAASA has complied with the provisions of the Irish Code, the UK Code and the Irish Annex.

5.2. Statement of compliance

IAASA has taken the following steps to ensure its ongoing compliance with the Irish Code, the UK Code and the Irish Annex:

- adopted a Schedule of Matters Reserved to the Board and adopted formal and documented delegations of authority to Board Committees and to the Chief Executive, which are reviewed from time to time;
- documented the Chief Executive's and Chairperson's respective roles;
- put in place measures whereby directors have access to the advice and services of the Secretary and to independent legal advice where considered necessary;
- put in place mechanisms by which the Board is regularly apprised of significant matters pertaining to IAASA's supervisory and enforcement remits and to its finances;
- put in place measures to ensure that the Board receives regular, high quality information on which to base its decision making;
- implemented measures to ensure that new directors are provided with a specialised directors' orientation briefing upon appointment to the Board including a detailed outline of their fiduciary duties under law;
- adopted Codes of Conduct for both directors and employees;
- appointed an audit committee comprising of non-executive directors;
- appointed an external provider of internal audit services;

- developed and approved Charters for both the audit committee and internal auditors which reflect both best practice and the Irish Code's requirements;
- developed a risk management policy containing policies and procedures designed to identify and quantify key business risks and to assist IAASA in the management of those risks;
- carried out a robust assessment of the principal risks facing the company;
- put in place a system of documented internal controls and related procedures, which addresses IAASA's obligations under public sector procurement requirements;
- adopted a whistle blowing procedure, i.e. whereby employees of IAASA can, in strict confidence, raise any concerns that they might have regarding possible irregularities in financial reporting or other matters directly with the Chairperson of the audit committee;
- introduced formal procedures for addressing any instances in which Board members have a concern that cannot be resolved, registering of such concerns and bringing of such concerns to the Board's attention;
- adopted requirements regarding the disclosure of interests by directors;
- ensured that appropriate directors' and officers' insurance is in place;
- resolved that the topic of risk management should become a standing agenda item at

Board meetings, conferred responsibility for monitoring risk management on the audit committee and appointed a Chief Risk Officer at a senior level;

- adopted a policy whereby IAASA shall comply with all Department of Finance circulars regarding travel and subsistence;
- conducted Board meetings in the absence of the Chief Executive; and
- adopted a Customer Charter to provide information on the standards of service that stakeholders can expect from IAASA.

IAASA's directors and senior management are also subject to the provisions of Ethics in Public Office legislation, which requires, amongst other things, the annual disclosure of any interests that could materially influence them in relation to the performance of their official functions.

Certain of the provisions of the UK Code and the Irish Annex are not applicable to a body such as IAASA having regard to its corporate status (i.e. as a company limited by guarantee as opposed to limited by shares) and the legislative provisions governing its establishment and on-going governance arrangements. Set out in Appendix 3 in summary form are the principal provisions of the UK Code and Irish Annex which are not applicable to IAASA or with which IAASA did not otherwise consider it practicable or appropriate to comply, together with summary explanations for the associated reasons.

6. Other public sector and other governance obligations

6.1. Legal and governance obligations as a body established under statute

The Board is principally assisted in ensuring IAASA's compliance with its legal and governance obligations by the Secretary & Head of Finance & Administration. Where applicable, other members of IAASA's staff contribute as required to IAASA's ongoing compliance with its obligations.

6.2. Legal requirements under the Companies Acts

During the year, in compliance with IAASA's obligations as a company, the directors:

- held IAASA's ninth Annual General Meeting on 14 July 2015; and
- filed the company's Annual Return with the Registrar of Companies on 16 July 2015.

IAASA has taken the steps necessary to ensure that, in compliance with section 281 of the Act, adequate accounting records are maintained. Similarly, the Secretary is charged with maintaining IAASA's statutory Registers and ensuring that all filings are made to the Registrar of Companies within prescribed timeframes.

6.3. Principal legal requirements under other legislation

IAASA has also taken the necessary steps to ensure its compliance with a range of other legal requirements, including:

- health and safety legislation;
- employment and related legislation;
- tax law, including those provisions relating to the necessity for certain service providers to IAASA to furnish valid Tax Clearance Certificates in advance of payments being made;
- Ethics in Public Office law;
- European Communities (Energy End-use Efficiency and Energy Services) Regulations; and
- the European Communities (Late Payments in Commercial Transactions) Regulations, 2012.

Certain other requirements typically applicable to statutory bodies such as the Freedom of Information Acts, Disability Acts and the Official Languages Act do not apply to IAASA by virtue of it not having been designated for such purposes at this time.



2015 FINANCIAL &
RELATED STATEMENTS

Report of the Directors

Introduction

The directors are pleased to submit to the tenth Annual General Meeting of the Irish Auditing and Accounting Supervisory Authority ('IAASA') the financial statements for the year ended 31 December 2015, together with the Report of the Directors, which has been prepared pursuant to the provisions of section 325 of the Companies Act 2014 ('the 2014 Act').

Directors and Secretary

The Directors and Secretary of IAASA as at 31 December 2015 were:

Member	Nominating body	Commencement of term of office
Professor Brendan Walsh (Chairperson)	Ministerial nominee	3 January 2013
Ms Helen Hall (Chief Executive)	<i>Ex-officio</i>	18 December 2012
Ms. Deirdre Behan	Revenue Commissioners	3 January 2012
Ms. Mary Burke	Central Bank of Ireland	14 October 2015
Ms. Marie Daly	Irish Business & Employers' Confederation	3 January 2006
Mr. David Devlin	Prescribed Accountancy Bodies	30 May 2014
Ms. Etain Doyle	Prescribed Accountancy Bodies	30 May 2014
Mr. Sean Hawkshaw	Irish Association of Investment Managers	3 January 2006
Mr. Paddy Keating	Irish Congress of Trade Unions	3 January 2013
Ms. Bernadette McGrory-Farrell	Prescribed Accountancy Bodies	3 January 2013
Ms. Sylvia McNeece	Pensions Authority	3 January 2012
Mr. Conor O'Mahony	Director of Corporate Enforcement	1 March 2012
Ms. Aileen O'Donoghue	Irish Stock Exchange	3 January 2014
Mr. Michael Quinlan	Law Society of Ireland	3 January 2011
Secretary	Mr Fergal Ó Briain, Head of Finance & Administration, IAASA	5 June 2015

The following were not directors at the reporting date, having either ceased to hold office during the year or been appointed since 1 January 2016:

Member	Nominating body	Commencement of term of office	Cessation of term of office
Ms. Máiréad Devine	Central Bank of Ireland	3 January 2012	9 September 2015
Mr. Michael Kavanagh	Ex-officio	16 January 2016	n/a
Ms. Muireann O'Neill	Ministerial Nominee	1 September 2012	30 August 2015
Prof. Brendan Walsh	Ministerial Nominee	3 January 2013	17 May 2016

Principal activities

IAASA was incorporated as a company limited by guarantee on 20 December 2005 and is the independent statutory body in Ireland responsible for the:

- (a) examination and enforcement of certain listed entities' periodic financial reporting; and
- (b) supervision of the regulatory functions of the Prescribed Accountancy Bodies ('PABs').

IAASA has also been designated as the competent authority for the registration and quality assurance of certain third country auditors and audit entities. The company does not trade for the acquisition of gain by its members.

Bodies, a Risk Management Policy and procedures have been developed and adopted for the purpose of facilitating the identification, quantification and management of the key business risks facing IAASA.

Accounting records

To ensure that adequate accounting records are maintained in accordance with the requirements of sections 281 to 286 of the 2014 Act, IAASA has employed an appropriately qualified Head of Finance and provides sufficient resources to the finance function. The accounting records are located at IAASA's registered office at Willow House, Millennium Park, Naas, Co. Kildare.

Business Overview

An overview of IAASA's activities and future developments is given in the annual report.

Financial position

The assets and liabilities and financial position of the company are set out in detail in the financial statements on pages 57 to 77.

Risk and uncertainties

The directors confirm that, as required by the Code of Practice for the Governance of State

Events after the end of the reporting period

No events have occurred subsequent to the reporting date which would require disclosure in the financial statements. The directors regret to report that the Authority's Chairperson, Professor Brendan Walsh, died on 17 May 2016.

Auditor

IAASA's auditor, the Comptroller & Auditor General, remains in office in accordance with the provisions of section 927(2) of the 2014 Act.

Approved and authorised for issue by the Board of Directors on and signed on its behalf:

Conor O'Mahony
Director

8 June 2016

Michael Kavanagh
Chief Executive

8 June 2016

Statement on Internal Financial Control

Responsibility for system of internal financial control

On behalf of the Board of Directors of IAASA, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner.

Key control procedures

The Board of IAASA has taken steps to ensure an appropriate control environment is in place by:

- clearly defining management responsibilities;
- formalising a clear separation between the Board's and the Executive's functions and powers;
- setting regular reporting requirements concerning financial and related matters;
- establishing an Audit Committee;
- engaging an external firm of accountants to act as providers of an internal audit service to IAASA;
- publishing Codes of Conduct for both directors and employees of IAASA; and
- seeking to maintain a strong culture of accountability across the organisation.

The Board adheres to all the requirements of the Code of Practice for the Governance of State Bodies ('the Code') insofar as is appropriate for a non-commercial semi-State body.

The Board has also established processes to identify and evaluate business risks by:

- identifying the nature, extent and possible implications of the risks facing IAASA, including the extent and categories of risk which it regards as acceptable;
- assessing the likelihood of identified risks coming to fruition;
- assessing the Board's ability to manage and mitigate identified risks; and
- having regard to costs of operating particular controls relative to the benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including, to the extent practicable having regard to the scale of IAASA, segregation of duties and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget, which is reviewed and agreed by the Board;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance; and
- regular internal audit reviews.

IAASA had appointed BDO to act as internal auditors for the period 2013 – 2015, and to report to the Audit Committee. Crowleys DFK act as internal auditors for the period 2016 – 2018. The Audit Committee, which is comprised of non-executive directors, includes persons possessing knowledge of accounting, internal control and

risk management matters. The Audit Committee is further charged with ensuring that the Board is kept informed of the matters that it has considered.

The internal audit function operates in accordance with an approved Internal Audit Charter, which is consistent with the provisions set out in the Code. A rolling three-year internal audit work plan has been determined in consultation with the Audit Committee and is reviewed annually and revised as and when required. The internal audit work plan takes account of areas of potential risk identified in a risk assessment exercise carried out by BDO. The internal auditor provides the Audit Committee with regular reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary.

I confirm that, in respect of the year ended 31 December 2015, the Board conducted a review of the system of internal financial control and that the Board's review was informed by the work of the internal auditor, the Audit Committee, which oversees the work of the internal auditor, and IAASA's executive which has responsibility for the development and maintenance of the financial control framework.

Signed on behalf of the Board:

Conor O'Mahony
Director

8 June 2016

Directors' Responsibilities Statement

IAASA performs its functions and exercises its powers through a company limited by guarantee, designated for that purpose in accordance with the 2014 Act.

Company law requires the directors to prepare financial statements and the report of the directors for each financial year which give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of its surplus or deficit for that period and otherwise comply with the 2014 Act. In preparing those financial statements, which are prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Ireland*, the directors are required to:

- select suitable accounting policies in accordance with Irish generally accepted accounting practices and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with appropriate accounting standards, identify these standards, and note the effect and the reason for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that IAASA will continue in operation.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the 2014 Act and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Section 927(1) of the 2014 Act further provides that IAASA '*... shall keep records of, and prepare all proper and usual accounts of -*

- (a) *all income received by it, including records of the sources of that income,*
- (b) *all expenditure incurred by it, and*
- (c) *its assets and liabilities*'.

