September Issue 2021

Accountancy Plus

The Official Journal of CPA Ireland

INSIGHTS, IN SIGHT.

The Digitalisation Imperative

CPA IRELAND

Editorial

Accountancy Plus
September 2021

CPA Ireland

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President's Message

Welcome to the September 2021 edition of Accountancy Plus.

Despite the ongoing global pandemic, CPA Ireland has continued to respond positively to the challenges of yet another unprecedented year. Over the summer months, we have had a busy schedule working on numerous important projects. These projects focus on the core issues of technology, sustainability and the world of work which are the major themes CPA Ireland is focusing on this year and beyond.

CPA Interactive Digitalisation Hub

Technology continues to rapidly change the role of the accountant which has accelerated the need for accountants and finance professionals to embrace digitalisation and to adapt to a digital environment. Embracing digitalisation is essential to maintaining clients, winning new business and having a positive succession plan. CPA Ireland, sponsored by CPA Ireland Skillnet, has developed an Interactive Digitalisation Hub for our members, which was launched on our website on 16th September. Through a mix of live sessions with key industry experts in technology, experts in leading through change and case studies of those who have successfully managed the transition, this hub will help members make the transition to a digital environment, giving clarity on the software's that best suit the needs of your practice/firm.

I would encourage all members to take the time to navigate around the hub and see what's on offer. It can be accessed at cpaireland.ie/hub

The World of Work

On 15 January 2021, Tánaiste Leo Varadkar launched the National Remote Work Strategy, and its uptake is likely to make remote work a permanent feature in the Irish workplace. However, nothing can replace the collaborative office environment and I expect to see many businesses adopt a more flexible and hybrid approach to working post pandemic.

In response to the National Remote Work Strategy, CPA Ireland has recently launched the new Wellbeing Platform and will be launching a new online course entitled 'Effective Mentoring Procedures' in the coming months.

Wellbeing Platform

Over the summer months, CPA Ireland launched a brand-new Wellbeing Platform with Spectrum.Life for CPA Ireland members.

Spectrum.Life gives members access to a host of Digital Wellbeing content, videos and podcasts, fitness and nutrition trackers, along with numerous health and wellbeing related rewards.

Further information on how to register for the Wellness Platform can be found at https://www.cpaireland.ie/Members/Supports-Services/Wellbeing-Platform

Effective Mentoring Procedures

In October 2021, CPA Ireland will be launching the new Effective Mentoring Procedures course. This CPD awarded course will help our members understand how to best engage with their trainees in a remote environment which will positively impact their business and practice. The course will teach you the fundamentals of mentoring best practices, the mentoring framework and considerations to be taken into account in virtual mentoring operations.

Sustainability

As advisers to over 100,000 SMEs in Ireland, accountants will be the driving force in the roll out of sustainability strategies. CPA Ireland is committed to developing its own sustainability strategy as well as supporting our members and students on their journey to sustainability with ongoing education offerings at both pre and post qualification levels.

Brexit Supports

I would like to remind you of the Brexit supports offered to you by CPA Ireland, in particular our online Brexit resources page which members can find when they log onto our webpage www.cpaireland.ie

I was saddened to hear that CPA Ireland Past President, Sean Slattery, passed away peacefully in July 2021. May Sean's soul rest in peace.

I continue to look forward to brighter days ahead when we can convene physically and interact socially.

Áine Collins
President CPA Ireland

Contents

ESG: 1 board; 3 letters; 6 steps
A new approach for effective board stewardship of long-term sustainable success.

by Ros O'Shea

Ask a board, any board: what three letters have or will appear on your agenda this year? Environment, Social and Governance (ESG), once a philanthropic "nice to have" and perhaps considered under "AOB", is now (or should be) permeating every board agenda.

While for decades the shareholder primacy model was the accepted paradigm of corporate governance, in recent years this has been firmly displaced by a broader stakeholder capitalism approach, with a new focus on a wider set of constituents including employees, customers, suppliers, society and the environment, as well as investors and shareholders.

With its origins in the Global Compact "Who Cares Wins" initiative of early 2000s and its focus on the triple bottom line of "people, profit and planet", Covid-19 has accelerated the mandate for more responsible stewardship, with an investor-led "build back better" momentum gathering pace throughout the pandemic. Accordingly, boards must now reprioritise the long-term sustainable success of their organisations and will be held to a higher bar in terms of delivering against firmly established expectations for ESG performance f or a range of stakeholders.

In our experience however, board directors, while committed to embracing the principles of ESG, in practice struggle with translating elements of these perceived lofty ideals into their organisations' core business strategies. Specifically, while boards may be reasonably comfortable with the traditional corporate governance domain of the "G", they are less sure how to interact with the E (Environment) and S (Social) elements and so the whole topic can become fraught and perceived as yet another governance problem to solve, as opposed to a world of opportunity to be embraced.

At Board Excellence we are pleased to outline our **Enlightened ESG Board Engagement Framework,** which may be the first truly practical and proportionate tool to help boards along their journey from a commitment to do the right thing, to the provision of the highest levels of genuine stewardship across all three ESG dimensions that underpin long-term measurable sustainable success. A six-step iterative and interactive approach, the key elements of the framework are set out below.

The Enlightened ESG Board Engagement Framework from Board Excellence

1. Engage: Revisit Purpose

The starting point is to revisit the organisation's mission and answer a series of simple questions that help frame its ESG proposition, such as:

- Why was the organisation established?
- How is value created?
- Who are its key stakeholders?
- What do they care most about and does the business model reflect their objectives?
- How does the organisation's activity impact society and the environment overall?

Through a guided discussion of these fundamental questions, aided by a parallel stakeholder mapping exercise, this process helps the Board to articulate a simple but compelling and authentic statement of purpose that links its ESG narrative to its very raison d'etre. This overarching declaration of ESG provides essential clarity and context for the remaining steps in the process. In other words, once you have answered the why, the who, what, when, and how will all follow.

