September Issue 2020

Accountancy Plus

The Official Journal of CPA Ireland

Facing the Future of Accounting

CPA IRELAND

BARDEN

Glass ceilings

Are there to be broken.

Editorial

Accountancy Plus
September 2020

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President's Message

Welcome to the September 2020 edition of Accountancy Plus.

It is a great honour to be writing my first president's message for Accountancy Plus and I look forward to meeting (virtually!) and working with many members over the coming months.

There are a number of core issues that I would like to highlight during my term of office as President of CPA Ireland, whilst also building on the excellent work that Gearóid O'Driscoll and the many Presidents before him have done.

When speaking at the AGM on 26th June, I highlighted the impact that this global pandemic has had and how it has dramatically changed so many things which we previously took for granted, such as the freedom to travel, to associate and to communicate face to face. I myself had booked my flights from the UK to attend the AGM, and yet, I ended up attending the AGM whilst sitting in my home in Milton Keynes. The pandemic has thrown up many obstacles and so much has changed for how businesses now operate, including CPA Ireland. CPA Ireland has responded with speed, adapted, innovated and faced these challenges head on.

During my term as President, I will continue to work to support entrepreneurs and SMEs, who are so important in creating wealth and employment in Ireland. The indigenous industry in every economy is now more important than ever and I believe that we can all take inspiration from the adaptability and the innovation shown by those small business owners who have, almost overnight, changed aspects of their business model to continue to trade.

Their "can do" attitude is commendable and is supported in equal measure by a community of CPAs that possess the "whole of business" acumen to advise on all aspects of the business and not just on the financials.

It is important to remember that the global pandemic is not the only challenge we face. As an Irish qualified accountant based in the UK and as a director of a company with business in both regions, Brexit is ever present. The adaptability and "can do" attitude are essential to our ability to navigate these challenges.

Over the past number of years, CPA Ireland has adopted a strategy that is agile, high level, and principled, offering the tactical agility to adapt to changes in the external environment and this approach has served us extremely well through this pandemic.

The staff at CPA Ireland have adapted smoothly to virtual operations, with all of the challenges of balancing life and work and have continued to deliver real and impressive change.

As I step into the office of President and look to the future there is one initiative that I wish to single out, and that is the launch of our new syllabus: "Ready to Face the Future of Accounting".

Through this new syllabus, we will be preparing the next generation of CPAs who will be:

- Ethical and trusted professionals;
- Highly educated and trained;
- Digital natives, comfortable with data and technology;
- Lifelong learners;
- Creative problem solvers with that whole of business acumen capable of leading and thinking strategically;
- Focused on sustainability and reporting on more than just numbers;
- Communicating decision driving insights; and;
- Adding value in an environment characterised by ambiguity and uncertainty.

We are creating the platform for CPAs of the future to literally "go anywhere with CPA" and take themselves to the forefront of advising and leading businesses throughout the 21st century.

I am looking forward to my term of office and to being a digital President of a community of CPAs who can add value in a digital world. My first mentor in the profession, Tom O'Gorman, Past President of CPA Ireland, inspired me to see accountancy differently, to see the benefits that CPAs could bring as advisers, and to see the constant requirement for us as professionals to learn, un-learn and re-learn.

Since the AGM on 26th June, I have received numerous messages of congratulations from members of CPA, Institutes from around the world and from colleagues and friends. I would like to extend my thanks for all these messages of goodwill that I have received.

I look forward to representing CPA Ireland and to working with the team in CPA Ireland, Council and Members over the coming months.

John Devaney
President CPA Ireland

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Cover Image: New CPA Ireland Syllabus – Ready to Face the Future of Accounting

The Exponential Future of Accounting

by Matthew Griffin

The future is fluid, and the fact that the rate of change is accelerating today is lost on very few people. In fact, when you consider the amount of progress that humanity has made, technologically speaking at least, just within the last five decades, let alone in just the past decade, it's easy to see that today we are entering a new era unlike anything that any of us have ever seen before.

An era where an individual can publish an idea, or an entrepreneur can create a product, and either can change the world at a speed that even our parents would have thought unimaginable, and that's just one of the implications of us all being just a single button press from over 3.5 billion other connected people.

Fast forward another ten years and the rate of change will be even faster. But as the world speeds up and accelerates around us, as humans our ability to envision and predict these changes becomes more difficult, and more importantly the time we have to react to them and get our heads around their implications shortens.

As I travel the world, increasingly these facts are why more of the people I meet feel the future is something that is being done to them, not something that's under their control, and that sometimes makes people feel uncomfortable. However, even though the future is now faster paced than it was that doesn't mean we can't still see it coming or get a point of view on it, and with the right data points and insights you can re-gain some clarity and re-gain that control.

As with any new technological shift there are both threats and opportunities for incumbents and start-ups alike, and so it is with the accountancy profession.

At a macro level the world is, arguably, a much more politically volatile place than it was just a few years ago. Not only do governments today have to figure out how to contend with increasingly sophisticated state sponsored disinformation campaigns that leverage technologies such as bots, DeepFakes, and Digital Humans, but they also have to try to find new ways to regulate and limit the power of so called Virtual Nations. These are powerful autonomous online communities of hundreds of millions, or even billions of people, on platforms such as Facebook whose unelected leaders now in many ways have as much power as the governments who are trying to control them.

A prime example is with Libra, Facebook's cryptocurrency. A It sent central banks and governments around the world, from China to the USA, into a panic when they realised it could be a material threat not only to the global financial system but also their own fiat currencies and central banks. And this is just one glimpse of the world we live in today ...

At a more micro level many of the same trends and technologies that are helping shake up the world at large are also impacting industries and companies, albeit in slightly different ways.

- Bots being run by quants cause dramatic swings in the stock markets as they analyse then react to dubious bot generated social network sentiments,
- Events on the news wires in real time,
- Industry disruption that's prompting portfolio managers to dump one portfolio for another, for example as the result of the world's move away from fossil fuels to greener, more sustainable solutions,
- From agrochemical businesses to newer companies that can, literally, feed the entire planet using just one single feather from a single chicken. And that company, in case you were wondering whether this Futurist is smoking something, is called Just.

So, as you can, see when it comes to technology's disruptive power nothing is immune.

No matter where you look change is there

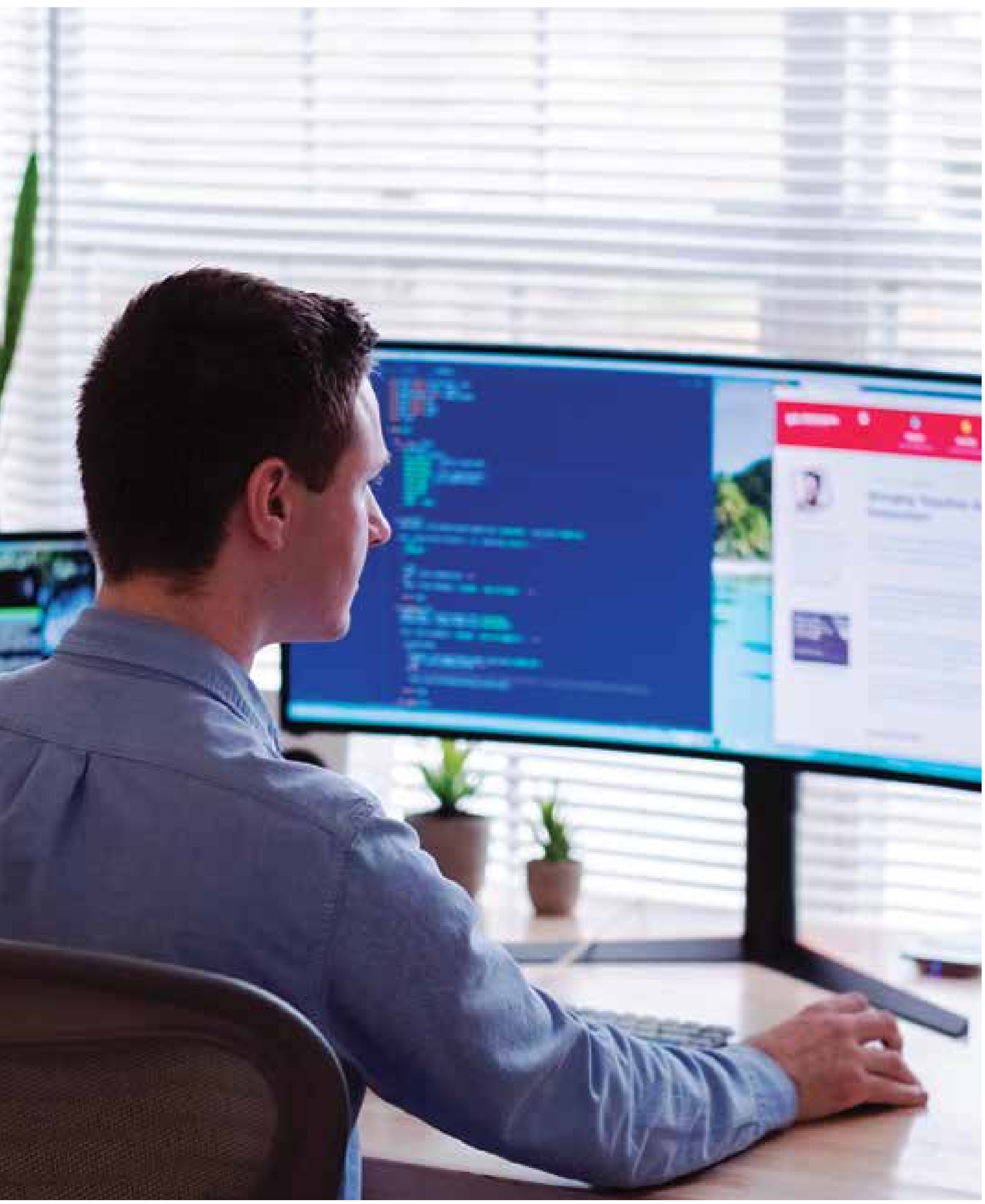
- automation and bots in the workplace now commonly come up in conversations about the future, along with conversations around the pros and perils of Robo-advisors.
- Science fiction like advances in the healthcare sector are making it increasingly likely that in the next decade we'll be pushing average life expectancies closer to 100 years.
- Disruption, in one form or another, is changing the dynamic of every industry and impacting every corner of society.

The culmination of all these changes, and others like them, of course, means that the accountancy profession is now faced with an increasing tsunami of change, which impacts everything from our working practises and how we operate our businesses, to how we view and embrace new opportunities, right through to the data sources we use and the advice we give and how we give it.

After all, increasingly complex markets aside, when you can 3D print human organs on demand, create designer children who are immune to disease, cure cancer with a genetically engineered "vaccine," and use in vivo gene editing to eliminate inherited genetic diseases, all of which we've successfully done in the last couple of years, and as we really start to push the limits of human life extension, what happens to estate planning when their children and great grandchildren no longer have life expectancies of 84 but of 154, or above? Let alone the impact on society itself and the impact it will have on social care, people's savings habits, and pension plans.

Then, flipping to the other side of the coin, what happens to wealth management advice and planning when entire industries along with their previously unassailable incumbents are disrupted and torn down by new business models and new market entrants in the space of years not decades as was the norm previously?

It's no coincidence that since the year 2000 over 52 percent of companies in the Fortune 500 have either gone bankrupt, been acquired or ceased to exist, and while you might be able to blame some of this on failures at the top almost all of these companies have been replaced by newer future fit upstarts and disruptors.



With disruption happening at all levels of the market there are opportunities for all. At the lower ends of the market, the high-volume low profit segments, there's the opportunity today to use a mix of automation and RPA technologies to create either semi-autonomous or even fully autonomous companies, as we've already seen emerge in Hong Kong and New York. Then, at the top of the market all this change, and all of this volatility, means that now more than ever clients need people they can trust to help them understand and navigate the impact of these changes on their companies, their assets, and their portfolios.

Try to automate these kinds of services as they might, it's still an uphill struggle to replace the familiarity of a real face, and try as companies might, there are still no machines in existence today that can get their silicon circuits around all of this complexity – although companies, from quants and VC's through to governments, are trying.

The accountancy world also has another rather unexpected but nevertheless incredibly crucial role of actually helping to shape the future. After all, money talks, and this is something that even though we remember we sometimes forget.

Take, for example, the company who wants to develop hunter killer robots, and yes unfortunately that is a thing today thanks to the combination of AI, machine vision, and robotics. On the one hand you have "the machines against man," but on the other as accountants, armed with our own machines calculators - there are multiple ways to convince companies to make different investment choices – machines against man versus man, and woman, against machines. It's quite ironic, but it's also an irony that shouldn't be lost on us. It also shows us the power that the profession has to help steer companies along the right tracks, whether it's diversity and inclusion, environment, sustainability, and governance (ESG), or many other tracks, many of which are even more profitable and prosperous than the traditional alternatives.

So, as we start to close out, where does this leave companies? What are the next steps you can, dare we say, should, take?

Well, it's no secret that many smaller companies, to one degree or another, are fearful about the future. This could be because there are multiple unknowns or because the word automation is mentioned in almost every breath nowadays. Solving the former problem means getting a point of view on it, quantifying that view, and developing a future fit vision or strategy.

Solving the latter is a training and recruitment issue. In the cases where the automation of jobs and employee mobility does become an issue, especially from an employee's perspective as they try to move between different career paths, the more clarity you have about the future the better able you are to help your staff navigate it and mitigate its effects on your workforce.

And then, finally, from a client's perspective the services you build and develop, and the type of customer experience you provide, whether it's fully or semi-automated, or human and intensely personal, as always depends on your clients and the customer segments you're trying to serve.

Navigating the future isn't rocket science, it's research, and embracing opportunities isn't a dark art, it's vision and execution, and you do all of those day in day out. Or at least I hope you do. The power, as they say, is in your hands whether you know it or not, and as I mentioned at the very beginning when the sun rises tomorrow the future can be something that is done to you, or it is something you can envision, create, and control – the choice is yours but either way it's important you make that choice and make it now.

Matthew Griffin,

Matthew Griffin, described as "The Adviser behind the Advisers" and a "Young Kurzweil," is the founder and CEO of the World Futures Forum and the 311 Institute, a global Futures and Deep Futures consultancy working between the dates of 2020 to 2070, and is an award winning futurist, and author of "Codex of the Future" series.

CPA Profile
Mary Considine

Title: CEO

Company: Shannon Group

What made you decide to start out on a career in accountancy?

I was always interested in a career in business. I enjoyed accountancy and maths in school and wanted to work in a profession where I could use my problem-solving skills and help businesses to achieve their goals. I was also interested in the opportunity to develop many skills including leadership, team building and communications skills, all of which are solid skills that you need in a business career.

Why did you choose CPA Ireland as your qualification route?

I wanted a qualification that I could be proud of and that was industry recognised. I researched and was pleased to learn that several well-established practices in the region were affiliated with CPA Ireland. I found it very beneficial in providing me with the building blocks to progress my career.

Please provide a brief history of your career.

I have gained incredible experience throughout my career working with amazing people. I started my career in a local accountancy practice, J.W. Williams & Co. and from there I went to work in Aer Rianta based in Shannon. There my career path gave me great experience in a broad range of areas within the company from finance to aviation route development and marketing, commercial and corporate affairs.

I was appointed Managing Director of Shannon Airport in 2010, and in 2012 lead the separation of Shannon Airport from the daa taking the first step in setting up a new commercial semi state body, Shannon Group. Shannon Group was established to manage not only the airport but also the significant property portfolio of Shannon Commercial Properties, the portfolio of Heritage attractions managed by Shannon Heritage and established the international aviation services centre, a cluster of now more than 80 aviation companies based at Shannon. I served in the role of Company Secretary and then CFO/ Deputy CEO before taking on the role of acting CEO in June 2019 and was appointed CEO of the Group in October 2019.

How have you got to where you are now and how has your CPA qualification contributed to such a fascinating career?

The qualification is a really important first step, and after that it is hard work and determination that gets you further along your career path. Studying for my CPA qualification taught me the importance of focus, hard work and discipline in achieving goals.

I have carried these with me throughout my career and hopefully have instilled them in other people I have met along the way.

What has been your biggest career achievement?

Seeing Shannon Group have a real impact on the lives of the people in our region. Since our establishment in 2014, the Group has played a vital role in promoting the economic wellbeing of our region and our activities across the Group support a significant number of jobs. At Shannon Airport we have grown passenger numbers by 23%.

I am proud of what Shannon Group has achieved. We have demonstrated our commitment to our region and balanced regional development by investing €115 million across the Group. We have upgraded our core airport infrastructure and built world-class property solutions that have attracted FDI and indigenous companies to locate here and create jobs. Occupancy rates at the Shannon Free Zone have grown from 40% to over 90%, while visitor numbers to our Shannon Heritage sites have almost doubled, growing from over 520,000 in 2014 to almost one million in 2019.

Who has inspired you most in your career?

I don't think I could name one person as I have been inspired by a range of people throughout my life. People I have met in a work capacity and people I've met in my own community. What I've learnt is that inspirational people come from all walks of life. For me it's their energy, drive to succeed and positive attitude that sets them apart.

In a business environment it is leaders who look to inspire others and mentor them in their career path. It is those leaders who look at the impact they can have not only on their own careers, but on leading others and providing opportunities and creating employment.

If you were advising someone just starting out with their CPA qualification, what tip would you give them that would make their journey smoother?

My advice would be to keep your eyes on the stars but your feet firmly on the ground. Have a clear vision for where you want to go and what you want to achieve in both your professional and personal life, work life balance is key to success.

Set goals and remember that your professional skills are important, but it is equally important to develop social skills to be an effective communicator. A rounded development is key.

Take every opportunity life presents and be willing to learn from others. Don't be afraid to look for a mentor, someone you admire to help you along your path.

Since the onset of the Covid-19 pandemic, airports have seen a huge drop in passenger numbers. How is Shannon airport addressing the impact this pandemic is having on the aviation and tourism sector?

The impact of the Covid-19 pandemic has been catastrophic. It has sent shock waves through the aviation and tourism sectors which will be felt for many years to come. Two of the three businesses we own and operate, Shannon Airport and Shannon Heritage, have been devastated by this pandemic.

When the shutdown happened in March, literally overnight, our entire visitor attraction business closed in line with public health measures. The business suffered a total collapse in visitors and revenue. Our Heritage business is heavily dependent on international tourists, which at sites like Bunratty Castle & Folk Park and King John's Castle account for over 70% of its visitor numbers.

Like airports globally, Shannon has witnessed an almost total collapse of airport traffic, connectivity and revenues. The imposition of the travel restrictions in March particularly in the US, a key market, wiped out business from there, then very quickly all of Europe started to shut down. Airport passenger numbers at Shannon reduced to a trickle.

Throughout this crisis we have endeavoured to maintain a level of service at our airport to allow repatriation flights, essential cargo movements, provide emergency cover and facilitate hangar operations, and I am proud of the role our employees played throughout in ensuring these services were available. In June, we welcomed the Antonov-225, the world's largest aircraft as it carried the single largest consignment of Personal Protective Equipment (PPE), bringing almost one million surgical gowns for Irish hospitals.

We took decisive action to preserve our businesses and protect jobs in the long-term. This required us taking difficult but necessary short-term measures to preserve the business for the future and allow us to recover and rebuild from this crisis.

We implemented temporary layoffs and reduced working hours across the Group and will continue to do so in line with business activity. We availed of the wage subsidy scheme to support our employees at our sites and across the Group. We also targeted all discretionary spending across the Group reducing our operating costs as much as possible.

Like other airports, we have engaged with our employees on a number of measures to reduce payroll costs while we recover from this crisis; temporary and permanent reduction in working hours; career breaks; temporary layoffs; temporary reduction in pay and a voluntary severance scheme.

On 1st July the airport reopened to scheduled passenger traffic with the recommencement of 16 routes with Ryanair. Given the Government advice for essential travel only, passenger numbers have been extremely low.

To coincide with the restoration of scheduled services, we launched a Covid Customer Safety Charter and introduced rigorous new public health measures to protect the health and safety of staff and passengers, and to instill confidence in everyone coming to our airport.

The Covid-19 pandemic has caused massive disruption. It has changed how we live and work. Until there's a vaccine – there will be many issues which have to be managed.

We have taken many short-term difficult decisions in Shannon Group to deal with Covid-19 in order to preserve our businesses for the future, but we are resilient. Recovery will be slow, but we will prevail.

Have you managed to take time away from work to unwind?

I enjoy nothing more than spending time with my family, my husband Éibhear and my children Aron, Áine and Colin. I love going out for long walks and I am very fortunate to live in a very beautiful part of County Clare. If I feel like venturing further afield, the Wild Atlantic Way is on my doorstep which is wonderful.

I believe that it is important to give back to your community and I have been involved with many local community initiatives over the years. I am a past President of the Shannon Chamber of Commerce, and current Director of Mary Immaculate College and LIT in Limerick and serve on the VHI Members Advisory Council.

CPA Profile
Henry Duggan

Title: Dr Henry Duggan

Company:
Managing Director at FTI Consulting

Qualifications:
PhD, Certified Public Accountant, Chartered Accountant

What made you decide to start out on a career in accountancy?

When I was in secondary school, I always had a deep interest in law, mathematics, economics and business. A career in accountancy therefore seemed to be the natural career route for me. I was specifically interested in a career in investigations, therefore accountancy seemed to be the right option.

Why did you choose CPA Ireland as your qualification route?

I initially qualified as a Chartered Accountant with Chartered Accountants Ireland. Following my qualification as an ACA, I embarked on doctoral studies at Dublin City University ("DCU"). During the course of my work at DCU, I became a member of the ICPAI Financial Reporting Sub-Committee and subsequently decided to become a CPA. The CPA brand is recognised across the world as a premier accounting qualification and this is what attracted me to become a CPA.

Your career to date has taken you from working on specialist assignments with law enforcement agencies to now working as a Managing Director at FTI Consulting. How have you got to where you are now and how has your CPA qualification contributed to such a fascinating career?

My strong interest in forensic accounting and investigations led to my PhD studies at Dublin City University (focusing on money laundering and terrorist financing). My research combined quantitative and qualitative research methodologies. As such I had the opportunity to interview many parties involved in such activities, ranging from law enforcement agents to actual money launderers. Following the completion of my studies, I had the privilege of working as a financial investigator/senior officer with the UK National Crime Squad ("NCS"), Serious Organised Crime Agency ("SOCA") and then as a Special Officer with the National Crime Agency ("NCA"). After I left law enforcement, I worked in the private sector for a number of organisations conducting financial crime investigations across the globe.

I spent many years working across Central and Eastern Europe, South America, Mexico and the Middle East on many interesting investigations. I have recently relocated back to the UK from the Middle East where I led FTI Consulting's Financial Crime Investigations team across the region. In my experience, a professional accountancy qualification is invaluable in an investigative career and I would encourage any aspiring investigators to gain the CPA qualification as a solid base for such a career.

What has been the one assignment/investigation you have worked on that you found most interesting/learned the most from?

The nature of my work is extremely sensitive and as such I'm afraid I cannot refer to any one specific assignment. I can say, however, that the time I spent in law enforcement was invaluable in developing my career. I had the privilege of being trained by many very experienced detectives and law enforcement agents in the early part of my career. This, in addition to being involved in many high-profile money laundering investigations, has helped me to develop deep subject matter expertise, which I have used to assist clients in very sensitive engagements.

Who has inspired you most in your career?

I was extremely fortunate to have been trained by a number of very experienced detectives and law enforcement agents at the early stages of my career. I was also privileged to have trained with the US Department of Homeland Security Federal Law Enforcement Training Centre and many other government agencies. There are many individuals who have not only inspired me, but actively helped me to "make a difference".

If you were advising someone just starting out with their CPA qualification, what tip would you give them that would make their journey smoother?

My initial advice would be to identify what route you want to take in your career. If you can decide what path you want to take, then you can decide what experience and post graduate qualifications you need to take. It is extremely important to have direction in your career and this can the help you decide on how to reach your goals.

With the emergence of Covid-19 over the previous few months, have you seen many new financial threats and risks, and if so, what advice would you give to people to mitigate against these?

This is an extremely important area which I have recently published on[1] and highlighted that the emergence of Covid-19 in recent months has brought the world into an unprecedented situation. Self-isolation and remote working have become the norm as businesses adapt to weather the economic consequences of the pandemic. However, this economic uncertainty can provide a breeding ground for fraud and financial crime.

The Head of the UK National Fraud Intelligence Bureau recently reiterated such sentiments when he stated "Fraudsters will use any opportunity they can to take money from innocent people. This includes exploiting tragedies and global emergencies[2]".

Similarly, Europol also highlighted how criminals are exploiting the Covid-19 outbreak[3], whilst the UK National Crime Agency ("NCA") warned that organised crime groups are trying to exploit the Coronavirus outbreak in order to target the UK[4].

It is also interesting to note that the Financial Action Task Force ("FATF"), whilst reiterating many of the same concerns, also warned that criminals and terrorists may seek to exploit weakness in national AML and CFT systems, while they assume that resources are diverted elsewhere to deal with the current pandemic[5].

Whilst the current pandemic has presented many new risks and challenges for the banking sector, it also provides an opportunity to embrace new ways of working and mitigate the associated risks.

However, in order to be successful this will require everyone to collaborate, share knowledge and work together. It is also crucial that financial institutions work collaboratively with Financial Intelligence Units ("FIU"), law enforcement and other relevant stakeholders to share relevant information on new and emerging trends.

This will ensure that information on new financial crime techniques can be used to turn the tide on the battle against fraudsters, organised crime and terrorism.

How do you unwind?

With six-year-old twin daughters, my spare time is spent focusing on them. I am currently enjoying teaching them to ride bicycles. Additionally, I enjoy keeping abreast of academic research on financial crime and actively try to make time to read the latest peer reviewed papers and government/NGO research papers.

1 Duggan, H. and Gales, M. (2020) Financial Crime Increases in a Global Crisis, Malta: Times of Malta.
2 https://www.actionfraud.police.uk/alert/coronavirus-related-fraud-reports-increase-by-400-in-march
3 https://www.europol.europa.eu/publications-documents/pandemic-profiteering-how-criminals-exploit-covid-19-crisis
4 https://www.nationalcrimeagency.gov.uk/news/national-crime-agency-warn-that-organised-crime-groups-may-try-to-exploit-the-coronavirus-outbreak-to-target-the-uk
5 http://www.fatf-gafi.org/publications/fatfgeneral/documents/statement-covid-19.html

Financial Reporting News

IASB – amendment to IFRS 16

The International Accounting Standards Board (IASB) has issued an amendment to IFRS 16 Leases to make it easier for lessees to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions.

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

The amendment is effective 1 June 2020 but, to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements—interim or annual—not yet authorised for issue.

Source: www.ifrs.org

Company reporting since the onset of Covid-19

The Financial Reporting Council (FRC) has completed its first thematic review of company reporting since the onset of the Covid-19 pandemic.

The review found that although companies provided sufficient information to enable a user to understand the impact Covid-19 had on their performance, position and future prospects, some - particularly interim reports - would have benefited from more extensive disclosure.

This review of a sample of March interim and annual reports and accounts includes guidance and best practice examples from companies currently preparing their annual and interim accounts. A copy of the review can be found at http://www.frc.org.uk/document-library/corporate-reporting-review/2020/crr-covid-19-thematic-review-july-2020.