Approved and authorised for issue by the Board of Directors on and signed on its behalf:

Conor O'Mahony
Director

8 June 2016

Michael Kavanagh
Chief Executive

8 June 2016

Comptroller and Auditor General: Report for presentation to the Houses of the Oireachtas

Irish Auditing and Accounting Supervisory Authority

I have audited the financial statements of the Irish Auditing and Accounting Supervisory Authority for the year ended 31 December 2015 under Section 927 of the Companies Act 2014. The financial statements comprise the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in reserves and capital account, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and generally accepted accounting practice in Ireland.

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and otherwise comply with the Companies Act 2014 and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

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 Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Authority's 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

All of the Authority's financial transactions and balances were within the scope of my audit.

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Authority as at 31 December 2015 and of its surplus for 2015;
- have been properly prepared in accordance with generally accepted accounting practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Comptroller and Auditor General commentary

The Authority voluntarily adopted the UK Corporate Governance Code (UK Code) and the Irish Corporate Governance Annex to the UK code (Irish Annex) as promulgated by the Irish Stock Exchange.

Without modifying my opinion, I highlight the following matters that are, in my judgment, likely to be most important to stakeholders' understanding of my audit. My audit procedures relating to these matters were designed in the context of my audit of the financial statements as a whole, and not to express an opinion on individual account headings or disclosures.

Assessment of significant risks

In relation to the Authority, I did not identify any specific risks of material misstatement which had an impact on my audit strategy and scope.

Materiality

Materiality provides the benchmark for determining the tolerable level of misstatement in the financial statements and, in conjunction with audit risk assessment, determines the extent and direction of audit work.

Audit materiality is defined in value terms, although the nature and context of matters are also considered when determining whether an item is material.

I apply the concept of materiality both in planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements.

I determined the following materiality values

- statement of financial position — €21,000 (2% of total assets at 31 December 2015)

- statement of income and expenditure — €28,000 (1.25% of expenditure in 2015)

Because special considerations apply to the administration of public money, any matters noted in the course of audit that are considered material by nature or context will also be publicly reported.

Matters on which I am required to report by the Companies Act 2014

I have obtained all the information and explanations that I consider necessary for the purpose of my audit. In my opinion, the accounting records of the Authority were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

In my opinion, the information given in the directors' report is consistent with the financial statements.

Matters on which I report by exception

I report by exception if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Authority's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the directors have not provided a statement that they consider the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for stakeholders to assess the Authority's performance, business model and strategy, or if the statement made is

inconsistent with the knowledge acquired in the course of performing the audit, or

- the audit committee report does not address matters communicated by me to the audit committee, or
- the statement on internal financial control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- the disclosures of directors' remuneration and transactions as specified by the Companies Act 2014 are not made, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those other matters upon which reporting is by exception.

Signed on behalf of the Board:

Patricia Sheehan

*For and on behalf of the
Comptroller & Auditor General*

15 June 2016

Irish Auditing & Accounting Supervisory Authority
Statement of Financial Position as at 31 December, 2015

	Note	2015 €	2014 €
Non-current assets			
Property, Plant & Equipment	4	108,365	13,705
Deferred Finance Lease Costs		639	1,292
		<u>109,004</u>	<u>14,997</u>
Current Assets			
Inventory		2,145	2,198
Receivables		14,707	14,496
Deferred Finance Lease Costs		653	841
Cash & Cash Equivalents	5	934,924	919,013
		<u>952,429</u>	<u>936,548</u>
Creditors: Amounts falling due within 1 year			
Payables	6	225,921	186,577
Deferred Rent Incentive	7	1,452	1,452
Finance lease obligations	8	2,242	2,242
Excess PAB Levy Income	9	276,464	276,705
Excess Departmental Grant Income	9	35,380	28,637
		<u>541,459</u>	<u>495,613</u>
Net Current Assets		410,970	440,935
Amounts falling due after 1 year			
Deferred Rent Incentive		13,132	14,584
Finance lease obligations		6,169	8,412
		<u>19,301</u>	<u>22,996</u>
Net Assets before Retirement Benefits		500,673	432,936
Retirement Benefits			
Retirement Benefit Liability	10	(1,822,000)	(1,743,000)
Deferred Exchequer Retirement Benefit Funding	10	1,822,000	1,743,000
Net Assets after Retirement Benefits		500,673	432,936
Reserves			
Revenue Reserve		-	-
Capital Account	11	108,365	13,705
Reserve Fund		392,308	419,231
Members' Funds		500,673	432,936

Approved and authorised for issue by the Board of Directors on and signed on its behalf:

Conor O'Mahony
Director

Michael Kavanagh
Chief Executive

8 June 2016

8 June 2016

Irish Auditing & Accounting Supervisory Authority

Statement of Income and Expenditure for the year ended 31 December, 2015

	Note	2015 €	2014 €
Revenue	12	2,336,610	1,980,136
Administrative Expenses			
staff costs	13	1,448,575	1,335,831
directors' fees	14	65,835	65,835
accommodation		160,050	160,870
travel & subsistence		64,514	66,450
legal and professional services	15	354,018	195,532
office expenditure		65,582	62,655
information technology		22,819	34,414
professional development		48,238	51,882
insurance		23,043	23,229
auditor's remuneration	16	10,500	10,500
depreciation		9,896	8,388
Total Administrative Expenses		2,273,070	2,015,586
Surplus/(Shortfall) of Income over Admin Expenses before Finance Costs		63,540	(35,450)
Finance costs		(841)	(450)
Surplus/(Shortfall) of Income over Admin Expenses after Finance Costs		62,699	(35,900)
Finance Income	17	5,038	9,826
Surplus/(Shortfall) for the year		67,737	(26,074)
Other comprehensive income			
Experience gains on pension scheme liabilities		44,000	13,000
Changes in assumptions		155,000	(499,000)
Adjustment to deferred Exchequer pension funding		(199,000)	486,000
Total recognised Surplus/(Shortfall) for the year		67,737	(26,074)

The results for the year relate to continuing operations.

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Conor O'Mahony
Director

8 June 2016

Michael Kavanagh
Chief Executive

8 June 2016

Irish Auditing & Accounting Supervisory Authority**Statement of Changes in Reserves and Capital Account for the year ended 31 December, 2015**

	Revenue Reserve	Capital Account	Reserve Fund	NET ASSETS
Balance - 1 January 2014	-	10,857	448,153	459,010
Surplus for the year	(26,074)	-	-	(26,074)
Transfer from Income & Expenditure Account:				-
income applied to capitalised asset acquisitions	(11,236)	11,236	-	-
less: amortisation applied in line with asset depreciation	8,388	(8,388)	-	-
income receivable on reserve fund monies	(4,741)	-	4,741	-
amounts receivable in respect of fines (S. 23, 2003 Act)	(22,000)	-	22,000	-
amounts payable from reserve fund (S. 24, 2003 Act)	55,663		(55,663)	
actuarial (loss) on pension liabilities	(486,000)	-	-	(486,000)
adjustment to deferred exchequer pension funding	486,000	-	-	486,000
Balance - 31 December 2014 / 1 January 2015	-	13,705	419,231	432,936
Surplus for the year	67,737	-	-	67,737
Transfer from Income & Expenditure Account:	-			
income applied to capitalised asset acquisitions	(104,556)	104,556	-	-
less: amortisation applied in line with asset depreciation	9,896	(9,896)	-	-
income receivable on reserve fund monies	(2,574)	-	2,574	-
amounts receivable in respect of fines (S. 933, 2014 Act)	-	-	-	-
amounts payable from reserve fund (S. 933, 2014 Act)	29,497	-	(29,497)	-
actuarial gain on pension liabilities	199,000	-	-	199,000
adjustments to deferred exchequer pension funding	(199,000)	-	-	(199,000)
Balance - 31 December 2015	-	108,365	392,308	500,673

Approved and authorised for issue by the Board of Directors on and signed on its behalf:

Conor O'Mahony
Director

8 June 2016

Michael Kavanagh
Chief Executive

8 June 2016

Irish Auditing & Accounting Supervisory Authority

Statement of Cash Flows for the year ended 31 December, 2015

	Note	2015 €	2014 €
Net Cash Inflow/(Outflow) from Operating Activities	18	114,325	(51,467)
Cash Flows from Financing Activities			
Interest received		6,142	10,618
Cash Flows from Investing Activities			
Payments to acquire tangible fixed assets		(104,556)	(11,236)
Increase/(Decrease) in Cash & Cash Equivalents in Year		15,911	(52,085)
Reconciliation of Net Cash Flow to Movements in Net Funds			
Increase/(Decrease) in Net Funds in Year	19	15,911	(52,085)
Net Funds at 1 January		919,013	971,098
Net Funds at 31 December		934,924	919,013

Approved and authorised for issue by the Board of Directors on and signed on its behalf:

Conor O'Mahony
Director

8 June 2016

Michael Kavanagh
Chief Executive

8 June 2016

Irish Auditing & Accounting Supervisory Authority

Notes to Financial Statements

1 Basis of Preparation

These financial statements have been prepared under the historic cost convention in accordance with applicable legislation and with FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Ireland* issued by Financial Reporting Council in the UK for use in Ireland.

As the company does not trade for the acquisition of gain by its members, the directors have determined that a Statement of Income and Expenditure disclosing the surplus or shortfall for the year rather than a Profit & Loss account is appropriate as provided for in Section 291(5) of the 2014 Act. Similarly, the Statement of Financial Position provides all information that would otherwise be disclosed in the Balance Sheet.

In accordance with FRS 102, these Financial Statements comprise the Statement of Financial Position, Statement of Income and Expenditure, Statement of Comprehensive Income, Statement of Changes in Reserves and Capital Account, Statement of Cash Flows, and Notes to the Financial Statements.

2 Accounting policies applied

2.1 Non-current Assets - depreciation

Non-current assets are stated in the Statement of Financial Position at cost less accumulated depreciation. Depreciation is charged to the Statement of Income and Expenditure on a straight line basis, with the charge being calculated over assets' expected useful lives.

2.2 Non-current Assets - refurbishment project

The Authority commenced a refurbishment project of its office premises in 2015 in order to accommodate additional staff and to better design the premises for its existing staff. Professional fees of €80,613 were incurred during the year, and these have been capitalised. Physical works had not commenced at year end and no depreciation charge has been included in the financial statements.

2.3 Non-current Assets purchased prior to establishment

Non-current assets owned and controlled by IAASA have been recorded by the Authority at cost. In addition to these assets, and as detailed in Note 4, IAASA has the use of certain assets which were purchased by the Department of Jobs, Enterprise & Innovation ('the Department') prior to the Authority's establishment. Section 2 of FRS 102 defines an asset as "*a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity*". These assets remain the property of the Department. Their return may be sought at any time. In the event of their sale, or the dissolution of the Authority, the asset/proceeds remain the property of the Department. In light of the foregoing, the Directors are satisfied that these assets are not assets of the Authority, and are properly omitted from the Authority's Statement of Financial Position.

2.4 Inventory

Stocks on hand at period end represent stocks of information technology consumables and office consumables and are stated at the lower of cost and net realisable value.

2.5 Revenue Recognition

In accordance with section 921(1) of the 2014 Act, any excess of income over expenditure in any financial period shall be applied towards meeting IAASA's Programme of Expenditure in the following period and any amounts payable from the Exchequer and PABs respectively shall be appropriately reduced. Section 921(2) further provides that income set aside for Reserve Fund purposes is not considered to be income for this purpose. The treatment of income set aside for Reserve Fund purposes is detailed further below.