2. Assess and Mobilise

The next step involves an assessment of the "who", or how the Board is set up to interact with ESG. It will look at board composition and diversity and oversight mechanisms and committee structures, as well as ascertaining the overall level of board engagement with the topic.

Consisting of a desktop document review, a short ESG Questionnaire for directors and interviews with selected members of the Board and executive, the Board's ESG credentials are assessed (as either "Aware, "Active" or "Advanced") to establish a baseline, from which progress can be measured, building on a collective commitment to developing the Board's ESG expertise.

The Board ESG Scaler

Recommendations may include board training, tweaking the board charter, perhaps establishing a dedicated ESG board sub-committee or could point to the need to recruit specialist board expertise in the medium term. Any and all such recommendations will be commensurate with the scale of the organisation, proportionate to its regulatory environment and relevant to its sector and strategy. Properly organised, mobilised, and resourced i.e. with the right "G" in place, the board can now meaningfully engage with and lead the way on the E and the S.

3. Analyse: ESG SWOT and PESTLE

This next step explores the "what" and involves a further facilitated discussion, employing trusted devices from the strategy toolbox, including a specially ESG-adapted SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) and a PESTLE analysis (Political, Environmental, Social, Technological, Legal and Economic) to explore the organisation's principal non-financial risks and opportunities over the short, medium and long-term and through the lens of the key stakeholders identified in the earlier mapping exercise. Specifically in this part of the process:

- Pertinent ESG policy and regulatory requirements are distilled, and their impact analysed;
- Reports from research providers such as MSCI, Sustainalytics, FTSE Russell, etc are mined for influential ratings and opinions;
- Relevant external standards frameworks are cross-referenced, including the Sustainability Accounting Standards Board, the Global Reporting Initiative, the Task Force on Climate-Related Disclosures, the Paris Agreement, the Green Deal, etc;
- The UN's Sustainable Development Goals are reviewed and those particularly germane to the organisation identified and related targets assessed for potential application;
- Emerging risks, so-called "Black Swan" events, new technologies including AI and 5G, extreme weather events, cyber breaches, transition risks (to a low carbon economy) and the Board's crisis management and stress testing protocols are reviewed and evaluated;
- Finally, the impact of the pandemic will be assessed and its consequent once-in-a-lifetime opportunity to reset the organisation examined in terms of how the organisation employs people, technology and property in the delivery of its products or services.

The outcome of this informed analysis and debate is a matrix of organisational strengths and competitive advantages to exploit potential ESG opportunities together with a summary of likely vulnerabilities and key ESG risks to mitigate. Once prioritised and fine-tuned, they form the core ESG building blocks to be aligned and integrated with the organisation's strategy, which brings us neatly to the next step.

4. Integrate with Strategy

This is the "how" part of the process which involves connecting the purpose as articulated to the strategic DNA of the organisation. Addressed via an interactive integration workshop, this determines how the ESG building blocks above can be embedded into the organisation's core strategic processes, including, for example:

- investment and resourcallocation decisions
- the approach to innovation and digitalisation
- partnership and supply chain strategies
- the chosen suite of products and services
- risk management processes
- compliance and audit programmes

Critically it also requires ensuring that the organisation's stated purpose is embraced by everyone in the organisation and that the pervasive culture fosters this broad sense of ownership and engagement. This in turn requires a review of the recruitment, reward and promotion policies and practices to ensure their alignment and that compensation and incentive packages especially reflect the appropriate balance of financial as well as non-financial metrics to reward sustainable value creation over time.

5. Measure and Report

If what gets measured gets done, then what gets done should get reported. This fifth step involves substantiating that overarching story articulated in Step 1 and requires that the Board has:

a. the right intel in the form of relevant Key Performance Indicators (KPIs), capable of being measured and communicated in a meaningful way, together with useful third party and competitor benchmarking data to measure real and relative ESG performance, focusing both on the current state and also milestones on the way to the achievement of long-term ESG goals, and

b. the requisite information and appropriate stakeholder dialogue to meet all external reporting and compliance requirements, which will at minimum include the disclosure of material ESG risks and opportunities from a qualitative and quantitative perspective and how they inform the business strategy.

Our approach is to work with the Board to prescribe an ESG dashboard capable of satisfying both the internal

and external needs above, and to refresh these on at least an annual basis to ensure chosen metrics remain relevant, reliable and regular as well as contextual, consistent and comparable. In our experience much of the data may already exist in the organisation and any data gaps, once identified, can be addressed and closed.

The nature and timing of ESG reporting is a further consideration, as organisations have varied channels of communication for different stakeholders. These include the annual report, standalone sustainability reports, proxy statements, the corporate website, circulars, newsletter and presentations, etc. Our approach will include a set of recommendations for the board covering when, how and to whom ESG information should be provided.

6. Evaluate and Evolve

This last step completes the circle and is an important final check to ensure that the board is continuously organised in such a way as to effectively oversee ESG and should help future-proof the board's infrastructure for the anticipated increased standards arising from the EU Corporate Governance Sustainability Initiative. Specifically, the charters for Board committees should evolve to support the board accordingly. For example:

- The Audit and Risk Committee could oversee ESG disclosures, relevant frameworks and underlying processes and controls.
- The Remuneration Committee could ensure ESG goals and metrics are appropriately incorporated into executive compensation and reward plans and check that culture is aligned with strategy and mission.
- The Nominations Committee could check board composition and succession planning to ensure ESG is maintained as a core board competency and that board development and training designed to build expertise and fluency in this critical area of governance.

A focused evaluation comparing progress by the Board and its committee's vs the initial baseline assessment (along the 3-point scale from Aware to Advanced) provides independent assurance of the board's maturity in ESG oversight and is the final element of the Board Excellence Enlightened ESG Board Engagement Framework.