Source: www.frc.org.uk

FRC proposes amendments to accounting standards in the UK and Ireland

The Financial Reporting Council (FRC) has recently published two exposure drafts proposing amendments to accounting standards in the UK and Ireland;

- **FRED 75 Draft amendments to FRS 104 – Going Concern; and**
- **FRED 76 Draft amendments to FRS 102 and FRS 105 – Covid-19 related rent concessions**

Many lessees have been granted rent concessions as a result of the Covid-19 pandemic will have. FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland does not explicitly specify how to account for changes in lease payments that result from rent concessions.

FRED 76 proposes explicit requirements for accounting for temporary rent concessions for operating leases occurring as a direct consequence of the Covid-19 pandemic, and within a limited timeframe. The proposed amendments would result in temporary rent concessions being recognised over the period the concession is intended to compensate.

FRED 75 proposes to clarify the requirement to assess the going concern basis of accounting and require disclosure of any related material uncertainties, when preparing interim financial statements in accordance with FRS 104.

The proposals in FRED 75 are expected to apply to interim periods beginning on or after 1 January 2021, and the proposals in FRED 76 are expected to apply to accounting periods beginning on or after 1 January 2020. In both cases early application will be permitted.

Source: www.frc.org.uk

Accounting in the Future

by Joseph Masterson

No one could have foreseen how exactly the first year of the new decade would start and there is always an inherent level of uncertainty when discussing things to do with the future. For businesses and professionals, uncertainty leads to risk, Accountancy as an industry by its very nature, is exceptionally risk averse. Uncertainty makes it difficult to chart a course for businesses and professionals and that is why it is so disliked. No truly successful business is built on consistently being on the back foot and reacting to change instead of being the ones to drive it.

What we might expect

It is impossible to discuss any level of changes that may be anticipated in the coming decade without mentioning the most significant of them all, technology. It is an ever-growing part of our everyday lives and this is even truer for businesses where it provides a competitive edge for companies. Even those thought of as more traditional goods and service providers have felt its impact on their way of doing business, further heightened by Covid-19 implications.

Though there has always been much speculation around the extent that technology would impact accounting it would be foolish not to acknowledge that the changes in the coming decade will be more significant than those in the last. If technological developments were graphed, the line it would trace would be curved upwards rather than a straight line, meaning that the more advances we make the faster technology develops and this will certainly apply to its implementations in the workplace. If this is still somewhat unclear, then think of it this way.

For the majority of human history before 1886, when the first modern car was invented, horses and carts were the primary means of transport up to that point and yet 80 years later it was possible to land on the moon. It is likely however, that despite the many changes we saw in the previous decade regarding technology and the accountant, these will lead to even more in the coming decade.

Though that is not to say these developments will be dramatic and immediately impactful. Rather a gradual development.

Several predictions have already been made regarding accountancy in the coming decade. These include predictions such as increased use of smart technologies replacing more traditional means of work and cloud software, further supporting the trend of outsourcing services. Increased intergovernmental tax action on regulations and disclosure rules and a focus on standardising accounting practises internationally are also predicted. A shift in stakeholder focus regarding corporate social responsibility (CSR) in businesses so that they will be considered alongside general economic issues in importance is also anticipated.

In a recent Journal of Accountancy[1] article from December 1st 2019, the possibility of robotic process automation (RPA) becoming increasingly integrated in the profession is discussed. RPA's, are a form of AI/smart technology that contrast to traditional workflow automation tools in that they do not run off a set script that a programmer has given them to perform tasks but rather learn from watching the user perform the task on their user interface and are capable of using multiple applications in repeating a process.

The use of AI in accounting has been something widely speculated for many years. In a 2016, further developments in the field of AI were predicted to lead to a reduction in the number of graduate recruits for accounting firms by 2020, this has not proven to be the case though the initial steps towards it's integration may be attempted within the decade they are equally unlikely to reduce the level of graduates amongst firms.

Furthermore, 5G and Wi-Fi 6 networks are both anticipated within the next 2 years and are expected to enable RPA's adaption. 5G technology allows data transfer up to 100 times faster than current 4G with little to no lag time, allowing for real-time data transfer. Wi-Fi 6 allows for data transfer three times faster than current Wi-Fi 5 and for more devices to be connected to a single network. Given the significantly increased level of data transfer these technologies can enable. This in turn helps power deep learning for AI bots to automate large amounts of repetitive accounting work, thus free more time for accountants to focus on their advisory role to clients.

Impact on Key Service Lines

Auditing service line

Technology, such as computer assisted auditing technologies (CAATs) have streamlined many of the more routine tasks for auditors and will continue to do so into the coming decade. For auditors, this means they may begin to see the implementation of RPA's taking over from CAAT's, as a means to this end. With CAAT's, part of an auditor's job changed to monitoring such systems, alongside more hands-on auditing work carried out in person. As technology

1 https://www.journalofaccountancy.com/issues/2019/dec/robotic-process-automation-for-tax.html

develops further and with additional strides being made with use of RPA's, the number of auditing tasks that become fully automated will similarly grow. Auditors may find themselves working alongside such software, where they are implemented, in a co-worker capacity when performing tasks rather than monitoring them.

With technology enabling increasingly more remote communication, auditors may find their level of interaction with clients declining, though not outright disappearing, thereby enabling auditors to work with clients from an even larger geographical base. However certain audit tasks simply require direct interactions, such as obtaining reasonable assurance over client assertions where data from auditing systems may contradict such.

Financial Accounting service line

Technology has played a significant role in changing the work of financial accountants. It is now quicker for clients to produce information required to create financial statements.

It has also streamlined the recording of this information, thereby making it easier to trace through the various books and ledgers. Future developments may allow entirely automated production of financial statements and movement towards a global accounting standard will facilitate this. The work of a financial accountant will adapt towards offering external checks on financial statements, ensuring presented statements include the correct checks, balances and formatting before presentation to auditors.

This frees up accountants to expand into advisory roles for those clients for whom they worked on financial statements. Many accountants currently find themselves already fulfilling this role and it will see the largest growth as a service in the coming decade. Advisory services are the least impacted by technological developments, relying predominantly upon an accountants' own competencies and financial knowledge to provide advice, rather than what data an automated system produces.

Such systems however will change how the information used in forming the basis of their advice is received and facilitate the ability to offer real-time, rapid responses to client's needs as they emerge.

Conclusion

The coming decade will see the continued fruition of changes that have already taken root reach their full potential and predictions on future changes will show their initial signs of emerging and becoming part of the fabric of the profession. Technology will continue to be a growing factor to consider, playing an increasingly significant part in the work of accountants. Developments will predominantly focus on the automation of simpler and more repetitive tasks initially before expanding into increasingly more complex and advanced roles. This thereby frees time for accountants to focus on developing their roles as trusted business advisors. Within this role, accountants will have to go from tech competent to tech savvy as clients become increasingly reliant on smart technology, functioning as both financial and business tech advisors.

Client engagements will focus further on building lasting business relationships, akin to partnerships, in a path towards becoming trusted advisors. This will become the unique selling point for many firms. Overall, it is clear that whatever changes emerge, accountants must remain committed to being adaptable, flexible, open and pro-active to change.

Joseph Masterson

Financial Accounting and Advisory Services (FAAS), Grant Thornton Ireland

Law & Regulation News

Companies (Miscellaneous Provisions) (Covid-19) Act 2020

The Companies (Miscellaneous Provisions) (Covid-19) Act 2020 was signed into law 1st August 2020. The legislation was introduced to address issues arising, as a result of the Covid-19 pandemic, in relation to the operation of certain provisions of the Companies Act 2014 and the Industrial and Provident Societies Act 1893.

The changes will apply until 31 December 2020 (Interim period) but the Government may, at the request of the Minister for Business Enterprise and Innovation, extend the period if doing so would be in the public interest having regard to the impact of Covid-19. Key changes include

- Measures to address practical issues arising in relation to the sealing of instruments during the interim period;
- Companies will have until the end of 2020 to hold their Annual General Meeting (AGM) irrespective of the usual deadlines that would apply under the Companies Act 2014;
- Measures to facilitate companies hold general meetings through electronic means, including Extraordinary General Meetings (EGMs) and the AGM;
- The minimum debt threshold, for one or more creditors to petition the court for the winding up of a company will be increased to €50,000. This is an increase on current levels of €10,000 for a single creditor and €20,000 where two or more creditors are acting together;
- For companies in examinership, the court will have discretion, where exceptional circumstances exist in respect of a relevant company, to extend the period in which the company benefits from court protection from creditors to up to 150 days (currently 100 days); and
- Measures to facilitate the holding of creditor's meetings through electronic means

Similar amendments are made to the Industrial and Provident Societies Act 1893 allowing Co-Operative societies to hold general meetings through electronic means and providing additional time in which to hold their Annual General Meeting in 2020.

A copy of the Act can be found at https://data.oireachtas.ie/ie/oireachtas/act/2020/9/eng/enacted/a0920.pdf

source: www.oireachtas.ie

Companies Registration Office (CRO) – Filing of Annual Returns

The Registrar of Companies previously announced in March 2020 that all annual returns due to be filed by any company between 18th March 2020 and 30th June 2020 would be deemed to have been filed on time if all elements of the annual return were completed and filed by 30th June. Following a review, and in light of the ingoing impact of the Covid-19 pandemic, the Registrar has decided to extend this arrangement for a further period until 31st October 2020.

The Registrar has also decided to extend the arrangement in relation to entities (industrial and provident societies, friendly societies and trade unions) that are required to file with the Registry of Friendly Societies until 31st December 2020.

Filing obligations will be deemed to have been met provided that all elements of the relevant returns have been submitted by the aforementioned dates. However, entities are encouraged to file as normal during this period if in a position to do so.

source: www.cro.ie

IAASA publishes its 2019 Annual Audit Programme and Activity Report

IAASA has recently published its 2019 Annual Audit Programme and Activity Report. The report provides a summary of the activities performed by IAASA during 2019 to oversee the audit profession in Ireland. In particular, it outlines the outcome of its quality assurance review of auditors of public–interest entities as well as its oversight of the recognised accountancy bodies who supervise auditors of other Irish entities.

Key outcomes of the Authority's work on the public oversight of statutory auditors in 2019 include:

- completion of the second round inspection of eight PIE firms by the audit quality unit, reviewing 24 audits and four internal control areas;
- publication of a Guide to IAASA's Reports on the Quality Assurance Reviews of PIE Firms;
- initiation of a statutory investigation into poor quality audit work identified on two audits by the audit quality unit; and
- completion of on-site work on three supervisory visits to the RABs and the issue of a thematic report to them setting out supervisory expectations in respect of their regulation and oversight of continuing professional development.

A copy of the report can be found at https://www.iaasa.ie/getmedia/88a6fe98-0ab2-4c79-8bc0-4d9690bc30ce/2019-AAPA-Final-Version.pdf

source: www.iaasa.ie

What's next for Irish businesses and their employees?

by Derek McKay

As the risk of a second wave of Covid-19 continues to be a real threat, businesses have remained vigilant trying to plan and prepare for the various scenarios we may be facing.

The Government's decision to pause Phase 4 of its plan again gives a clear indication that we are still very much in the midst of this pandemic and the health and safety of the population is being put ahead of economics.

While many will argue that a lot of the businesses that are being forced to stay shut may never reopen, there is a clear message being sent out; every business should be prepared for the potential reversal of some of the Phases already introduced.

The idea that the country may be put into reverse should not come as any surprise and businesses that have not planned effectively for this scenario will find themselves in some difficulty. The notion of "emergency urgencies" is gone and what was acceptable from an employment and employees' perspective in March and April is no longer acceptable. Employers and businesses have now had the time and supports to put more medium term, robust plans and policies in place.

Remote working

My previous article in the June issue - The benefits, challenges and unintended consequences of remote working – provided a detailed overview of the pros and cons of working from home as well as some potential 'watch-out' areas for employers.

Given the fragility of the health crisis and the lack of a vaccine, one can expect that many employees will be working remotely for months to come, with the large tech companies announcing staff won't be back in the office until 2021.

Needless to say, every sector is different, but for businesses with employees working from home there should be clear guidelines, expectations and performance management processes all now in place. Employers, at this point in time, should have the necessary policies and procedures implemented, including health and safety, to protect themselves and their employees from future issues.

Employees should be reminded of their contractual obligations in terms of being present in the office or place of work if their job requires it or if working from home, the core working hours they are expected to be available. Employees cannot make the decision themselves to continue to work from home. Equally, an employer cannot make the unilateral decision that employees must work from home, if it is not in the terms and conditions of the employment contract. Given that one size does not fit all, businesses may have different requirements and/or different physical spaces available to them, whilst employees may be in good health or unfortunately have an underlying health condition that places them in a highly vulnerable category.

From a HR perspective, through effective communication and engagement, agreement with your employees on working arrangements, office/blended/remote, even on a further temporary or trial basis, is where you wish to get to.

As per the Terms of Employment (Information) Act 1994, any changes to the working arrangements with employees must be incorporated into the terms and conditions of employment and shared within one month of the new arrangements.

Our advice to businesses looking to make these types of changes is to pilot any new arrangements for a defined period to see if there are any issues, such as drop in productivity, missed deadlines or unavailability during agreed core working hours. Ultimately, it is the right of employers to revert back to previous arrangements if the business needs require it.

Capturing working hours

It is an employer's obligation to outline the "normal" working day to all employees including the agreed starting and finishing times, rest breaks, weekly breaks and holiday allowance, all of which must be recorded by an employer in line with the Organisation of Working Time Act, 1997. This stands even when employees are working remotely. If employees are working from home, it is not unreasonable to expect them to assist in capturing this information – in fact, as the employer is required to keep records under the Working Time legislation, it should be an expectation that employees will capture this information.

Employers and managers must also remember that employees have the right to switch off. While technology has enabled people to work from pretty much anywhere and at any time, that does not mean that they are "always on". Employees should not feel pressured in answering emails or calls outside of their agreed working day unless absolutely necessary. In May, research by LinkedIn found that Irish workers working from home were putting in an additional 38 hours each month, which is effectively an extra week each month.

If there is a systemic issue with out of hours contacts from managers and colleagues, the employer runs the risk of breaching the maximum working hours and not adhering to the weekly rest periods outlined in the Act.

Health & safety of employees

Under the Health, Safety and Welfare Act 2005, an employer has a duty of care to provide a safe workspace for their employees and ensure that they prevent any improper behaviours that would put the health, safety or welfare of employees at risk regardless of where the employee is working. For obvious reasons, this is much easier to manage in an office environment. However, employees working from home are still covered by the same duty of care, so arguably an employer with employees working in the office and remotely has two workplaces to manage in terms of health and safety.

While it was not possible to carry out risk assessments for all employees in the weeks following the initial restrictions in March, there is no excuse for not having assessments completed at this stage. This does not mean an employer is responsible for carrying out a risk assessment of the home, just of the immediate working environment.

It is the employee's responsibility to take reasonable care for their own safety, including reporting any incidents or accidents to their employer.

Resource planning

The biggest issue I believe will impact businesses, particularly SMEs, is right-sizing their business and ensuring adequate resourcing.

According to the latest CSO figures, the unemployment rate for July in Ireland was 16.7%, down from 23.1% in June. Government is expecting this figure to drop further with an unemployment rate between 14% and 15% towards the end of the year.

While the numbers are going in the right direction, there is a trend that needs to be watched carefully. Figures released earlier this month (August) show that 12,300 people came off the Pandemic Unemployment Payment (PUP), indicating that they are returning to work. However, the number of people who returned to work with employers

under the Temporary Wage Subsidy Scheme (TWSS) went up by 12,600 last week. There are currently 69,740 employers registered with the scheme, employing around 390,000 people.

It was announced that the TWSS is being replaced, and by the time of publication the new Employment Wage Subsidy Scheme will be in place. To qualify, businesses must show that they have experienced significant negative economic disruption amounting to a minimum of 30% of turnover or orders during July and December 2020 compared with same period in 2019.

However, the financial assistance available under the new scheme is not at the same levels as the TWSS and will no doubt give employers food for thought.

Given the significant impact this will have financially, businesses will need to make some critical decisions on headcount and their overall cost of employment including salaries, bonuses, pensions and benefits.

The announcements by Bank of Ireland, Aer Lingus and Brown Thomas recently on planned redundancies, along with other high-profile business closures, show that there is a clear indication that the fall-out from Covid-19 will be hard-felt for some months to come.

Conclusion

While businesses and their employees have now adjusted to and embraced new working practices, there are still a lot of challenges facing employers. Whilst the Irish Government has given a commitment to support employers through the EWSS until March 2021, businesses across the country are reviewing all aspects of their cost-base, including costs associated with people.

Managing redundancies is difficult in the best of times but during a global health crisis, and while employees are working in isolation, it is much more difficult and emotional. However, employers need to focus on the viability of their business, putting it in as strong a trading position as possible going into 2021 while protecting as many jobs as feasible.

“businesses will need to make some critical decisions“

Adare Human Resource Management is a team of expert-led Employment Law, Industrial Relations and best practice Human Resource Management consultants.

For more information go to www.adarehrm.ie

Derek McKay

Managing Director at Adare Human Resource Management.

Finance & Management News

Restart Grant Plus

As part of a range of measures recently announced by Government, to stimulate a jobs-led recovery and to rebuild economic confidence, changes have been made to the Restart Grant Plus. Key changes include

- An additional €300m funding has been committed to the scheme;
- A new minimum grant of €4,000 and maximum grant of €25,000 (previously €2,000 and €10,000 respectively) is available to eligible businesses under the scheme;
- Companies with up to 250 employees (i.e. medium sized companies) can now apply. Previously the grant was for companies with less than 50 employees; and
- Non-rateable B&B's, sports clubs with commercial activities and trading charity shops are now eligible

Businesses that received a grant under the original scheme can re-apply through their local authority for additional funding. Further details on the scheme are available at https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/COVID-19-supports/COVID-19-Restart-Grant-Local-Authority-Websites.html.

Source: www.dbei.gov.ie

Employment Wage Subsidy Scheme (EWSS)

The Government announced the Employment Wage Subsidy Scheme (EWSS) on 23rd July 2020, as part of the July Jobs Stimulus package.

The EWSS will replace the existing Temporary Wage Subsidy Scheme (TWSS) on 1st September 2020, both schemes will run in parallel from 1 July 2020 until the TWSS ceases on 31st August 2020. The EWSS is expected to continue until 31st March 2021.

Under the EWSS scheme a flat rate subsidy, of either €203 or 151.50 dependant on the employee's gross weekly pay, will be paid to qualifying employers. No subsidy is available for employee's whose gross weekly earnings are less than €151.50 or greater than €1,462.

To qualify for the scheme employers must be able to demonstrate that the business will experience a thirty percent reduction in turnover or orders between 1st July to 31st December 2020 and that the disruption is caused by Covid-19. The reduction in turnover or orders is relative to

- The same period in 2019 (for businesses in existence prior to 1st July 2019);
- The date of commencement to 31st December 2019; or
- For businesses commenced post 1st November 2019, the projected turnover or orders

A subsidy is available under the scheme for new hires and seasonal workers. The EWSS is also available to employers registered under Section 58C Child Care Act 1991. Under the EWSS scheme an employer is required to undertake a review on the last day of every month to ensure that they continue to meet the eligibility criteria. Where an employer no longer qualifies, they must deregister with effect from the following day (first day of the month).

The scheme is to be administered by the Revenue Commissioners on a self-assessment basis and PAYE will be required to be operated and remitted on all payments, including Income Tax, USC and employee PRSI.

For further information please see the Revenue Guidelines on the operation of the Employment Wage Subsidy Scheme which can be accessed at www.revenue.ie.

source: www.revenue.ie

SME Market Report 2020

The Central Bank of Ireland recently published its SME Market Report 2020 which focused on the challenges to firms posed by Covid-19. The Report aims to provide a timely monitor of developments in the provision of credit to Irish Small and Medium Enterprises (SMEs) by financial intermediaries. For further information and to access a copy of the report please see

https://www.centralbank.ie/news/article/press-release-sme-market-report-2020-covid19-21-july-2020

Source: www.centralbank.ie

Leadership Insight
Leading through a Crisis

by Pat McCann

Pat McCann, CEO, Dalata Hotel Group plc

Please provide a brief history of your career.

I was born in a small rural community in south Sligo. The townland was called Rinnarogue (Ri na Ruai) – meeting place of the Knights. It was a caring and sharing community that was almost self-sufficient as we grew all our own food. We had no electricity until I was eight years old. I attended Bunninadden National School and then went to Colaiste Mhuire Secondary School, Ballymote where I did my Leaving Certificate. That ended my formal education. After my Leaving Cert I joined Ryan Hotels plc as a trainee manager; I worked in many of their hotels and spent almost ten years in London with them. During my time in London, I attended the Polytechnic of North London where I did a higher-level diploma in business studies. The primary reason for doing this was to keep me out of the pub. I rose to the position of General Manager and managed several of their hotels.

After twenty years with Ryan Hotels plc, I was head hunted by Peter Malone of Jurys Hotel Group plc to become General Manager of Jurys Ballsbridge. I joined the Board of Jurys Hotel Group plc and became Group Operations Director or GOD as some of my colleagues called me. I was appointed CEO of the company in the late nineties and continued the rapid growth of the company. We built hotels in Ireland, the UK and the US. The main driver of the growth came from Jurys Inns. I was involved in this project from a very early stage and it proved enormously successful. Jurys, during my time, had grown rapidly from three hotels to just under forty hotels. The company went private in 2005 and I stayed with the new owners for the next year. After leaving Jurys, I set up my own consultancy business which took me to many corners of the world. It was a fantastic business, but I was not creating anything so in 2007, I setup Dalata Hotels. My intention was to grow Dalata into a Pan European Hotel company. But of course, 2008 got in the way. I had great support from TVC plc and Davy Private Clients. We took full advantage of the 2008 crisis and by 2010 Dalata was the largest Hotel Operator on the island of Ireland. In 2013 we decided to float the company and raise significant capital to purchase and build hotels. We have been extremely successful, and we were on course for another record-breaking year in 2020. Unfortunately, the Covid-19 outbreak put a stop to our gallop. However, we are well positioned to survive and to rise again to continue our plan to be a Pan European Hotel player.

Dalata has currently forty-four hotels in operation with over 9,000 rooms, employing over 4,500 people. We currently have eleven hotels in either planning or construction. This will add over 3,000 rooms to the company with more to come. Despite the current crisis we are still a very ambitious company.

I have also served on the Boards of a number of other listed and private companies.

You have extensive experience in the hotel and hospitality industry. How has this experience prepared you for your role as CEO of Dalata Hotel Group?

On June 29th 2020, I completed fifty-one years working and never unemployed during those years. In truth my CEO skills were well developed long before I formed Dalata. Right or wrong I have very clear views on how a business should be run. People are central to every business. Lots of companies say it but do they deliver on it? Our decentralised model of operation and growing our own people makes us very different to most other hotel companies. Dalata empowers its General Managers to be profit responsible for both the medium and long term. It also grows its own people (sounds like a vegetable plot) to be the future leaders of the business. The Dalata Academy provides development and training at all levels. We do not go outside for senior hires. When we open our eleven new hotels, they will be

managed by internal teams that grew up in Dalata. This process significantly de-risks the business and ensures our culture is maintained and developed. This is exactly the same model I developed during my time in Jurys.

As new people join the company I always advise if they are looking for a quiet life, Dalata is not the place for them.

In recent years, new hotels have been built due to a shortage in hotel rooms, particularly in Dublin. With a vastly changed tourism sector in 2020 what in your opinion is the outlook for the future of the tourism industry?

Ireland is unique in many ways in that there was little or no development of hotels between 2008 and 2018. All that began to change in the past few years with new hotels opening and a significant number of new hotels in the pipeline. The Covid-19 pandemic will change everything. Funders will be very nervous and rightly so.

Unless a project has started or is well on its way, we are unlikely to see it completed.

Projects will either get delayed or abandoned altogether. There is no way the proposed pipeline of hotels for Dublin will see the light of day.

Despite all of the negative things happening worldwide today, I still believe that tourism will flourish again. People love to travel and explore the world around them. As treatments and vaccines are developed, people's confidence will build, and travel will return. Safe havens will be a key factor in peoples travel plans and Ireland will be seen as one of these safe havens.

You were appointed President of Ibec in September 2019. This is currently a crucial time for businesses and the economy, with the increasing uncertainty around Covid-19 and its affects. How will Ibec continue to drive Ireland's prosperity during these uncertain times?

One of the greatest privileges of my life was to be elected President of Ibec. Coming from my background this was a great honour for me. Ibec is a fantastic organisation led by Danny McCoy and his team. We have seen the true worth of Ibec during the crisis. Leading from the front, providing support and assistance to all its members but also providing help and guidance to the Government during this very difficult time.

The Reboot Reimagine document launched by Ibec a number of months ago is the platform on which Ireland can be rebuilt. I am delighted to see many of the recommendations in the document being adopted by our new Government. There is a long way to go. We have many advantages in Ireland with our thriving FDI economy and our domestic economy.

We are in many ways the envy of Europe and we must nurture both sides of our economy in equal measure. We will recover from the pandemic, but we must remain focused and patient.

The global pandemic of Covid-19 has been a huge shock to the worldwide economy and how businesses operate. As a leader, how have you navigated your employees through the past number of months and the changes it has brought?

In my long career I have had many crises to deal with. If I put all those crises together, they would not match the negative effects of Covid-19.

It's the first time ever I have had to close hotels. We closed 29 of our 44 hotels and kept 15 in operation for front line workers and some other vulnerable people. The 15 hotels were not open to the general public. As the pandemic took hold, I set myself three tasks:

1. Look after my people
2. Look after my business
3. Look after my cash

We are blessed in Dalata that we have some wonderful technologies, and this allows us instant communication with our people. We unfortunately had to lay off 3,500 of our wonderful people. To keep those that were laid off occupied and enhance their skills, we setup a whole series of development programmes on our training portal, Dalata Online.

We also provided fitness programmes at home, cooking lessons, mental well-being and a list of other useful and supporting programmes.

In April 2020, 4,700 courses were completed, in May that increased to 5,600 and by June the number had surpassed 10,000. Each member of staff has an app on their phone supplied by Alkimii. This allows us instant communication with our people and allows us to give them instant updates on what is happening in the company. As we started to reopen, we had to retrain our people with many new skills on how to operate in a Covid world and all the challenges that throws up.

The response from our people has been fantastic and I am delighted by the way our teams have responded to the crisis.

- **What is the most important lesson that you have learned in your career to date?**
- **What advice would you give to aspiring leaders today?**

In business as in anything else, you are always learning, and each day brings something new. Most people think that change is a recent thing. In truth, change has always been a feature of business. What has changed is the pace of that change. One of the most critical things I have learned is that you must keep relevant in this changing world. You don't have to understand everything, but you have to understand the consequence of change.

The other area that is important for a leader is to be consistent in your approach and message. Do not be tempted to jump on every log in the river. Another key area is building the trust of your people. They have to believe in you and believe in your vision, if they do, they will follow you to the end of the earth. Trust is an amazing thing, it is like water; it's built up in drops but lost in bucketsful. One question that I always ask is what do your people say about you and your business when they are out meeting friends. Are they proud to be on the journey with you? Do they speak well of you and the business? Remember people like to be on a winning team with a good strong leader. Sometimes leaders try to style themselves on someone they admire. This will end in failure. Build your own style and be confident and consistent.