2.5.1 Exchequer grant income via the Department

Section 914(2) of the 2014 Act provides that a grant not exceeding 40% of IAASA's approved Programme of Expenditure for the period shall,

subject to any conditions thought proper by the Minister for Jobs, Enterprise & Innovation ('the Minister'), be paid to IAASA out of monies provided by the Oireachtas. The Department has stipulated that the grant that will be paid in any given financial period will be such as to meet 40% of IAASA's expenditure in that period. Accordingly, grant income recognised in the Statement of Income and Expenditure represents the amount necessary to meet 40% of IAASA's net expenditure in the year. Any timing differences arising at the reporting date between 40% of IAASA's net expenditure in the period and amounts received from the Department are, therefore, reflected as a debtor or grant income carried forward.

2.5.2 Prescribed Accountancy Bodies' Levies

Section 916(1) of the 2014 Act also provides that IAASA may impose one or more levies on the PABs with the consent of the Minister for the purpose of meeting up to 60% of its approved Programme of Expenditure. The aggregate of the PABs' levies are apportioned on the basis of criteria submitted to, and approved by, the Minister. Given that statutory levies imposed on the PABs are designed to meet 60% of IAASA's expenditure in the period, PAB levy income recognised in the Statement of Income and Expenditure represents the amount necessary to meet 60% of IAASA's net expenditure in the period. Any timing differences arising at the reporting date between 60% of IAASA's net expenditure in the period and the aggregate of levies received from the PABs are reflected as debtors or levy income carried forward.

2.5.3 Reserve Fund

Section 919(1) of the 2014 Act provides that IAASA shall maintain establish a Reserve Fund, to be used only for the purposes of performing its functions or exercising its powers under section 933 of the 2014 Act. Exchequer Reserve Fund grant income and PAB Reserve Fund levies respectively, if arising, are accounted for in the financial statements on the date of approval by the Minister, or on such later date if appropriate in accordance with any payment stipulations set out by the Minister. No such income has been approved by the Minister since 2007 pursuant to the corresponding provisions of the Companies (Auditing & Accounting) Act 2003 ('the 2003

Act'). Sections 933(5), 933(6) and 934(7) of the 2014 Act provide that fines may be levied on PABs and members of PABs respectively in circumstances where adverse findings are made by IAASA following investigation under the relevant Regulations. Such income, where arising, is required to be credited to the Reserve Fund. Fine income accounted for on the date of the statutorily required High Court approval. Movements in the Reserve Fund are set out in the Statement of Changes in Reserves and Capital Account

2.5.4 Income relating to IAASA's role as a Competent Authority under the Transparency Directive Regulations

The EU Transparency Directive is concerned with the harmonisation of information requirements applying to issuers whose securities have been admitted to trading on a regulated market situated, or operating, within the EU. IAASA has been designated by the Minister as a competent authority for the purposes of Article 24(4)(h) of the EU Transparency Directive. In accordance with Departmental sanction, monies received in respect of the Transparency Directive may only be used towards the performance of IAASA's responsibilities in that regard. As is the case with IAASA's other sources of Exchequer income, the amount provided by the Department is such as to meet the amount expended in the year, and, accordingly, the grant income recognised in the Statement of Income and Expenditure represents an amount equivalent to said expenditure. Any differences arising at the reporting date between the expenditure in the period and amounts received from the Department are, therefore, reflected as a debtor or grant income carried forward.

2.5.5 Income relating to IAASA's Audit Inspections Unit

As part of European audit reform measures, IAASA will be given responsibility for inspecting the quality of audit work performed by the auditors of public interest entities with effect from June 2016. As a result, IAASA is setting up a new unit within its operations with the overall objective of inspecting auditors' work and promoting improvements in the quality of auditing of public interest entities. Associated costs were fully Exchequer funded in

Irish Auditing & Accounting Supervisory Authority

Notes to Financial Statements

2015. In accordance with Departmental sanction, monies received in respect of the establishment of the AIU may only be used towards the performance of IAASA's responsibilities in that regard. As is the case with IAASA's other sources of Exchequer income, the amount provided by the Department is such as to meet the amount expended in the year, and, accordingly, the grant income recognised in the Statement of Income and Expenditure represents an amount equivalent to said expenditure. Any differences arising at the reporting date between the expenditure in the period and amounts received from the Department are, therefore, reflected as a debtor or grant income carried forward.

2.5.6 Income relating to IAASA's role as a Competent Authority for the purpose of Registration of Third Country Audit Entities

Third country (i.e. non-EU Member States) auditors and audit entities which audit the annual or consolidated accounts of certain companies must register with IAASA for their audit report to have legal validity in the State. IAASA has been designated as a competent authority for such registration, which is normally effected under the provisions for "full registration". There are provisions whereby auditors and audit entities from certain third countries may, subject to certain provisions, register under Transitional Regulations. Registration fees for both types of registration are specified by the Minister and are charged annually. In accordance with Departmental sanction, monies received from Third Country Audit Entity Registration may be retained and used towards the performance of IAASA's responsibilities in that regard to a maximum of €40,000. Any amounts in excess of this threshold are to be returned to the Department. Such income is accounted for in the financial statements by reference to the date of registration.

2.5.7 Finance income

Bank interest receivable on non-Reserve Fund monies is included as recurrent income, and carried forward as described above. Bank interest receivable on monies on deposit in the Reserve Fund is retained in the Reserve Fund. In both cases, bank interest is recognised in the Statement of Income and Expenditure on a receivable basis.

2.6 Key management personnel

The responsibility for planning, directing and controlling the activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director.

3 Critical accounting judgements and estimates

3.1 Retirement Benefits

The position regarding IAASA's superannuation schemes is as set out in Note 10. Section 28.10(a) of FRS 102 defines Defined Contribution schemes as *"post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurer, together with investment returns arising from the contributions"*. All other schemes are to be treated as Defined Benefit schemes.

In substance, the directors consider that the obligation to pay retirement benefits remains with IAASA, but that the Exchequer has committed to providing IAASA with sufficient funds to settle any such obligations on IAASA's behalf as they fall due, provided IAASA pays over employees' and the employer's contributions at rates specified by the Minister for Public Expenditure & Reform.

Notwithstanding that the Exchequer has confirmed that it will bear all liabilities arising to IAASA employees (and their spouses, civil partners and children) in return for a fixed contribution, the Directors remain of the view that the contractual obligation remains between the Authority and its employees. Consequently, the directors continue to account for the schemes as Defined Benefit schemes.

Accordingly, the financial statements recognise both a Retirement Benefit Obligation and a Deferred Exchequer Retirement Benefit Funding receivable.

4 Non-current assets

	Office refurbishment	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	0.00%	33.33%	20%	12.5%	
	€	€	€	€	€
Cost					
At 1 January, 2015	-	39,492	17,133	13,111	69,736
Additions	80,613	14,678	716	8,549	104,556
Disposals	-	(17,051)	(320)	-	(17,371)
At 31 December, 2015	80,613	37,119	17,529	21,660	156,921
Accumulated Depreciation					
At 1 January, 2015	-	39,214	9,209	7,608	56,031
Charge for year	-	5,140	2,112	2,644	9,896
Disposals	-	(17,051)	(320)	-	(17,371)
At 31 December, 2015	-	27,303	11,001	10,252	48,556
NET BOOK VALUE					
At 1 January, 2015	-	278	7,924	5,503	13,705
At 31 December, 2015	80,613	9,816	6,528	11,408	108,365

Further to a commitment given to the PABs by the Minister with the consent of the Minister for Public Expenditure & Reform prior to IAASA's incorporation, the Exchequer funded IAASA's establishment costs in full. This expenditure was incurred by the Department. As a consequence, in addition to non-current assets acquired by IAASA subsequent to its incorporation, and to which IAASA has legal title, IAASA also has the use of certain assets that were acquired by the Department prior to its incorporation and to which the Department has legal title. The nature and acquisition cost of these assets is set out hereunder for information:

	€
Fit out costs – Millennium Park premises	507,127
Furniture and fittings	147,415
IT equipment	60,539
Total	715,081

The notional Net Book Value of these assets at the reporting date, had they been capitalised and depreciated in accordance with IAASA policies, would be nil [2014: nil]. The bulk of the IT assets have, with the Department's permission, been disposed of.

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Notes to Financial Statements

4.1 Non-current assets 2014

	Office refurbishment	IT Equipment	Office Equipment	Furniture & Fittings	Total
Rate of Depreciation	0.00%	33.33%	20%	12.5%	
	€	€	€	€	€
Cost					
At 1 January, 2014	-	39,393	7,290	11,817	58,500
Additions	-	99	9,843	1,294	11,236
Disposals	-	-	-	-	-
At 31 December, 2014	-	39,492	17,133	13,111	69,736
Accumulated Depreciation					
At 1 January, 2014	-	34,797	6,845	6,001	47,643
Charge for year	-	4,417	2,364	1,607	8,388
Disposals	-	-	-	-	-
At 31 December, 2014	-	39,214	9,209	7,608	56,031
NET BOOK VALUE					
At 1 January, 2014	-	4,596	445	5,816	10,857
At 31 December, 2014	-	278	7,924	5,503	13,705

5 Cash and cash equivalents

	2015 €	2014 €
Bank - notice deposit (Reserve)	419,879	473,024
Bank - notice deposit (Non-Reserve)	321,383	392,096
Bank - current	193,618	53,833
Cash on Hand	44	60
Total cash & cash equivalents	934,924	919,013

€390,823 [2014: €417,361] of the funds held in the Authority's bank accounts at 31 December, 2015 relate to the Reserve Fund and can only be used for the purposes as set out in Note 2.5.3.

6 Payables

Total payables are set out below, and include accruals of €146,874 [2014: €122,091]. All amounts were payable within 12 months.

	2015 €	2014 €
Pay and Pay-Related	18,294	11,210
Office of the Revenue Commissioners	8,112	12,171
Legal and Professional Services	92,915	114,029
Other	106,600	49,167
	<u>225,921</u>	<u>186,577</u>

7 Lease of Accommodation, Deferred Rent Incentive

Rents due under the lease are paid to the lessor by the Office of Public Works ('OPW') and are recouped by the OPW from IAASA on a quarterly basis by agreement. Rents are charged to the Statement of Income and Expenditure in the year to which they relate.

Under the lease agreement, IAASA benefited from a rent free period at the commencement of the lease on its offices at Willow House, Millennium Park, Naas. The value of the incentive has been spread across the life of the lease. This treatment has resulted in a charge of €27,652 in the financial statements at the date of incorporation and a corresponding deferred rent incentive, which will be released to the Statement of Income and Expenditure over the period of the lease.