Our six-step approach is designed to help boards articulate, execute and communicate their ESG strategy so that they can motivate their staff, delight their customers, forge strong supplier relationships, satisfy regulators, attract investment, participate in a low carbon economy and make a meaningful contribution to society at large. In short, it's an enlightened approach to help an organisation to tell their story - a story to be proud of.

Ros O'Shea
Partner at Board Excellence

CPA Profile
Eithne O'Brien

Title:
Head of Finance

Company:
Laya Healthcare

Qualifications:
FCPA

Why did you decide to start out on a career in accountancy?

For me it all started in secondary school where we had an amazing business and accountancy teacher who made the world of an Accountant sound so great. I decided there and then that's what I wanted to study and work in as a career.

Why did you choose CPA Ireland as your qualification route?

When I weighed up all the various accountancy bodies, I felt that the CPA route was one that would deliver the most rounded and adaptable qualification as it offered the flexibility to go into practice or take the industry route – CPA could offer me the choice of both and that excited me.

Please provide a brief history of your career.

I started out in the public sector whilst in college working in the finance team for Aer Rianta at Cork Airport – I loved my time there and made lifelong friends. Then I took the leap into the private sector where I worked for some US Multinationals in the manufacturing and security industry and enjoyed the opportunity of global travel that those roles afforded me.

In 2003, I joined Laya Healthcare (then known as Bupa), now the second largest health insurer in the market and a proud part of AIG. We look after the health and wellbeing of over 600,000 members, with lines in travel and life insurance also.

I started off in the finance team as a Management Accountant and during the intervening years I have held multiple roles across the organisation. I am now the Head of Finance at Laya Healthcare and I feel extremely lucky to work with a busy team of finance experts ensuring that we are providing relevant, reliable and timely information to the business to inform our business strategy and commercial decisions. Our finance department is at the heart of Laya Healthcare.

My role is incredibly challenging and interesting, and I am proud to be part of a very bright, dynamic, and innovative team of senior leaders driving the business forward into the future.

What one word describes what your CPA qualification has given you?

Opportunity – an accountancy qualification can open so many doors and offer so many avenues which you can go down along your career path.

What has been your biggest career achievement?

Most recently, it's how we responded to the enormous challenges – both human and operational – that Covid-19 presented us as a business and as a team. We have managed to navigate the Pandemic through a single-minded focus on looking after our members and our team as a priority, and we're coming through it stronger as a result.

Having worked in Laya Healthcare for 18 years now, there have been quite a few stand-out career moments and all of them involved our success in dealing with transformational change.

Whether it's navigating a change in ownership, or the challenges brought about by the market, we have continued to grow our business and team at Laya Healthcare in new and exciting ways.

We've grown a successful health and wellbeing brand that is trusted, that puts our members and team first, and one that is committed to our promise to Looking After You Always, which is what our name stands for!

What advice would you give to those recently qualified or currently studying for their CPA qualification?

Be open to all opportunities even if not in the finance stream, adaptability is the key to success. Focus on being a business partner in every aspect of your working day – manage your own personal brand.

Be creative and open to what technology can deliver and constantly strive to add value to every problem-solving event you encounter.

Einstein is quoted as having said, "If I had an hour to solve a problem, I'd spend 55 minutes thinking about the problem and five minutes thinking about solutions." The point made is important: preparation has great value to problem solving.

How do you unwind?

What is that!? Busy work life and busy homelife so I tend to jump from one to the other – however my guilty pleasure is a good Netflix binge or getting lost in a good book every so often (which isn't often enough though)!

What traits do you admire in others?

Hard work, Honesty and above all else Trustworthiness.

CPA Profile
Brendan Brady

Title:
Partner

Company:
Brady & Associates

Qualifications:
CPA, ACCA, Chartered Tax Adviser

Why did you decide to start out in a career in accountancy?

It was a trajectory rather than a decision. I had just left school and like many people, didn't know what I wanted to do but felt that a business qualification would give me the most options. I applied for a position as a trainee accountant in a local practice in Drimnagh and was offered the job on my 18th birthday, the rest is history.

Why did you choose CPA Ireland as your qualification route?

I knew that I needed to get a professional qualification. CPA had an international component which was very appealing to me, I never knew what the future may hold and working internationally was always a consideration.

When I got the opportunity to sit the CPA exams, which were being paid for by my employer, I grabbed it with both hands.

Please provide a brief history of your career.

I started working as a trainee accountant straight out of school, stayed in practice for several years while I qualified except for a two-year stint in the property industry during the Celtic Tiger years. Property was the place to be at that time, but I found the work repetitive, and I missed the cut and thrust of practice. I moved to a mid-sized firm where I qualified in tax, and it was during these years that I first had ambitions of starting my own practice.

I read a book called Rich Dad Poor Dad by Robert T. Kiyosaki and some of the messages in the book really resonated with me i.e., "Mind Your Own Business" and "Work to Learn – Don't Work for Money" but before setting up on my own I needed to broaden my experience and move from mid-size practice to a larger practice.

So, after a few years of life in a large firm and realising that the rules are the same whether you're in a top 10 or a small practice in Drimnagh, I decided to crack out on my own, in the height of a recession, with a new family, and haven't looked back since.

What one word describes what your CPA qualification has given you?

Confidence.

What has been your biggest career achievement?

Opening a new office in Meath Street in July 2020. It was 20 years in the making but as someone once said - it takes 20 years to become an overnight success.

What or who inspires you most in business?

I try not to look for inspiration in other people. My own opinion is that everyone is on their own journey, and we all have our strengths and weaknesses. Someone who you may look up to for one thing can let you down over something else. When I do come across something that makes an impression on me, I'll tip my hat and move on.

What advice would you give to those recently qualified or currently studying for their CPA qualification?