Have you been able to step away from challenges the last few months have brought and unwind?

In my world, my work life balance is and always has been in poor shape. I have work but the life part I am not sure about. Work and business is also my hobby and I find it impossible to build other interests. I am not recommending this. I found a job I love so really; I haven't worked a day in my life.

Leadership Insight
Leading through the Covid-19 Crisis

by Niall Gibbons

Niall Gibbons, CEO of Tourism Ireland

Please provide a brief history of your career.

It has been said that authentic leadership begins with the story of your life. When I was asked to write a brief history of my career, I thought, where do I start? College? My time as a trainee accountant? My post-qualification experience? Maybe my career started when I was 11, working as a delivery boy in the local pharmacy in Rathmines, until I graduated to selling papers outside the church on Sundays when I was 14 and then, when I worked at the local cinema when I was 15 until I turned 23. I remember a great mentor of mine back then, Albert Kelly, who owned the Classic Cinema in Harold's Cross (where the Rocky Horror Picture Show got going) telling me at 15 that "you are going to be learning your most important lesson in life over the coming years – dealing with people". It's the most valuable advice I have ever received.

After I graduated, in what was then ESS from Trinity College in 1988, I spent the next four years of my career as an accountant with Coopers and Lybrand. I worked in what was then called 'Business Services' – which provided a wide range of services to clients such as audit, tax and consultancy. While certain aspects of the accounting work never appealed, the social side never let me down. I moved on to work in the private sector for a number of years. An opportunity came up in the public sector and I joined the Marine Institute as Financial Controller in 1994 and left as Director of Corporate Services in 2002. The public service was a big change for me. It meant different ways of doing things, a new style of communication and accountability. But the value of the accounting qualification, combined with a capacity to deal with people, was an invaluable combination.

In 2002, I moved to Tourism Ireland and took on the role of Director of Corporate Services and Company Secretary. Tourism Ireland was established after the Good Friday Agreement, to promote the island of Ireland overseas as a holiday destination. It combined the work previously carried out separately by Bord Fáilte and the Northern Ireland Tourist Board. I started just after 9/11 and Foot and Mouth outbreak – so dealing with a crisis was something I got used to.

In June 2009, I was appointed Chief Executive of Tourism Ireland. I oversee the marketing of the island of Ireland across the world, leading a team of over 160 staff in 21 markets, whose work is underpinned by sustainable destination marketing principles. Over the years, I've led our organisation's expansion into new markets such as China and the Middle East and I've overseen the emergence of Tourism Ireland as a leader in digital marketing and social media. We've seen innovative developments, like partnerships with LucasFilm and HBO, which allowed Tourism Ireland to leverage the global success of Star Wars and Game of Thrones, to showcase the island of Ireland overseas in a new way. I'm also proud of what the team has achieved in developing Tourism Ireland's Global Greening initiative, which has brought tourism to the heart of St Patrick's Day celebrations across the world. The World Economic Forum ranks Ireland third in the world out of 136 countries for 'effectiveness of marketing and branding to attract tourists. Most of all though, tourism is a people business and the people who work in tourism are really great colleagues.

In 2019, I was elected President of Dublin Chamber, which was a great honour. The Chamber represents 1,300 businesses across Dublin, which employ over 200,000 people. Being President also meant chairing board and council meetings, which brought me in contact with a new audience and network which I really enjoyed.

The work of Tourism Ireland also brings me into a great deal of contact with government ministers and officials on both sides of the border. I am very proud of the role that tourism, and my colleagues in Tourism Ireland, have played in the peace process.

How has the onset of Covid-19 affected your marketing of Ireland as a holiday destination?

The Covid-19 pandemic has had a devastating impact on tourism around the globe. Normally, 1.4 billion trips are taken around the world each year, with a global spend of US$1.4 trillion. Tourism is a valuable export to our own economy, with overseas spend reaching €5.8 billion in 2019 and supporting 325,000 jobs across the island of Ireland.

Because of the Covid-19 pandemic and the resulting impact on international tourism and travel, almost all of Tourism Ireland's paid-for promotional activity has been cancelled or postponed, since March. However, we have been running an extensive online campaign, using the hashtag #FillYourHeartWithIreland. Because people can't travel here from overseas, the campaign aims to bring the best of Ireland onto people's screens and to help ensure that Ireland stays 'front-of-mind' with prospective visitors for future holidays. It's about sharing inspirational content and keeping them connected with Ireland until they can travel here once more. This is based on the insight that brands and destinations which maintain some level of activity during recessions or other downturns re-bound more strongly than those brands who go silent during the same period.

In the face of the fundamental changes facing our industry, we know that we need a comprehensive understanding of the changed consumer and the new marketplace. Right now, Tourism Ireland is carrying out an extensive Covid-19 programme of research in our major markets. Looking forward to when international tourism to Ireland is back, this research will help us identify when consumers are ready to consider holidaying again and which of our markets offer us the best short-term prospects. We will explore in-depth which segments and demographics are most likely to travel, which products and experiences will most appeal to them and what messaging will most strongly convince them to consider holidaying on the island of Ireland. The insights we gain will ensure that our future promotional plan is as tightly targeted and as powerfully motivational as it possibly can be, in order to drive a strong recovery, as quickly as it is possible to realise it.

The global pandemic of Covid-19 has been a huge shock to the worldwide economy and how businesses operate. As a leader, how have you navigated your employees through the past number of months and the changes it has brought?

When we launched our plans for 2020, we were certainly conscious that the year ahead would continue to present some challenges for Irish tourism – including the ongoing uncertainty around Brexit, the economic and geo-political

uncertainty, as well as constraints on the availability of aircraft. However, nothing could have prepared the Tourism Ireland team for the biggest crisis the travel and tourism industry has ever faced across the globe – the outbreak and spread of Covid-19 this spring. It is, without doubt, an unprecedented crisis and the entire team is working hard to navigate our way through what is probably the most difficult trading environment we've ever experienced.

There have been many unknowns and uncertainties over the past few months, so regular communication has been absolutely key – particularly as the Tourism Ireland team is based in so many different locations, across different time zones. In this situation that we've never seen before, my aim has been to bring our people around the world together.

There is much disruption and distress right now; however, this will change. I believe that leading through a crisis like Covid-19 involves managing the here and now, but also taking a longer-term view, where possible, to prepare as best as possible for the future. I also believe it is important not to lose sight of your organisation's values during a crisis, as strong core values can play a key role in guiding an organisation through uncertain times. Tourism Ireland's core values are respect, collaboration, ownership and creativity; keeping sight of these has undoubtedly helped the Tourism Ireland team navigate the choppy waters of the past few months.

With the impact of Covid-19 and no overseas visitors coming to Ireland, how do you see the tourism sector recovering from this pandemic?

While Covid-19 remains first and foremost a public health issue for now, this virus has had, and continues to have, unprecedented and extremely serious consequences for tourism operators across the island of Ireland – with the closure of hotels, visitor attractions, bars and restaurants for many months, as well as the cancellation of events, conferences and sports activities. Previous crises such as Foot & Mouth, SARS, 9/11 and the volcanic ash

"The access landscape has profoundly changed since the outbreak of Covid-19. "

cloud in 2010 dramatically dampened demand. Covid-19 has dwarfed all these other crises.

By way of background – last year, we welcomed over 11 million overseas visitors to the island of Ireland, who spent over €5.8 billion during their time here. And, while we warmly welcomed the reopening of our industry for domestic holidaymakers at the end of June, there is no doubt that 'staycations' will fall well short of what is required to sustain employment. In a typical year, spend by overseas visitors' accounts for around 75% of total revenue for our industry.

Last summer, there were more than 615,000 direct, one-way seats available on planes flying to the island of Ireland every week. The access landscape has profoundly changed since the outbreak of Covid-19. Airline industry analysts OAG predict that it will be three to four years before Europe's capacity returns to the levels seen in 2019. As an island destination, strong air and sea access links are vital; so, the restoration of air connectivity will be essential to restoring growth in overseas tourism to Ireland.

Given that tourism is our largest indigenous industry, responsible for in excess of 4% of GNP in Ireland, a return to growth as quickly as possible is vital. I sit on two newly-established taskforces – in the Republic of Ireland and Northern Ireland – which have been set up specifically to identify measures to enable tourism to recover from the devastating effects of Covid-19. I was also a member of the Aviation Recovery Taskforce.

There is no question that the shape of the Irish tourism industry that emerges from this crisis will be different than it was at the beginning of 2020. Tour operators who have programmed the island of Ireland for many years may be forced to scale back their inventory significantly. It is too soon to say what, if any, of the 'Ireland experience' for overseas visitors will be changed. However, we in Tourism Ireland will do everything we can to support our industry partners to get them back to the overseas marketplace – when the time is right.

In terms of the competitive landscape, the global re-start of travel is likely to be extremely competitive. Large tour operators and accommodation providers may flood the market with cheap, unsold inventory for destinations all over Europe. The island of Ireland will need to offer good value to hold its market share. Longer-haul markets are likely to take more time to recover than those nearer-to-home.

Once the current crisis of Covid-19 is past, Tourism Ireland will be ready on the ground to roll out an extensive global recovery kick-start programme – but only when the time is right. We have begun the process of planning for the recovery of overseas tourism.

Our focus is on having promotional campaigns which will be ready to go, once there are signs that consumers overseas are getting back on the move and that Ireland is open for business. We will be working flat out to recover as much business as possible.

What is the most important lesson that you have learned in your career to date?

Your capacity to deal with people is so important – but essential to survive a crisis.

What advice would you give to aspiring leaders today?

Work hard. Invest in people. Delegate. Develop your network. Get involved. Listen to advice. Communicate effectively. Surround yourself with positive people. Maintain a good sense of humour. The job isn't the 'be all and end all' – so mind your health.

Authentic leadership begins with the story of your life. Know your story. It will reveal your strengths and weaknesses, which will help guide you through life.

Have you been able to step away from challenges the last few months have brought and unwind?

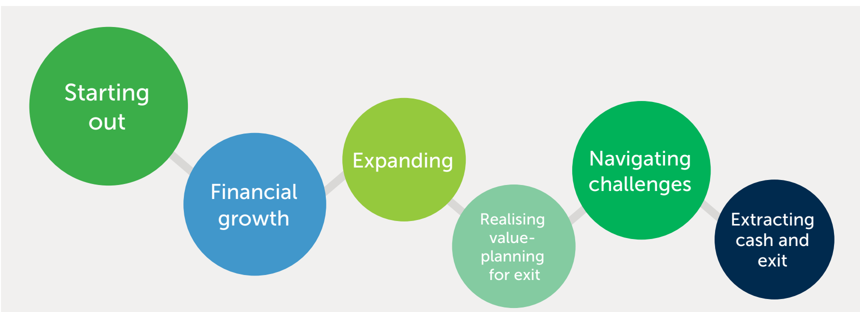
There is no doubt that it has been an extremely busy and challenging few months. I have had a number of short breaks with family and friends this summer which I have really enjoyed. Having spent 18 years on the road abroad, it's my longest spell at home. Unfortunately, the tennis and golf show no signs of improvement! However, I have had what has felt like a four-month family reunion. And that's what matters.

"...the global re-start of travel is likely to be extremely competitive"

The Entrepreneur Lifecycle –
Part II: Financing Growth and Expansion

by Nora Cosgrove and Jonathan Ginnelly

This article is the second in a series of three articles that will examine the entrepreneur lifecycle and the key considerations that entrepreneurs should think through at each stage in the cycle. In this article, we will focus on the expansion and growth phases of the lifecycle and consider issues such as financing, incentives for investors and key employees, as well as structural/governance issues for the company.



Financing growth and plans for expansion of businesses may not be something that is at the forefront of a lot of business owner's minds at the moment given the current public health crisis and the resultant economic impact. A lot of the discussions around the raising of finance at the moment relate to bridging funding gaps until businesses can operate somewhat normally again or refinancing existing borrowings. For many business owners the main objective at the moment is survival. However, with an eye to the future and with the hope that businesses impacted by the Covid-19 crisis can recover and flourish into the future, we will examine some of the mechanisms available to businesses to finance growth, either through borrowings or outside investment.

We will also consider some other aspects such as tax efficient mechanisms to retain key employees and attract new talent, availing of corporate tax incentives, as well as issues around maintaining effective governance in a company with an expanding shareholder base.

Financing mechanisms

While many business owners still approach banks as the primary source of financing for investment and expansion projects it should be noted that there are alternatives. Depending on the needs of the business, the method of obtaining is varied. While some businesses will opt for financing through senior debt from banks, others might opt to explore alternatives such as private equity investment or institutional lenders who provide finance via unitranche or subordinated debt products.

In many cases these alternative sources of financing can offer a greater level of flexibility to business regarding the terms of the financing, how funding is drawn down, quicker turnaround times with regard to approval among other benefits. However, as these alternative sources of finance offer greater flexibility they can require greater levels of asset leverage, as well as higher margins and costs. As such, examining what works best for the business in terms of obtaining financing, the flexibility of such finance, ease of access and approval is important but the costs are also crucial before a business commits to any form of financing.

Employment Investment Incentive Scheme ("EIIS")

An additional mechanism for obtaining business financing is EIIS. This scheme offers income tax relief for the cost of investing in certain companies incorporated in Ireland.

Essentially, companies will issue shares to the investor for the amount invested which must be retained by the investor for at least four years. In order to qualify for the scheme, the investor or their family must not own any capital in the company. They must also not be connected to the company in the two years before the shares are issued and ending four years after they are issued. From 2020 onward the maximum annual investment allowed per individual investor is €250,000. This threshold is increased to €500,000 if the investor commits to the investment for a least seven years.

Given the potential tax benefits associated with such investments, EIIS can be an important source of financing for companies that are positioning themselves for expansion but who may not have sufficient leverage to secure financing through borrowings or be able to attract private equity investment. While there is risk for the investor putting his or her money into a company that might not have a long history of success, the potential overall rewards can be significant.

Employee incentives

A crucial aspect of expansion and growth is recognising and retaining key employees that have had an important role in getting the business to its current level, and who perhaps may have an important role in taking the business to the next level. In addition, in a competitive employee market, having attractive rewards programmes in place can sometimes tip the balance in attracting talent to the company who can bring the business to the next level. One such tax efficient scheme is KEEP.

Key Employee Engagement Programme ("KEEP")

KEEP provides a share option incentive advantageous to employees. The programme helps qualifying companies to retain essential key employees by offering share options which are exempt from income tax, USC and PRSI for both the shareholder and the employer. The company must be a micro company or an SME to qualify and the shares must be issued between 1 January 2018 and 31 December 2023. The shares must be new ordinary fully paid up shares, which carry no present or future preferential right to dividends or a company's asset. Employees are essentially tied into the employer's objectives and are retained, which results in a benefit to both the employer and employee.

Tax incentives to assist expansion

For many businesses, the cornerstone of their expansion will be the successful development of new processes and products. To this end, to incentivise business to develop intellectual property, tax incentives such as the Research & Development credit and the Knowledge Development Box have been introduced.

Research and Development ("R&D") Credit

The R&D credit was introduced to incentivise companies to invest in research, advancing scientific and technological uncertainty. Tax relief on qualifying expenditure is by way of a 25% tax credit against the corporation tax income (30% for small and micro companies from 2019). Any excess credits can be carried forward or back to prior years or availed of in instalments. Additionally, small and micro companies can benefit from the R&D credit before they begin trading. This benefit can prove especially advantageous to entrepreneurs who are transitioning from sole trader to the company structure. The R&D credit can also be claimed for expenditure on buildings used for qualifying activities.

It is not necessary for a company to make a scientific breakthrough or even prove success in their R&D endeavours in order to claim the relief. A company may also surrender its R&D credit to key employees of the company, which may be seen for some as an attractive incentive to retain staff.

Knowledge Development Box ("KDB")

KDB is a follow on from the R&D credit, available to income arising from the intellectual property created as a result of successful research and development. Availing of this relief can reduce corporation tax to an effective rate of 6.25%. The benefit of this relief has been extended to SMEs to include inventions that are 'novel, non-obvious and useful'. These inventions can now qualify for the relief, subject to the company obtaining a KDB Certificate from the Controller of Patents, Designs and Trademarks.

Operating model

As the company scales up with foreign expansion plans, a key decision relates to putting in place an appropriate business model.

This would include evaluating whether it is best to operate overseas via a branch or subsidiary or whether to use third party distributors or other third-party service providers. Where a company choses to expand through their own entities, it is becoming increasingly important that the operating model and related tax considerations are aligned with the commercial objectives of the business and are consistent with the functional profile of the business.

The model adopted should allow for flexibility for future business growth, whether that is organic or by way of acquisition.

With transfer pricing having become such an important element of corporate tax policy over the last number of years, it is vital to have an effective model in place from as early as possible to drive efficiencies and to ensure the company can robustly defend any challenge from tax authorities.

Corporate and shareholder governance

An important consideration in the expansion or growth of a business, particularly where outside investors have come on board is the issue of governance. While there are many benefits to bringing outside investors on-board, such investment may have an impact on the way the company is managed and controlled. As such, in the course of obtaining investment, consideration should be given to whether a shareholders agreement might be put in place. The agreement can deal with any number of issues such as director appointment, voting control, remuneration committees, among others. Depending on the type of investor coming on board they may be happy not to have a seat on the board of directors and prefer to leave those responsibilities to the original shareholders.

Alternatively, where there are a larger number of shareholders, with varying share types the right to director appointments or voting control might be linked to those specific share types. As such, having a clear agreement as to the mechanism for appointment of directors, as well as clarity on issues around voting (among others) is important. It may be that some shares entitle the shareholder to no voting rights or limited voting rights, while others may have full voting rights and rank pari passu with the original shareholders share. Thus, clear governance documentation is essential where there is an ever more diverse group of shareholders.

Conclusion

The expansion/growth phase of the entrepreneur lifecycle can be fraught with danger and challenges. Taking the leap from a small/moderately sized business to the next level is by no means straight forward and involves a great deal of risk.

This risk is primarily borne by the business owner, but also to a degree by other stakeholders such as new investors taking a chance on a company by investing in it. Therefore, effective taxation incentives to encourage investors to come on board, to retain and attract talent, and encourage the development of IP are all crucial factors in taking the business to the next level. Business owners should familiarise themselves with such taxation measures as early as possible so that they can structure their business to maximise their effectiveness and thus help them drive growth and expansion.

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She advises domestic and international clients on all corporate tax issues affecting them including tax structuring, accessing start-up funding and tax incentives/reliefs, cross-border transactions, group reorganisations, refinancing, due diligence and associated services in connection with mergers and acquisitions.

Jonathan Ginnelly
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He advises on personal and domestic corporate taxation issues, including asset structuring with family companies, shareholder issues and succession planning".

Enhancing Learning and Development in your Organisation - Two Roles for Accountants

by Cyril Kirwan

Many financial professionals in organisations have a doubly important role. Firstly, you are likely to have significant influence on how your organisation's financial resources are used, making sure it gets the best value for money. For many of you, you're also a manager, responsible for the performance of often large numbers of people. This too includes the use of financial resources, not least those needed to maintain and develop their knowledge and skills. This article explores how a focus on both roles can help make the most of that investment.

Counting the cost

According to a recent Irish Institute of Training & Development ("IITD") survey, companies in Ireland spend an average of 2.91% of their payroll costs (within the average range of 1% to 4% in Europe) on Learning & Development ("L&D") activities each year. This includes formal training programmes, workshops, external courses, executive coaching and the like. However, research undertaken in recent years suggests that often, only a small proportion (between 10% and 30%, by a number of estimates) of this investment actually translates into changed behaviour back at work. For one reason or another, many people aren't able to put into practice what they've learned (or perhaps don't want to!).

To illustrate this, if we take an example from a medium-sized company based on the above figures, we get:

Payroll costs	€2,000,000
L&D Spending (2.91%)	€58,200
Return (10% to 30%)	€5,820 - €17,460
Waste (90% to 70%)	€52,380 - €40,740

Given that the usual purpose of L&D programmes is more often than not to change behaviour in some way at work (e.g. run meetings more efficiently, conduct better audits, negotiate more effectively) the returns on such investment are not encouraging, to say the least. As can be seen above, even for relatively small companies the figures are quite significant – imagine what the figures will look like for companies with hundreds or even thousands of employees! The high (waste) figure is particularly pertinent in the case of 'discretionary' L&D which is broader in focus, such as developing leadership or other management skills, or the so-called 'softer' skills. As this type of L&D investment tends to be more expensive, and its objectives, although important, often harder to define, the importance of getting a suitable return on it is even more critical.

Why is this?

While it's reasonable to assume the cost of L&D activity comes up regularly at financial management meetings, the return is rarely discussed. Perhaps it's just assumed that spending money on such activity is considered 'a necessary evil', as 'everyone else is doing it'.

This approach however almost always results in a slowdown or indeed cessation of L&D activity when times get tough. Indeed, it can be hard to argue with this course of action – if the purpose and outcomes of L&D are not clear, then the type of expense involved can be hard to justify. Equally, measuring the return on investment from L&D is acknowledged to be very difficult – and there are some spurious methods out there – but improving the return is certainly possible.

The learning system

The problem we're discussing here is that of learning transfer – the generalisation of skills or knowledge gained back to the job, as well as their maintenance over time. Research on this topic, conducted in all types of organisations, has demonstrated the important influence of a variety of factors on transfer outcomes. These factors comprise 'the learning system'.

Let's say you present yourself to your doctor with symptoms, which ultimately are found to result from trouble with your heart. Following a thorough diagnosis, your doctor may prescribe some first-class medication, or even surgery. These are important interventions in themselves. However, experience (and of course, solid research) tells us that it is highly likely that their effectiveness will depend on:

- The accuracy of the diagnosis.
- The medication/surgery itself.
- Your motivation to 'get better'.
- Associated lifestyle changes. These vary from one complaint to another, but often include weight reduction, cessation of smoking,

reduced alcohol intake, more exercise and the like.

- An assessment of the environment in which you are living, including, for example, what might get in the way of you eating less or exercising more.

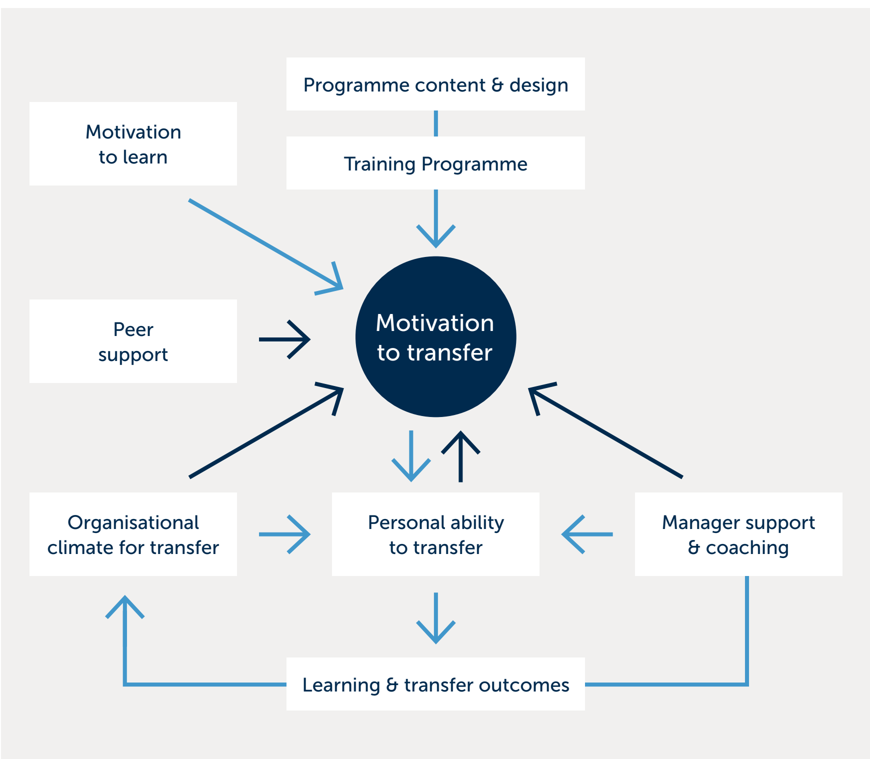
In the same way, making the most of L&D interventions also necessitates paying attention to factors in the learning system. If not, there is a risk of ignoring more than 70% of the factors that contribute to successful application of learning on the job. That's upwards of €40,000 each year in our example above.

What does the learning system look like?

Work by this author has organised them into the evidence-based model below.

The way in which the programme has been designed and delivered to make it easier for participants to transfer learning back to the job, and the degree to which participants regard the programme content as appropriate to their needs, also makes a huge difference.

However, research has shown that some of the most influential factors are not necessarily under the control of your organisation's L&D or HR departments, but rather the organisation's managers at different levels. They are the work environment factors, such as the extent to which peers and particularly supervisors and managers reinforce and support the use of learning on the job, as well as the extent to which the work environment is conducive to doing so.



Model of Learning Transfer

(Kirwan, 2009)

An individual's motivation to learn (the degree to which they are prepared to enter and participate in the L&D programme) in the first place is important, as is their motivation to use that learning back at work.

They work together to facilitate the conditions for learning to flourish, by creating important time and mental space (personal ability to transfer) for learners. Maintaining these conditions over time has been shown to improve transfer (i.e. reduce 'waste') and thus the return on L&D investment.

Making the most of L&D spending

It's unlikely you're an expert on L&D. However, when you're being asked about approval for spending on such activity, the model can be used as a basis for asking some critical questions, the answers to which can go a long way to minimising the amount of effort wasted from what is usually a costly undertaking.

- Ask what need is behind the intervention you're being requested to approve. Those seeking approval should be able to identify as specifically as they can what would be different as a result. A focus on learning (outcome) needs as opposed to training (activity) needs will help provide a greater number of options.
- Related to the first question, ask what alternatives to structured 'training' interventions have been considered. Use of on-the-job experiences as a vehicle for learning minimises the problem of learning transfer and may even cost little or nothing. Job rotations, delegation of specific tasks, small pieces of research and involvement in projects and task forces, when accompanied with structured developmental reviews have all demonstrated positive results with far less costs.
- As indicated by research, the role of the line manager is critical and one of the main influences on the success of learning transfer for an individual. Line managers can be of great assistance in providing opportunities to try out new things, reflect, challenge and support. The sort of skills needed here are essentially what are known as 'people skills', or the style known as a 'coaching' style. Ask about the development of this cohort of people throughout the organisation. Those with high levels of 'people management' skills are a scarce and highly valuable resource. Their role will be discussed next.

The accountant as manager

In addition to your role as an accountant, there is a good chance that you are also a manager, responsible for the work of others. Thus, at a personal level, you can influence their development in important ways. Within the 'learning system' above the importance of your role as the line manager of someone participating in L&D activities has been shown to have a strong impact on whether their learning will be transferred back to the workplace. Today, managers are being seen more as coaches and partners in the learning process, creating conditions where collaboration can take place, thus facilitating learning.

The manager as coach

Much of the discussion concerning managers' ability to promote and sustain learning within their areas of responsibility relates to this role. A number of studies have managed to categorise what we can call managerial coaching behaviours, which revolve around a number of key activities.