The value of the incentive at 31 December to be released to the Statement of Income and Expenditure:	2015 €	2014 €
- within one year	1,452	1,452
- in two to five years	5,808	5,808
- in more than five years	7,324	8,776
	<u>14,584</u>	<u>16,036</u>

8 Finance Costs

IAASA acquired office equipment in August 2015 by way of finance lease. The period of the lease is 63 months, and total payments of €11,776 will be made in this period. At the end of the lease period, ownership of assets (with a cash value of €9,193 in August 2015) will pass to IAASA. The value of the financial obligation accruing to IAASA as at 31 December:

	2015 €	2014 €
- within one year	2,242	2,242
- in two to five years	6,169	8,412
- in more than five years	-	-
	<u>8,411</u>	<u>10,654</u>

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Notes to Financial Statements

9 Exchequer Grant Debtor/PAB Levy Carry Forward

9.1 Calculation of Net Expenditure

	2015 €	2014 €
Gross Expenditure per Statement of Income and Expenditure	2,273,070	2,015,586
Adjust for:		
Unamortised amount of income used for capital acquisitions	94,660	2,848
Finance costs	841	450
Expenditure related to the Reserve Fund (Note 2.5.3)	(29,497)	(55,663)
	2,339,074	1,963,221
Less:		
Miscellaneous Income	-	1,400
Non-reserve fund interest receivable	2,464	5,085
Liquidator registration	9,500	-
Income from third country audit entity registration	43,000	60,920
Net Expenditure for the year	2,284,110	1,895,816
Net expenditure attributable to the Exchequer		
i. Transparency Directive (100%) (Note 2.5.4)	278,706	229,581
ii. Audit Inspections Unit (100%) (Note 2.5.5)	137,511	-
iii. Excess income from Third Country Audit Entities (Note 2.5.6)	(3,000)	(20,920)
iv. Obligations under the 2014 Act (40%)	748,357	674,862
Net expenditure attributable to the PABs	1,122,536	1,012,293
	2,284,110	1,895,816

9.1 Calculation of Grant Debtor / Levy Carry Forward

	Exchequer €	PABs €	TOTAL €
Balance at 1 January, 2015	(28,637)	(276,705)	(305,342)
Attributable net expenditure	1,161,574	1,122,536	2,284,110
Grants/Levies received in the year	(1,168,317)	(1,122,295)	(2,290,612)
(Levy Carry Forward) at 31 December, 2015	(35,380)	(276,464)	(311,844)

10 Retirement Benefits

10.1 Overview

Section 926(1) of the 2014 Act provides that IAASA may only establish a superannuation scheme with the approval of the Minister, given with the consent of the Minister for Public Expenditure & Reform ('the Ministers'). IAASA prepared and submitted proposals to the Ministers in respect of employees and employees' spouses, civil partners & children (based upon the civil service defined benefit 'Model Schemes'). The schemes, which were submitted pursuant to the corresponding provision of the 2003 Act, were approved by the Ministers on 29 November 2010 and 5 December 2012 respectively. The schemes are based on the civil service 'model' schemes as described on the www.cspensions.gov.ie website.

In summary, the arrangements are:

- i. IAASA employees' scheme contributions are paid to the Department;
- ii. IAASA pays an employer contribution to the Department, the rate of which is set by the Minister for Public Expenditure & Reform. The rate is currently 25% [2014: 25%]; and
- iii. in return for the payment to it of the employees' and employer's contributions, the Department has committed that any benefits due to IAASA employees, and/or their spouses, civil partners and children will be met in full by the Exchequer as they fall due.

Scheme liabilities represented by the present value of future payments earned by IAASA staff to date are measured on an actuarial basis using the projected unit method. Pension costs reflect benefits earned by IAASA staff in the period and are shown net of employee pension contributions, which are retained by the Department. The amount to be included in the financial statements for the Deferred Exchequer Retirement Benefit Funding amount is estimated at an amount equal to the estimate of the obligation for the pension scheme liabilities.

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Income and Expenditure for the year in which they occur and a corresponding adjustment is recognised to the balance for Deferred Exchequer Retirement Benefit Funding.

Employer contributions, which are charged at a rate imposed by the Minister for Public Expenditure & Reform and retained by the Exchequer, are charged or credited to the Statement of Income and Expenditure to the extent that they exceed or fall short of pension costs respectively as described above.

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Notes to Financial Statements

10.2 Actuarial valuation

IAASA has commissioned an actuarial valuation of accrued liabilities at the balance sheet date, and the cost of benefits (service cost) accrued during the year. This valuation, which was based on the Projected Unit method, is premised on the following assumptions:

	At 31-12-2015	At 31-12-2014
Rate of increase in salaries	2.50%	2.50%
Rate of increase in pensions in payment	2.00%	2.00%
Discount rate	2.50%	2.25%
Inflation assumption	1.50%	1.50%
Life expectancy at age 70: male	18.4 years	18.4 years
Life expectancy at age 70: female	20.8 years	20.8 years

Based on the above, the present value of liabilities at the balance sheet date is €1,822,000 [2014: €1,743,000], and the service cost (calculated on the foregoing assumptions) for the year is €239,000 [2014: €162,000]. Certain of IAASA's staff, who have accumulated service elsewhere in the public service, have not to date exercised the option to transfer said service to IAASA.

10.3 Analysis of total pension costs charged to Statement of Income and Expenditure

	2015 €	2014 €
Total employer contribution	266,229	245,295
*Current service cost	239,000	162,000
Interest cost	39,000	40,000
Adjustment to deferred Exchequer pension funding	(278,000)	(202,000)
Total charged to Statement of Income and Expenditure	<u>266,229</u>	<u>245,295</u>

*Employee contributions totalling €57,699 [2014: €50,101] have been included in the calculation of the current service cost.

10.4 Movement in net pension liability

	2015 €	2014 €
Net Pension Liability at 1 January	1,743,000	1,055,000
Current Service Cost	239,000	162,000
Interest Cost	39,000	40,000
Experience (gains) on scheme liabilities	(44,000)	(13,000)
Changes in assumptions	(155,000)	499,000
Pensions paid in the year	-	-
Net Pension Liability at 31 December	1,822,000	1,743,000

10.5 History of scheme liabilities and experience (gains)/losses

	2015 €	2014 €	2013 €	2012 €	2011 €
Scheme liability	1,822,000	1,743,000	1,055,000	1,023,000	569,000
Experience (gains) on scheme liabilities	(44,000)	(13,000)	(96,000)	(17,765)	(4,930)
Changes in assumptions	(155,000)	499,000	(93,000)	317,000	-

11 Capital Account

The Capital Account represents the unamortised value of income used for capital purposes (i.e. asset acquisitions).

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Notes to Financial Statements

12 Revenue

12.1 Approved Programme of Expenditure

	Exchequer	PABs (60%) €	TOTAL €
Recurrent Expenditure	932,000	1,399,000	2,331,000
Approved allocation in respect of Transparency Directive	401,000	-	401,000
Total	1,333,000	1,399,000	2,732,000

12.2 Analysis of Income

	2015 €	2014 €
Recurrent Income under the 2014 Act		
Exchequer Grant Income - Vote 32, Subhead C12	745,357	653,942
PABs' Levies	1,122,536	1,012,293
Reserve Fund Income		
Amounts receivable in respect of fines (Section 933)	-	22,000
Income in respect of Transparency Directive Activity		
Exchequer Grant Income - Vote 32, Subhead C12	278,706	229,581
Income in respect of Audit Inspections Unit		
Exchequer Grant Income - Vote 32, Subhead C12	137,511	-
Income in respect of Liquidator Registration		
Application fees received from liquidators	9,500	-
Income in respect of Third Country Audit Entity Registration		
Registration fees received from Third Country Audit Entities	43,000	60,920
Miscellaneous Income		
ICAI contribution to legal costs	-	1,400
	2,336,610	1,980,136

13 Staff Costs

	2015 €	2014 €
Salaries	1,075,038	992,050
Employer PRSI Contributions	107,308	98,486
Employer Retirement Benefit Contributions	266,229	245,295
	1,448,575	1,335,831

The total amount deducted from staff members in respect of the Pension Related Deduction pursuant to the Financial Emergency Measures in the Public Interest Act, 2009, was €80,174 [2014: €72,398].

The average number of employees during the year was 15 [2014: 13]. IAASA's complement of full time staff at 31 December 2015 was 17 [2014: 13].

In accordance with Department of Public Expenditure & Reform requirements, an analysis of total employee remuneration (including salaries and other benefits, but excluding employer superannuation contributions) for those earning over €60,000 is set out below:

	2015	2014
€60,000 to €69,999	3	1
€70,000 to €79,999	7	5
€80,000 to €89,999	1	1
€90,000 to €99,999	-	1
€100,000 to €109,999	1	1
€10,000 to €119,999	1	1
	13	10

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Notes to Financial Statements

14 Board fees and expenses

Fees are payable to Board members at a rate specified from time to time by the Minister for Public Expenditure & Reform. In accordance with Department of Public Expenditure & Reform regulations and the Code of Practice for the Governance of State Bodies ('the Code'), fees are not payable to certain Board members who are also public servants.

	2015 €	2014 €
Professor Brendan Walsh	11,970	11,970
Marie Daly	7,695	7,695
David Devlin	7,695	4,554
Etain Doyle	7,695	4,554
Sean Hawkshaw	7,695	7,695
Bernadette McGrory-Farrell	7,695	7,695
David Martin	-	3,141
Aileen O'Donoghue	7,695	7,695
Kevin O'Donovan	-	3,141
Michael Quinlan	7,695	7,695
	65,835	65,835

In addition, a total of €4,970 [2014: €3,078] was incurred by Board members during the year in furtherance of their duties. These amounts include both expenses paid directly to Board members and those incurred by IAASA on their behalf. Expenses paid to or incurred on behalf of the Chief Executive, who is also a Board member, totalled €13,624 [2014: €16,305], as detailed in Note 22.

15 Legal & Professional Services

	2015 €	2014 €
Financial Statement Review (Transparency Directive)	76,452	27,327
Committees of Enquiry - Section 933	19,438	32,017
Committees of Investigation - Section 934	11,199	55,663
Legal Advice	79,202	18,116
Internal Audit & Actuarial Services	7,547	14,296
PAB review	1,755	13,590
Organisational review	205	19,458
PR Services	14,760	14,760
Registration of Liquidators	40,378	-
Audit Reform	62,896	-
Recruitment Services	39,360	-
HR/Medical	826	305
	354,018	195,532

16 Auditor's remuneration

	2015 €	2014 €
Audit of company financial statements	10,500	10,500

The Office of the Comptroller & Auditor General does not provide non-audit services to IAASA and no services other than statutory audit services were provided by the Comptroller & Auditor General during the year.

17 Finance income - analysis of interest

	Fixed Term deposit Reserve €	Fixed Term deposit Non-Reserve €	TOTAL 2015 €	TOTAL 2014 €
Gross interest receivable	4,363	4,176	8,539	16,655
DIRT	(1,789)	(1,712)	(3,501)	6,829
Net interest receivable	2,574	2,464	5,038	9,826

18 Reconciliation of Surplus for the year to Net Cash from Operating Activities

	2015 €	2014 €
Surplus/(Shortfall) for the year	67,737	(26,074)
Non Operating Items:		
Less: Finance income	(6,142)	(10,618)
	61,595	(36,692)
Add:		
Increase in Payables	39,344	78,571
(Decrease) in Excess PABs Levy Income	(241)	(123,421)
Increase in Excess Departmental Grant Income	6,743	7,016
(Increase)/Decrease in Receivables	(211)	6,265
Decrease in Inventory	53	1,337
Decrease/(Increase) in Deferred Finance Lease Costs	841	(2,133)
(Decrease)/Increase in Finance Lease Obligations	(2,243)	10,654
(Decrease) in Deferred Rent Incentive	(1,452)	(1,452)
Depreciation	9,896	8,388
	52,730	(14,775)
Net Cash Inflow/(Outflow) from Operating Activities	114,325	(51,467)

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Notes to Financial Statements

19 Analysis of changes in net funds

	Cash at Bank & on Hand	Cash on Fixed Term Deposit (Non-Reserve)	Cash on Fixed Term Deposit (Reserve)	TOTAL
	€	€	€	€
Balance at 1 January, 2015	53,893	392,096	473,024	919,013
Cash flow for year	139,769	(70,713)	(53,145)	15,911
Balance at 31 December, 2015	193,662	321,383	419,879	934,924

20 Taxation

IAASA is a non-commercial state-sponsored body for tax purposes and, accordingly, income and capital gains arising, if any, are not liable to income tax or capital gains tax respectively. IAASA is not, however, exempt from Deposit Interest Retention Tax ('DIRT').