Don't follow your passion. Instead, focus on being the best in your field. The best accountants and tax advisors aren't passionate about accountancy or tax law, they're passionate about being really good at what they do and all the trimmings that come with being the best in your field.

How do you unwind?

I disconnect from the work, turn off the smartphone and spend time with my family.

What traits do you admire in others?

As the famous Spanish writer Miguel de Cervantes said – "comparisons are odious".

Financial Reporting News

FRS 101 Amended

FRS 101 provides an optional reduced disclosure framework for subsidiaries of companies that prepare their financial statements in accordance with EU-adopted IFRS. Following its annual review of the standard the Financial Reporting Council has issued Amendments to FRS 101 2020/21 cycle.

The amendments provide a disclosure exemption from the requirements of paragraph 74A(b) of IAS 16 – Property, Plant and Equipment. The amendments also removed references to paragraphs 39 and 40 of IAS 1 – Presentation of Financial Statements, which had been deleted from IAS 1.

Source: www.frc.org.uk

Amendments to FRS 102 and FRS 105

The Financial Reporting Council recently issued Amendments to FRS 102 and FRS 105 – Covid-19 related rent concessions beyond 30 June 2021.

In October 2020, The Financial Reporting Standard applicable in the UK and Ireland was amended to require entities to recognise changes in operating lease payments that occur as a direct consequence of the Covid-19 pandemic, and meet specified conditions, on a systematic basis over the periods that the change in lease payments is intended to compensate. Similar amendments were made to FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime.

Amongst other conditions, the requirements introduced by the October 2020 amendments apply only to concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

The amendments extend the requirements so that they apply to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions are met.

The effective date for these amendments is for accounting periods beginning on or after 1 January 2021, with early application permitted.

Source: www.frc.org.uk

Brexit – Are We Nearly There Yet?

by Rose Tierney

Has there been a day where it hasn't been in the news? We are five years on from the YES vote for the United Kingdom ("UK") to leave the European Union ("EU") and 9 months on from actually leaving. Yet we still have daily news reports of ongoing negotiations and only recently some fairly strong hints that the masterminds behind the exit strategy in the UK might not still think it was such a good idea after all. Only time will tell.

Meanwhile us ordinary folks have to get on with the day-to-day implementation. So, what have we learned in the last 9 months?

1. A bilateral agreement on trade and customs where only one side implements the checks and balances leaves a very lopsided trading arrangement.

From 1 January the EU made efforts to implement the full range of declarations and checks required for trade with 3rd countries, of which Great Britain ("GB") is now one. While this caused pain and delays for a load of traders, a lot of the initial issues have "settled down" at this point.

However, the delay in implementing similar declarations and procedures on the GB side, may have given a false sense of security that what we have now is the norm.

(a) Customs Declarations

While Customs import declarations are required to bring goods into either the EU or GB, the trader importing into GB has the option to use the deferred declaration scheme, including submitting supplementary declarations up to 175 days after the goods have been imported. This easement has now been extended to 1 January 2022.

This has caused problems for a number of traders selling into GB B2C or delivering duty paid ("DDP") where they are the importer in GB and responsible for the VAT and duties. The cases in question were where the trader was unaware that the customs broker was using the declaration deferral and had not filed the GB import declarations to declare the GB import VAT and duty on import. This resulted in a nasty surprise - receiving a bill from the customs broker for all the customs duty and import VAT over six months after the sales were made. Not being totally familiar with the rules and relying on the customs broker is a mistake they won't make again.

(b) Safety and Security Declarations

From 1 January 2021 to 31 December 2021, you can import controlled and non-controlled goods to GB from the EU without making an entry summary declaration ("ENS") also known as the safety and security declaration. These are currently required for goods moving into Republic of Ireland ("ROI") from GB but are not required for goods moving from ROI into GB until 1 January 2022.

However, if the goods are moving from GB to Northern Ireland ("NI") then you do need to submit an ENS.

(c) Movements to NI

When a trucker rings the office and says that they are switching routes from Liverpool to Dublin and going from Cairnryan to Larne instead, that now involves a lot more than re-booking the ferry. While no declarations are required for non-controlled goods moving from NI to GB, there are both import and ENS declarations required for goods moving from GB to NI. So, the pre-lodged declarations for the Liverpool/Dublin route are no longer any use to them and a whole new set of declarations has to be filed with HM Revenue & Customs on a different system.

(d) Sanitary and Phytosanitary Checks ("SPS")

There has been some consternation by certain parties about the amount of checks imposed in the agri-food sector by the EU. Pre-notification requirements for Products of Animal Origin (POAO), certain Animal By-Products (ABP), High-Risk Food Not of Animal Origin (HRFNAO) and Export Health Certificate requirements for POAO and certain ABP are currently required for movements into ROI. However, the equivalent checks will not be required until 1 October 2021 for movements into GB. It is not that these checks are not legally required in GB, it is that the date for implementation in relation to products coming from the EU have been given a grace period which has been extended by the UK government.

Physical SPS checks for POAO, certain ABP, and HRFNAO already being carried out in ROI will not be required until 1 January 2022 for movements into GB. They will have to be carried out at Border Control Posts ("BCPs") at that point.

While physical SPS checks in GB on high-risk plants currently take place at the place of destination, from 1 January 2022 these will take place at BCPs instead.

Pre-notification requirements and documentary checks, including phytosanitary certificates, will be required for low-risk plants and plant products entering GB from 1 January 2022. Then from March 2022, checks at BCPs will take place on live animals and low risk plants and plant products moving into GB.

So, for GB importers of animals, plants and food, who haven't faced the whole raft of checks yet, the next number of months will be very telling. This could have a significant impact on some parts of the agri-food sector in ROI, in terms of increased costs and a shrinking market in GB.

(e) Goods Movement Reference ("GMR")

While a Pre-Boarding Notification ("PBN") is required for goods moving both directions ROI to GB and GB to ROI, to allow the vehicle onto the boat, the equivalent is not the case in GB.