- Encouraging employees to think through issues rather than simply providing answers.
- Giving and receiving specific and focused feedback.
- Clearly communicating expectations.
- Getting employees to look at problems from different perspectives.
- Providing support, encouragement and empathy.
- Being challenging.
- Inclusion in communication and decision-making processes.

Thus, a manager skilled in internal coaching will be likely to find it easier to generate the sort of climate that facilitates learning than one who isn't.

Relating specifically to the transfer of learning, being able to assess the level of management support being provided could be useful in identifying at least some of the barriers. The questions below are taken from the 'manager support and coaching' factor that is part of the Learning Transfer Evaluation© instrument (Kirwan, 2017), which measures the strength of conditions known to affect transfer. The scale is scored from 'strongly disagree' (1) to 'strongly agree' (5). You can either use this scale to assess your own ability to support learning (you are the my manager in this case) or better still try it out with your direct reports in the context of their L&D activities.

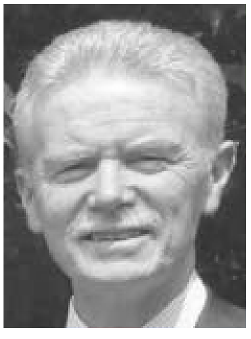
A score upwards of 30 suggests that you provide a high level of manager support, while a score of 20 or less would indicate a strong need for some 'people management' skill development. And of course, the questions posed earlier should be used to identify how that need should be met.

Summary

Organisations in Europe spend between 1% and 4% of payroll costs on L&D. If, as suggested, only 20% of this investment on average makes it back to the workplace in the form of changed behaviour, a huge amount of time and money has been spent that hasn't added any value. Even raising this figure to 40% will double the return on investment!

As well as being in a position (as an accountant) to make the most of your organisation's spending on L&D activities, you are also in a highly important and influential role (as a line manager) to ensure that the knowledge, skills and attitudes acquired as a result of these activities are maintained on the job.

	Question	Score (1-5)
1	My manager discusses my ideas and gives me feedback on my efforts to put learning into practice	
2	My manager discusses the training and development I have attended after training	
3	My manager 'opens doors' for me in the wider organization	
4	My manager is generally open to new ideas and changes	
5	My manager works with me to set performance goals following training	
6	My manager gives me encouragement and support in trying out new things	
7	My manager demonstrates listening and empathy	
8	My manager discusses training and development needs with me before training	
	Total	



Cyril Kirwan

Dr Cyril Kirwan is a highly experienced work and organisational psychologist. Having worked for many years in the airline and financial services sectors, he now designs and delivers interventions in areas such as leadership development, change management and executive coaching for clients in both private and public sectors, in Ireland and abroad.

Managing your Personal Finances through Covid-19

by Brenda Clerkin

Every single one of us have been impacted by the recent pandemic that has hit our nation in one way or another – be it being unable to work, working from home, working reduced hours, coping without childcare, adjusting schedules and routines but most of all the biggest impact will be to our personal finances.

However, as we emerge from lockdown and life returns to a new normal what considerations do we need to give to managing our personal finances? In this article I explore a three-stage process to managing your finances at this unprecedented time. It involves the following stages – REACT, RESET and REVIEW. This is to be applied on a short, medium- and long-term basis for the duration of the pandemic. Your personal finances have two elements, income and expenses, and adjustments may be required on both sides.

REACT (Short term)

Following the initial impact of the pandemic back in March 2020, many people have had to react quickly to changes in their circumstances – decisions were made without much thought as a natural instinct to protect their personal finances.

Looking at income, perhaps the most uncontrollable element for many, people were forced not to work or work reduced hours thus having a significant impact on finance. The government introduced the furlough scheme for employees and the self-employed which was their reaction to the need to protect the income of the nation in the short term. People gave consideration to monthly spending and reduced it were possible, perhaps taking advantage of the mortgage and financing holidays offered by the financial institutions.

This may have been coupled with a reduction in discretionary spending, either taken voluntarily, for example by reducing spending on TV subscriptions or those that were imposed on us, for example, restaurants and gyms being closed. All these actions were reactions in the short term to protect our personal finances for both the immediate and longer-term impact of the pandemic.

RESET (Medium term)

Now that the initial impact has been experienced and things are beginning to settle down, new norms emerge. The way we work, where we work, how we get there - all changing. How we shop, how often we shop and where we shop - all changing. Our childcare options, our children's education – all changing, our ability to socialise in groups big and small – all changing. Our new lives are now a shadow of what we were used to, at least in the medium term. So, what does this stage entail for our personal finances? This medium-term phase could last for 9-12 months so to make life feel normal we'll need to reverse some of the initial steps we took in the react phase.

On incomes, with workplaces reopening, people will have seen a balance return to their wages/salaries - perhaps this balance won't be at the levels of income we experienced pre the pandemic but it will provide a new base on which we will reset our personal finances. We now reflect on our spending, if this new life is to continue people are adjusting and, rather than cutting back on spending as mentioned in the first stage, people are resetting, increasing their spending as they crave some form of normality and rightly so.

"The way we work, where we work, how we get there - all changing."

The heavy hitters on our expenses will emerge again when holidays from mortgages and other financing arrangements are retracted but with our incomes relatively stable, we will hopefully cope with these payments.

Other household costs (e.g. utility and food) are returning to levels we are familiar with, scenes of stock piling gone as people stabilise and adjust. Discretionary spending is on the increase too as people seek to kick start life again – returning to leisure centres & gyms, restaurants, bars etc as the lockdown eases.

The medium-term phase may bring job losses and indeed when the government furlough scheme is retracted this could be a reality for some. This would be an unfortunate position for people but hopefully that will not last long term as economies emerge and growth beings again. We will see some industries suffer more than others e.g. hospitality and the airline industry but when one door closes another may open.

It may lead people to think about reskilling themselves to provide the best chance of gaining employment, potentially moving into an industry they have no experience in. With travel expected to decrease in the medium term will that open up new opportunities for local people where previously jobs had been completed by those from other countries? Covid-19 will rear its head at various points, parts of countries/cities/towns could be in lock down both at home and abroad as localised outbreaks emerge.

This could have a significant impact on a supply chain for a given company, will these companies look to other sources of supply? Potentially some more local suppliers or could some of the supplies required be made in house? – this could create opportunities where we don't necessarily expect them. Being open and flexible will mean people will have the best chance of retaining or gaining new employment in an effort to balance their incomes.

In the meantime people who find themselves in this category will need to reset their finances for the medium term, working within their new income levels through whatever form of support is available, stabilising to a new norm with their expenditure and looking out for green shoots of opportunity.

This medium-term phase could be a bumpy road as the Covid-19 pandemic develops, this will impact on household finances and could lead to monetary up and downs. I mentioned localised outbreaks; indeed we have seen many examples of this to date, and the impact of this will need to be considered on our finances too. If our area is in lockdown for 4 or 5 weeks or longer, or our child's school needs to close in response to an outbreak, or our workplaces, how we manage our finances will need to be considered carefully. This will depend on whether our income is impacted – are we able to work from home to protect our income? If not, how do we ensure we can meet our necessary monthly expenses? Will the government provide further support? Will financial institutions offer ad-hoc payment holidays? We may find ourselves back in the react phase – making quick instinctive decisions to protect finances, albeit this time hopefully on a shorter-term basis.

REVIEW (Long term)

As we emerge from the pandemic in the longer term, in whatever form that may take, people need to review where they are with their finances to ensure what they have embarked upon in the reset stage is appropriate to continue, or perhaps adjustments may need to be made.

Longer term decisions (like buying a new car, a house or having a child) may need to be put on hold while we assess the overall impact that Covid-19 has had on our finances. What will have a huge impact on these decisions is the state of the economy – will we have a 'bounce back' economy or are we going to be left with a more gradual come back like we did after the financial crisis in 2008? What will be useful for many of us however will be the experience we gained from the financial crisis, the know-how we gained on our ability to manage our finances through a time that presented us with such upheaval.

The government too will have a part to play in trying to increase public confidence in the economy to encourage people to make these longer-term decisions earlier in an effort to stabilise and grow the economy. As a result of all the government involvement in responding to the pandemic, we also must expect some form of 'backlash' on society to repay the billions invested by the government, this must also be considered as we manage our personal finances.

As time moves on, the longer-term implication on both our personal finances and indeed those on the nation will be under scrutiny and we will be in a constant state of reacting, resetting and reviewing as things change. The key is to be adaptable and flexible, recognising what stage you are in and making the necessary adjustments.

"The key is to be adaptable and flexible."

Brenda Clerkin

Brenda is a Lecturer of Practice (Accounting) in Queens University Belfast, her specialisms are accounting, auditing, ethics and data analytics

What does Sustainability Mean?

by Yvonne Holmes

Sustainability is one of the most prominent issues to emerge in recent years. Public concern about society and the environment has risen, as people have become more aware of problems such as climate change, pollution waste and depletion of natural resources.

A commonly used definition is that sustainability focuses on meeting the needs of the present without compromising the ability of future generations in meeting their needs. It also infers societal progress and an increase in the quality of life. Sustainability is often associated with climate change – however, sustainability isn't just about the environment. It is made up of three components: Economic, Society & Environment (also referred to as Profit, People & Planet).

These three components are integrated and are considered as the triple bottom line, as the impacts on all three need to be understood when making business decisions that are responsible and sustainable.

The importance of sustainability

Corporate transparency on environmental, social, and governance (ESG) risks being the three key pillars of sustainability is on the rise.

- Empowered consumers and employees are forcing corporate behaviour change.
- Suppliers and investors are cutting ties with organisations or companies most at risk.
- Investors are also demanding more transparency and adaptation plans.
- Government mandates are increasingly requiring adaption to enable them to meet their commitments to the Paris Agreement.

Consumer pressure to address climate change in particular is increasing.

Single use materials, and plastic wrapping are becoming unacceptable. The carbon emission costs of the manufacture of products and production of foodstuffs are being documented and reported. Every new product will soon be measured not just by how much of it can be recycled at the end of its life, but also at its start of life in terms of what proportion of it is made from recycled materials. There will also be measurement throughout the manufacture process in terms of how much waste is produced versus reusing, refurbishing and remanufacturing to create a closed loop system.

We know consumers care about this issue. In our latest AIB Sustainability Index Research, 76% of people AIB surveyed told us that sustainability is important for them in their daily lives. 54% say sustainability has become more important to them personally since Covid-19. We also know that 60% of people are influenced by a business's positive sustainability credentials in their purchasing decisions. There is huge business opportunity for those that establish themselves in this space with compelling propositions.

The other benefits for business include the opportunity for cost reduction, resource efficiency, brand and reputation differentiation, new market opportunity, employee satisfaction and pride and investment attractiveness. In addition, one of the most fundamental benefits is creating business resilience which includes a dependable and backup supply chain, structures that enable agility in response to changing market conditions and digital systems and processes that are robust and secure.

Healthy society equals a healthy economy

The Covid-19 pandemic has cost lives and impacted many businesses as well as individual livelihoods. The importance of sustainability has come more into focus as the impact of a small change in our ecosystem and how it can have such a detrimental and wide-reaching effect on the health and economies of countries across the globe has become more understood.

As we begin to examine how the post-Covid recovery is shaped, it is clear that building resilience will be vital to ensure businesses, communities and people can survive future existential threats, one of the most pressing being climate change.

We know that pandemic viruses and greenhouse gases do not adhere to borders or geography. Both put the poor and vulnerable at greater risk and require government action on a massive scale to stabilise and prevent continued and escalating disasters.

The virus has reinforced the criticality of a healthy society to a healthy economy. Covid-19 has demonstrated that the foundations of prosperity are precarious. It has shown that large scale catastrophe can come with little warning, and devastating impacts.

The pandemic both reveals the size of the challenge ahead and also creates a unique chance to enact government policies that steer the economy away from carbon at a lower financial, social and political cost than might otherwise have been the case.

The European Green Deal is being used as a framework for tackling short-term economic needs with long-term sustainability goals. It provides a roadmap with actions to boost the efficient use of resources by moving to a clean, circular economy and restore biodiversity and cut pollution. It outlines investments needed and financing tools available and explains how to ensure a just and inclusive transition.

The proposals include incentives to boost electric vehicle sales and a doubling of investment in charging networks, grants and guarantees for sealing up less energy efficient buildings - including plans to offer home buyers green mortgages, leverage finance for new renewable energy projects over the next 2 years, and funding for the development of green hydrogen that can curb emissions in some of the hardest to tackle industries, like steel and cement making.

The decade for action

The Paris Agreement was signed in 2015 when 187 signatory countries pledged to take significant action to reduce greenhouse gas emissions in order to limit global warming to well below 2 degrees above pre-industrial times – ideally limiting it to 1.5 degrees.

Three years after the Paris Agreement, the IPCC published a landmark report on the impacts of the 1.5 degrees of global warming. The authors – the world's leading climate scientists – warned of "rapid, far-reaching and unprecedented changes in all aspects of society" if we do not cut emissions to 'net zero' by 2050, with a target of a 45% reduction by 2030.

The report ultimately sets out that we have 12 years to solve climate change meaning this decade, from 2020-2030, is being called the "Decade of Action".

Questions for businesses to consider

So, what does this mean for business? Here are some of the areas that need to be considered and addressed in devising business strategy, operations planning and transition.

- What is the risk of stranded assets?
- How to mitigate against the likelihood of additional costs for carbon pricing?
- Has an assessment of the resilience of the business model for climate risk been undertaken?
- How to go from a 2-degree strategy to a net-zero emissions one?
- Is there a requirement for low-carbon clauses in supplier contracts, along with business continuity plan requirements to help mitigate climate-related risks?
- How to help other companies in our value chain improve their resilience?
- What are the possible environmental and social government regulations that could affect the company in the future?
- What are the sustainable development goals that the company can most impact and is there alignment around these in terms of our corporate giving, community and customer supports?
- What sustainability criteria can be leveraged to get better pricing for loans and partnerships?
- How to communicate and demonstrate sustainability credentials to customers, employees and potential and existing investors?
- Are we attracting and retaining new talent who want to work for a company that is socially responsible?

What are we doing in AIB?

At AIB, we are concentrating our efforts on supporting our customers and the economy through this exceptionally challenging period while ensuring the well-being of our staff, suppliers and other stakeholders.

We are working on how we support our customers and play a leading role in rebooting the economy. This is fundamental to our sustainability ambition and commitments.

The importance that we ascribe to the environmental agenda, and also our commitment to be embedded in the communities that we serve, was acknowledged with the addition of Sustainable Communities to our strategic pillars this year.

Our achievements to date in 2020 on this important area of focus include: 'A –' leadership status for our continued progress in corporate climate action and environment stewardship awarded by CDP; and inclusion in the FTSE4Good Index Series which identifies companies that demonstrate environmental, social and governance practices measured against globally recognised standards.

59% of respondents in our AIB Sustainability Index Research recognise the important role that banks have to play in the fight against climate change and we are committed to delivering supports to our customers in helping them transition to a lower carbon footprint in terms of products, finance and guidance.

Our AIB Sustainability strategy incorporates four key pillars – Climate action, Building better banking experiences, Economic & Social Inclusivity and Responsible & Resilient Technology.

Climate Action -
Leading Ireland's transition to become a low carbon economy. Our focus in AIB is threefold;

- Help finance the green agenda, showing leadership with new propositions and partnerships to help our customers transition in their personal and business lives
- Reduce the carbon footprint of our own business operations which includes the footprint of our customers and our suppliers
- Manage our own financial exposures against climate risk

Building Better Banking Experiences -
Building better banking experiences and more resilient products with a focus on continuous improvement and learning from our mistakes.

This includes ensuring that we are supporting our vulnerable customers across their range of financial needs.

Economic & Social Inclusivity -
Enhancing the livelihoods of all our customers; actively investing to support economic progress and social issues including housing. This includes backing our customers to start-up and grow & improving financial access and financial literacy. It also covers our involvement in the community through sponsorship, partnerships, education, charity and volunteering

Responsible & Resilient Technology -
Protecting the privacy, security and integrity of our data and systems to ensure responsible practices and resilient technology.

The work across these areas is underpinned by fostering the well-being of our employees in a diverse and inclusive workplace that is bound together by trusting and transparent culture and accountability.

Our Commitments

AIB has signed up to support the TCFD (Taskforce for Climate Related Financial Disclosures). In summary, this means that we must set ambitious and measurable targets specifically in relation to our Climate Action objectives and disclose our progress against these as part of our annual financial reporting.

We have also signed the Principles for Responsible Banking, which requires banks to align their business strategies to the 17 Sustainable Development Goals (SDGs) set out by the United Nations, and to make commitments to positively impact across at least two specific areas.

We have also signed the Low Carbon Pledge which commits us to reducing our carbon footprint by 50% by 2030.

Our focus on Sustainability isn't just because it is the right thing to do. It is because it is a business imperative for the survival of any company while also presenting significant business opportunity as new business models, innovation and investment is required across every sector.

With Covid-19, we have seen what can be done in the face of a critical emergency, with businesses reinventing themselves and pivoting their supply chains, products and services, employees changing their ways of working and governments responding and collaborating to tackle a common goal.

This is the decade for meaningful and accelerated action and AIB is committed to leading Ireland's transition to become a low-carbon economy and will continue to hold ourselves to account in our Pledge to Do More.

'What happens now and in these next few years will profoundly affect the next few thousand years'

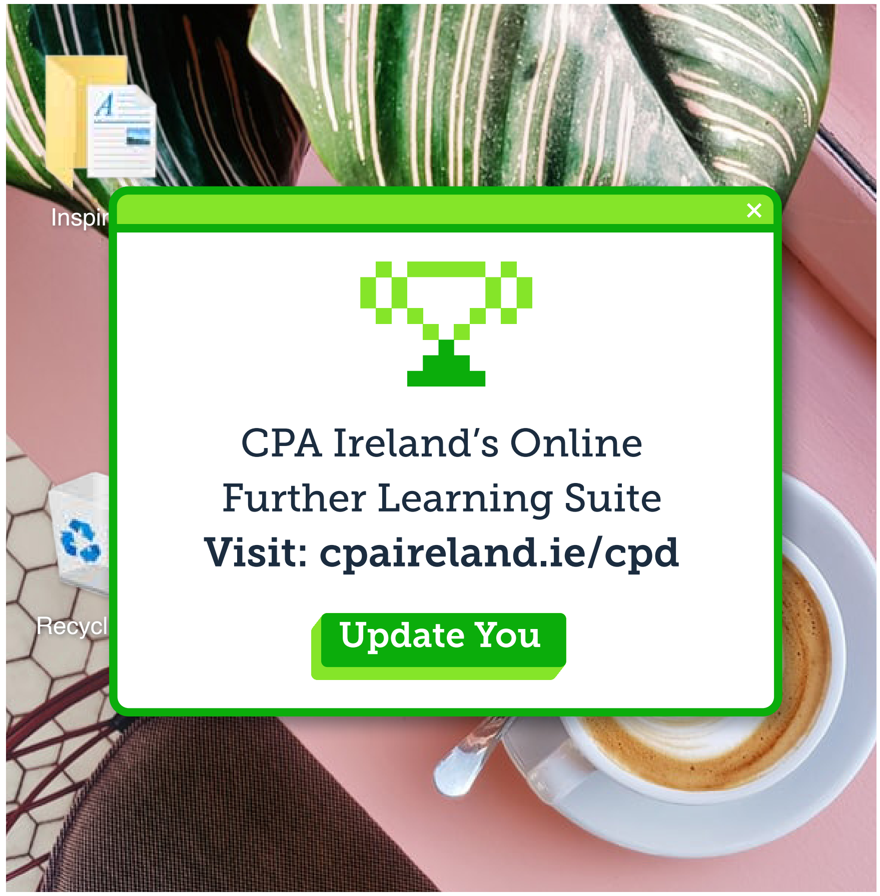
David Attenborough

"...ensuring that we are supporting our vulnerable customers across their range of financial needs"

Yvonne Holmes

Yvonne Holmes is the Chief Sustainability Officer in AIB and has responsibility for the development and implementation of the Sustainability Strategy across AIB Group. Yvonne is a member of the Chambers Ireland's Sustainable Business Council and Chair of the Sustainable Finance Skillnet.

Taxation News



Temporary Income Tax relief for the self-employed

The Revenue Commissioners have recently published Tax and Duty Manual, Part 12-01-03 – Loss relief for self-employed individuals adversely impacted by Covid-19 restrictions, to provide guidance on the temporary income tax measures provided for in Section 10 (Covid-19) (No 2) Act 2020 to assist self-employed individuals adversely impacted by Covid-19.

Under Section 10

- Self-employed individuals can claim to have their 2020 losses and certain unused capital allowances carried back and deducted from their profits for the year of assessment 2019. The total amount that may be carried back is limited to €25,000; andSelf-employed individuals can accelerate the above relief through making an interim claim based on the estimated amount of relief available to them

The new Tax and Duty manual provides guidance on the operation of the measures outlined above, including the procedures for making a claim

- Interim claims are initially made through 'MyEnquiries' by submitting a letter the template for which is included in Appendix 1 of the new Tax and Duty Manual. Once the interim claim is received, relief due will be given by amending the Form 11 tax return for 2019;
- Interim claims can be revised upwards or downwards as the year progresses. A final claim for relief must be included by the income tax filing date for the relevant year of assessment.

  For example, where the interim claim relates to the year of assessment 2020, a corresponding final claim for relief must be included in the Form 11 for 2020 which is due 31st October 2021;
- A practical and proportionate approach to quantifying relief should be adopted by individuals. A suggested method for estimating relevant losses and allowances in included in the Tax and Duty Manual; and
- A taxpayer must be fully tax compliant in order to make an interim claim, meaning that they must have complied with all of its obligations under tax legislation in relation to the filing of returns and payment of taxes.

  Individuals who qualify for 'debt warehousing' or who have phased payment arrangement in place will be regarded as being tax compliant.

source: www.revenue.ie

Corporation Tax - Accelerated loss relief for companies adversely impacted by Covid-19

Section 396D Taxes Consolidation Act 1997 (TCA 1997), as inserted by Section 11 Financial Provisions (Covid-19) (No 2) Act 2020 provides for a temporary acceleration of Corporation Tax loss relief for accounting periods affected by the Covid-19 pandemic. It allows companies to

- To estimate their trading losses for certain accounting periods; and
- To carry back up to 50% of those losses against chargeable profits of the preceding accounting period on an accelerated basis.

Usually a claim for carry back loss relief can only be made after the end of an accounting period in which the loss is incurred and following the filing of a tax return for that period. However, Section 396D TCA 1997, now allows for accelerated loss relief through allowing companies to make interim claims.

In order to be eligible to make an interim claim must have incurred or expect to incur a trading loss in the period 1st March 2020 to 31st December 2020. In addition, a company must be tax compliant, meaning that it must have complied with all of its obligations under tax legislation in relation to the filing of returns and payment of taxes.

Companies who qualify for 'debt warehousing' or who have phased payment arrangement in place will be regarded as being tax compliant.

Temporary procedures for the submission of interim claims are set out in a new Tax and Duty Manual, Part 12-03-05 – Corporation Tax: Accelerated loss relief for companies adversely impacted by Covid-19 restrictions.

In order to submit an interim claim

- A company must have filed its CT1 for the preceding accounting period;
- The claim for accelerated loss relief can be made through amending the CT1 for the preceding accounting period through ROS; and
- A company must notify Revenue that the claim is an interim claim for the purposes of Section 396D TCA 1997. This is done though entering a note in the additional notes section of the CT1 at the time of making the claim. A template note has been included in appendix 1 to the Tax and Duty Manual, Part 12-03-05.

Further guidance on the acceleration of corporate tax loss relief is provided in the Tax and Duty manual which can be accessed at www.revenue.ie.

Source: www.revenue.ie

Focus on Hive Outs for Tax Efficient Corporate Reconstructions

by Mairéad Hennessy

Over time as companies grow, it is common that more than one business is carried on under the umbrella of a single company. Frequently a time will come when the shareholders will want the separate businesses to be operated in separate companies. Such restructuring typically arises in a number of scenarios such as:

- To facilitate external investment in one of the businesses.
- To facilitate succession planning for the shareholders.
- To enable the shareholders maximise their value in each business in the event of a future sale.
- To segregate the risks attaching to each business and avoid cross contamination should one business fall into difficulty.

A common way to carry out this business separation is by way of so-called "Share for Undertaking Three Party Swap" whereby the company transfers one of its businesses to a newly incorporated company in consideration for the new company issuing shares in it to the shareholders of the transferor company. This type of reconstruction is commonly referred to as a "hive out".

Tax implications of a hive out

There are numerous taxes that need to be considered in advance of implementing a hive out. However, the Irish tax legislation provides for reliefs meaning that the hive out can be done on a tax neutral basis where it is structured correctly.

The taxes to be considered before a hive out is implemented are as follows:

- Capital Gain Tax (CGT) for the transferor company on the disposal of its assets,
- CGT for the shareholders of the transferor company on the effective disposal of part of their investment in the transferor company,
- Transfer of corporation tax losses and assets at tax-written-down value from the transferor company to the new transferee company,
- Stamp duty for the new transferee company on the transfer of assets from the transferor,
- Income tax on the distribution of assets to the shareholders,
- VAT; and
- Tax clearance Requirements.

We will analyse below how each of these taxes may be relieved to ensure that the hive out is carried out without any tax cost for the shareholders, the transferor company or the new transferee company.

CGT for the Transferor Company

In general, the transfer of chargeable assets from one company to another gives rise to a CGT charge for the transferor company. However, section 615 Taxes Consolidation Act(TCA)1997 provides that, where the necessary conditions are satisfied, the transfer of chargeable assets from one company to another is deemed to take place for consideration such that no capital gain or loss arises.

The main conditions for section 615 TCA are as follows:

- There is a scheme of reconstruction or amalgamation and the transaction occurs as part of that scheme;
- The transfer must constitute the transfer of the whole or part of the transferor's business;
- Both the transferor and transferee companies must be resident in Ireland, or the assets are chargeable assets immediately before and after the transfer;
- The transferor company receives no consideration for the transfer other than the recipient taking over the whole or part of the liabilities of the business, and
- The transfer of all or part of the transferor company's business is effected for "bona fide commercial reasons and does not form part of an arrangement the main purposes, or one of the main purposes, of which is the avoidance of liability to tax".

There is no clawback of section 615 relief where the shares or undertaking are sold after the reconstruction.

CGT for the Shareholders

A potential charge to CGT arises for the shareholders on the effective disposal of part of their investment in the transferor company to the new transferee company. However, relief from such CGT charge exists under

section 587 TCA 1997 where shares are issued to the shareholders under a bona fide reconstruction which is effected for commercial reasons and does not form part of any arrangement or scheme of which the main purpose is the avoidance of tax.

Where section 587 relief applies, the gain on the old shares is effectively deferred until the new shares are sold by the new transferee company. In order for the relief to apply the sole consideration for the transfer must consist of the issue of shares in the capital of the new transferee company in the same proportion (or as nearly as may be in proportion) to their existing shareholding in the transferor company so that as a result of the reconstruction, substantial ownership of the business transferred remains the same. The assumption of liabilities by the transferee company does not prevent the application of section 587 CGT relief.