21 Financial Commitments

21.1 Capital Commitments

There are no capital commitments as at 31 December 2015.

21.2 Rental commitments

IAASA's premises are leased on behalf of the State by the OPW. IAASA in turn rents the premises from the OPW, but has provided no undertakings in this regard. Given that IAASA is not a party to the lease, it has no rental commitments in the coming twelve months.

Rental commitments under the lease in the coming twelve months, which are payable by the OPW, will be €119,163.

22 Chief Executive's salary and expenses

Ms Helen Hall was employed as Chief Executive for the full year 2015, resigning on 14 January 2016. Her remuneration for the year totalled €114,850 [2014: €115,059]. This is the amount approved by the Minister with the consent of the Minister for Public Expenditure & Reform. The Chief Executive was not entitled to receive a Board fee, and the Performance Related Bonus Scheme was not in operation in 2015. The Chief Executive is a member of IAASA's Employee and Spouses, Civil Partners & Children's superannuation schemes (as detailed in Note 10), and the relevant employer contribution in this regard was €26,004 [2014: €25,981]. The foregoing represents the Chief Executive's total remuneration package for the period.

The Chief Executive is an *ex-officio* director of the company. Expenses incurred directly by the Chief Executive in the performance of her duties and/or by IAASA on behalf of the Chief Executive are disclosed hereunder.

	2015 €	2014 €
Professional memberships (subject to BIK where applicable)	1,465	1,465
Travel & Subsistence, incl. air fares	9,024	10,736
Mobile phone costs	1,147	922
Internet Services	522	526
Training	885	2,280
Incidentals	581	376
	13,624	16,305

23 Related Party Transactions

23.1 Directors

Details of all payments made to IAASA non-executive directors and the Chief Executive are set out in Notes 14 and 22 respectively. There were no other transactions with directors during the year [2014: nil], and no balances outstanding at the reporting date [balance at 31 December 2014: nil].

23.2 Key management personnel

The responsibility for planning, directing and controlling the 2014 Activities of IAASA rests exclusively with the Board of directors and the Chief Executive, who is also a director. As alluded to above, all payments made to these key management personnel are set out in Notes 14 and 22 respectively.

23.3 Other related parties

There were no other related party transactions during 2015 or 2014 and there were no amounts outstanding at either year end.

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Notes to Financial Statements

24 Board Members – Disclosure of Transactions

In accordance with the Code of Practice for the Governance of State Bodies, IAASA has in place a Code of Business Conduct for Board members. The Code of Business Conduct includes guidance in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board during the year covered by these financial statements. During the year under review, there were no financial transactions with directors other than the payment of Board fees and expenses detailed in Note 14. There were no occasions whereby a Board Member disclosed a financial interest during 2015.

25 Approval of the Financial Statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 8 June 2016



APPENDICES

APPENDIX 1

Board membership at year end and changes in composition since last Annual Report

Composition of Board at 31 December 2015

Board member	Occupation	Nominating body	Date appointed
Brendan Walsh (Chairperson)	Professor Emeritus UCD	Minister	3 January 2013
Helen Hall*	Chief Executive	Ex-officio	18 December 2012
Deirdre Behan	Principal Officer, Revenue Commissioners	Revenue Commissioners	3 January 2012
Mary Burke*	Head of the Prudential Policy and Governance, Central Bank	Central Bank	14 October 2015
Marie Daly	Head of Legal & Regulatory Affairs, IBEC	IBEC	3 January 2006
David Devlin*	Accountant	PABs	30 May 2014
Etain Doyle*	Accountant	PABs	30 May 2014
Seán Hawkshaw	Managing Director, Kleinwort Benson Investors	IAIM	3 January 2006
Paddy Keating	Trade Unionist	ICTU	3 January 2013
Bernadette McGrory-Farrell*	Partner, Farrell & Company	PABs	3 January 2013
Sylvia McNeece	Head of Legal and Corporate Services, Pensions Authority	Pensions Authority	3 January 2012
Aileen O'Donoghue	Director of Strategy, Policy and Communication, ISE	ISE	3 January 2014
Conor O'Mahony	Principal Officer, ODCE	Director of Corporate Enforcement	1 March 2012
Michael Quinlan	Principal, Dixon Quinlan, Solicitors	Law Society of Ireland	3 January 2011

* Denotes membership of a Prescribed Accountancy Body

Details of appointments and reappointments to the Board during the year

Director	Date appointed	Nominating body	Reason for vacancy	Term
Deirdre Behan	3 January 2015	Revenue	Expiration of own term of office	Three years to 2
Mary Burke*	14 October 2015	Central Bank	Resignation of Ms Máiréad Devine	January 2018
Marie Daly	3 January 2015	IBEC	Expiration of own term of office	Three years
Máiréad Devine	3 January 2015	Central Bank	Expiration of own term of office	Three years
Seán Hawkshaw	3 January 2015	IAIM	Expiration of own term of office	Three years
Sylvia McNeece	3 January 2015	Pensions Authority	Expiration of own term of office	Three years

* Denotes membership of a Prescribed Accountancy Body

APPENDIX 2

Outputs compared to plan

Activity	Planned output 2015	Actual Output & Commentary
Strategic Goal 1: To deliver independent and effective supervision of financial reporting which promotes high quality financial reporting and which responds to non-compliance robustly, promptly and proportionately		
<p>Review and refine risk assessment processes to identify the more significant risks in issuers' periodic financial reports and supplement this risk assessment with "random selection". Such risk assessment processes to include:</p> <p>a) the performance of overviews of preliminary announcements; and</p> <p>b) the analysis of information received from users of financial reports and other interested parties</p>	<p>Updated issuer risk matrix approved by the Chief Executive which together with the results of overviews and third party indicators, forms the basis of selection of issuers for examination</p>	<ul style="list-style-type: none"> • Issuer risk matrix updated • Detailed 2015 annual work plan prepared
<p>Conduct annual programmes of examinations of financial reports utilising a range of approaches including unlimited scope, focused, thematic and follow-up examinations across annual and half-yearly financial reports to identify instances of material non-compliance</p>	<p>The planned scope of 2015 examinations of financial information will encompass continued unlimited scope examinations, focused examinations, and unlimited scope examinations of equity, debt and closed-ended fund issuers' financial information as follows:</p> <p>a) five unlimited scope examinations of equity issuers' annual financial reports which will also incorporate the ESMA Common Enforcement Priorities;</p> <p>b) five unlimited scope examinations of debt/fund issuers' annual financial reports (3 debt and 2 closed ended fund);</p> <p>c) at least six focused examinations of equity issuers' annual financial reports;</p> <p>d) approximately five focused examinations of equity/closed ended fund/debt issuers' half yearly financial reports;</p>	<ul style="list-style-type: none"> • Unlimited scope examinations undertaken: 7 equity, 6 closed-ended funds and 2 debt • Focused examinations undertaken: 11 equity and 2 debt • Follow-up examinations undertaken: 3 equity, 1 closed-ended fund and 1 debt • Overviews of annual and half-yearly financial reports: Approximately 25 annual financial reports/preliminary announcements and approximately 10 half-yearly financial reports • Thematic examinations: • <i>Commentary on Directors' Significant Judgments and Auditors Risks of Material Misstatement</i> (November 2015) covering 25 equity issuers; and

Activity	Planned output 2015	Actual Output & Commentary
	<p>e) approximately 15 – 20 follow-up examinations of those issuers' financial reports subjected to full and focused examination in 2014;</p> <p>f) approximately 27 overviews of equity issuers' preliminary announcements and half yearly financial reports;</p> <p>g) three thematic examinations of a sample of equity, closed-ended fund and debt issuers' annual financial statements. The results of each of these thematic examinations may result in the publication of IAASA's findings and, where necessary, correspondence with issuers' directors on issuer specific findings. The subject matter of these thematic examinations will be informed from a combination of topical issues, ESMA's 2015 Common Enforcement Priorities and themes emerging from the outcome of 2014 examinations and from 2015 overviews</p>	<ul style="list-style-type: none"> Examination of equity issuers' application of IFRS 10, IFRS 11 and IFRS 12 covering 5 equity issuers
Engage with entities' directors to secure improvements in future financial reports and take formal enforcement measures where warranted	Securing undertakings and re-filings in response to identified instances of non-compliance with the relevant reporting framework	<ul style="list-style-type: none"> Examinations undertaken resulted in 11 issuers providing a total of 61 undertakings
Assist other regulatory agencies in respect of financial reporting matters and entities under common remit and make referrals in respect of matters of concern to relevant regulatory agencies	<p>Active formal and informal interactions with other regulatory bodies on financial reporting standards, legislative and enforcement matters such as:</p> <p>a) Central Bank;</p> <p>b) Irish Stock Exchange;</p> <p>c) Accounting Council of the UK Financial Reporting Council ('AC FRC');</p> <p>d) International Accounting Standards Board ('IASB');</p> <p>e) IFRS Interpretations Committee ('IFRS IC');</p> <p>f) Other EU accounting enforcers;</p> <p>g) ICAI (as promulgator of FRs in Ireland);</p> <p>h) Irish Funds Industry Association ('IFIA'); and</p> <p>i) Irish Debt Securities Association ('IDSA')</p>	<ul style="list-style-type: none"> IAASA attended 9 AC FRC meetings in 2015 Engaged with the FRC on the development of FRs Met with IFRS-IC and IASB representatives Engaged with other regulatory agencies throughout the year Engaged with the Central Bank on the implementation in Ireland of ESMA's Guidelines on Alternative Performance Measures

Activity	Planned output 2015	Actual Output & Commentary
	<p>Activities in this area will be primarily directed towards:</p> <ul style="list-style-type: none"> a) attendance at AC FRC meetings in our Observer role and maintaining a watching brief over developments having an Irish impact and consequential interactions with ICAI; b) EECS participation including consequential engagement with IASB and IFRS IC on matters of direct interest to FRSU; c) engagement with other EU enforcers through EECS; and d) engagement with the Central Bank on the enforcement of the forthcoming ESMA Standard on Alternative Performance Measures ('APMs') <p>This planned step includes bringing matters directly to IFRS IC</p>	
Incorporate European Securities & Markets Authority ('ESMA') Common Enforcement Priorities into the annual programme of examinations and conduct examinations as requested by ESMA	<ul style="list-style-type: none"> a) Revised ESMA Enforcement Guidelines and 2014 ESMA CEPs will be embedded into FRSU's risk matrix and selection process; b) Participation in ESMA mandate survey on results of CEP findings; and c) Input into ESMA's identification of CEPs 	<ul style="list-style-type: none"> • Embedded ESMA CEPs into IAASA's risk matrix and selection process • Reported to ESMA on the results of our findings on its 2015 CEPs • Contributed to the selection of ESMA 2016 CEPs selection
Participate at the ESMA- sponsored European Enforcer Coordination Sessions ('EECS') and Corporate Reporting Standing Committee ('CRSC').	<p>Continued participation in EECS by:</p> <ul style="list-style-type: none"> a) Attendance at most EECS meetings in 2015; b) Submission of emerging cases to EECS; c) Mandatory submission of IAASA enforcement decisions to the EECS database; d) Presentations to EECS of relevant chapter of IAASA's 2014 Annual Report and IAASA publications relating to accounting enforcement(e.g. IAASA's publications consequent on the thematic examinations); e) Continued membership of EECS Agenda Group; 	<ul style="list-style-type: none"> • Attended all 8 EECS plenary meetings held in the year • Submitted 16 decisions to the EECS Decisions Database; • Presented 3 decisions and submitted and presented 4 emerging cases and 3 IAASA publications to EECS plenary sessions • Actively engaged with IASB and IFRS-IC representative at the 2 EECS meetings which they attended • To the extent allowed by resources, completed ESMA-mandated surveys on ESMA CEPs and other surveys