UK Ports which use the Goods Vehicle Movement System ("GVMS") require a GMR.

You need to create a GMR for the following journeys:

- Goods moving from the EU to GB only where you are moving goods under the Common Transit Convention using a Transit Accompanying Document.
- Goods from GB to NI a GMR is required for all movements into Northern Ireland ports using the GVMS i.e. Larne, Warrenpoint and Belfast.
- Goods from NI to GB a GMR is needed for:
  - Common Transit Convention movements.
  - TIR and ATA Carnet movements.
  - Movements from the ROI to GB through an NI port.
  - Movements from NI to GB under a customs special procedure or on a list of goods where specific international processes apply.

At present goods moving from GB to the EU, other than where mentioned above, do not require a GMR, but this is due to change on 1 January 2022.

2. Clarifications, Simplifications and Tweaks

When Brexit difficulties ensued on 1 January 2021, it was difficult to see a light at the end of the tunnel. Since then, greater familiarity with the procedures and software, and progressive work by the Revenue on tweaking their systems to accommodate certain simplifications. have over the last few months eased the burden on traders somewhat. That is not to say that it is all straightforward and there are no problems, it is just that there has been a significant reduction in problems.

(a) Safeguarding Quotas

The Steel Safeguarding Quota of which there is both an EU and a GB one, is still causing some businesses a bit of trouble.

In the early stages of claiming quota on the import declaration you couldn't claim it when pre-lodging the declaration for RoRo imports. You had to claim it in real time by amending the declaration close to the time it arrived in port.

Revenue worked on this and amended the AIS system to allow the quota claim to be entered on the pre-lodged declaration, although the quota wouldn't actually be claimed until it hit the AIS system in real-time, about 1.5hours before docking.

Of course, if there wasn't sufficient quota left at that stage the importer would still suffer the 25% duty.

Traders learned quickly:

- That not claiming the quota cost them 25% duty.
- How to look up the available quota

before ordering steel from GB.

- That it was a quarterly quota renewing on 1 April, 1 July, 1 October etc so they should consider delaying an order if close to the end of a quarter.

The declaration deferral mentioned at 1 above has also impacted GB importers of steel product and ROI sellers delivering DDP. The quota for steel products entering GB is also real-time.

The goods can pass into GB without being declared on an import declaration at the point of entry. You have 175 days to file it. If by the time the broker gets around to filing it the quota was exhausted for the period of import, then the 25% duty applies. It is important to make sure and file your declaration and make your quota claim in real-time.

(b) Indirect Export via NI ports

In initial stages the AIS system couldn't accommodate an indirect export via NI to GB.

Irish Revenue then amended the coding on the AEP export system to allow an indirect export from ROI to be facilitated through the NI ports of Belfast, Larne and Warrenpoint.

The office of export to be included on the export declaration is IEWSE100. The office of exit is for each of the ports is:

XI000142Belfast

XI005220Larne

XI005160Warrenpoint

And the goods location code is IEWSE100

This facilitates a lot of ROI hauliers as moving goods through Northern Ireland to Scotland and the North of England is a traditional route.

(c) Moving Van & Tools what's the procedure?

Initially the most popular method was to apply for an ATA Carnet from Dublin Chamber of Commerce. This application allowed the movement of tools and professional equipment temporarily without incurring customs duty and a security was put in place to cover any potential duty. https://www.revenue.ie/en/customs-traders-and-agents/temporary-admission/ata-carnets-temporary-admission-and-export-of-certain-goods/index.aspx

Revenue now accepts an alternative way of dealing with this.

The Van, Tools and Spare Parts can be exported and then re-imported by oral declaration.

Prior to boarding the ferry, the company must email customspbn@revenue.ie and request a PBN ID for the movement of the van and tools that will be leaving to go to GB and later returning back to Ireland with the following details.

- The name of the Company/ Individual exporting the Van and tools
- The Van registration details
- A summary of the tools and parts in the van and the estimated value of the tools/parts
- Details of the duration of stay in the UK
- Details of the return journey where available

Where details of the return journey are known at the time of export that information should also be provided. In that case a PBN ID can then be requested for the return journey also.

A copy of these details should accompany the goods for inspection by customs on arrival if required. The trader should also forward ferry details etc. in advance to customspbn@revenue.ie

The Brexit saga does seem like a very, very long journey, with some disgruntled, tired and hungry passengers in the back. But, as you can see from the above, we are only halfway there yet!

Rose Tierney

BA (Hons), BFP, FCA, CIOT CTA, AITI CTA, Cert in Customs Clearance Procedures, Cert in Customs Compliance & Trade Facilitation

Rose has nearly 30 years' experience in tax. Rose operates a cross border tax practice TTax & TTCustoms – Tierney Tax Consultancy on the Monaghan/Fermanagh border. The practice is one of the few with dual UK Irish qualified personnel who practice cross border tax, vat and customs on a day-to-day basis.

Don't take it for granted...

Accounting for government support may not be as simple as you first think

by Wayne Bartlett

The Covid-19 pandemic has had an enormous impact on a wide range of issues including accounting and reporting. Before Covid-19 arrived government support, whilst some organisations certainly benefitted from it, did not have quite the same universal significance as it now has.

Now out of the blue a very large number of businesses have suddenly found themselves in receipt of government support either in the form of loans at preferential rates or in terms of subsidies. This means that an issue that was perhaps not relevant to everyone has now become of more wide-ranging impact. In the process it has become much more important that accountants have a comprehensive understanding of how to account for such support so that the financial statements they prepare can be compliant with the reporting frameworks they use and reveal all the necessary details to readers of the accounts. The issue has suddenly become very mainstream.