Transfer of corporation tax losses and assets at tax written down value

In general, the transfer of a trade between companies triggers an automatic discontinuation of the trade for tax purposes. This means the transferor company is entitled to terminal loss relief and the new transferee company cannot benefit from any unused trading losses.

However, where section 400 TCA 1997 applies the losses of the transferor company that relate to the trade being transferred may be transferred to the new transferee company. The main condition for section 400 to apply is that 75% of the shareholders in the new transferee company must also be shareholders in the transferor company in the three-year period starting one year before and ending two years after the transfer of trade (section 400(5)(a)(i) TCA 1997).

Where the new transferee company acquires a trade from another company under a scheme of reconstruction and losses transfer with that trade then the acquired trade is ring-fenced from other existing trade in New Co and the losses can be carried forward against the same profits from that "notionally" separate trade. There are various methods used in practice to ensure that the ring-fenced losses are allocated against the correct trade (i.e. turnover, head count etc.).

Where section 400 applies, plant and machinery may be transferred at tax written down value without triggering any clawback of capital allowances previously claimed by the transferor company. Where the transferred assets are subsequently sold by the new transferee company, any balancing allowance or charge will be given to or made on the transferee company as if it had owned the assets since they were originally acquired by the transferor company.

Stamp duty

Stamp duty can arise on the transfer of assets, goodwill, trade debtors from one company to another. Relief is available from stamp duty under section 80 where the trade is transferred to another company and

- The reconstruction is carried out for bona fide commercial purposes and not for the purposes of avoiding tax and the reconstruction will be on such terms that will ensure substantial continuity of ownership.
- The assets being transferred constitute an "undertaking" or part of an "undertaking".
- At least 90% of the consideration for the transfer must consist of the issue of shares by the transferee company to the shareholders of the transferee company i.e. cash cannot exceed 10% of the total value of the consideration.
- The transferee company is a limited company that is incorporated in an EU / EEA Member State.

The assumption by the transferee company of liabilities of the undertaking being transferred does not preclude the application of this section.

Where the conditions for the relief are satisfied, a stamp duty return must be filed within 30 days (44 days by Revenue concession) of the transaction and the relief claimed on this return.

There is no clawback where the shareholders dispose of their shares within 2 years of the reconstruction.

Income tax on the distribution of assets to shareholders

In a hive out, the shareholders of the transferor company receive shares in the new transferee company without providing consideration directly (i.e. the consideration is provided by the transferor company). Where the shareholders did not already own shares in New Co, this cannot constitute a distribution under section 130 TCA 1997.

Further, Revenue has set out in Tax Briefing 48, June 2002, that it is not the practice of the Revenue Commissioners to invoke a distribution charge where a bona fide reconstruction takes place to which the provisions of section 587 and 615 TCA 1997 apply.

VAT

VAT should also not arise on the asset transfer, as Transfer of Business Relief should apply under ss 20(2)(c) and 26 of the VATCA 2010. This relief automatically applies where the totality of the assets transferring constitute an undertaking capable of carrying on an independent economic activity.

Tax Clearance

A CG50 will be required in respect of the asset transfer where the consideration exceeds €500,000 and there is goodwill and / or Irish property transferring as part of the trade.

Conclusion

In summary, numerous tax considerations arise when shareholders restructure their business operations. When carefully planned, the restructure should not give rise to any tax cost. To this end, it is very important that a full review of the relevant taxes and available reliefs is undertaken before the restructure is implemented to ensure that no tax cost is inadvertently triggered for the parties. Furthermore, both legal and accounting advice must be sought by the shareholders in advance of any corporate transaction.

Mairéad Hennessy,

Mairéad is founder of Taxkey, a specialist practice providing virtual tax partner services to accountancy firms around Ireland.

Notice of Assessments – To Appeal or Judicially Review

by James Burke

An appellant before the Taxation Appeals Commission ("TAC") often raises legal argument in relation to their dealings with Revenue and the circumstances surrounding the assessment. Legal arguments such as the vires of an assessment, legitimate expectation, unjust enrichment or estoppel are frequently invoked before the TAC. The TAC do not have jurisdiction to adjudicate on these issues. The TAC is a creature of statute and so it is restricted to its statutory powers. This article looks at the difference between appealing a notice of assessment and judicially reviewing a tax assessment and/ or a notice of assessment. It is also possible for a taxpayer to judicially review the TAC but that is not the focus of this article.

1. Appeal of the assessment

The function of the Appeal Commissioners in a tax appeal is confined to determining whether the assessment should be reduced, increased or let stand[1]. The powers of an Appeal Commissioner in respect of an assessment are delineated in sections 949AK and 949AL of the Taxes Consolidation Act 1997. Examples of issues the TAC considers such as whether a taxpayer satisfies the criteria for an exemption, whether they are entitled to tax relief or whether an expense is wholly and exclusively for the purposes of the trade.

The courts have emphasised that the function of the TAC is to determine the tax payble. The oft quoted statement of Romer LJ in IRC –v- Sneath [1932] KB 362, outlines the statutory function of the then Appeals Commissioner, putting it as follows: "The appeal is merely another step taken by the Commissioners at the instance of the taxpayer in the course of the discharge of their administrative duty of collecting surtax. In estimating the total income of the taxpayer, the Commissioners must necessarily form, and perhaps express, opinions upon various incidental questions of fact and law. But the only thing the Commissioners have jurisdiction to decide directly and as a substantive matter is the amount of the taxpayer's income for the year in question."

The decisions of the TAC are replete with acknowledgements of the TAC's statutory limitations and its parameters. The decision from the TAC in determination 60TACD20 where it expressly states that the TAC cannot assess the vires of an assessment is but one example of this. The TAC stated: "The jurisdiction of the Appeal Commissioners to determine appeals against assessments of tax does not, in my view, extend to determining whether or not the notice of assessment of tax which is the subject of the appeal to them is a lawful notice or whether it is unlawful by reason of being issued ultra vires the Revenue's statutory powers.[2]

While much of the caselaw predates the TAC, these judgments are regularly relied upon by the TAC when the taxpayer seeks to raise matters that are outside the parameters of the TAC's statutory power.

While the TAC's jurisdiction is limited to considering the assessment and whether to reduce, increase or let it stand, it can be required to make incidental rulings on the interpretation of the law and the admissibility of evidence. In Kenny Lee v Revenue Commissioners[3], the High Court considered the TAC's jurisdiction to consider whether the parties had entered into a prior contract of settlement in respect of a liability.

The Court stated "Moreover, it is clear from the authorities just quoted that the statutory powers and authority of the Appeal Commissioners must entail the jurisdiction - indeed, the obligation - to give rulings on incidental questions of law or fact where necessary or appropriate"[4]

In Kenny Lee the Court held that the TAC did have jurisdiction to consider whether the parties had entered into a prior contract of settlement. The Court, however, held that the TAC did not have jurisdiction to consider whether the prior settlement gave rise to a claim for legitimate expectation or promissory estoppel.

It is clear from the foregoing that the appeal of a tax assessment is limited

1 Section 949AK(1) TCA (as inserted by Finance (Tax Appeals) Act 2015
2 60TACD20 – at para 33
3 [2018] IEHC 46
4 [2018] IEHC 46 at para. 60

to considering whether the tax should be reduced, increased or let stand. The taxpayers grievance in respect of other matters does not come within the scope of the appeal.

There lies an appeal by way of a case stated from the TAC to the High Court. The Court's jurisdiction is limited in that this is an appeal on a point of law only, it is not an appeal on the facts of the case. The fact finding occurs before the TAC and the High Court then considers whether the law was applied correctly.

On appeal by way of case stated the High Court assumes the statutory clothing of the TAC. Ms Justice Donnelly in Coleman v Revenue Commissioners[5] outlined the Court's limits, where she stated "More specifically, it is not for the High Court in these proceedings to take upon itself a fresh or original determination as to whether the book Foot in Mouth is or is not a biography. The role of the High Court is to determine the point of law set out in the case stated of the Appeal Commissioner."[6]

2.Judicial Review

Judicial review is the mechanism by which an aggrieved party asks the Court to review how an administrative decision was arrived at. Mr. Justice Clarke in Sweeney v Fahy[7] explained judicial review as "judicial review is concerned with the lawfulness rather than the correctness of the decision sought to be challenged."

The grounds for judicial review are generally lack of jurisdiction, bias, not being afforded the opportunity to be heard, procedural unfairness or unreasonableness in the exercise of discretionary powers. It also allows an aggrieved party to raise issues such as legitimate expectation, promissory estoppel or where a taxpayer's constitutional rights are interfered with. The lines between an appeal and an application for judicial review can be very fine. As will be seen below the Courts at times struggle with the delineation between the two remedies.

In tax cases, judicial review is the appropriate application in circumstances where for example, Revenue have acted outside their jurisdiciton[8], failed to provide information in a timely manner[9] or the lawfulness of the assessment raised[10]. As addressed above, it is not the appropriate avenue if the issue is one of the correct amount of tax to be paid. I propose looking at a number of examples in more detail.

In Stanley v Revenue Commissioners[11] the Court considered the validity of the notice of assessment. The taxpayer received a substantial gift from his father in respect of shares in a construction firm. Revenue raised a notice of assessment which related to a period beyond the statutory 4 year time limit. The taxpayer maintained that the notice of assessment was issued outside the 4 year time limit and therefore invalid. Revenue contended that the applicant's return was not a correct return thereby allowing them to raise an assessment beyond the 4 year statutory time limit.

The taxpayer sought to quash the notice of assessment by way of judicial review. In refusing the relief sought, the High Court found that the applicant should have appealed the notice of assessment. The Court of Appeal did not agree. It held that ability of the TAC to hear and determine an appeal derived from the lawfulness of the notice of assessment. The notice of assessment is the foundation of the tax appeal and if the notice of assessment was invalid then the TAC did not have jurisdiction to hear the appeal. The Court stated "The jurisdiction of the Appeal

Commissioners to determine appeals against assessments of tax does not, in my view, extend to determining whether or not the notice of assessment of tax which is the subject of the appeal to them is a lawful notice or whether it is unlawful by reason of being issued ultra vires the Revenue's statutory powers.

A lawful assessment is a pre-requisite to the exercise by the Appeal Commissioners of their powers to hear and determine an appeal against an assessment. As the appellant has submitted, it is only where the notice is a valid notice of assessment that the issues of quantum of tax fall to be determined by the Appeal Commissioners on appeal. Where as in this case the issue raised is one of law and, specifically, of statutory interpretation as to the lawfulness

5 [2014] IEHC 662
6 [2014] IEHC 662 at para. 69
7 [2014] IESC 50 at [3.16]
8 McNamee v Revenue Commissioners [2016] IESC 33
9 Keogh v CAB [2004] IESC 32
10 Viera v Revenue Commissioners [2015] IESC 78
11 [2017] IECA 279

of an assessment as opposed to the quantum of tax so assessed, the appellant was perfectly entitled to seek to have that issue determined by way of the present judicial review proceedings."

Judicial review is also the approporiate remedy if a taxpayer maintains that the notice of assessment was raised capriciously, unreasonably or in bad faith. The High Court remarked on this in Menolly Homes v Appeal Commissioners and Revenue Commissioners[12] wherein it stated "There is an appropriate remedy to a person who claims that he is being assessed to V.A.T. in circumstances where he says that the tax inspector had no "reason to believe that an amount of tax is due and payable", within the meaning of s.23(1) of the Value Added Tax Act,. That remedy is judicial review of administrative action. If there are circumstances upon which it may be argued that such an assessment was arrived at capriciously, unreasonably or in bad faith, then an applicant may seek a declaration that the notice of assessment is invalid; that the assessment be quashed; or that an injunction be issued to prevent its operation."[13]

It is important to note that consideration must be given to judicial review upon receipt of the notice of assessment. An application for judicial review seeking to quash a notice of assessment must be brought within three months of the date of the notice of assessment[14]. As with an appeal, the time limits for judicial review are strict. In Menolly Homes v Appeal Commissioners and Revenue Commissioners the Court rejected the application for judicial review as it was out of time.[15] Order 84, r 21(3) does provide for an extension of time where the court is satisfied that there is good and sufficient reason for doing so however the courts are very reluctant to grant these applications.

While there are a number of examples of a taxpayer succeeding in its application for judicial review, the courts have regularly refused to grant the relief claimed. The bar is high to achieve success in a judicial review application.

Conclusion

When a taxpayer wishes to challenge an assessment raised by Revenue, it is important to carefully consider how the assessment was arrived at. It is appropriate to appeal the notice of assessment before the TAC where a taxpayer wishes to challenge the notice of assessment. Judicial review is the appropriate remedy where a person wants to challenge the lawfullness of the assessment. Appealing a notice of assessment and raising issues such as legitimate expectation, unjust enrichment, promissory estoppel before the TAC will not provide a remedy for the taxpayer.

James Burke,

James is a practising barrister who specialises in the area of tax law. He is a member of the AITI and regularly appears before the Tax Appeals Commissioner and in commercial, chancery and tax cases.

12 [2010] IEHC 49
13 [2010] IEHC 49 at para. 37
14 O,. 84, r. 21 (1) of the RSC
15 [2010] IEHC 49 at para. 38

In Practice News

Important notice – Changes to Eligibility Criteria for Audit Qualification

Members and students are advised of changes to CPA Ireland's Bye Law 13, Practice and Audit Regulations, from 1st July 2020.

Bye Law 13 sets out the requirements for CPA members who wish to obtain a practising certificate or become a statutory auditor.

Some of the key changes are in the area of the eligibility criteria for audit qualification. If you are considering making an application for audit qualification to enable you to act as a statutory auditor in the future, you should be aware of some significant changes in this regard and plan your training and education accordingly.

For further information please visit the Going into Practice section of the CPA Ireland website at www.cpaireland.ie

2019 Profile of the Profession

The Irish Auditing and Accounting Supervisory Authority (IAASA) has published its annual 'Profile of the Profession for 2019', which provides readers with an insight into:

- the Prescribed Accountancy Bodies' ('PABs') membership, student numbers and public practice profiles;
- the nature and scale of the PABs' regulatory and monitoring activities; and
- the Recognised Accountancy Bodies' ('RABs') auditor population and related audit quality and continuing professional development ('CPD') monitoring activities.

IAASA's role in relation to the accountancy bodies includes supervising the manner in which the PABs regulate their members. It also extends to oversight of the RABs' performance of the regulatory functions assigned to them under legislation in respect of statutory auditors, including approval and registration, continuing education, quality assurance and investigation and discipline.

Additional information regarding IAASA's supervision of the PABs and oversight of statutory auditors and audit firms is available in IAASA's Annual Audit Programme and Activity Report 2019 and Annual Report 2019 published on our website.

At 31 December 2019:

- there were 40,027 PAB members located in Ireland, an increase of 4% from 2018 (2018: 38,530). Of these, 61% work in business;
- the PABs' aggregate student membership located in Ireland was 16,830, a small increase of 2% from the previous year (2018: 16,462);
- the number of audit firms approved to audit in Ireland was 4,341 (2018: 4,568) with 1,207 (2018: 1,260) of those located in Ireland; and
- the number of individual statutory auditors approved to audit in Ireland was 9,657 (2018: 10,000) with 1,894 (2018: 1,956) of those individuals located in Ireland.

Prescribed Accountancy Body (PAB) Membership

There has been a 2.9% increase in PAB worldwide membership in the year, although the geographical split has remained largely unchanged.

Of the PAB's, ACCA continues to have the largest membership worldwide representing just over 39%. In Ireland, ICAI continue to have the highest membership with almost 48% of members.

As in prior years, four PABS's account for around 98% of PAB members located in Ireland

- ICAI (48%)
- ACCA (29%)
- CIMA (11%)
- CPA (10%)

In Ireland, the majority gender profile of members is male, in contrast to the student profile, where the majority gender profile is female. However, CPA continues to be the only Recognised Accountancy Body (RAB) with a majority female membership at 51%.

Prescribed Accountancy Body Student Population

Total students in Ireland represent 3% of PABs' worldwide students in 2019 and 67% of students continue to be located outside the EU. There has been a minor increase of approximately 1% in PAB student numbers worldwide in the year, with the geographical split by location remaining largely unchanged. ACCA continues to have the most students worldwide, and the most students in Ireland.

As in prior years, four PABs accounted for almost all of Irish students:

- ACCA (50%);
- ICAI (34%);
- CIMA (10%); and
- CPA (5%).

Prescribed Accountancy Body Members Holding Practicing Certificates

PAB members worldwide authorised to practice has decreased marginally by 1.5% from 2019; there was a modest increase in those authorised to practice in Ireland from 2018.

As in prior years, the vast majority (96%) of those authorised to practise in Ireland and located in Ireland are members of:

- ICAI (53%),
- ACCA (23%), and
- CPA (20%)

The majority (71%) of worldwide PAB members holding practising certificates are members of ICAEW.

Statutory Audit Firms and Statutory Auditors

Over the past 2 years statutory audit firms and statutory auditors, approved by the RABs to perform statutory audits in Ireland, located worldwide and in Ireland, are detailed below.

The number of statutory audit firms worldwide has declined by 5%. Individually, the degree of decline varies:

- ACCA (3%);
- ICAEW (5%);
- ICAI (4%);
- ICAS (3%); and
- CPA (7%)

Year on year, ICAEW account for the largest proportion of approved statutory audit firms and statutory auditors located worldwide, whilst ICAI account for the largest proportion located in Ireland. Statutory audit firms located in Ireland.

Statutory audit firms located in Ireland have also declined by 18% in the period. Individually, the degree of decline varies across the RABs concerned:

- ACCA (11%);
- ICAEW (50%);
- ICAI (19%); and
- CPA (5%)

Statutory auditors located in Ireland have declined by 15% in the period. Again, individually, the degree of decline varies across the RABs concerned:

- ACCA (11%);
- ICAEW (50%);
- ICAI (13%); and
- CPA (5%)

The document also reports on PABs' investigation and disciplinary activities, RAB's quality assurance of statutory audit firms and PABs' activities in continuing education of members during 2019. The full document can be downloaded from the IAASA website at www.iaasa.ie.

Source: www.iaasa.ie

How Digitising Your Practice is the Only Sure-Fire Method to Ensure the Survival of Your Business

by Paul Redmond

Until now, in the accountancy world, we have all been focusing on the wrong thing. In the day of the Wright brothers, inventors and engineers all around them were focused on the plane's engine, and no one could get an aeroplane off the ground, but the Wright brothers did something different. They focused on the aerodynamics of the machine, and within a short space of time, we had the aeroplane. In the accountancy world, we've all heard the advice that "if you just get all of your information into the cloud, you're going to become a more efficient and successful digital practice". But here's the thing, putting things into the cloud is the exact same as putting paper into a filing cabinet. The only difference is the place you're storing the information. That's not digitising your business.

What Is Digitising Your Practice?

Digitising your practice involves looking at the structure of your practice and changing that structure to suit the current environment.

It results in

- Increased profitability of your practice (more cash in the bank)
- Having a simple, seamless system that your staff and clients love (no complicated tech that you can't work with)
- Happier staff, partners and an infinitely more efficient practice (your team will thank you for making their lives easier!)

By this I mean really looking at your own practice and drawing up a plan of action to rebuild and revolutionise the structure of the practice.

This will enable you to take advantage of the new technology that is currently available and become infinitely more profitable and efficient than ever before.

A few short years ago there were not a lot of options and the marketplace for accountants had not changed substantially for decades in terms of automation.

However, now there are now so many options available, it has become incredibly confusing trying to choose the best system, without getting left behind in a year or two when technology changes again.

So, it's vital that the system you put into the practice can adapt and change as better and more stream-lined options become available.

Adaptation is critical for survival.

Why Automation Is the Missing Puzzle Piece

For most practices, there's one missing puzzle piece which, if implemented the right way, completely changes the game.

That missing puzzle piece is automation.

I know what you might be thinking…

- The technology is too hard to wrap my head around at this stage…
- It's too late for me to modernise my practice…
- My best clients won't understand or trust the new ways…
- What if my clients don't want their books online?

But here's the thing…

The requirement of compliance services is diminishing at a rapid rate, as AI and Automation become a normal and widespread part of everyday life, just like driving a car is now one of the most common methods of travel.

Take bank accounts and reconciliation, this was a staple of an accountancy practice years ago, which is now completely covered by automation.

This list is getting bigger by the day.

I've been through this personally with my own practice, so I understand the reservations you're likely feeling about changing again.

My Journey to Digitise My Practice

I came across my first digital practice in 2010 and was hooked the minute I saw it.

This was a complete light bulb moment for me. It was simple, easy to use and incredibly profitable.

My desire was to build a practice that could truly scale where everybody would work on the one system, eliminating the masses of confusion my staff were experiencing on a day-to-day basis.

It took a lot of time for me to get this right in my own practice because honestly, I had no one who had gone before me doing what I wanted (and knew I needed) to do.

I was incredibly eager to learn everything there was to know about digitising my practice, but the lack of guidance cost me a lot in terms of time and money. I don't want that for you.

I eventually got going on the digital journey and started to bring my staff and partners along with me. We signed up for the software we needed, and hey presto, we were digital. It was modern, and new, and working brilliantly in the UK and other places, so I thought our clients would love it, and be as excited as we were about implementing it.

This is where I encountered my first stumbling block, in that Ireland just didn't have the same level of software functionality that the UK had in place, so our infrastructure was a big let-down in the beginning.

What If My Team Aren't On Board?

Around the time of this stumbling block, I broke one of our company's core values - trust.

The other partners and staff lost trust in the process. When this occurs, it is difficult to get it back and momentum has been lost. It is the same as losing trust in any other area of life.

So, I adapted again. I slowed the process down in order to speed it up, doing small things to move forward - the 1% improvement model.

Ultimately, this was what saved the process (and practice!), by bringing everyone together and rebuilding the trust to get back on track. Now, I'm not telling you this to illustrate that this is impossible, and you shouldn't do it. Far from it.

I just want you to know that I have been where you are right now, and come out the other side, so to speak.

You may feel like your staff and partners simply won't be on board with the new way of doing things, but from my own experience, as long as you maintain those core values of trust, honesty, respect and teamwork, they will move forward with you.

You will find that they want what's best for the practice, and this is how you achieve the best result to ensure the longevity of your business.

When I embarked on this journey with my own practice, there were less than 10 apps in the marketplace to choose from, most of which didn't work that well. Now, we have thousands of extremely well-functioning and intuitive apps to choose from, and the problem is actually knowing which ones to choose in order to have a lean, uncomplicated practice!

Cloud technology and software together in this space are absolutely here to stay and we, as an industry, must get on board more quickly and efficiently or risk being seriously left behind.

Why Automation Is Critical to Build A Successful Practice

Automation is the one thing that is going to decide whether your practice is successful or not. It's very similar to driving a car - you don't need to know every single thing about the car, and how it's built and how it works.

You just need to know a small number of things to be able to drive the car.

If you focus on just a few things, becoming a digital practice will help you grow, keep staff engaged, and work with your clients a lot more effectively, so they feel incredibly happy to work with you.

There is genuinely no reason to fear this process - it is a simple one to map out and implement when you get your head around what and where you want to go. All you have to do is get a plan in place and start.

We have it down at this stage in our own practice to just three main pieces of software, and five apps that we use for practice management.

You might be thinking of putting this off for longer, or "waiting to see" if this becomes a reality, and I really don't recommend that approach.

The reality is that when the current pandemic hit our shores in March 2020, we were able to have all of our staff working remotely from the safety of their homes with the ability to communicate easily and effectively, all within 24 hours.

The only reason we didn't have a completely disrupted practice, was because we have adapted, and created a digital practice, where all staff can access their files and communicate with our clients with ease, from anywhere.

It struck me as I looked back, that this was the goal I had set for myself in 2010, and we have finally arrived.

I would urge you as a practice owner to adapt this and move forward with us.

It will protect our institute and our profession in years to come and help us to provide the much- needed advisory services to our clients going forward that they desperately require.

If you have any questions about digitising your practice, or automating your business, please feel free reach out to me at paul@rda.ie

"...a digital practice will help you grow"

Paul Redmond,

Founder and CEO of RDA Accountants, Paul is a qualified CPA & QFA with 30 years of experience.

Advising and Managing Clients through Covid-19

by Cormac Fitzgerald

Fitzgerald & Partners are a CPA Member firm based in Kinsale, Co. Cork with over 20 years' experience dealing in accountancy as a general practice with a focus on SMEs and advisory. Details of the firm can be found on www.fitzgeraldandpartners.com . We do a lot of work in the hospitality sector and also with High-net-worth individual clients moving to the area from overseas in terms of dealing with expatriates.

What have been the new challenges faced by businesses since Covid-19 and how have Fitzgerald & Partners addressed these challenges.

Like every business we have seen a huge change and we have adapted by being there as a support for our clients. Every week is different as new legislation is enacted and new supports are available etc. We have adapted well by helping our clients in advisory to navigate these supports and listening to their issues. In effect it is crisis management.

We have focussed on advisory and communication and used the pandemic to communicate with our clients to get a deep understanding of the issues which can be both personal and corporate. Our team have also improved their digital competency led by Jer Field FCPA, Senior Manager.

As an SMP we are always on the look out to see what new services we can provide, and we are now fully digitally enabled, and we have upgraded our IT in terms of hardware and software. There has been many challenges for businesses including the ever-changing supports available. We have helped our client's access these supports and to deal with changes in them including The Temporary Wage Subsidy Scheme.

Our team have been working from home for a few months and despite it being a new set up for us all it has worked well.

We have also adapted by bringing in health and safety measures such as installing hand sanitisers, screens, a temperature checker, each staff member has their own office and we have all the safety measures in place for the safety of our team and clients. Most of our communication is now done over the phone, email or on Zoom/ Skype/ Microsoft Teams etc.

We have experience in many areas and our niche for 2020 is to focus more on building our advisory services including deal advisory and helping our clients to survive, recover and grow again and be ready for the upturn when it happens.

Cybersecurity is another important area, so we are encouraging our clients to be vigilant in this area to protect their data. People are adapting to the change and businesses are adapting quickly to survive.

Having worked with hundreds of businesses in the last few months as accountants and advisors, the great resilience of business owners has struck me and how they have adapted to change and have been quick to innovate. SMEs have used the time to refit and make safe their place of business, adhering to the health and safety guidelines. Everyone is trying their best and doing their bit. Resilience is learned from set- backs. Some new businesses have opened which is encouraging to see and some entrepreneurs thrive in chaos.

However, there is a cost in adapting your business to the new environment.

To support our local business community we recently commissioned a report and town survey on Kinsale which is available on www.doingbusinessinkinsale.com in e-book format and can be read anywhere in the world . 90% of those surveyed think the town should introduce pedestrianisation (now in train), walk and cycle lanes and more outdoor seating. Thankfully, this is now happening and is a positive step forward for the town being done in a collaborative way and giving it a new look, which has been well received.

There is a great sense of collaboration and groups, clubs and organisations working to recover the growth of the town. This survey and report were submitted to Government to consider for their stimulus packages and supports needed.

How has advice changed and how have you changed your day to day operations during these unprecedented times?

We have done a few key simple things that our clients really appreciate in these uncertain times, giving them some free added value. Some brands have really stepped up to the mark in this crisis helping others and some brands have let themselves down by trying to capitalise on it in my view. People will remember that long term.