Activity	Planned output 2015	Actual Output & Commentary
	<p>f) Continued membership of EECS RES1 (Review of Enforcement Standard No. 1) sub-group by the Head of Financial Reporting Supervision (The RES1 sub-group is charged with reviewing and updating EECS's Enforcement Standard No. 1 which Standard must be adopted by all EU National Enforcers);</p> <p>g) Participation in ESMA mandated 2015 common enforcement priorities questionnaires;</p> <p>h) Mandatory involvement in EECS subgroup for issues related to IFRS Accounting by Financial Institutions; and</p> <p>i) Participation at ESMA's CRSC meetings</p>	<ul style="list-style-type: none"> Participated in the EECS sub-group addressing Accounting of Financial Institutions Attended all 4 ESMA CRSC meetings held in 2015
Explore options, including legislative amendment, to provide for greater transparency of activities in respect of individual issuers	Output is the amendment of Regulation 77 of the TD Regulations. This is necessary to meet ESMA (revised) Enforcement Guidelines	<ul style="list-style-type: none"> The Transparency (Directive 2004/109/EC) (Amendment) Regulations 2015 (S.I. No. 44 of 2015) were signed in February 2015 Following public consultation, IAASA published its policy paper on the publication of financial reporting decisions in July 2015 Details of the financial reporting decisions in respect of 11 examinations where the decision was reached in 2015 are set out in Chapter 2 above
Engage with stakeholder groups via conference hosting and other fora to seek user feedback on enforcement	<p>Renewed emphasis will be placed on this including:</p> <p>a) publication of the results of the 3 thematic examinations;</p> <p>b) possible publication of information note on changes to confidentiality provisions (following legal advice);</p> <p>c) issuing of Irish specific web releases on new UK/Irish GAAP developments;</p> <p>d) increased emphasis on getting articles published in Accounting journals and wider media;</p>	<ul style="list-style-type: none"> Thematic examination publication: Commentary on Directors' Significant Judgments and Auditors Risks of Material Misstatement (November 2015) covering 25 equity issuers The results of a thematic examination of equity issuers' application of IFRS 10, IFRS 11 and IFRS 12 covering 5 equity issuers were included in IAASA's Observations document

Activity	Planned output 2015	Actual Output & Commentary
	e) providing commentary on IFRS EDs to IASB if deemed desirable; and, to the extent deemed desirable and permissible, publicising outcome of financial statement examinations post changes to the accounting enforcement confidentiality regime.	<ul style="list-style-type: none"> • Policy Paper on publication of financial reporting decisions was published in July 2015 following a consultation process • Details of the financial reporting decisions published to IAASA's website in respect of 11 examinations where the decision was reached in 2015 are set out in Chapter 2 above • Regular IAASA website updates relating to relevant ESMA, IASB and FRC activities were published
Strategic Goal II: To deliver independent and effective supervision of the regulatory activities of the PABs which promotes high quality regulation and which responds to inadequate regulatory practice robustly, promptly and proportionately		
Review and refine risk assessment processes to identify where the most significant risks lie in the regulatory activities within and across PABs.	Risk assessment process to be undertaken and an Engagement Plan for each PAB to be compiled	<ul style="list-style-type: none"> • Risk assessment process developed and Engagement Plans compiled for each PAB
Examine the PABs' regulatory plans, annual reports and annual returns and require changes where necessary	<ul style="list-style-type: none"> • Require the nine PABs to submit an annual return to IAASA and analyse the information provided. Engage with the PAB as necessary in respect of supervisory matters arising • Publish "Profile of the Profession 2014" document, detailing the membership of the PABs and the regulatory activities undertaken by them during 2014 • Review the PABs' annual reports and regulatory plans (where prepared). Engage with the PAB(s) as necessary in respect of supervisory matters arising. 	<ul style="list-style-type: none"> • Annual returns received from all nine PABs. Returns analysed. Engagement took place with the PABs, as necessary, in respect of supervisory matters arising • "Profile of the Profession 2014" published on 11 May 2015 • PABs' annual reports and regulatory plans (where prepared) were reviewed. Engaged with PABs as necessary in respect of supervisory matters arising from the reports and plans

Activity	Planned output 2015	Actual Output & Commentary
Adopt a variety of supervisory approaches which ensure effective engagement with the PABs.	<ul style="list-style-type: none"> Supervisory visits to three RABs themed on the licensing of auditors. However, the theme chosen per RAB may change if risks arise in respect of a particular process of a RAB Supervisory review meetings will be undertaken periodically with some of the PABs, as outlined in the relevant Engagement Plan Examinations of proposed amendments to the PABs' constitutional documents 	<ul style="list-style-type: none"> Three supervisory reports (quality assurance of audit firms) issued during 2015. At year-end drafting of reports in respect of two further visits (licensing of auditors) was in progress. A desk top review of PABs' regulatory responses to members who find themselves in financial difficult was also undertaken during 2015 15 supervisory review meetings held in 2015 28 approvals of PAB constitutional documents (new and amended) granted and 10 reviews in progress at year-end
Make full use of our range of regulatory tools, including the potential to adopt rules and issue guidance in key regulatory areas. Attach terms and conditions to the recognition of the RABs where necessary	<ul style="list-style-type: none"> Perform ongoing monitoring of compliance with attached conditions New or revised Terms & conditions to RABs' recognitions attached where warranted 	<ul style="list-style-type: none"> RABs' continuing compliance with conditions monitored throughout the year No new conditions were imposed during the year
Monitor that all practising individually authorised auditors become subject to the regulation of a PAB	<ul style="list-style-type: none"> Engage with the CRO to ensure that all practising individually authorised auditors ('IAAs') do not appear on the Register of Auditors unless subject to the regulation of a RAB 	<ul style="list-style-type: none"> CRO register of auditors reviewed to ensure that all IAAs on the register are subject to regulation by a RAB
Analyse information received from consumers of accounting and auditing services who are dissatisfied with the standard of performance received from a member of a PAB	<ul style="list-style-type: none"> Progress the complaints outstanding on the complaints register Consideration of complaints received and incorporation of results into supervisory programmes 	<ul style="list-style-type: none"> 13 complaints received and 17 complaints closed during the year

Activity	Planned output 2015	Actual Output & Commentary
Process applications from third-country auditors ('TCAs') for registration	<ul style="list-style-type: none"> Process TCA registrations, renewals and updates Engage with PCAOB, CPAB and FAOA in respect of MoUs for mutual reliance on QA Engage with DJEI as to the legislation required to effect QA and I&D arrangements 	<ul style="list-style-type: none"> 11 registrations renewed. One new application for full registration was ongoing at year-end and one new application for transitional registration was approved Updating of the third country auditor register following notification of amendment from the third country auditor/entity Finalised MoUs with CPAB and FAOA. Continued discussions with PCAOB. Engaged with DJEI as to the legislation required
Implement an online system of receipt of notification of cessation of office by an auditor	<ul style="list-style-type: none"> Implementation of an online system of notification of cessation of office by an auditor Assessment of notifications where circumstances surrounding the notification are indicated 	<ul style="list-style-type: none"> Online system of notification of cessation of office by an auditor implemented Assessment of notifications where circumstances surrounding the notification were indicated undertaken as needed
Refer regulatory matters of concern to other regulatory agencies where appropriate and accept referrals from other agencies relating to matters under IAASA's regulatory remit.	Referrals made to other regulatory agencies and action taken on third party referrals.	<ul style="list-style-type: none"> One referral to ODCE and two referrals to PABs during the year Receipt of two notifications from the ODCE, which were processed as complaints by the PABs in accordance with their approved procedures
Liaise and develop cooperation agreements where possible with international counterparts	<ul style="list-style-type: none"> Continue engagement with the US PCAOB in respect of developing a Statement of Protocol Engage with Swiss FAOA and Canadian CPAB in respect of developing a Memorandum of Understanding ('MoU') 	<ul style="list-style-type: none"> Continued engagement with PCAOB throughout 2015. MoUs with FAOA and CPAB finalised in 2015.
Perform a review of the Section 23 (now 933) and 24 (now 934) processes	<ul style="list-style-type: none"> Revised Section 23 (now 933) regulations Revised Section 24 (now 934) regulations or proposals for legislative amendment required as part of the transposition of the revised 8th Directive 	<ul style="list-style-type: none"> Review of Section 933 and 934 Regulations deferred to ensure consistency of approach in relation to the investigation/enquiry processes to be undertaken by the Authority as part of the Audit Reform proposals

Activity	Planned output 2015	Actual Output & Commentary
Instigate Statutory Enquiries into significant matters where considered appropriate or in the public interest	<ul style="list-style-type: none"> RMS will prepare papers for consideration by the Board, where warranted arising from consideration of complaints received/supervisory reviews undertaken. 	<ul style="list-style-type: none"> Papers prepared as needed One preliminary and one full enquiry were commenced during 2015. Application for High Court approval of the findings of one full enquiry was ongoing at end-year
Strategic Goal III: To promote adherence to high professional standards by accountants, auditors and preparers of financial reports		
Promote best practice in the financial reporting of issuers through our examination and enforcement processes	<ul style="list-style-type: none"> a) Communicating developments of Irish interest from the Accounting Council of the FRC and ESMA to a domestic audience (principally through web releases); b) Responses to queries and enquiries from stakeholders; c) Preparation of web releases in relation to new accounting standards issued by the FRC with emphasis on the Irish specific aspects. Liaising with the PABs in order that these are promulgated to their members; and d) Promotion of high quality financial reporting to stakeholders through meetings and presentations 	<ul style="list-style-type: none"> Regular IAASA website updates relating to relevant ESMA, IASB and FRC activities were published Responses provided to 127 queries relating to IAASA's supervision of the profession
Promote best practice regulation in supervisory recommendations to the PABs and where good practices are identified promote their adoption by other PABs	<p>Supervisory review recommendations made and implemented by the relevant PAB/ issuer as applicable</p> <p>Follow-up at supervisory meetings to confirm implementation of recommendations</p>	<ul style="list-style-type: none"> Three supervisory reports (quality assurance of audit firms) issued during 2015. At year-end drafting of reports in respect of two further visits (licensing of auditors) was in progress Continued liaison with the relevant PABs regarding their compliance with previous recommendations, particularly through the 15 review meetings held in 2015