Government support through the pandemic

In Ireland, support has come in various shapes and sizes. Some of this support has been in the form of loans. One particular model saw loans of up to €25,000 which included an interest-free period, with the Irish government rebating the interest that would normally be due. This particular scheme saw the government making the rebate once the full six-monthly repayments, including interest, had been made so to some extent this is retrospective in terms of its benefits. The loan is normally for a three-year term though there is a five-year alternative for capital expenditure by exception. Interest rates on this scheme vary between 4.5% and 5.5% depending on the body through which the application is made.

Guidance found in frameworks such as FRS 102 requires certain treatments to be adopted in the case of loans. If loans were to be made at below market rate, then paragraph 11.13 of FRS 102 requires that this should be accounted for as a financing transaction. However, it is accounting for grants that I think might have the greater impact on businesses generally and it is therefore these that I propose to focus on.

The Irish Government, in common with administrations in many other countries, has given a significant amount of support in terms of wage subsidies. The first of these schemes was known as the Temporary Wage Subsidy Scheme ("TWSS") and ran from 26th March to 31st August 2020. The scheme was operated by the Revenue Commissioners and in their view, TWSS payments are not payments to the employer and are not a grant. It will be interesting to see if this approach stands up to scrutiny. If this were the case, then the argument goes that it would not hit the Profit & Loss Account at all.

An alternative view is that these payments are grants and therefore should be dealt with in the Profit & Loss Account and should be recognised as other income rather than being netted off against expenditure. Interestingly a trawl through various articles relating to the treatment of wage subsidies in the UK resulted in a unanimous view amongst the sample of accounting firms analysed that they should indeed be treated as grants.

The glossary to FRS 102 describes a grant as 'assistance by government in the form of a transfer of resources to an entity in return for past or future compliance with specified conditions relating to the operating activities of the entity'. The various wage subsidy schemes that have been in place in Ireland come with a requirement that qualifying staff should be kept on the payroll and given this clear conditionality it seems to meet the glossary definition of a grant. So too, in my view, does the rebate of

interest paid by the government we discussed earlier.

The TWSS was replaced by the Employment Wage Subsidy Scheme ("EWSS") which ran from 1st September 2020. The pandemic has of course gone on for longer than expected or hoped for and so a replacement for the TWSS was needed. The EWSS is in effect a flat rate subsidy to employers in respect of qualifying employees on the payroll. The absolute amount of the subsidy paid by the government depends to some extent on the underlying pay rates of the employees who are being supported by this subsidy. This again is a scheme which emulates in the concept if not the absolute detail similar schemes adopted in other countries.

Accounting for grants per FRS 102 and FRS 105

Let's assume that the subsidies involved were to be treated as a grant. How does FRS 102 require such transactions to be dealt with? The guidance related to this is found in Section 24. This makes clear that the guidance does not apply to government assistance that is provided for an entity in the form of benefits that are available in determining taxable profit or loss or are determined or limited on the basis of income tax liability. Specifically excluded by the guidance are benefits such as income tax holidays, investment tax credits, accelerated depreciation allowances and reduced income tax rates. The subsidies given by the Revenue Commissioners clearly do not fall within these specific exemptions.

Two models of grant treatment apply per FRS 102. One is known as the performance model. Entities using this approach shall recognise income when grant proceeds are received or receivable if no specific performance-related conditions are attached by the grantor. If however, performance related conditions are attached to the grant then income should only be recognised when those conditions have actually been met.

The other is known as the accrual model. Under this approach grants relating to revenue should be recognised in income on what is termed a systematic basis over the period in which the entity recognises the related costs. In the case of wage subsidies, then this would mean that the income should be released to Profit & Loss Account in line with the wage expenditure that it is designed to support.

Note that the use of the performance or accrual model is at the discretion of the preparer of the financial statements. However, the same policy should be used for each class reported in the financial statements.

FRS 105 which focuses on SME reporting is similar in content though Section 19 which deals with grants is as one would expect a slimmed down version of FRS 102, Section 24. However, it is worth noting that it only allows the accruals model. Sub-section 19.8 of FRS 105 states that 'a government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised as income in profit or loss in the period in which it becomes receivable.'

Disclosure is key

Assuming that the subsidies are treated as grants, the accounting treatment does not seem that complex. However, in order to fully understand the financial statements disclosures are often as important as the numbers included on the face of the financial statements themselves.

When we think about disclosures it is often as important to consider the underlying concepts and qualities of good accounting information as specific guidance from detailed elements of the financial reporting framework. It is certainly important in the case of disclosures that any unusual items which have a material impact are clearly explained in the financial statements.

The provision of large amounts of wage subsidy by the Irish government would certainly seem to fall within that general category. Whatever else these wage subsidies are, they are not routine. Therefore, for businesses which have taken advantage of the government support clearly explaining its impact on the overall financial position is of paramount importance.

Disclosures are covered specifically by sub-sections 24.6 and 24.7 of FRS 102.Understandably, one of the things which must be disclosed is the accounting policy which has been adopted for the treatment of grants in the financial statements. So too should the nature and amounts of grants actually recognised in the financial statements. Any unfulfilled conditions and other contingencies attaching to grants should also be disclosed. If the transaction is not treated as a grant, then there is still a requirement to disclose it. Sub-section 24.6 (d) requires disclosure of any other form of government assistance from which the entity has directly benefited. Therefore, even if the ultimate decision is not to treat the wage subsidy as a grant, then full details of the government assistance must still be included in the financial statements.

Ensuring the underlying records are in good order is also important

The highly unusual nature of the government support given in the form of wage subsidies means that there is an inherent underlying risk of fraud. Investigations launched by the Revenue Commissioners into the use of TWSS subsidies have been very encouraging so far in this respect.