Our team has been excellent in adapting to working at home in the crisis and now back in their own offices and they have maintained an excellent client service with great empathy and emotional intelligence. Our reception manager has engaged with our clients ringing them and asking if we can help in anyway in our client out-reach program.

We changed how we operate in the pandemic by closing our office to the public, having a dedicated drop off point in our reception for any records, having our front of house in reception screening and scanning information to our team working remotely and I stayed in the office on my own dealing with clients on the phone helping them to problem solve.

The pandemic has been difficult for everybody in different ways and has also demonstrated how important the SME sector is as the engine of our economy. Hopefully, some further stimulus packages and supports will be put in place to keep entrepreneurs and SMEs going in the context of the budget.

We are large employers and active in the local community and we definitely feel a lot of people have taken stock of their lives over the past few months. Many of us will agree that there is a lot to be gained in slowing down, taking a deep breath, becoming aware and noticing our surroundings.

We learned that we cannot afford to take anything or any day for granted. For the most part, ensuring that people are good and that we look out for each other which is really heartening. Some random acts of kindness don't go astray either which I am a great believer in.

We were thrilled with the positive response to our survey and report and it was well received by Government and we hope it will help in some way to shape a solution for business.

How has the firm embraced technology in addressing the challenges presented by Covid-19?

We have upgraded all our IT during the pandemic with new hardware and software and have Windows 10 and Microsoft 2019 and cameras and Zoom so the team can work remotely which is essential for the new business environment.

While technology has played a very important role and been very useful during the pandemic, zoom/skype meetings have been methods of keeping communication going, some feel that now a more blended approach will be needed as better business can be done with more safe human interaction that can't be replaced by technology.

We have embraced the power of technology and also put in a new phone system with three soft phones and an app which has been super. We used the time to have the best technology available to use so we can make our processes more efficient. We are constantly reviewing the best software for cloud-based accounting and are familiar with all the packages on offer.

What have been the most pressing issues you have come across in relation to your firm and also for your clients?

Liquidity and cashflow are key to survival and availing of all supports possible. These maybe time consuming. Trying to keep a positive culture and minding our team as there is uncertainty and anxiety all around us so it is a time to support each other.

2020 in reality is about survival for most SMEs and how they will get through this. It involves problem solving and thinking outside the box and adapting to the new environment. We are looking at ways to make our office greener and more environmentally friendly and have implemented a green program to do so.

The most pressing issues are getting business plans and cashflows done in a timely manner for SMEs and applying for SBCI tickets etc with the queries and time involved in getting information for bank applications.

We have successfully focussed on four key areas in the crisis. Firstly, we engaged and communicated via weekly Ezines to our clients researching what supports they can avail of. These Ezines are free in our Covid-19 business advisory hub on our website and receive huge traffic daily. Our clients really appreciate these so they can gauge how and where to go next. We get very positive feedback on them and while they take time to create, we don't charge for them.

Secondly, we have helped hundreds of SMEs in our free consultation to local businesses by being there as a support.

Thirdly, we have just launched a new community App as a continuation of our Doing Business in Kinsale project which will have a free directory to all local clubs and organisations. The Doing Business in Kinsale App is something we are working on at present which will help businesses in the area.

Finally, we have developed an innovative contactless tax return service so that our clients can get

their returns done without the need for meetings which has helped lots of our clients including those who prefer to stay at home to get their return done and we will be continuing this service which includes Zoom/Skype consultations etc. into the Autumn/ Winter. Technology has helped our team in this pandemic, and we are harnessing its power.

We had some spare office space, so we have set up a Digital Hub which is the first of its kind in Kinsale and now open for SMEs and Entrepreneurs to have a safe modern co- working space with good Wi-Fi in the town centre.

With lovely seaside walks, fresh air and community on our doorstep it is no wonder flexible workspaces are reporting a surge in demand as large companies look to complement their existing offices in order to comply with social distancing requirements.

As workers return to offices, Covid-19 health requirements mean the sharing of desks is no longer feasible and spacing means companies may no longer have the necessary capacity to accommodate their staff.

What are your top tips for businesses in navigating the challenges posed by Covid-19?

There is and will be huge business and social changes in businesses and those who adapt will survive and entrepreneurs will emerge who can understand complexity and chaos. With huge global changes now the norm it is hard to predict and plan more than 400 days out and we need to prepare for the unexpected. There will be casualties and 2021 will be a challenging year also no doubt.

Top Tips - Prepare for the worst case scenario, adapt to the new environment, do as much digitally as possible, get as much advice as possible, pick up the phone to your friends and contacts, time solves some problems, stay positive, read books, keep learning and self-educating through online learning such as CPA Ireland's further learning suite etc.

Network and keep chatting to your contacts, information is essential in decision making for large and small businesses. Keep connected. CPA Ireland has been very proactive in communicating with its members. I chair the CPA -SMP Committee which is a great forum to share knowledge. We have recently welcomed new members to the committee, and we are looking for more members to join and provide their insights.

What are you most looking forward to when the crisis is over?

A lot of good business and networking is done in person and I look forward to resuming same in a safe way again. Zoom & Skype have been very useful in the pandemic to communicate but better business can be done in person, so perhaps a blended approach is the best option going forward. The CPA Ireland webinars have been great over the last few months to keep up to speed on various topics.

While it has saved commuting time, which has been very welcome, some meetings and the odd coffee with the right person can be more productive. The freedom to travel more easily will also be welcome once safe to do so. I really look forward to bringing my son to a football game (soccer, GAA or rugby) which are memories for life and look forward to bringing my daughter to Harry Potter Studios as a bookworm she enjoys all things books...

Cormac Fitzgerald

FCPA, Fitzgerald & Partners,
Audit-Tax-Advisory

The Future of Audit

by Niall Gleeson

The future of audit is a topic of conversation that has been at the forefront of audit related public consciousness for a number of years. This was exacerbated given the lack of trust of the public in the audit function arising from the fallout from the economic crisis in the late 00's. The expectation gap between auditors and users of financial statements and the public became even more apparent as a result of this crisis.

While audit has undergone significant change over the course of the last number of years since this crisis, it is clear that even more significant change is being expected and will be demanded from audited entities, the users of financial statements and the public in the forthcoming years.

Audit, traditionally, has provided assurance over past results. Transparency and quality have always been key considerations of auditors. This focus is expected to continue and with the emergence of new technologies and audit tools with the Board, financial statements users expect ever increased transparency and quality. Stakeholders expect that auditors will offer more than just assurance over past results and additionally will offer a forward looking view. Users of financial statements believe that auditors need to provide insights that can add value to entities' management and boards and to financial statement users.

Financial Statement Users Expectation

It is widely known that historically there has been a gap in expectations between what the auditor expects an audit to achieve and what financial statement users expect an audit to deliver. Stakeholders want greater assurance on the future but financial statements are prepared on the basis of past results. There has been much discourse over the last number of years on how this gap can be alleviated and it has been suggested that this may be through providing increased information with respect to auditors work on the front half of the annual report, and thus offering more insight into what the auditor has done to the financial statement users.

Given that business is evolving at an ever changing pace, stakeholders are demanding that audit in turn keeps up with the ever changing pace in their industry. Boards and management teams expect that an audit will not just tell them their results up until a certain point in time are "true and fair", they want auditors to offer them insights in what actions they can take now that will improve their processes and provide insight into the auditors assessment of business models going forward.

These insights will help entities be more efficient and productive and will offer insight into the effectiveness of their business model. This may include, but is not limited to, risk management insights, fraud prevention recommendations, control recommendations and quality assurance insights. Overall company management is expecting more from their audit and anticipate that technology is the means to achieve this.

Innovation in Audit

As noted above, technology and innovation offer auditors an increased opportunity to keep up with the even greater demands of stakeholders. It enables auditors to understand and gather vast quantities of entity data to a greater extent than ever before. Artificial intelligence, data mining and data analytics are powerful tools that enable auditors to analyse quantitative data and provide qualitative insights.

Artificial Intelligence involves the use of machines that are capable of performing tasks that typically required human intelligence. The use of artificial intelligence means that tasks which were ordinarily performed by members of the audit team can now be performed by technology. This offers auditors the opportunity to focus on high risk areas. Data Analytics enables auditors to extract useful information from data. The use of Data Analytics, specifically Data Mining, enables auditors to analyse all of an entity's financial data, not just a sample as a traditional audit would have done. Auditors can use this data to perform a regression analysis over the last number of years. Such analysis can identify anomalies which can provide indicators of control weaknesses, fraud and errors. This provides insights to entity management which instil confidence and offer assurance that processes are working as they should rather than just noting that past results are "true and fair". Furthermore, these insights can improve both financial and operational performance through allowing management to make better informed business decisions which can drive overall business performance.

Change in Auditor

Developing the audit of the future means that significant investment is required in developing the auditor of the future. The introduction of the innovative technologies as noted above, evolving regulatory requirements and stakeholder expectations means that audit must develop and foster the right skills in the auditor of tomorrow to deliver high quality work in an evolving environment.

The role of an auditor is no longer just number - crunching and ensuring that accounting entries are correctly recorded. Audit firms need to recruit people who have the ability to react to this change, and foster people who can continually grow their skills and competencies. Audit firms need to adapt their recruitment strategies in order to provide for this. This may involve recruiting auditors from disciplines other than accounting and consistently providing IT and technology training and most importantly, critical thinking training, to all staff.

The auditor of the future doesn't necessarily need to be an IT and innovation expert but they do need to be technologically literate. The auditor of the future needs to be able to communicate with IT and innovation experts and to collaborate in order to offer improved solutions and insights to clients.

Execution of Change

While the recruitment of individuals with the necessary skills to conduct the audit of the future and the investment in the relevant technologies represent key steps, there also needs to be a creative and carefully thought out plan in order to enable this change.

Creating the audit of the future means that audit firms need to give audit teams the opportunity to focus on key risk areas and areas that can add value to clients. As a result audit firms need to transform the way they operate.

> **"...there needs to be a careful and considered approach to executing this change"**

There are numerous ways in which this can be achieved. This may be enabled through providing a more streamlined approach to audit execution which may involve standardising audit procedures and involve the use of delivery centres who will perform similar procedures and tasks on a daily basis.

This will standardise the approach and thus make the approach more efficient. It will mean that lower risk areas are standardised and as such performed more efficiently by individuals who have a distinct knowledge of their individual area of expertise.

Audit firms need to continue to invest in IT and to invest their resources in staff training. The use of additional IT experts means auditors need to understand IT and communicate effectively with IT experts.

These steps mentioned above will offer other key staff members the opportunity to focus on areas that involve the use of professional scepticism and critical thinking skills that may deliver key insights to the Board and management. This will ensure audit firms can focus on areas that are more important.

This approach will involve the use of analytical skills, trendspotting techniques and give audit staff the opportunity to understand complex issues and communicate these to management and other stakeholders. This in turn will lead to more trust in the audit process and increased transparency.

Communication

All of this investment in technology is worthless if key insights derived from this are not delivered to management and other relevant stakeholders. Auditors should not just perform the type of work mentioned above in isolation and document it on an audit file. In order for the process to be effective and efficient, entity management need to be involved in the process from the planning stage and throughout the execution. This will ensure that the key risks and insights are relevant to the entity being audited.

At the conclusion of the audit, auditors need to consider how the insights derived from this investment in technology are delivered and articulated to management and other stakeholders. Auditors need to fully understand the entities business and the related business processes to know which messages are important to deliver. Management and Boards expect more than just a listing of findings documented in a deliverable document such as a letter to those charged with governance. They expect that key findings are delivered and communicated by auditors in a considered way.

Entity management expect that auditors will have a sufficient knowledge of their business in order to weigh and prioritise any findings or recommendations and that any insights are ranked and that auditors continue to provide challenge to management and the board. They then expect that clear recommendations are proposed to resolve any issues or control deficiencies.

Conclusion

As demonstrated above - in order to fulfil the expectation of stakeholders, the audit purpose needs to evolve with the pace of change in society and technology. It is clear that management and boards expect that auditors should be able to help them understand and manage the present and prepare for the future. It is clear that investment in innovative technologies and adapted recruitment and training policies offer building blocks to create the audit of the future.

However, there needs to be a careful and considered approach to executing this change and indeed communicating this change in order to ensure appropriate value is delivered to companies and financial statement users. Auditors need to continue to engage with management teams, audit committees, investors, regulators, and standard setters to shape the environment in which we operate and offer solutions to all stakeholders.

Niall Gleeson,

Audit Director in Deloitte with over 20 years' experience in audit.

Potential Impact of Covid-19 on Auditor Reporting

by Colm Divilly

The Covid-19 virus has changed our lives in a way that we could not have foreseen six months ago. The auditing profession has not escaped this impact as the spread of the virus creates new challenges for the auditor in carrying out his professional work.

Deciding on the correct audit report when reporting on client financial statements is likely to become more challenging in the months ahead as the impact of the virus on business and the economy becomes more pronounced. In this article, we provide a summary of the various reporting options available to the auditor when reporting on the financial statements of an Irish private limited company reporting under the FRS 102 financial reporting framework.

Modified Audit Reports: The Options

Qualified audit opinion

A qualified audit opinion can arise from two possible scenarios:

1. The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate in the financial statements, are material, but not pervasive, to the financial statements;

or

2. The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Adverse audit opinion

An adverse audit opinion would arise where having obtained sufficient appropriate audit evidence, the auditor concludes that misstatements identified in the financial statements, individually or in the aggregate, are both material and pervasive to the financial statements

Disclaimer of audit opinion

A disclaimer of audit opinion would arise in two possible scenarios:

1. Where the auditor is unable to obtain sufficient appropriate audit evidence on which to base the audit opinion and the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive

or

2. The auditor disclaims an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

Emphasis of matter paragraph

An emphasis of matter paragraph is included in the auditor's report where it refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements.

Material uncertainty relating to ability of company to continue as a going concern

If appropriate disclosure about the material uncertainty relating to going concern is made in the financial statements, the auditor will express an unmodified opinion and the auditor's report will include a separate section under the heading "Material Uncertainty Related to Going Concern". This paragraph will identify for the user of the financial statements the material uncertainty in relation to the ability of the company to continue as a going concern as disclosed in the financial statements.

Other matter paragraph

This is a paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

Practical Application of the Guidance

Having examined the various reporting options available to the auditor, it is helpful to examine some possible scenarios that may arise as a result of the impact of Covid-19 on the economy and business.

Availability of audit evidence

The pandemic may restrict the ability of the auditor in obtaining audit evidence. Possible issues that could arise:

- Inability of auditor to attend stock count or decision of client not to hold count due to health related concerns for staff.

- Auditor unable to get access to client premises due to lockdown.
- Auditor unable to get replies to debtors' circularisation requests due to lockdown.
- Auditor unable to get replies to standard audit letters of request.

In the above scenarios, the auditor should first examine if alternative audit procedures can be designed to obtain sufficient and appropriate audit evidence. If alternative audit procedures cannot provide sufficient and appropriate audit evidence, the auditor must consider the possible impact on the audit report of the failure to obtain the evidence. If the evidence lacking is not material, the matter should not impact the audit report. In the event that the evidence lacking is material, the auditor will need to reach a conclusion on whether the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive or just material. If both material and pervasive, a disclaimer of opinion would be appropriate. If material but not pervasive, a qualified opinion would be appropriate.

Material uncertainty in relation to going concern

The impact of Covid-19 may well create material uncertainty in relation to the ability of a client company to continue as a going concern. If so, the financial statements should contain adequate disclosure setting out full details of the uncertainty. If the auditor concludes that management's use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty related to going concern exists, the auditor must determine whether the financial statements:

a. Appropriately disclose the principal events or conditions that may cast significant doubt on the company's ability to continue as a going concern and management's plans to deal with these events or conditions; and

b. Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

If appropriate disclosure about the material uncertainty related to going concern is made in the financial statements, the auditor should express an unmodified opinion and the auditor's report should include a separate section under the heading "Material Uncertainty Related to Going Concern" to:

a. Draw attention to the note in the financial statements that discloses the matters in relation to the material uncertainty; and

b. State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Uncertainty in relation to the ability of the company to continue as a going concern; is the uncertainty material?

In the application of the audit reporting standard, a difficult professional judgment can arise in deciding if uncertainty in relation to the ability of the company to continue as a going concern is material or not. This decision is the key to determining the correct approach to addressing uncertainty in relation to going concern in the audit report. Consideration of the following points may assist the auditor in reaching the judgment on whether the uncertainty is material or not:

- What is the magnitude of potential impact on the client's business of the fallout from Covid-19?
- How likely is it that the impact of Covid-19 will effectively put the client company out of business?
- What is the worst-business case scenario for the company over the coming twelve months?
- What are the range of likely outcomes and how do these outcomes impact the ability of the company to continue as a going concern?
- What is the likelihood of occurrence of the range of outcomes?
- Do management have a realistic Covid-19 contingency plan to deal with the impact on day-to day operations?
- Has the company access to sufficient funding now and into the future to deal with a range of possible outcomes?

Covid-19 causing unique and unprecedented issues for the client company, but no material uncertainty identified in relation to the ability of the company to continue to trade.

Where the economic impact of Covid-19 is resulting in unique and unprecedent issues for the client company but there is no material uncertainty in relation to the ability

of the company to continue to trade, it would be appropriate for the company to provide adequate disclosures in relation to these matters in the financial statements. Such a scenario requires the auditor to consider if the inclusion of an emphasis of matter paragraph in the audit report is warranted. If you as Auditor form the opinion that the matters disclosed are of such importance that it is fundamental to users' understanding of the financial statements it would be appropriate to include an emphasis of matter paragraph in the audit report to draw attention to the disclosures.

The client company has decided that due to the impact of Covid-19 on their business, the company will cease to trade as of 30th June 2020. All creditors will be paid in full and an orderly wind down of the company will take place. You are auditing the financial statements for the year ended 31 December 2019. What impact, if any, will this decision have on the financial statements for the year to 31 December 2019?

FRS 102 states that *"an entity shall not prepare its financial statements on a going concern basis if management determines after the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so".*

Therefore, the financial statements for the year to 31 December 2019 should be prepared on a non-going concern basis and the basis of preparation disclosure note within the financial statements should explain the basis of preparation used. The assets and liabilities will be measured using the revised basis of preparation rules and the disclosure notes should clearly explain the financial implication of the change in the basis of preparation. If you as Auditor form the opinion that these matters are of such importance that it is fundamental to users' understanding of the financial statements, it would be appropriate to include an emphasis of matter paragraph in the audit report to draw attention to the disclosures in relation to the change in the basis of preparation.

Importance of full consideration of the implications for a modified audit report

When planning to issue a modified audit opinion, the auditor should identify and consider all implications arising from the issue of such a report. Among the matters to consider are that the issue of such a report may create a third-party reporting obligation for the auditor and may result in a breach of bank covenants by the company. While the consideration of such matters is outside the scope of this article, it is important that due consideration is given to these matters by the auditor and the client.

Conclusion

Your Institute, the Irish Auditing and Accounting Supervisory Authority and the Financial Reporting Council have all provided valuable resources on their websites to assist auditors deal with the impact of Covid-19 on their professional work. Practitioners should become familiar with these resources now to be able to deal with the audit reporting challenges that are likely to arise in the months ahead.

Colm Divilly,
F.C.A.

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The Perfect time for Creativity

by Alan Nelson

What does the world's first supermarket have in common with the iPod and a hands-free door opener? You may find it hard to believe, but each of these ground-breaking ideas was launched slap-bang in the middle of a global crisis.

While you might think that's the **worst** possible time for new ideas, creativity is **exactly** what we need in a crisis. Bigger problems require smarter solutions, and creativity can keep finances afloat and give economies a desperately needed boost.

In fact, there are two underlying drivers that absolutely require finance professionals to become more creative. The first is, as I have said, the global pandemic. Many businesses have been massively affected by the crisis and for most of those it has been negative. So, whether you can be one of those organisations who are ingenious enough to recalibrate and make a success of the crisis, or you are simply coming up with new ideas to survive, creativity is likely to be pretty important.

The second driver is technology, something we seem increasingly unable to do without. 18 months ago, I was lucky enough to hear Professor Sir Ken Robinson speak at the World Congress of Accountants in Sydney. To illustrate our attachment to technology he used a quote which I suspect he made up, but it amused me:

"I saw a man in Starbucks today. He had no phone or anything. He just sat there drinking his coffee. Like a psychopath."

It has come to something when it is actually weird not to be staring at our phone every second!

Research projects around the world have identified technology as a major disruptor in the accounting profession. A recent Oxford University study looked at the job roles that were most likely to be replaced by a computer or robot.

On the surface of it, things look bleak for accountants. Out of 365 job roles the following were all in the top 30:

Rank	Title	Likelihood
4	Financial accounts manager	97.6%
8	Book-keeper and payroll admin	97%
8	Finance Officer	97%
11	Financial Administrative Worker	96.8%
21	Financial and Accounting Technician	95.9%
26	Chartered or Certified Accountant	95.3%
26	Taxation expert	95.3%

The good news is that among a list of characteristics of job roles likely to be safe, the Oxford study put this top of the list:

"Roles requiring people to think on their feet and come up with solutions to problems are less likely to be automated."

So, with the transactional side of accounting more and more likely to be automated, creativity has never been more important. But if that's the case, why is it so rare to find finance professionals who embrace this point. In our work in this area we have identified four main barriers.

The first barrier comes from our own professional training. As accountants we are trained to be professionally sceptical. This can be an invaluable skill as we engage with some activities such as budgeting and forecasting, or the valuation of assets and goodwill

in an acquisition, but in the early stage of innovation, it can inhibit creativity. Once an idea has taken shape and before we commit serious funds to its development it is reasonable to expect some evidence for our belief in it, but too often accountants are hard wired to question things and ask for evidence when they are really just ideas. Beware the person who always proposes a market research exercise when a new idea is raised.

The second barrier is arrogance. That is a pejorative word, but we are all guilty of it to some extent. Most new ideas will leave some people feeling defensive.

"If this is such a great plan, how come I never thought of it, when it really concerns my role? It must be nonsense and I can explain why."

It's a natural response. It takes a very positive team culture to break through this but it's possible if you work at it and establish ways of involving people who might otherwise be defensive at an early stage.

The third barrier is the business planning cycle. The annual business plan is no respecter of creativity. New ideas don't emerge on schedule and according to pre-prepared plans. And good ideas are by their very nature disruptive. To counteract this, we try to convince ourselves that we can build them into future plans, in an orderly way, but that ignores the fact that sometimes what we should really do is rip up the plan and start again.

Of course, that is why a major crisis, although calamitous in all sorts of ways, can be such a good breeding ground for innovation.

The final barrier to creativity is our attitude to risk. This is not to say that some of us are by nature more or less risk averse. I am sure we are, but that's not what I am referring to. I am talking about the way our attitude to risk changes in a cyclical way.

We call the first stage **Innovation.** We start off full of enthusiasm for a new idea. We implement it and are pleased with ourselves. The second stage is **Consolidation.** Through serious of tweaks and fine tuning, we improve upon our idea. We build a collective sense of success as we learn the detail of what makes things work well.

The final stage is called **Conservatism**. We have refined our idea over many stages and are collectively vested in its success. We have a professional pride in the process we have been through.

The conservatism of this third stage can be a good thing. We don't want to be throwing away what we have achieved, by chasing after another new idea. But sometimes, just at the time when our idea has passed its sell by date and we desperately need some new thinking, we are at our most conservative and are not receptive to challenge. Everything we have tried over the past five years becomes a reason why any new idea won't work. We need something to jolt us out of this complacency.

Once again, we see why the midst of a crisis is the **perfect** time for creativity.

But what does this have to do with the finance team? Creativity sounds like the sort of thing marketing departments do!

That may be true, but your ideas are as valid as anyone else's. And you have the advantage of really understanding the financial dynamics of the business model. You should be able to sift through your own ideas to find the ones that might be financially wise.

But you have a second role in all this as well. You can help to make other people's creative ideas financially viable. And it's not all about new products... In times of uncertainty, finance people will be asked for innovative ways to cut costs, price products and secure funding - all of which require creative thinking!

Let's go back to the three examples I started with, to see that working through a crisis may be about more than just battening down the hatches. Take the King Kullen Grocery Company, the world's first supermarket. It opened its doors in the middle of the Great Depression, as the economic crisis inspired the concept of selling large volumes of goods at discount prices, helping people put food on the table in a time of profound financial difficulty.

And when Apple launched the iPod, just six weeks after 9/11, Steve Jobs' innovation inspired entrepreneurs across the globe to rejuvenate a struggling economy, all while bringing a bit of joy to a civilisation in mourning.

Last but not least, it was during the devastating Covid-19 pandemic that designer Steve Brookers thought up the ingenious "Hygienehook", a hands-free door opener intended to stymie the spread of the deadly infection.

So here are my top tips for getting creative in a crisis:

1. **Find somewhere that inspires you –** In a park, the woods or your garden, new surroundings can help you be more creative.

2. **Change your point of view –** Think about what solutions somebody else might dream up. Getting out of your own head can lead to unexpected ideas.

3. **Don't be afraid to fail –** Put forward every idea you have, even if it's a bit mad. Crazy thoughts can become the most innovative ideas.

So good luck. And remember, a crisis can be devastating, but creativity can help us rebuild, and find better ways of working in the future.

Alan Nelson,

Alan Nelson is Managing Director of CPA Ireland's CPD partner accountingcpd.net

The Decade Long Accountancy Skills Gap and the Impact of Covid-19

by Chantal Haynes-Curley

From 2008 to 2012 we witnessed a cataclysmic 49% decline in student registrations across all professional accountancy bodies, a figure attributed to the 2008 economic recession and lack of training opportunities for accountancy students.

Unsurprisingly in the ensuing years, the Irish labour market faced a significant shortage of accountants. In 2016 the Irish government took action to reduce the skills gap by adding accountants to the critical skills occupations list, making accountants who wished to emigrate to Ireland eligible to apply for employment in the state.

By 2018 the number of new accountancy students stood at -27% below pre-recession levels, with an estimated shortfall of almost 15,000 trainees within Ireland. This shortage persisted through to 2019 where once again the government acted by putting in place new immigration arrangements allowing trainee accountants to come to Ireland under student visa permits. During the same year, the number of students registering in Ireland across all professional accountancy bodies rose by 2% vs the previous year, although figures remained significantly lower than pre-recession levels.

Twelve years on from the start of the 2008 recession the labour workforce for accountants has not bounced back; accountancy remains on the critical skills list, and employers continue to struggle to source qualified accountants. In January of 2020, an accounting and financial professionals survey carried out by Case Wise showed that 62% of employers reported "significant skills gap" within the industry, up from 51% in 2016.

The impact of Covid-19 and digital transformation on work

The change in our environment due to the Covid-19 pandemic has been seismic. The ushering in of lockdown measures has forced much of the global labour force to take up working from home without warning. Companies that had never considered their capacity to operate remotely have scrambled to accommodate employees working from home, while employees have had to quickly acclimate while faced with a global pandemic. The ability demonstrated by workers to remain productive and operational during this time has been incredible and what it has shown many employers is just how malleable work practices and processes are to digitalisation.