Activity	Planned output 2015	Actual Output & Commentary
Publicise the results of our enforcement and supervisory activities to the extent permitted by law	<p>Publications / potential publications to include:</p> <ul style="list-style-type: none"> a) 2014 Annual Report; b) Observations document; c) commentaries on findings of thematic reviews undertaken; d) commentaries on interactions with TD Issuers in accordance with SI 44 of 2015 e) document on key principles of quality assurance, following completion of the QA thematic review; and <p>web releases (principally AC of the FRC, EECS, EGAOB, EAIG, IFIAR etc)</p>	<ul style="list-style-type: none"> • 2014 Annual Report published • Thematic examination publication: Commentary on Directors' Significant Judgments and Auditors Risks of Material Misstatement (November 2015) covering 25 equity issuers • The results of a thematic examination of equity issuers' application of IFRS 10, IFRS 11 and IFRS 12 covering 5 equity issuers were included in IAASA's Observations document • Annual Observations document published • Articles written for professional press • Principal findings and recommendations on quality assurance documented in Chapter 3 of this Report.
Implement a learning and development strategy for employees	Further refine learning and development plan for 2015	<ul style="list-style-type: none"> • Plan refined and implemented with staff undertaking relevant training and development
Cooperate, as permitted by law, with other domestic authorities on matters within joint remit Continued cooperation with domestic authorities including the acceptance of referrals (Office of the Director of Corporate	Enforcement, Central Bank of Ireland, Companies Registration Office, Revenue)	<ul style="list-style-type: none"> • Continued liaison with domestic authorities during the year, including meetings with representatives of: • Central Bank; • Office of the Director of Corporate Enforcement; • Companies Registration Office; • Revenue Commissioners; • Quality & Qualifications Ireland; and • Director of Public Prosecutions

Activity	Planned output 2015	Actual Output & Commentary
Contribute to EU and international efforts aimed at supporting and enhancing audit quality	<p>a) Attendance at EGAOB, EAIG, FRC and IFIAR; and</p> <p>b) Contribute to the EAIG's responses to the International Auditing and Assurance Standards Board's ('IAASB') and International Ethics Standards Board for Accountants ('IESBA') invitations to comment on exposure drafts</p>	<ul style="list-style-type: none"> Attendance at meetings of the AAC, EGAOB (including audit reform transposition workshops), EAIG and IFIAR. Meetings with representatives of the FRC, Swiss Federal Audit Oversight Authority, Canadian Public Accountability Board and PCAOB to discuss matters of mutual interest.
Contribute at Accounting Council and Auditing & Assurance Council of the FRC	Attendance at AC and AAC FRC meetings in our Observer role and maintaining a watching brief over developments having an Irish impact and consequential interactions with ICAI and DJEI	<ul style="list-style-type: none"> Attended 3AAC meetings Attended 9 Accounting Council meetings
Encourage PAB initiatives to improve members' performance in areas where shortcomings are apparent and /or which involve engagement with consumers of accounting and auditing services	Note: Given limited resources, and the necessary prioritisation required, it had not been intended to apply resources to this activity during 2015	<ul style="list-style-type: none"> Due to limited resources and prioritisation of other work this activity was not progressed during 2015.
Fund research into areas of relevance (e.g. attributes of effective disciplinary systems, best practices in other countries)	Note: Given limited resources, and the necessary prioritisation required, it had not been intended to apply resources to this activity during 2015	<ul style="list-style-type: none"> An Audit Reform Working Group ('WG') was established to review the investigation functions to be conferred on IAASA under Audit Reform and the S934 investigation process. The WG completed its review during 2015.
Seek feedback from consumers of accounting and auditing services and from complainants about their perception of standards of accountant and auditor performance	Note: Given limited resources, and the necessary prioritisation required, it had not been intended to apply resources to this activity during 2015	<ul style="list-style-type: none"> Due to limited resources and prioritisation of other work this activity was not progressed during 2015.

Activity	Planned output 2015	Actual Output & Commentary
Strategic Goal IV: To provide specialist advice and support to the Minister and high quality information to our stakeholders on key auditing and accounting matters		
Advise the Minister on accounting, auditing and financial reporting policy on request and provide support to the Department on policy development arising from EU reforms and in key areas of relevance to IAASA's activities	a) Provide assistance to DJEI with respect to the transposition of the revised 8th Directive and related Regulation: <ul style="list-style-type: none"> - Attend the transposition workshops with DJEI if requested; - Attend EGAOB Subgroups on Audit Reform on 'Delegation of tasks'; - Engage with DJEI in respect of their public consultation; and - Participation in DJEI Audit Reform Stakeholder group; b) Continue to engage with DJEI on the introduction of annual fees for quality assurance of third country auditors and other legislation required in respect of third country auditors; and c) Provide other advice and assistance to the Minister as requested.	<ul style="list-style-type: none"> • Assistance and advice provided to DJEI with respect of all aspects of the transposition of the Audit Reform proposals as needed. In particular: • Transposition workshops attended as needed; • EGAOB subgroups attended as needed; • Provided advice to DJEI regarding the transposition of the audit reform legislation into national law in Ireland; • Engaged with the EU Commission regarding interpretation issues; and • Continued to engage with DJEI in relation to legislation required in respect of third country auditors. • Advice and assistance provided to the Minister as requested.
Consult with stakeholders where appropriate on major developments of relevance to IAASA's activities	a) Consult as appropriate on the Section 23 Regulations; b) Consult as appropriate on the Section 24 Regulations; and c) Consult as appropriate on Publication Policy vis-a-vis interactions with TD Issuers in accordance with SI 44 of 2015	<ul style="list-style-type: none"> • Deferred pending development of the revised proposals. • Deferred pending development of the revised proposals • Policy Paper on publication of financial reporting decisions was published in July 2015 following a consultation process
Develop policy proposals in a limited number of key areas and advocate for necessary legislative amendments on key issues	Provide comment to DJEI on the Authority's consideration of the transposition of Audit Reform	<ul style="list-style-type: none"> • Ongoing liaison with DJEI regarding Audit Reform proposals.

Activity	Planned output 2015	Actual Output & Commentary
Participate at CLRG in respect of company law reforms of relevance	Attend CLRG meetings and bring matters appropriate to IAASA to the attention of the Chief Executive	<ul style="list-style-type: none"> Attended three of three CLRG meetings.
Participate in working groups and respond to consultation papers in areas of relevance to IAASA's activities	It is not intended to apply resources to this activity during 2015.	<ul style="list-style-type: none"> Participation in the WG established to review the investigation functions to be conferred on IAASA under Audit Reform
Publish (electronically) an Annual Report and other documents which provide an overview of IAASA's activities (to the extent allowable by law) and contribute articles to professional publications on key issues	Publications / potential publications to include: <ul style="list-style-type: none"> a) 2014 Annual Report published; b) Observations document; c) commentaries on findings of thematic reviews undertaken; and d) web releases (principally AC FRC and EECS related) 	<ul style="list-style-type: none"> 2014 Annual Report published Annual Observations document published Thematic examination publication: Commentary on Directors' Significant Judgments and Auditors Risks of Material Misstatement (November 2015) covering 25 equity issuers Policy Paper on publication of financial reporting decisions published 11 financial reporting decisions published to IAASA's website in respect of 11 examinations where the decision was reached in 2015 Regular IAASA website updates relating to relevant ESMA, IASB and FRC activities were published "Profile of the Profession" published in May 2015
Respond to queries from users of financial reports, consumers of accounting and auditing services, members of the public and other interested parties	Responses provided to queries from users of financial reports, consumers of accounting and auditing services, members of the public and other interested parties	<ul style="list-style-type: none"> Responses provided to 127 queries relating to IAASA's supervision of the accountancy and auditing profession
Utilise the website as a key communication channel with users of financial reports and consumers of accounting and auditing services	Revamped website – updated on a periodic basis	<ul style="list-style-type: none"> Website updated as required

Activity	Planned output 2015	Actual Output & Commentary
Deliver information to our stakeholders through a range of communication tools including press releases, web-releases, e-zines, other periodic publications, presentations etc	<p>Note: Given limited resources, and the necessary prioritisation required, it had not been intended to apply significant resources to this activity during 2015.</p> <p>However, some work will continue to enhance IAASA's public profile and increase public awareness of same.</p>	<ul style="list-style-type: none"> Information provided to stakeholders through a range of communication tools.
Engage with interested parties about accounting, auditing and financial reporting matters of interest	<p>Note: Given limited resources, and the necessary prioritisation required, it had not been intended to apply significant resources to this activity during 2015</p>	<ul style="list-style-type: none"> Ongoing engagement with PABs, including supervisory visits and 15 review meetings.
Develop relevant and accessible publications for users of financial reports and consumers of accounting and auditing services	<p>Note: Given limited resources, and the necessary prioritisation required, it had not been intended to apply further resources to this activity during 2015 other than the publications outlined.</p>	<ul style="list-style-type: none"> Due to limited resources and prioritisation of other work this activity was not progressed during 2015.

APPENDIX 3

Commentary on certain aspects of the UK code and Irish annex

Provision(s) of the UK Code	Explanation
Executive directors' remuneration / Remuneration Committee / Performance related remuneration/ bonuses.	By virtue of being a matter for the Ministers for Jobs, Enterprise & Innovation and Public Expenditure & Reform respectively, executive directors' remuneration is outside the control of the Board. IAASA is not permitted to operate performance related remuneration schemes or award bonuses.
Non-executive director remuneration	The Minister for Public Expenditure & Reform sets the level of remuneration for non-executive directors.
Election / Appointment of Directors/ Board size & structure / Nomination Committee / Directors' skills and expertise / Board renewal	The Board size, structure and appointments process is prescribed under the Act and is therefore outside the control of the Board. Directors, with the exception of the Chief Executive and direct Ministerial appointees, are appointed by the Minister upon the nomination of statutorily prescribed nominating bodies. The appointment of the Chief Executive is made by the Board, subject to terms and conditions approved by the Minister with the consent of the Minister for Public Expenditure & Reform.
Directors' terms of office / re-election	The Minister decides the terms of office of the non-executive Directors. The term is set out in the Act to be not less than three or more than five years. Pursuant to the Act, there is no restriction on reappointment.
Appointment of a Deputy Chairperson and / or Senior Independent Director	To date, IAASA has determined that it is not appropriate to appoint a Senior Independent Director or a Deputy Chairperson. The matter is reconsidered by the Board periodically.
Chairperson / Board interaction with shareholders	As a company limited by guarantee, IAASA does not have shareholders.
Appointment and reappointment of the statutory auditor	The Act provides that IAASA's auditor shall be the C&AG. Accordingly, this is a matter that is outside the Board's control.
Non-executive directors meeting in absence of Chairperson to appraise Chairperson's performance	As a regulatory agency established by statute, in circumstances where the appointment of the Chairperson is at the sole discretion of the Minister, an appraisal of the Chairperson's performance would not be appropriate.
Evaluation of Board members' performance/Objective and scope of same	Subject to the availability of resources, the Board performs periodic internal and external assessments of the performance of the Board as a collective body. During 2014, the Board underwent a corporate governance review by IAASA's internal auditors which was commissioned by the Board. However, as a regulatory agency established by statute, it is not appropriate to publicise how such an evaluation has been conducted.

Provision(s) of the UK Code	Explanation
Board members' training and development needs	Periodic and ongoing training for directors occurs as part of the director's induction and on an annual basis at the Board's strategic planning and training day. It has not been considered necessary to date for the chairperson to meet with each director to assess, review and agree their individual training and development needs.
Executive director & non-executive directorships of FTSE 100 Company	The Chief Executive is the sole executive director on the Board and has no FTSE 100 directorships.
Evaluation of Boards of FTSE 350 Companies	IAASA is not a FTSE 350 company.
Generation/preservation of value	IAASA does not trade for the acquisition of gain.
Audit committee and recommendation of the external auditor/Non-audit services	The C&AG is, in accordance with the Act, IAASA's statutory auditor. The C&AG does not provide non-audit services to IAASA.
Disclosure of proxies/AGM Notices	Owing to the confidentiality provisions of section 940 of the Act, IAASA is prohibited from disclosing information relating to proxies. As IAASA is a statutory company limited by guarantee not having a share capital, and relies upon an external third party to provide an audit opinion, IAASA provides notices of its AGM within the statutory parameters.
Annual Risk Assessment	IAASA conducts a robust assessment of the principal risks facing the company on an annual basis, but it is not a company trading for profit. As a statutory regulator, IAASA does not consider it appropriate to describe those risks and explain how they are being managed or mitigated, nor does IAASA deem it relevant that an explanation be provided in the Annual Report how the prospects of the company have been assessed.