As reported in the Independent of 3 June 2021 only a small number of anomalies have been found, involving just 300 out of 66,500 businesses benefiting from the TWSS. Given the fact that some €2.9 billion has been given out this is extremely reassuring. It also compares remarkably favourably with support schemes in the UK where according to some estimates the Bounce Back Loan Scheme (BBLS) has potentially up to 50% of qualifying transactions which are suspect (though this includes amounts where default is a risk as well as fraud, so the comparison is not directly analogous). Nevertheless, the breath-taking amount at risk in the UK where the BBLS has doled out over £43 billion shows how important control of this highly material area is to governments involved in supporting such schemes.

That said, there is no room to be complacent in Ireland. Getting the accounting wrong could have extremely unfortunate consequences, both financial and reputational, for businesses falling foul of the Revenue Commissioners. It is therefore vital that adequate records are kept to support any expenditure claimed to qualify for the wage subsidies so that if the Revenue Commissioners were to undertake an audit they would be satisfied with the quality of the information that they find. Using grants or loans for inappropriate purposes can have unfortunate repercussions.

A few years ago, I was working in another European country when an EU grant amounting to some €10 million had not being spent for the purposes for which it had been awarded. The result of this breach, which may well have occurred because of ineffective controls rather than deliberate intent, was that the €10 million had to be returned. This is a situation best avoided for very obvious reasons so attention to detail and accuracy in record-keeping and reporting is vital.

Wayne Bartlett,
FCCA, MBA

Law & Regulation News

Extension of timelines for Companies and I&P Societies to hold Virtual AGMs

The interim period of the Companies (Miscellaneous Provisions) (Covid-19) Act 2020 has been extended to 31st December 2021 following recent Government approval.

The Act makes temporary amendments to the Companies Act 2014 and the Industrial and Provident Societies Act 1893 to address issues arising as a result of Covid-19.

Companies and Industrial and Provident Societies can therefore continue to hold their AGM's virtually up to that date.

Source: www.gov.ie

2020 Profile of the Profession

The Irish Auditing and Accounting Supervisory Authority (IAASA) has published its annual 'Profile of the Profession for 2020', 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 2020 and Annual Report 2020 published on their website.

At 31 December 2020:

- there were 41,229 PAB members located in Ireland, an increase of 3% from 2019 (2019: 40,027). Of these, 60% work in business;
- the PABs' aggregate student membership located in Ireland was 17,212, a small increase of 2% from the previous year (2019: 16,830);
- the number of audit firms approved to audit in Ireland was 1,491 (2019: 4,341) with 1,155 (2019: 1,207) of those located in Ireland. During 2020, both the ICAEW and ICAS required members to make a separate application for Irish Registration where such registration was required, which has resulted in a significant drop in numbers; and
- the number of individual statutory auditors approved to audit in Ireland was 2,576 (2019: 9,657) with 1,851 (2019: 1,894) of those individuals located in Ireland.

Prescribed Accountancy Body (PAB) Membership

There has been a 2.3% 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 49% of members.

As in prior years, four PAB's account for around 99% of PAB members located in Ireland

- ICAI (49%)
- 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 2020 and 67% of students continue to be located outside the EU. The total PAB student numbers worldwide have decreased by approximately 2.7% year on year, with the geographical split by location remaining 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 (36%);
- CIMA (10%); and
- CPA (4%).

Prescribed Accountancy Body Members Holding Practicing Certificates

PAB members worldwide authorised to practice has decreased marginally by approximately 1% from 2019; there was a modest increase in those authorised to practice in Ireland from 2019.

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 (24%), and
- CPA (19%)

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

Statutory Audit Firms and Statutory Auditors

The number of statutory audit firms located worldwide approved to audit in Ireland has declined by 67%. ICAEW and ICAS account for over 95% of the decline, following the decision of both bodies, noted above, to require members to make a separate application for Irish Registration where such registration was required. Individually the degree of decline varies:

- ACCA (3%);
- ICAEW (99%);
- ICAI (4%);
- ICAS (97%); and
- CPA (7%)

ICAI now account for the largest proportion of both approved statutory audit firms located worldwide and approved to audit in Ireland (48%) and statutory auditors located worldwide approved to audit in Ireland (52%).

Since 2016 the number of statutory audit firms and statutory auditors located in Ireland has declined by 16% and 12% respectively.

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 2020. The full document can be downloaded from the IAASA website at www.iaasa.ie.

Source: www.iaasa.ie

Companies (Rescue Process for Small and Micro Companies) **Bill 2021**

by Tom Murray

New Restructuring and Recovery Procedure for SMEs

The Government has recently enacted the new Companies (Rescue Process for Small and Micro Companies) Bill 2021, the aim of which is to provide a quicker and more cost effective restructing option for SME and micro businesses, similar to the existing Examinership process.

It is a well known fact that the existing Examinership process, whilst a very worthwhile piece of legislation, has not been suitable for micro or SME businesses due to the significant cost of it being a court driven process. This is reflected by the relatively low number of companies that avail of Examinership compared with the numbers that enter liquidation. As a result, a much more cost effective and simplified process to assist SMEs has long been called for.

The Covid-19 pandemic has directly expediated the drafting and implementation of this new rescue process which is specifically designed in terms of reducing costs and simplifying the process to suit SME and micro businesses.

In short, the new process is a simplified corporate rescue mechanism specifically geared towards small and micro companies with the primary objective being to save the company and any jobs provided by it.

For a company to avail of the new process they must meet the following eligibility criteria:

- Small or Micro Company
- Unable or likely to be able to pay debts
- Not in liquidation
- Not having used the process in the previous 5 years

The last requirement demonstrates that this is not seen as a short term procedure but something that is envisaged will be long term central tenent of a "fit for purpose" corporate recovery system in Ireland.

In order to enter the process, the company will engage an Independent Insolvency Practitioner to act as a **"Process Advisor".** The Process Advisor must have the same qualifications for appointment as a liquidator. As with other insolvency procedures, the company's Auditor/Accountant cannot act as Process Advisor for reasons of independence etc.