For some time, there has been considerable discussion around digital transformation and the need for organisations to implement adequate IT infrastructures, staff training in digital skills and computing technologies. Those who heeded this advice, taking the initiative to act and adapt to the digitalisation of the workplace, will have been rewarded with a considerably reduced need to furlough staff during the lockdown. Their actions will have supported the sustainability of their work during this most turbulent period and ensured a significantly reduced impact on the day to day operations of their business. However, those entities who lagged behind progress with outdated paper-based systems, inadequate IT systems, and/or inadequate remote access to systems, will have been significantly disrupted. This is a striking example of how important it is to adapt.

While this period can be seen as a great test run for organisations who perhaps would have never previously considered remote working, it is important to bear in mind that remote working as a work practice is very different to the crisis response deployed over the past few months. Remote working is a choice, it requires a considered approach, planning and the implementation of adequate structures, policies, and tools; the provision of adequate and fit for purpose IT Infrastructure, remote leadership practice and a considered approach to performance management.

The global shift in workforce practices

The remote worker is a topic that has been catapulted to attention by Covid-19 although this type of work and the demand for this type of employment is by no means revolutionary. The emergence of digital technologies, online platforms and the 'talent economy' has had a major impact in opening alternative work practices to employees. Over recent years, the labour market has been experiencing its most historic change since the Industrial Revolution, as noted by the OECD in 2015, a large segment of the workforce favours the growing 'talent economy' over the traditional employment the labour market has to offer.

The 'talent economy' allows workers greater autonomy over when, where, and how they conduct their work. For the 'talent economy' worker flexibility and adaptability take precedence over permanency, structured environments, and standardised roles. This change has accelerated the war for critical talent within the 'traditional' labour market; In December 2019 the Irish government launched a consultation seeking the public's views on flexible working as part of a Government plan to prepare businesses and workers for the future. Little did we know what flexible working challenges would lie ahead for employers over the coming months with the onset of lockdown measures.

Following what has been considered a successful trial run for remote working implementation, entire professions that have previously been considered ineligible for such practices are now moving towards implementing remote and/or hybrid working. A majority of employers are taking note of surveys such as the one taken by the National University of Ireland Galway on remote working, which showed that 83% of workers would like to continue remote working once Covid-19 restrictions are lifted. Leading UK Law firm Slater and Gordan recently announced that they will be making the transition to a completely remote workforce for its 200+ London based employees; US-based accounting firm PDK are extending remote working to its 900+ staff. These organisations are adapting to the changing workforce/ workplace, the expectations and preferred working practices of their employees while managing the impact risk of another seismic disruption.

What does this mean for professional training and workforce talent?

Although the shortage of accountancy talent and its source is clear, what has been learned from this experience? How can a further widening of critical skills be avoided? What are employers doing to accommodate the changes in the workplace and the growing demand for flexibility? How can this be used to impact the availability of accountancy talent?

There are a growing number of companies that will offer flexible working practices such as remote and hybrid working to attract talent and studies show that employees are increasingly willing to move jobs to gain the work-life balance that this model of work allows The emerging workplace is one that promotes autonomy, flexibility, and trust - organisations that fail to offer this will likely be unable to compete in the market for talent. By 2025, millennials will account for 75% of the global workforce, they are the first generation to grow up in the digital age, they expect agile work practices are highly receptive to the use of emerging technologies and favour work practices that utilise technologies to advance work processes and work-life balance. Overall millennials regard flexibility and agility as more important to them than compensation.

The obvious response for employers looking to avoid a repeated decline in trainees and subsequent widening of the critical skills gap will be for accountants to embrace remote training or hybrid work and training. Daunting as this may be for some, it is important to understand that in practice many occupations have been carrying out this model of training for a long time. Deloitte has an entire program that is dedicated to remote training, entire firms have shifted to remote operations such as award-winning accountancy firm Accountant Online who have continued training in accountants remotely throughout the lockdown period.

Professional bodies are also responding to the changes in training delivery, CPA Ireland has implemented remote exam invigilation for students and promoted its online learning options. Recently the Law society of Ireland made the historic move to bring its professional solicitor training practice course online. Major law firms including Matheson, William Fry and Eversheds Sutherland are hiring newly qualified solicitors, trainees, and interns using online platforms that offer bespoke virtual work experience programs.

In general, the main concerns expressed among accountancy professionals in providing remote training and remote working are access to sensitive information and monitoring of staff. This simply requires a shift in the mindset of

the trainer, staff working within the tech industry for example, primarily work remotely. Tech professionals across most levels will have access to highly confidential and sometimes classified information although this does not seem to prohibit them from working and training remotely. As explained by Tamar Heffernan CPA, Accountant Online, 'It simply comes down to trust and having the right practices in place.' This is thanks to the correct and well thought out practices and policies that have been put in place to allow them to do so'.

The potential impact of Covid-19 on the delivery of training

In the face of a crisis, it can be difficult to consider the impact decisions will have over the coming years, however, it is essential to build resilience.

If businesses and professions are to survive in a constantly evolving and sometimes hostile economic environment, workplaces must be agile, innovative and responsive. Employers must be prepared to work alongside changes as they occur and reshape the nature of work and how work is conducted.

None could have foreseen the impact that Covid-19 would have on the workplace, we are still speculating what overall impact it will have on global and domestic economies. Despite this many accountants are exclaiming it has never been a better time to be an accountant and accountants will certainly be needed if the economy is to bounce back and businesses are to survive the economic shock the pandemic has brought on.

However, the pandemic has left a substantial number of new graduates without training, lockdown measures and social distancing rules have forced offers of training contracts off the table. This uncertainty has left graduates worried about their future career prospects and considering alternative career paths.

This poses an even bigger threat to the future of accounting within Ireland. The writing is on the wall if graduates are not able to train where will our future accountants come from? Initiatives such as the critical skills permit have done little to close the gap for accountants within Ireland and if we are not continuously training accountants how are we to expect there will be a sufficient number of accountants to hire in the future. What impact will this have on businesses and the growth of the economy? Businesses will continue to require talented accountants to help them survive and grow long after the dust has settled on this crisis. But if we are not finding paths to nurture that talent during a crisis, we cannot expect it to manifest itself when needed.

To avert an even greater future shortage of talent within the accounting profession there is a degree of responsibility and foresight required from employers, we need preparation and considered response, which will lead to crisis aversion and recovery of skills.

Careers advisory service – supports available to employers making the transition

In light of Covid-19 and the skills gap, trainee accountants will need to be proactive and flexible when it comes to how they will receive training and employers will need to be adaptive and flexible in how training will be delivered. If we are to continue the same pattern of events the 2008 crisis elicited, it is history repeating itself and the availability of accountancy talent will be decimated.

CPA Ireland Career Placement Service is working with remote working leaders and education partners to provide its trainees with the skills and competencies required to work remotely, this includes IT skills for remote working, accountancy software packages, time management and communications, among other areas. We also offer advice and support around managing the performance of trainees, digital skills and how to supervise and mentor remotely to managers engaged in our service.

If you would like to get in touch with CPA Ireland Trainee Placement Service team, please contact Caroline Moloney or Chantal Haynes – Curley at chaynescurley@cpaireland.ie

Chantal Haynes-Curley,

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Nonverbal Communication

by Saoirse O'Brien

First highlighted by Charles Darwin in his 1872 study "The expression of the emotions in Man & Animals," nonverbal communication has fascinated anthropologists and scholars alike for centuries.

So, what's the big deal and why is it of such relevance in today's physical and virtual world?

Ray Bird Whistle's finding that up to 70% of communication is nonverbal, and that, as a rule, people tend to trust nonverbal communication over verbal, shows us how important this hidden narrative is in everyday life.

Nonverbal communication is broken into three categories;

- The environment where the communication takes place
- The communicator's physical characteristics
- The communicator's behaviours during the exchange

Both consciously and unconsciously, communicators 'code' and 'decode' messages that pass between each other. A simple example of this would be the agreeable 'head-nod'.

Used correctly, nonverbal communication can add weight to what you are saying by complementing and emphasising your point of view. Used incorrectly, it contradicts your argument and has the potential to make you seem untrustworthy, rude, disinterested, or lacking confidence.

Nonverbal communication is a powerful tool in the digital age where the lion's share of communication – be it business meetings, interviews or even dating – takes place online.

Let's discuss the 5 most important aspects of nonverbal communication (known as 'nonverbal cues'); what are the most common mistakes; and how can they be utilised in both face-to-face and virtual settings?

1. Environment

Choose where your meeting takes place. Location immediately sets the tone for the meeting. For example, a board room sends a different message to a meeting over lunch. Similarly, the environment also sends a message. A messy desk or untidy reception can signal larger problems, like disorganisation or lack of care. In a virtual setting, taking a meeting in a messy bedroom should be avoided. Likewise, positioning yourself in front of a bright window where you can't be seen signals unpreparedness. Your environment communicates a lot about you or your business and is even more important during a virtual meeting as the viewer is automatically immersed in the scene you set. Consider this: 83% of nonverbal communication is received by the eyes and on average, people will make a decision about you within the first four seconds of your meeting. In a virtual world, when all our nonverbal cues are visual, attention to your surroundings is paramount.

To ensure you are setting the right scene, ask yourself whether the location you are choosing reflects the tone you wish to portray? What does it say about you or the company? In the virtual world, both parties can control their surroundings and ergo the message they wish to convey. In an interview scenario this is particularly significant. Take time to 'produce' your online meeting. Check the lighting and Wi-Fi strength, and if you haven't used the chosen video software before, do a dry run. Some software options such as Zoom allow you to upload a virtual image behind you - a company logo perhaps - to enhance the professional quality of the call. Lastly, every production requires costume!

Banish shabby clothes, un-ironed shirts, or garish prints. Take pride in your appearance, as well as your environment.

2. Eye Contact

Good eye contact has always been one of the most obvious yet integral ways we communicate, showing confidence and building rapport. It allows you to gauge and convey interest whilst helping you maintain conversational flow. Good eye contact adds conviction to your beliefs and conveys your 'presence' or willingness to participate. Conversely, poor eye contact portrays a lack of confidence and may contradict what you are saying. Studies show a lack of eye contact provokes an immediate feeling of distrust in the other party. Other examples of poor eye contact include gazing out a window or staring at your notes. Avoid the wandering eye!

You'll know by now if you are someone who makes good eye contact or someone who avoids it. If you are the latter, try to understand the reason why. Most issues such as nervousness, shyness or a lack of confidence are helped by preparation. In every meeting, presentation, or interview there are parts you can rehearse.

Take an interview for example: within it you can rehearse speaking your CV aloud; your examples; and your reasons for wanting to work there. Know these parts so well that they become 'muscle memory', then practice with a friend whilst making that crucial eye contact. If you are easily distracted, try to focus on the spoken words of others to keep your imagination at bay. Virtually, have only the meeting tab open and turn off email notifications so that you remain engaged.

3.Facial Expression

Facial expressions and emotions are intrinsically linked. The facial expressions that convey emotions are universal. This means that the manner in which your face portrays sorrow, happiness or anger can be understood by anyone, anywhere. Professor and podcaster, Brené Brown, explains how facial expression is one of the first gatekeepers in communication.

How you hold your face determines whether someone will approach or avoid you. Consider two people at a cash register, one looks 'checked out' and unenthused, the other 'present' and happy. We go to the 'present', happy person every time. Facial expressions convey interest and complement verbal conversation.

They also allow you to show that clarification is required, or that you wish to wrap things up. Emotionally, if they are incongruent with your words – like saying you are happy when you are sad – it is likely your expression will contradict you. Contradictory facial cues create distrust between people, even on an unconscious level, as it seems you don't mean what you say.

To help with this, we suggest replaying a scenario where you felt you expressed yourself incorrectly and trying to identify what triggered your miscommunication. For example, if you get agitated by tight timeframes and you realise this impacts your expression, ensure you have ample time when scheduling meetings. Facial expressions become crucially important in virtual meetings as talking over one-another degrades audio-clarity.

So, watch for facial cues. Lastly, if you are inclined to glance at yourself onscreen, rather than the other party, it is best to minimise yourself entirely!

4.Physicality

When we speak of physicality, we refer to everything pertaining to the body. In terms of nonverbal communication, we mean posture, deportment, and gesture. The way you carry yourself conveys confidence. How you gesture can make people feel at ease, more willing to open-up and generates buy-in. It's easy to tell if a person is warm or cold by their gestures or indeed, their lack thereof. In a business setting, your posture denotes whether you are engaged in the situation or checked out e.g. 'open' or 'closed.' Hunching, folding your arms across your chest or a distinct lack of hand gestures are examples of closed body language. Twitching, foot tapping and clicking a pen are signs of nervousness and will interfere with audio-clarity.

To counteract issues of physicality, develop awareness of where you could improve, be well prepared for the forthcoming conversation and practice good posture. Find a position in a chair where you are comfortable and ground your feet to the floor. Look at yourself in a mirror while seated and analyse what you see. When on a video call, it is easier for you to control how much of your physical cues the other party can or can't see.

Mannerisms like toe-tapping may not come into play, but deportment and slouching may become a greater issue - so sit up straight! Propper gesticulation enhances and complements your communication.

1. Touch

While not something we advocate during a Pandemic, touch is considered a vital part of non-verbal communication, so it warrants discussion. In a business setting, before the elbow-tap we had the handshake. Consider Madd Mikkelsen in the famous Carlsberg ad – "The humble handshake – Not that firm. NEVER floppy". In 'The Joy of Selling', J.T. Auer explores different ways of shaking hands, from limp to robotic to overpowering. Whether subconscious or conscious, your handshake sends a clear message to the receiver. In today's world, touch is not as relevant during a virtual meeting but is of significance in a real-life setting. Being too tactile with someone is typically inappropriate. However, appropriate touching can show pride, e.g. pat on the back or empathy, e.g. a hand on the shoulder. Playing with your hair or wringing your fingers conveys insecurity. The most common example of touch in a business setting is a handshake.

There is no medium for touch over a virtual meeting between two communicators. However, how you hold your pen or sip your water should convey calmness and control. Shakily, shuffling through notes conveys nervousness or a lack of preparation. As with all the examples I have mentioned so far, practice makes perfect and doing so in front of someone else gives you the best chance of catching these unintentional cues before someone else does.

As the adage goes, actions speak louder than words. Business savant, Peter Drucker, summarises it well in his argument that "the most important part of communication is listening to what isn't said." My favourite quote on this topic is by anthropologist Edward Sapir, who wrote "nonverbal communication is an elaborate secret code that is written nowhere, known by none, and understood by all."

Hopefully, this article has gone some way to help you better code and decode nonverbal cues.

If you are considering a job move but think your interviewing skills or content could do with an overhaul, PeopleSource has set up a free consulting service for all accounting and finance professionals. 'Job Search Reboot 101' gives candidates access to our diaries to book a 30-minute one-on-one live video session with an experienced consultant. We cover CV content, LinkedIn profile, video interview preparation and market insights.

A 'Reboot' session can be booked directly online - https://www.peoplesource.ie/workshop-application-form or call us on 01 631 6065.

"Whether subconscious or conscious, your handshake sends a clear message to the receiver."

Saoirse O'Brien,

Saoirse is an Associate Director at PeopleSource, an Irish recruitment agency specialising in Accountancy & Finance recruitment, with 9 years' experience in this sector and clients ranging from SME to Plc.

Game Changers and No Brainers
Ireland's opportunity to lead the world on cyber

by Rois Ni Thuama

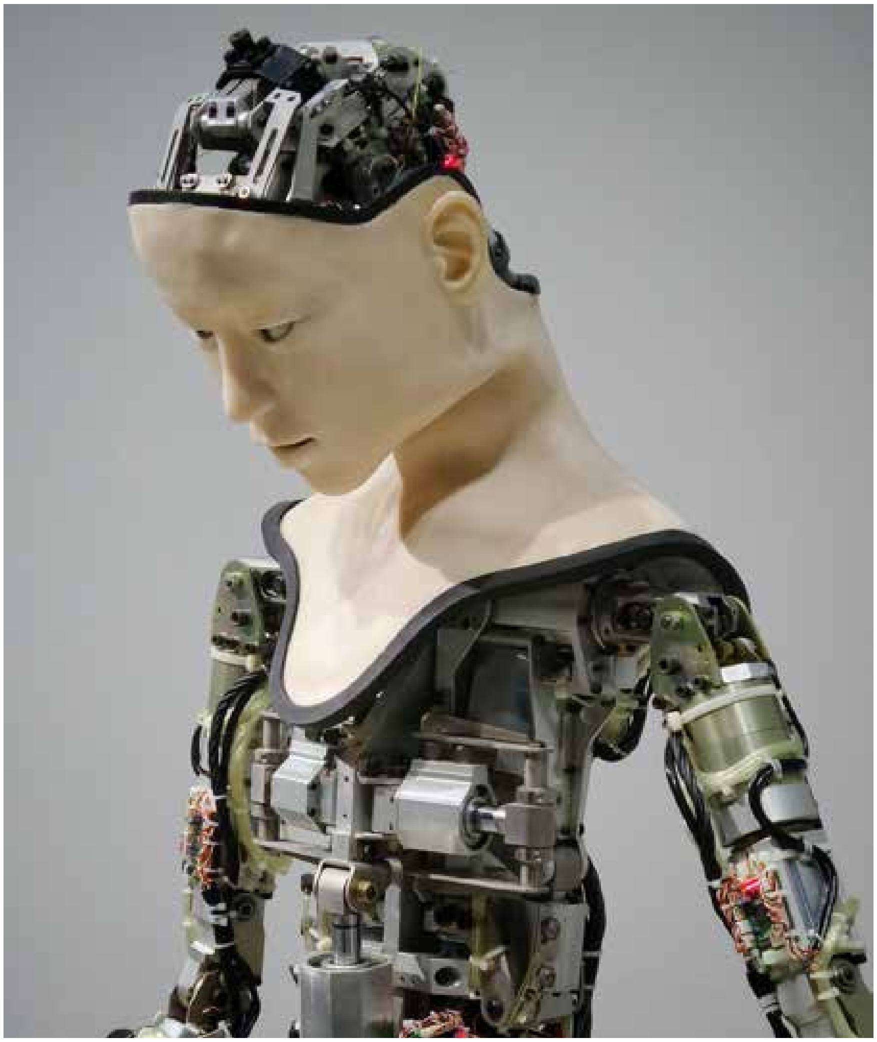
I submit that there exists a perfect storm of elements that when combined could change the Irish cyber landscape with Ireland positioning itself as the preeminent cyber security centre in the world. It will require a combination of adopting new technology, implementing cyber governance best practice and then seizing the moment. Let's start with the new technology.

Anyone who has had the good fortune to have a sneak preview of the capabilities of the GPT-3 (artificial intelligence text generator) is left in little doubt that we are at the threshold of mankind's most exciting development since NASA landed a crewed mission on the moon. To say that GPT-3 is out of this world might actually be helpful. The closest thing I can think of to convey the intelligence that GPT-3 is capable of is to ask the reader to recall the computer on board the Star Trek Enterprise. Communicating with that computer did not require coding. Commands, you might remember could be issued in ordinary language. This is the keystone of this new technology designed by OpenAI.

This feature will make it easier to use and that means that designing and developing new applications will happen faster. It broadens the scope for development because it is no longer confined to programmers. The error rate (bugs) will drop because the code is not susceptible to errors introduced by tired, over caffeinated, overworked eyes.

Anyone who can identify a problem and solution and can articulate that problem / solution in ordinary language can now create and design a new app. This is its inherent genius. How do I know all this?

Rahul Powar, my CEO at Red Sift was one of the few permitted to test drive GPT-3 during its beta phase. As the tech brain behind the Shazam app and Dynamic SPF, as well as the fastest growing cyber security firm in Europe, of course he was.



After a week of comms silence, he showcased its capabilities to the business. For any social scientists that are interested, the sound of nerd euphoria is stone cold silence. The team sat transfixed. Minds boggled with the limitless possibilities. Some applications of this tech were immediately obvious.

For example, one practical application of GPT-3 for accountants would be to assist in crunching large data sets when doing a forensic analysis of spending to identify irregularities.

Instead of needing to eyeball each line of expenses from multiple subjects across large multinationals, the accountant needs simply to run a list of commands: look at the credit card statements and identify any spending on a weekend or when the person was on leave.

A simple command, such as: review data and find examples of expenses that do not meet the following criteria: travel, accommodation, food and beverage. Then, highlight those examples.

As the AI can be trained, the examples that it found will either serve to reinforce the data subset that it pulled or it can learn that it has not met the criteria in certain instances and hone its understanding. So, if the above command creates odd results, the command could be refined. Alternatively, you can create an example of something that demonstrates what it is you are looking for and have the AI fill in the table. Either of these tactics will improve its results.

Lawyers should be equally excited by this new development. GPT-3 will allow them to investigate and uncover material information in large data sets quickly. Sometimes to obfuscate wrongdoing a subject under investigation might provide more material than was strictly necessary. This is especially true in complex cross border fraud cases. GPT-3 could cut through large blocks of text and unpick the material information through a series of questions.

In some ways it's like sitting down with the most informed person on a subject and then interrogating them. You do need to be prepared to ask the right questions. It's not so smart that it will turn information over like a troubled whistleblower. Human curiosity, ethics and drive are still required to get the best from this new technology.

I asked Rahul, a serial entrepreneur with a talent for spotting smart tech for his views on GPT-3 and he replied:

It is not an exaggeration to say that GPT-3 is a game changer allowing first movers to take advantage and steal a march on later adopters. Getting a handle on GPT-3 now is the key to progress.

Protecting digital assets

Making progress does indeed sound exciting but whatever ground Ireland or indeed any business makes it will also need to protect those advances. Generating wealth and opportunity is one thing, preserving that by making sure you are not haemorrhaging it via easily exploitable vulnerabilities is another. If the path to progress is GPT-3, what is the path to protection for Ireland?

In order to understand what steps Ireland could take to quickly protect the country, its businesses and its citizens from the most significant cyber threats, I reached out to Global Cyber Alliance (GCA). GCA is a non-profit organisation set up by the City of London Police, the District Attorney's office New York and the Centre for Internet Research.

They create practical, scalable, and free tools to eradicate cyber threats. I spoke with their Executive Director for Europe & Africa, Klara Jordan.

Is the proposition that Ireland is in good shape to become a cyber leader credible?

Yes, absolutely. Ireland can become a leader by adopting and promoting measures that improve resilience of the ecosystem through means that require

a relatively low investment but can help significantly improve the overall cyber hygiene.

You have just mentioned (i) 'low investment' that would (ii) 'significantly improve cyber hygiene'. What are the top 3 recommendations from GCA to the Irish Government that meet this benchmark?

The Irish Government should prioritize their focus on three areas:

1. Strengthen the email security of public administration and private sector entities to increase their resilience against spam, phishing and spoofing by adopting, promoting and mandating adoption of DMARC (Domain Message Authentication Reporting and Conformance).
2. Encourage individuals, businesses and ISPs to focus on protection of DNS by blocking access to malicious sites, significantly limiting/reducing the impact of phishing and malicious attacks, through solutions such as Quad9.
3. Work with stakeholders such as chambers of commerce and small business associations to promote the deployment of cyber hygiene controls and free to use tools such as GCA's cybersecurity toolkit for small businesses.

We went on to discuss DMARC in some detail. DMARC is considered layer 1 protection against Business Email Compromise/phishing which is the most significant cyber threat. It is also the starting point for 90% of targeted cyber attacks.

It is little wonder that DMARC has been mandated by the British & US governments for government departments and their suppliers.

Ireland has an opportunity to go beyond the existing standard practice and recommend that DMARC is universally deployed.

This one small step would:

i. materially reduce the instances of cyber crime, protecting Irish businesses, economy and citizens; and

ii. mean that businesses operating in Ireland would be recognised as being part of the most robust supply chain in the world.

If you had to introduce a firm into your supply chain to provide goods or services, do you introduce a firm that has got a robust cybersecurity posture or an inexcusably weak one? The answer should be obvious.

Why Ireland?

It is indisputable that Ireland is attractive to large overseas businesses, as the Financial Times wrote recently: 'Ireland is … a global hub for hundreds of multinationals attracted by its low 12.5 per cent corporate tax rate and EU market access.'[1] Ireland's success in the Apple tax appeal cements that position.

Meanwhile its closest neighbour appears intent to continue its undoing as a global leader. Apart from the unusual decision to overlook state actor interference in their 2016 referendum and in their elections in 2017 and 2019, the United Kingdom (UK) is on a course trajectory for a no-deal Brexit. For the UK Brexit means chaos. For Ireland it signals opportunity. Businesses need certainty and access to markets. Ireland offers that.

It gets worse for the UK. To compound this looming self-inflicted period of economic uncertainty, the British government's dithering on Covid and their dilatory decision making led to a late lockdown. This failure to act promptly resulted in England being severely hit by the Covid crisis.

While their tightening-easing-tightening approach to restrictions could be set to the music of the hokey cokey.

By contrast the Irish Government's early lockdown has benefited the country and the economy.

In addition, their overall handling of the Covid crisis was textbook good risk management, outstripping the UK, in testing, tracing and containing this deadly virus. Countries that have managed this risk well, have kept their workforce healthy, and left them feeling confident in their leadership are in a better position to capitalise on technological developments at this time.

I wondered whether there was more to Ireland's strength than simply the neighbours' struggles. To uncover what that might be I managed to track down and speak with Stephen Rae, co-founder of Atlantic Cyber Security Council and Principal at Kobn Leaders' Advisors, which specialises in the cyber and reputation space.

You have spent considerable time in Israel, with leading cybersecurity firms whose solutions are deeply embedded across a range of sectors throughout the world, what do you think are Ireland's strengths?

"Ireland is perfectly positioned to be a world centre of cybersecurity excellence. Our location as an island, our political neutrality, the fact that more than 30 percent of all Europe's data is held here along with the great range of tech savvy third level colleges and universities make Ireland poised to pivot towards being a cybersecurity powerhouse."

What do you think needs to be done and how quickly?

What is now required are policy changes and leadership from the government, first of all to incentivise schools to identify candidates for cyber courses and have the colleges ramp up the variety of cybersecurity courses they offer.

With the right leadership and incentives, including tax breaks for employers and funding for colleges, we can within five years be global players in the cybersecurity space.

1 Financial Times, Apple wins landmark court battle with EU over €14.3bn of tax payments, Javier Espinoza in Brussels, Arthur Beesley in Dublin, Tim Bradshaw in London and Aime Williams in Washington https://www.ft.com/content/1c38fdc1-c4b3-4835-919d-df51698f18c4

Five years is no time at all, and I agree with Rae's assessment. I am energised and enthusiastic about Ireland's future but that is not to imply there is no work to be done.

This drive to promote Ireland as a significant cyber player needs to be approached with a sense of urgency and energy that is not usually harnessed during peacetime.

I reference well known statistics during our conversation. By 2022, there will be a shortage of 350,000 cyber security professionals in Europe. The figure globally is anywhere from 1.5 million to 3 million.

There's a myriad of interesting roles in cyber security, cyber risk and governance.

I ask Rae what steps would you recommend to prepare Ireland for this future?

We shouldn't underestimate the need to market cybersecurity as a career and that it is almost as important an element as having the right third level courses available.

Teenagers will want to be attracted to a career in cybersecurity and that's where marketing on social media and in the schools will be critical.

Conclusion

At the outset I suggested that there was a perfect storm of elements that could facilitate Ireland's role as a cyber leader but on reflection they could be distilled down to two elements. The first is to accelerate progress by way of GPT-3. This new tech is absolutely of the moment and a clear sign of things to come. Every firm and every country that recognises this development for what it is and seeks to ensure that its people are at the forefront of this technology are bound to win. While progress is important, protection is vital.

