

## Opening Statement

My name is Brendan Murtagh, I am representing ACCA at this hearing. ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. ACCA supports 219,000 members and 527,000 students in 179 countries. Our local office in Ireland supports the 12,000 ACCA members and 8,000 ACCA students living in Ireland.

I am an ACCA member working in public practice. I have previously served as the International President of ACCA and represented ACCA on a number of international bodies including the International Audit and Assurance Standards Board (IAASB).

ACCA was invited to make a submission to this committee on the Industrial and Provident Societies (Amendment) Bill 2018. In that submission we identified that the Bill was a very limited scope amendment to very old legislation and our comments were limited to the matters being amended rather than to the rest of the legislation.

We identify two substantive issues which we believe that the Committee should consider and some minor technical amendments. Overall we welcome the Bill as it serves to reduce the administrative burden for Industrial and Provident Societies. However, the two substantive issues are as follows:

1. We believe that Industrial and Provident Societies should be required to prepare financial statements in accordance with GAAP similar to the requirements in company legislation. The requirement for an annual return is substantially undermined if the financial statements attaching to that annual return are non-standard. We believe that the Minister should be given the power to prescribe the form and content of financial statement for Industrial and Provident Societies by way of Regulation. We have no evidence of abuse in this area, but we have anecdotal evidence from our membership of different approaches being adopted for disclosure by different Industrial and Provident Societies. This leads to a lack of comparability and potentially obfuscation of details that might be important to the shareholders. Prescribing a set of rules to follow, as is done in company legislation, will ensure that abuse cannot happen.
2. We also believe that audit exemption be available for Industrial and Provident Societies on a similar basis to how audit exemption is currently available to Companies Limited by Guarantee. This will serve to reduce the administrative burden for the smallest Industrial and Provident Societies while also allowing any single shareholder demand an audit should they so require.

On more technical points, we have a concern that Section 14A(2) does not appear to be linked to 14A(1). These sections allow the Minister grant exemption from public filing of annual returns and financial statements for certain classes of Industrial and Provident Societies. In our opinion the exemption under 14A(1) should only be

available where the generality of 14A(2) is also met. We think these two sections need to be linked. We also believe that the Committee should consider changing “may” to “will”; requiring the Minister to provide an alternative when they provide an exemption rather than making that optional.

I am happy to take any questions that the Committee may have.