APPENDIX 4

Issuers examined by the financial reporting supervision unit during 2015

Issuer	Report type	Examination type	Reporting date
Equity issuers examined in 2015			
Aer Lingus Group plc	Annual	Unlimited	31-Dec-14
Aryzta AG	Annual	Focused	31-Jul-14
Bank of Ireland	Annual	Focused	31-Dec-14
C&C Group plc	Annual	Unlimited	28-Feb-15
CRH plc	Annual	Focused	31-Dec-14
Dragon Oil plc	Annual	Focused	31-Dec-14
Glanbia plc	Annual	Unlimited	03-Jan-15
Grafton Group plc	Annual	Focused	31-Dec-14
Green REIT plc	Half-yearly	Unlimited	31-Dec-14
Greencore Group plc	Annual	Follow-up	26-Sep-14
Greencore Group plc	Annual	Focused	26-Sep-14
IFG Group plc	Annual	Focused	31-Dec-14
Irish Residential Properties REIT plc	Annual	Unlimited	31-Dec-14
Kerry Group plc	Annual	Follow-up	31-Dec-14
Kerry Group plc	Annual	Focused	31-Dec-14
Kingspan Group plc	Annual	Follow-up	31-Dec-14
Kingspan Group plc	Annual	Focused	31-Dec-14
Mainstay Medical International plc	Annual	Unlimited	31-Dec-14
Paddy Power plc	Annual	Focused	31-Dec-14
Smurfit Kappa Group plc	Half-yearly	Unlimited	30-Jun-15
UDG Healthcare plc	Annual	Focused	30-Sep-14
Closed-ended Fund issuers examined in 2015			
Aberdeen Private Equity Fund of Funds (2007) plc	Half-yearly	Unlimited	30-Jun-15
Census Investments 26 plc	Annual	Follow-up	31-Jul-14
Crown Co-Investment Opportunities plc	Annual	Unlimited	31-Dec-14
Crown Europe Middle Market II plc	Half-yearly	Unlimited	30-Jun-14
Crown Global Secondaries II plc	Annual	Unlimited	31-Dec-14
Crown Global Secondaries III plc	Annual	Unlimited	31-Dec-14
Global Fixed Income Realisation Ltd	Annual	Unlimited	31-Dec-14

Issuer	Report type	Examination type	Reporting date
Debt issuers examined in 2015			
Allied Irish Banks plc	Annual	Focused	31-Dec-13
Allied Irish Banks plc	Annual	Focused	31-Dec-14
Lusitano Mortgages No. 1 plc	Annual	Unlimited	31-Dec-14
Lusitano Mortgages No. 2 plc	Annual	Unlimited	31-Dec-14
UT2 Funding plc	Half-yearly	Follow-up	28-Feb-15

Notes:

- a) The follow-up examinations of three issuers undertaken during 2015 resulted in a decision undertake focused examinations of those issuers' financial reports. Focused examinations are different in nature to follow-up examinations and are classified as a separate examination. For that reason an issuer may appear more than once in the list of examinations for the same financial statements.
- b) The examinations performed by IAASA during 2015 (as above) does not include a further three examinations commenced in 2015 and on-going as at 31 December 2015.
- c) The issuers selected for thematic examinations are listed in the publication, if any, resulting from the thematic examination and are not, therefore, listed in the above Table.

APPENDIX 5

Tables of decisions presented by IAASA during 2015 to the EECS

IAASA decisions to EECS database of financial reporting decisions	
Financial reporting pronouncement	Financial reporting matters considered
IAS 36	Disclosures and analysis by individual cash generating unit in accordance with the requirements of IAS 36.134(d), (d)(ii) and (d)(iii)
IAS 1, IAS 12	Disclosure of changes in the assumptions that significantly impact the measurement and (de)/recognition of deferred tax assets
IAS 1	Classification of guarantee and warranty provisions as between current and non-current liabilities; it is not concerned with the measurement of those warranty provisions
IAS 19	Disaggregation of disclosure of the significant actuarial assumptions separately for each of the issuer's major defined benefit pension schemes
IAS 1, IAS 12	Accounting for uncertain tax positions
IFRS 13	Identification of the significant unobservable inputs and the disclosure of the information required by IFRS 13.93(d) and IFRS 13.93(h)(i) in respect of residential property portfolios
IAS 21	Exchange rate used by the issuer to consolidate the results, assets and liabilities of its operations in a foreign country under IAS and the associated disclosures in the issuer's half-yearly financial statements
IFRS 3, IFRS 13	Recognition, separate from goodwill, of the identifiable intangible assets acquired through a business combination (IFRS 3.10 refers)
IFRS 8	Identification of the chief operating decision maker, the information reviewed by the chief operating decision maker and the IFRS 8 disclosures provided in the financial statements
IFRS 7	Absence of disclosure of certain liquidity risk information from the financial report
IAS 12	Disclosures provided in respect of the write-back of corporate tax overprovisions recognised in earlier years and reversed in the current year.
IAS 1, IAS 34	Disclosures where the issuer restated the comparative amounts in the half-yearly Statement of Cash Flows without providing the disclosures required by IAS 34.5(d), IAS 34.16A and IAS 1.41 where amounts have been restated
IAS 36	Disclosure of the sensitivity of the recoverable amount of cash generating units with significant amounts of goodwill and intangible assets to further impairment where there is no headroom (excess of recoverable amount over carrying value).
IAS 36	Determination of the discount rate applied in respect of determining the recoverable amount of cash generating units and related disclosures.
IFRS 13	Provision of additional fair value disclosures consistent with IFRS 13.97 for each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which the fair value is disclosed in the notes
IFRS 3, IAS 8	Extent of guidance in IFRS 3 Business Combinations for group reorganisations/reconstructions and the interaction with IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> and its hierarchy for guidance

IAASA emerging issues presented to EECS plenary meetings for discussion	
Financial reporting pronouncement	Financial reporting matters considered
IFRS 8	Identification of the chief operating decision maker, the information reviewed by the chief operating decision maker and the IFRS 8 disclosures provided in the financial statements
IAS 12	Recognition and measurement of deferred tax assets by a financial institution
IFRS 3, IAS 8	Extent of guidance in IFRS 3 <i>Business Combinations</i> for group reorganisations/reconstructions and the interaction with IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> and its hierarchy for guidance
IFRS 7, IAS 1	Disclosure of the fair value gains and losses on financial assets and financial liabilities as a net “nil” amount in the Statement of Comprehensive Income and omission of related disclosures from the notes



GLOSSARY

AAC	Audit and Assurance Council of the FRC
ACCA	Association of Chartered Certified Accountants
Accounting Council	Accounting Council of the FRC
Act, the	Companies Act 2014
AIA	Association of International Accountants
APM(s) indicator(s)	Alternative performance measure(s) (also known as key performance
Authority, the	Irish Auditing and Accounting Supervisory Authority
C&AG	Comptroller and Auditor General
Central Bank	Central Bank of Ireland
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance & Accountancy
CLRG	Company Law Review Group
CRO	Companies Registration Office
Department	The Department of Jobs, Enterprise and Innovation
DPER	Department of Public Expenditure & Reform
EAIG	European Audit Inspection Group
EC	European Commission
EEA	European Economic Area
EECS	European Enforcers' Co-ordination Sessions
EGAOB	European Group of Auditors' Oversight Bodies
ESMA	European Securities and Markets Authority
EU	European Union
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
FRS 8	<i>FRS 8 Related Party Disclosures</i>
FRS 25	<i>FRS 8 Financial Instruments: Presentation</i>
FRS 29	<i>FRS 29 Financial Instruments: Disclosure</i>
GAAP	Generally Accepted Accounting Principles
IAA	Individually Authorised Auditor
IAASA	Irish Auditing and Accounting Supervisory Authority
IAASA website	www.iaasa.ie
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard(s)
IAS 1	<i>IAS 1 Presentation of Financial Statements</i>
IAS 7	<i>IAS 7 Statement of Cash Flows</i>

IAS 12	IAS 12 <i>Income Taxes</i>
IAS 19	IAS 19 <i>Employee Benefits</i>
IAS 24	IAS 24 <i>Related Party Disclosures</i>
IAS 32	IAS 32 <i>Financial Instruments – Presentation</i>
IAS 34	IAS 34 <i>Interim Financial Reporting</i>
IAS 36	IAS 36 <i>Impairment of Assets</i>
IAS 37	IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>
IASB	International Accounting Standards Board
IBEC	Irish Business and Employers' Confederation
ICAEW	Institute of Chartered Accountants in England & Wales
ICAI	Institute of Chartered Accountants in Ireland
ICAS	Institute of Chartered Accountants of Scotland
ICPAI	Institute of Certified Public Accountants in Ireland
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
IFRS 3	IFRS 3 <i>Business Combinations</i>
IFRS 7	IFRS 7 <i>Financial Instruments: Disclosure</i>
IFRS 8	IFRS 8 <i>Operating Segments</i>
IFRS 8	IFRS 8 <i>Operating Segments</i>
IFRS 9	IFRS 9 <i>Financial Instruments</i>
IFRS-IC	IFRS <i>Interpretations Committee</i>
IFSC	International Financial Services Centre
IIPA	Institute of Incorporated Public Accountants
Irish Annex	Irish Corporate Governance Annex as promulgated by the Irish Stock Exchange
Irish Code	Code of Practice for the Governance of State Bodies
ISAs	International Standards on Auditing
ISE	Irish Stock Exchange
Issuer	An entity coming within IAASA's remit under the Transparency Regulations
KMP	Key Management Personnel
Minister, the	Minister for Jobs, Enterprise & Innovation
MoU	Memorandum of Understanding
ODCE	Office of the Director of Corporate Enforcement
PAB	Prescribed Accountancy Body
PCAOB	Public Company Accounting Oversight Board (US)

PECs	Preliminary Enquiry Committees (Section 933)
Periodic Financial Reports	Refers collectively to annual and half-yearly financial reports published pursuant to the Transparency Regulations
PIEs	Public Interest Entities
QQI	Quality and Qualifications Ireland
RAB	Recognised Accountancy Body
Relevant reporting framework	The body of financial reporting standards, legislation, codes and rules with which issuers are required to comply in preparing the annual and half-yearly financial reports
SI	Statutory Instrument
Statutory Audit Directive	Directive 2006/43/EC
Statutory Audit Directive Regulations	European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (SI No. 220 of 2010)
Third country	Non-EU
Transitional Regulations	European Communities (Transitional Period Measures in Respect of Third Country Auditors) Regulations 2009 (SI No. 229 of 2009)
Transparency Regulations/ TD Regs	Transparency (Directive 2004/109/EC) Regulations, 2007
Transparency Directive	Directive 2004/109/EC
Transparency Rules	Transparency Rules issued by the Central Bank of Ireland (November 2012)
UK Code	UK Code on Corporate Governance
UTP	Uncertain Tax Position
2003 Act, the	Companies (Auditing and Accounting) Act, 2003 (repealed)



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