These are quick wins to promote Ireland and elevate its position as a leader in cyber governance. Address the known significant cyber threats. Treat them with the seriousness that they deserve, begin by mandating them for government departments and suppliers to the government.

Continue to promote best practice and mandate their implementation for all firms operating out of Ireland. Ultimately Ireland is in a solid position to progress with GPT-3 and if the Irish government has the will it can also protect its businesses and economy with the no-brainer solutions as outlined by GCA. What are we waiting for?

Rois Ni Thuama,

A Doctor of Law and subject matter expert in cyber governance and risk mitigation and Head of Cyber Security governance for Red Sift one of Europe's fastest-growing cybersecurity companies. Working with key clients across a wide market spectrum including legal, finance, banking, and oil & gas and writes and presents on significant cyber threats, trends, and risk treatments.

Institute News

John Devaney, President, CPA Ireland

John Devaney, MBA, CPA, has been elected President of CPA Ireland. The election was announced at the 77th Annual General Meeting of Members which was held on 26th June 2020.

He has served as Vice President of the Institute for the past two years supporting past Presidents, Gearóid O'Driscoll and Cormac Mohan.

John became a member of CPA Ireland in 1992 and was elected to the Council of CPA Ireland in April 2012. John trained with O'Gorman Brannigan Purtill & Co. in Clonmel for 5 years before heading to London. In the UK John has gained experience in Audit Practice, Animal Pharmaceuticals, the Music Industry, Outsourcing and Natural Gas Distribution.

John Devaney appointed President of CPA Ireland

Pictured L-R: John Devaney, Incoming President, CPA Ireland and Gearóid O'Driscoll, Outgoing President, CPA Ireland.

Áine Collins, Vice President, CPA Ireland

Áine Collins, CPA, has been re-elected as Vice President of CPA Ireland. Áine was elected to the Council of CPA Ireland in November 2016.

Aine qualified as a CPA Accountant in 1996 and is company principal of Blueprint Consultancy since July 2016.

Aine has more than 18 years' experience and has held a variety of roles prior to her election at CPA Ireland. She has a strong interest in and track record of supporting businesses to meet the challenges of developing new markets and expanding their operations.

She will support newly elected President John Devaney, alongside fellow Vice-President, Mark Gargan.

Mark Gargan, Vice President, CPA Ireland

Mark Gargan is the newly elected Vice-President of CPA Ireland. Mark was elected to the Council of CPA Ireland in April 2016.

Mark graduated in Accounting & Finance from Dublin Business School in 1995.

A CPA since 1999, he has spent over 20 years in practice and is currently a Partner in Niall Byrne & Company. The practice has been in existence since 1984 and carries out all aspects of general practice work. He has also represented CPA Ireland on the CCAB-I Business Law committee since September 2007.

CPA Ireland and The Analytics Institute of Ireland agree dual qualification for new CPA Graduates

CPA Ireland and The Analytics Institute of Ireland have formed a new collaboration so that newly qualified CPA Ireland accountants will now have the opportunity to automatically be recognised as a Certified Business Data Analyst.

From 2020, any CPA trainee who opts to study the new elective subject 'Data Analytics for Finance' on the final CPA strategic level of the qualification will be eligible for this dual qualification.

Lorcan Malone, CEO of The Analytics Institute has warmly welcomed this partnership with CPA Ireland. "Data analytics is increasingly recognised as an essential element of business strategy. It is also widely seen as an important skillset for career development.

Through this partnership, CPA Ireland and the Analytics Institute are preparing finance professionals to utilise data analytics to optimise business performance and to identify and mitigate risk.

We look forward to working with the CPA Ireland team."

CPA Ireland has worked with Cork Institute of Technology (CIT) to develop this subject. Working with CIT's leading academics in the fields of mathematics, data analytics and accounting, they have developed a course that will provide students with a comprehensive understanding of the theory and practice of data analysis in the accounting and wider business domains.

Students who complete this course will develop the skills to apply and interpret data-based initiatives that address real-world problems across many financial activities such financial accounting, management accounting, taxation, auditing and corporate finance.

For further information on the Data Analytics for Finance subject, please visit the designated website page here.

Pre-Budget Submission by CCABI

CCABI, the group representing Irish accountancy bodies, has launched its 2021 Pre-Budget Submission to Government and is calling on the government to introduce emergency measures for the SME sector in Budget 2021 to help them withstand the impact of Covid-19 in the coming months.

Concessions in terms of how the Government will tax Temporary Wage Subsidy Scheme payments and the Pandemic Unemployment Payment are urgently required. For example, if an employee receives €350 per week under the TWSS, this amounts to €7,700 over 22 weeks and is a substantial amount of untaxed income for a worker to deal with at the end of the year. Tax due on these payments should be spread over four years or more to avoid a significant drop in the worker's take home pay.

The Submission acknowledges the unprecedented supports provided to date, however, warns that in the absence of further extraordinary supports, many SMEs in Ireland cannot survive. Measures proposed in the Submission cover tax supports for self-employed individuals, measures to support SME recovery and tax rule reforms to reflect modern work practices.

Anticipating that many self-employed individuals will not be in a position to pay their income tax liability due in November this year, the Submission proposes the write-down of the first €10,000 of the balance of the 2019 tax liability of self-employed individuals on a targeted basis for those in financial difficulty as a highly effective means of support.

The Full Pre-Budget Submission can be found here.

An Action Plan for SMEs

CPA Ireland, whose members advise over 100,000 Irish SMEs, have called for an 'Action Plan for SMEs' to be prioritised in Ireland's post-Covid recovery. CPA Ireland calls for greater clarity and a focussed plan to facilitate the recovery for the country's small and medium businesses.

In a recent survey, CPA Ireland members identified several priorities for SMEs. This included the extension of the Temporary Wage Subsidy Scheme to September 2020, moving the Revenue Pay and File deadline to later in the year and targeted tax measures to support those industries most impacted by Covid-19.

Highlighting the need for an Action Plan for SMEs, 78% of CPA Ireland members believe that further initiatives will be required by government to sustain businesses in the long term. While only 50% feel that the current supports already being provided are sufficient to support SME's current needs.

Full details of the action plan can be found here.

CPA Ireland Membership Changes

Resignations:

026229 Izak Van Der Walt 29/04/2020

024197 Catherine Whelan 19/05/2020

000202 Donal Connaughton 19/05/2020

003876 Vittorio Puzzuoli 21/05/2020

024208 Kevin J. Murphy 30/06/2020

023972 Eamonn Duignan 13/07/2020

028095 Bianca Nel 14/07/2020

001583 Owen Fitzgerald 15/07/2020

Removals:

024004 Hugh McCarthy 13/07/2020

023958 Annmarie Callaghan 13/07/2020

Deceased:

003671 Michael Tierney 23/06/2020
Member passed away 5th May 2020.

001552 Cormac Duffy 04/08/2020
Member passed away 8th September 2019.

New CPA Ireland Syllabus – Face the Future of Accounting

In June of this year, CPA Ireland was delighted to share with you the details of our pioneering new syllabus – Ready to Face the Future of Accounting, which will be rolled out and taught to all students this month.

CPA Ireland undertook thorough and relevant research in a bid to gain insight into the future of finance and most importantly understand the future needs of businesses and employers.

With the introduction of this new syllabus, CPA Ireland is ensuring that the knowledge and skills our newly qualified CPA accountants will bring to the market, will help shape the future of the profession and that CPA Members will continue to be well equipped, future fit and future ready for the changing world of accountancy and the evolution of the profession.

As automation and technology continue to drive changing business models, the role of accountants and auditors needs to rapidly evolve and adapt. The new syllabus addresses the impact of emerging and disruptive technologies, including Artificial Intelligence, Blockchain and Fintech among others.

Data Analytics for Finance and Dual Qualification

There is a new elective subject on the final Strategic Level – Data Analytics for Finance. This allows CPA Trainees to bring the high demand data analytics skills to the market, in conjunction with their professional accounting qualification.

Trainees who complete this subject will also qualify as a Certified Business Data Analyst with the Analytics Institute.

CPA Ireland has worked with Cork Institute of Technology (CIT) to develop this subject. Working with CIT's leading academics in the fields of mathematics, data analytics and accounting, they have developed a course that will provide students with a comprehensive understanding of the theory and practice of data analysis in the accounting and wider business domains.

Students who complete this course will develop the skills to apply and interpret data-based initiatives that address real-world problems across many financial activities such as financial accounting, management accounting, taxation, auditing and corporate finance.

Sustainability Reporting has been introduced on both of the final level compulsory subjects, Advanced Financial Reporting and Strategy and Leadership. It is the ambition of CPA Ireland that CPA Trainees will be pioneers in the drive to increase sustainability reporting among corporates.

The CPA Ireland syllabus still retains at its centre the core accounting skills, the core tools of the professional accountant and auditor, however, CPA trainees may specialise at their final level in a combination of finance, audit, tax or data analytics. The syllabus is comprised of 3 Levels, **Foundation, Professional and Strategic** with various subjects covered at each level.

CPA Foundation

- Financial Accounting
- Management Accounting
- Taxation
- Management Fundamentals

CPA Professional

- Financial Reporting
- Performance Management
- Advanced Taxation
- Audit & Assurance
- Managerial Finance
- Corporate Law

CPA Strategic

Compulsory Subjects

- Advanced Financial Reporting
- Strategy & Leadership

Electives (2 of 4)

- Advanced Tax Strategy
- Audit Practice & Assurance Services
- Strategic Corporate Finance
- Data Analytics for Finance

In summary, as the profession looks to the future, as expectations change about what it means to be an 'accountant', at CPA Ireland, through our syllabus and training regime for our students, we are ensuring that our newly qualified accountants are equipped with the skills, behaviours and competencies required to be successful in the future business ecosystem.

For further information, please visit the CPA Ireland website. www.cpaireland.ie

CPD News

Accelerated Accountants Update Pathway: ROI

The Accelerated Accountant's Update Pathway is back, and it's more essential than ever.

Following a year of uncertainty, your business and clients are relying on their accountants and finance staff to steer decisions.

CPA Ireland will once again be running an accelerated October iteration of The Accountants Update Pathway in conjunction with accountingcpd.net, which has proven extremely successful in the past. Stay up to date with the ever-changing global economic landscape as well as financial and technical updates and related Government legislation, delivered totally online.

Complete all 20 CPD hours you need over 10 weeks, where you will learn about the latest accounting developments in GAAP, Tax, IFRS, employment law, digital transformation, corporate resilience and more as well as receiving regular briefings looking at the impact of the COVID-19 pandemic on the accounting profession. Using a range of online courses, pod casts, peer discussion, articles and quizzes, and videos, you will find a varied and engaging learning experience that fits around your working life, helping you to balance your personal and professional imperatives with the task of staying up to date and maintaining the currency of your professional knowledge.

With 2 new hours of CPD each week for 10 weeks, you will combine the structure of a pathway with the flexibility of accessing the materials wherever and whenever you want. Our facilitator will be on hand to help and guide you through the material and to gently remind you if you are falling behind.

The Accelerated Pathway: Accountant's Update 2020-21 (ROI) will make your CPD part of the beat of your life. It is a complete solution to remaining relevant and competent and to completing your CPD for 2020.

Book your place now.

Remember that CPA Ireland members get 10% off all accountingcpd courses throughout the year. We also host a number of videos which can be found at http://ow.ly/qEWG50xzrvu and a number of blogs available at https://www.accountingcpd.net/blog.

Annual Conference 2020

CPA Ireland's Annual Conference is always a highlight on the CPD calendar. The conference will now take place in November 2020 and we are delighted to welcome Pat McCann, CEO, The Dalata Group & Susan Hayes Culleton as two of our outstanding speakers.

This full day event provides attendees with an opportunity to meet with inspirational business leaders who have achieved great success in building their companies from the ground up. Our speakers will offer insights on how to remain innovative in the changing business landscape.

Date:

19th November 2020

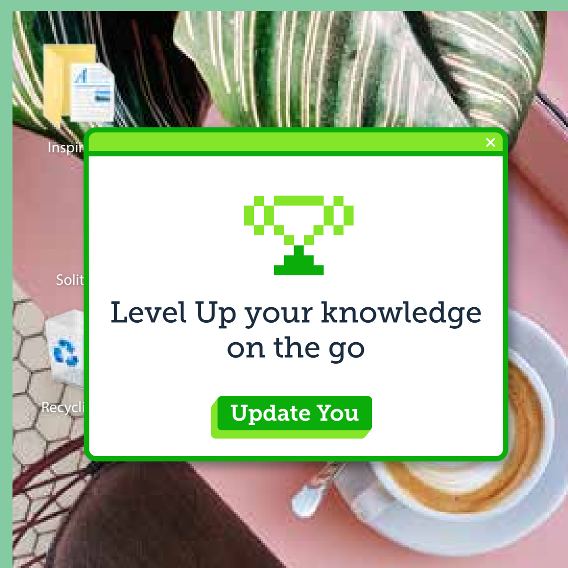
Key Event Details:

Cost: €225

CPD Credit: 8 hours

Once again, we are delighted to have AIB sponsor the CPA Ireland Annual Conference.

Accounting for Now - A new digital first programme



We are delighted to launch our first ever bespoke online course for accountants.

The course was created specifically for accountants in an online environment and is comprised of highly effective strategies for engaging our learners.

The topics selected for our inaugural digital first course provide core topics for accountants as well as professional and business skills. We have engaged with subject matter experts to develop an exceptional learning experience for our members.

Visit *www.cpaireland.ie/cpd* to purchase access to this exciting new course

Engaging Learners: How?

- Build a compelling visual experience.
- Add meaningful interactions.
- Let learners "pull" content.
- Practical examples to engage further with the content and leverage learning.

Topics & Authors

- Tax: Group Restructures, Mairead Hennessy, TaxKey
- Business turnaround, Tom Murray, Friel Stafford
- Financial Reporting, Alan Bailie, CPA Ireland
- Strategy, Conor Carmody, Strategic Solutions
- Time Management & Working from home, Sean McLoughney, Learning Curve

Benefits

- Bespoke training for Irish accountants
- Highly relevant to the current business environment
- Control your own learning time
- 10 hours CPD
- Access to CPA Ireland's award-winning learning management system
- A fun and engaging way to learn

Certified Tax Adviser

Still time to enrol on the 2020/2021 course

Now in its 10th year, this course gives you an advanced qualification in tax, covering multiple tax areas, and offers a unique and exciting higher-level qualification in tax for accounting and legal professionals.
We are still taking bookings for the 20/21 course which commences on 26th September 2020. All lectures are recorded so you can catch up online! Attend in class in Dublin, online via live streaming or a mixture of both options.

Participants will be given access to CPA Ireland's award-winning online learning platform, Canvas, where you can view the live stream of all lectures, as well as accessing additional resources such as articles and exam tips & techniques, notes, past exams and assignments.

Key Event Details:

Method: Online via Live Streaming

CPD Credit: 50 hours (6 hours per module + 2 for VAT Webinar)

Cost: €1950

Book now at https://www.cpaireland.ie/CPD/Further-Learning-Courses/Certified-Tax-Adviser-(CTax)/Cost-Booking

"The CTax qualification covered all the important areas if tax and as a result I am now better able to serve my clients needs."

– Lisa Leonard, ACCA CTax

Diploma in Data Analytics

This course will provide a high-level understanding of the main concepts associated with data analytics through the use of Rstudio and Excel. The course will teach you the tools to help you use analytics to formulate and support you in solving business problems and communicating that analysis to a management team.

Book your place now!

Key Event Details:

Method: 5 full days & final assessment

Location: Online via live streaming

Date: October 2020 – March 2021

CPD Credit: 40 hours (8 hours per day)

Cost: €1550 (non-members: €1750)

New for November 2020!

Advanced VAT for Accountants

Developed in conjunction with CPA Ireland Skillnet, we are delighted to launch our new Advanced VAT for Accountants course. More and more our members have requested further courses in other taxes and in particular VAT due to the complex nature of VAT.

This course will provide an in-depth analysis of Advanced Tax Issues and will equip participants with the knowledge and confidence to deal with these issues.

Book your place now!

Key Event Details:

Method: 3 full days & final assessment

Location: Online via live streaming

Date: 25 November 2020 to 13 January 2021

CPD Credit: 24 hours

Cost: €850

Diploma in Forensic Accounting

Developed in conjunction with Grant Thornton, this Diploma provides a comprehensive understanding of the core Forensic Accounting skills for qualified accountants working in both industry and practice, particularly in the SME sector.

This course is now offered online via live streaming so you can complete this course at home.

Book your place now!

Key Event Details:

Method: 5 full days & assessment

Location: Online via live streaming

Date: September 2020 – March 2021

CPD Credit: 40 hours (8 hours per day)

Cost: €1550 (non-members: €1750)

"A must for any accountant involved in investigative work. The real-life examples encourage one's enthusiasm; the material is relevant; the delivery is to a very high standard and the support from the CPA team makes doing this course a joy"

– Nano Brennan, FCPA, Past President, CPA Ireland

Webinars & Online Courses

Following the success of the webinar series throughout the spring and summer months CPA Ireland will continue to provide frequent webinars on a wide range of interesting and relevant topics including, succession planning, tax, the economy, audit and leadership.

Throughout the autumn CPA Ireland will provide full day courses online covering law & regulation, tax, internal audit, financial reporting, data analytics, accounting for practice and mindfulness.

Our annual Essential Professional Briefings and CPD Wrap Up series will run during November and December.

A decision will be made closer to the time in regards to the safest delivery method for these courses.

If you are concerned that you are not getting all our emails, please check the email filters that your company may have in place. Our CPD webpage is updated regularly with our upcoming webinars and events so ensure to keep an eye on this.

Location	Dates	Title	Price	NM Price	CPD Credit
Virtual	Tuesday, December 01, 2020	Law & Regulation Day	€225.00	€275.00	8 hours
Virtual	Tuesday, December 08, 2020	Annual Audit Update - Livestreaming	€225.00	€275.00	8 hours
Virtual	Wednesday, September 23, 2020	Full day series 3	€235.00	€285.00	8 hours
Virtual	Wednesday, October 21, 2020	Accountants in Industry	€220.00	€285.00	8 hours
Webinar	Thursday, September 17, 2020	Economic Update - Q3	€29.00	€36.00	1 hour
Webinar	Friday, September 18, 2020	Succession planning	€29.00	€36.00	1 hour
Webinar	Thursday, September 24, 2020	e-Briefing 3	€29.00	€36.00	1 hour
Webinar	Friday, September 25, 2020	Thriving in the Current Normal	€25.00	€30.00	1 hour
Webinar	Tuesday, October 27, 2020	PEAK Leadership webinar series	€95.00	€130.00	1 hour
Webinar	Friday, November 20, 2020	Audit Webinars - Winter Series	€105.00	€130.00	4 hours
Webinar	Friday, November 20, 2020	Audit Webinar 1	€29.00	€36.00	1 hour
Webinar	Monday, November 23, 2020	Winter Tax Webinar Series	€105.00	€130.00	4 hours
Webinar	Monday, November 23, 2020	Winter Tax Webinar 1	€29.00	€36.00	1 hour
Webinar	Friday, November 27, 2020	Audit Webinar 2	€29.00	€36.00	1 hour
Webinar	Monday, November 30, 2020	Winter Tax Webinar 2	€29.00	€36.00	1 hour

Winter Courses

CPA Ireland is following all Government and HSE guidelines to stop the spread of Covid-19. With that in mind we are monitoring the situation closely and will make decisions on hosting classroom events as the weeks and months progress.

This will not impact on our ability to provide CPD for our members and we will continue to run our popular full day courses in the safest environment possible.

These courses include:

Essential Practice Update

Topics include: Tax Update, Succession Planning and Managing your Practice, Law for Practice

CPD: 8 Hours

Cost: €215

Essential Professional Briefings

Topics include: Rescue Strategies, Employment Law, Tax Round Up

CPD: 8 Hours

Cost: €235

CPD Wrap Ups

Topics include: Finance Bill, Investing in an Uncertain World, Company Secretarial Issues

CPD: 8 Hours per day

Cost: €190 for one day / €340 for both days

Student News

Examinations Notice – August 2020

The results of the August 2020 examinations, which were held via remote invigilation for the first time, will be available online on Friday 16 October 2020, six weeks after the final examination. To access results, students should log on to their 'MyCPA' profile online.

Good luck to all students who sat examinations in August and are awaiting results.

CPA Ireland New Syllabus 2021

CPA Ireland has launched the new syllabus which comes into effect for exams in 2021. The new syllabus consists of 14 examinations over 3 Levels (Foundation, Professional and Strategic) and incorporates new technologies such as Blockchain, Machine Learning, Artificial Intelligence and Robotic Process Automation into several subjects across the syllabus. We are excited to launch a new option paper "Data Analytics for Finance" at the final, strategic level which we expect will appeal to students working in industry.

We are also introducing Sustainability Reporting on both final level compulsory subjects, Advanced Financial Reporting and Strategy and Leadership. It is our ambition that our students will be pioneers in the drive to increase sustainability reporting among corporates.

Full information about the syllabus, the new, more flexible progression rules and transition arrangements please refer to the CPA Ireland website.

Covid-19

The Covid-19 pandemic has had a major impact on our students with the deferral of the April 2020 examinations and the introduction of the online remote invigilation for examinations in August 2020.

We are aware that this has been a difficult time and we are proud of our students who have continued with their studies and training while also, in many cases dealing with an increased workload providing support to clients or within their own organisations.

The Education and Training Team have been working from home and have maintained a very high level of support to our students, bringing forward our plans for online examinations as well as completing our new syllabus and dealing with the many queries raised by the changing circumstances.

Our "Open Door" policy is now virtual and we are pleased that students have been able to contact us throughout.

We have also introduced online webinars outlining our new syllabus and for newly registered students, and we will continue to use this medium to keep students informed as we transition to our new syllabus.

We are aware that some students may have experienced a break in their training due to the economic situation and please be reassured that this will not cause a problem – you can continue to log your training when your employment recommences. Please keep the Institute informed of your changing situation.

As we look ahead to the next academic year we are working with our educators to ensure that you will continue to have a range of options for education and expect that there will be an increased emphasis on online access to courses as our educators continue to work within the Government's guidelines for social distancing.

Updates from our CPA Approved Educators will be provided though the monthly Student News e-Bulletin and on the Current Students pages on the CPA Ireland website.

Annual Student Subscription

The annual student subscription is now due for 2020/2021. Invoices have been sent by email to all students. In order to make payment, please log in to your MY CPA Profile.

Welcome to all of our new CPA students!

As we start our new academic year, on behalf of CPA Ireland, the Education & Training Department would like to welcome all newly registered students! You are encouraged to avail of the Institute's Virtual Open Door policy so please feel free to contact us with any questions you may have regarding your study, examinations or training.

Feedback from CPA Ireland students is essential to the Institute's continuous improvement of processes and its 'open door' is one important channel.

Others include class visits by representatives of the Institute, online surveys, regular meetings with Approved Educators, examView (feedback from students during examination diets), the annual Educators' Conference, social media and the more traditional channels such as e-mail and telephone. We look forward to hearing from you while you train to become a Certified Public Accountant.

At the start of each month you will receive the monthly Student News e-bulletin so ensure to keep a close eye on your inbox. This is **essential reading** for any CPA Ireland student as it will keep you informed and up to date on Institute news, such as deadlines for applying for examinations, and also provide you with important insights into the areas of taxation, business and practice. Articles directly related to the CPA Ireland syllabus are also included on a regular basis.

As a student it is imperative that you familiarise yourself with the CPA Study Support section of the Institute's website where you will find a wealth of resources.

In addition to accessing the syllabus, you can access past papers and suggested solutions, articles, webinars, briefing documents and other important information. Remember, articles published in previous academic years may still be relevant reading so you are encouraged to read all articles that have been published to date.

It is also very important that you understand the **progression rules** as you take responsibility for your advancement through the syllabus.

You will be able to attempt your exams at a pace suitable for your circumstances but you must complete all exams in the time allowed.

You should also be aware of the Institute's requirement for all students to log and submit their training on a regular basis. Information about training can be found on the CPA website.

It is also important that you keep your 'MyCPA' online profile updated and accurate. If you change address, employer, phone number etc. update your online account to include the most recent details, otherwise you may miss out on important communications from the Institute.

You will also use MyCPA to pay for your annual student subscription and to apply for examinations.

Please note that a student may not apply for examinations if there are unpaid annual subscriptions or exemption fees in their account.

We look forward to meeting many of you during the academic year and to supporting you in realising your ambition to become a Certified Public Accountant.

Professional 2 Students: Application to Membership Notice

The following information will be of particular interest to Professional 2 (P2) students who are intending to apply for membership of the Institute following receipt of the August 2020 exam results. Students that had passed the P2 examinations between 2017 and 2019 have already been invited to apply for membership.

For students who have not already submitted all training records – the due date for submission is **2 October 2020.** These will be reviewed to confirm if you have met the Institute's training requirements.

All students who complete their P2 examinations in the August 2020 sitting will be invited to apply for membership after publication of the exam results on 16 October. As there are only three weeks from that date to the deadline for submission, we strongly encourage all students to gather, as soon as possible, the relevant information so as to be able to submit their application documentation on time.

The following documents, if not previously submitted to the Institute, should be submitted with each application to membership.

1. **Application Form (online)**
2. **Two Employer References on headed paper.**
3. **Competency Guide & Return (evidencing four in-depth competence records and all the behavioral attributes).**
4. **ECDL Certificate or Certificate of IT Competence (if not previously submitted)**

Please also note:
Fully completed application documents must be received in the Institute by **Friday 6 November 2020**, from those students who are invited to apply for membership following the August 2020 examinations. There is no guarantee that any late application will be reviewed and processed.

Students who:

- Satisfy the entry requirements for admission to membership,
- Fully comply with the Application to Membership Process, and
- Pay the application to membership fee (€731)

will receive written confirmation of their approval for admission to membership and information about the Conferring Ceremony which will take place later in the year and induction training.

Please note, the above Application to Membership fee does not include the Annual Member Subscription for 2021, which, for members, falls due in January 2021.

If you have any queries regarding the Application to Membership Process, please contact Réidín at training@cpaireland.ie

Publication Notice

Investigation Committee – Consent Order

Ref. : Invest/06/20

At a meeting of 28 May 2020 the Investigation Committee found prima facie evidence of misconduct by a Member, Mr. Kevin Nolan of K. J. Nolan & Co., Unit 3 The Maltings, Main Street, Carrigaline, Co. Cork in that he withheld information from CPA Ireland which he knew or ought to have known was relevant when making an application to register as an Audit Firm in October 2018 in breach of Section 111 Integrity and Section 115 Professional Behaviour of the Institute's Code of Ethics and bye law 6.5.1.(J).

The Committee offered and the Member accepted a Consent Order, the terms of which are as follows: -

- Reprimand
- Fine €1,250
- Contribution of €2,000 towards the Institute's costs

And that details of this Consent Order be published in Accountancy Plus with reference to the Member by name.

Date: 10/08/2020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WE BACK BRAVE
Vicki O'Toole: Managing Director
JJ O'Toole Ltd.
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Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.