Whilst the Process Advisor has no executive function in the company, they have similar rights and powers as an examiner in that:

a. they can attend board meetings etc.

b. third party advisors such as accountants/solicitors may not exercise a lien over the company's books and records in respect of unpaid fees against the Process Advisor.

c. they "certify" certain liabilities to be treated as expenses of the SCARP.

Having identified the need to enter the process and having engaged a suitable Process Advisor, the director of the company will prepare a Statement of Affairs by statutory declaration.

This is submitted to the Process Advisor who will then gather information on the company's specific situation to enable them to form an opinion on the company's prospects for survival.

The Process Advisor will then then issue a report on whether the company in their opinion has a reasonable prospect of survival.

The Process Advisors report will consider matters similar to an Independent Accountant's Report in an examinership including:

- Has any deficiency been satisfactorily accounted for.
- Opinion as to whether the Company has a reasonable prospect of survival.
- Recommendations as to the course the Company should take.
- Details of funding required.
- Recommendation as to what pre-petition liabilities should be paid.
- Information on proposed fees.

On foot of the Process Advisor's report, the formal process will commence. In order to commence the process, the

- Directors then pass a resolution to commence the process.
- Directors will also pass a resolution to cease ALL payments to creditors for the duration of the process.

The directors' resolutions are filed with the relevant court, notified to creditors, delivered to CRO and be publicly advertised on the company's website (if any) and Iris Oifigiuil.

Crucially, from a time and cost perspective there is no requirement to apply to a Court which is required in an Examinership.

Creditors are then informed of the process and are sent the Statement of Affairs and the Process Advisor's Report. Creditors will also receive a Proof of Debt form which needs to be sent back within 14 days. During this period, creditors are afforded an opportunity to provide input to the process advisor and to disclose any facts they consider material to the process.

The Process Advisor will consult with stakeholders including directors, creditors and shareholders and drafts a rescue plan. In terms of this plan, which is in simple terms, an agreement between a company and its creditors to settle company debts. There are:

- No prescribed components or exclusions.
- No creditor may be unfairly prejudiced.

Critically the plan must satisfy 'best interest of creditors' test (i.e. provide each creditor with a better outcome than a liquidation).

In terms of the approach the Process Advisor's rescue plan can take, there is no express limitations.

In this regard,

- Debts can be written down.
- Different classes of creditors receive different treatment.
- Whilst in Examinerships, creditors are normally settled with a "lump sum", Companies could pay creditors over a period in a SCARP, of say, three years. (Such proposals are popular in the UK).

The plan may also involve:

- New investment from current or new shareholders and it may also involve dilution of existing shareholders.
- The reduction of rents (but only with landlords consent).
- The repudiate property leases IF necessary for survival.

It is important to note that a lease repudiation involves the landlord calculating their claim i.e lost rental for the remaining term of the lease less mitigating rent received and any repudiation will require a court application, which would make the process more expensive.

One of the big issues for SMEs will be legacy Revenue or State Debt. In this process, similar to Personal Insolvency, State Debt (Revenue / Social Welfare Act Debt) is classified as **"Excludable Debt".**

An Excludable Debt shall be included in a proposal for a rescue plan unless the creditor objects on one of the following grounds:

- Tax returns outstanding.
- Where there is an ongoing tax audit or intervention.
- Where taxes are under appeal.
- Where there is a history of non-compliance with tax obligations.
- Such other grounds as may be prescribed.

The Process Advisor provides the State Creditor with a period of 14 days to "opt in". Failure to respond on behalf of the State Creditor within 14 days will result in them automatically being included.

Creditor Approval

Having formulated the rescue plan, the Process Advisor summons meetings of members and each class of creditor within 42 days of their appointment. Facilitating a timely process, notices may be sent by email.

Creditors are invited to vote (having been provided with 7 days notice) on the plan by day 49 and to be approved by Creditors there must be a 60% majority in number and a SIMPLE majority of value in respect of at least one class of creditors.

Such approval of one class of creditor voting in favour of the rescue plan will result in it been binding on all creditors.

If there is no objection to the plan and it is approved by creditors there is no requirement to obtain Court approval and the plan becomes binding 7 days after Statutory notices are filed unless objected to within 21 days.

Creditor Objection

There will be SCARP's where creditors object. Grounds for objecting would include:

- The rescue plan unfairly prejudices the interests of the objector.
- The rescue plan is unfair and inequitable in relation to the objector.
- There was some material irregularity at or in relation to a meeting to which section 558Y applies.
- A member or creditor has been materially prejudiced by not receiving notice of the meeting or any other notice required to be sent under the Act.
- Acceptance of the rescue plan by the meeting was obtained by improper means.
- The rescue plan was put forward for an improper purpose.
- The sole or primary purpose of the rescue plan is the avoidance of payment of tax due.

In order to object a rescue plan, creditors must file a notice of Objection with the Process Advisor and the Court.

That being said the **Court will sanction a plan unless it is unfair and inequitable or unfairly prejudicial to objecting member/creditor remembering that the Process Advisor in drafting the plan must ensure that:**

- No creditor may be unfairly prejudiced.
- Must satisfy 'best interest of creditors' test (i.e. provide each creditor with a better outcome than a liquidation).

The Role Of Court

Whilst Examinerships provides automatic protection from creditors, SCARP does not.

The Process Advisor must make an application to Court for protection from any specific creditor. Court would also have additional involvement if required to:

- Determine questions posed by the process advisor, creditors, ODCE etc.
- Can stand down Receiver or provisional liquidator.
- Deal with repudiation of onerous contracts including leases.
- Hears objections made by creditors/members to the rescue plan.

Failure Of Scarp

Not every SCARP will succeed. If the vote does not pass, the Process Advisor must report to the Board as to why it was not successful, and set out recommendations as to the next steps such as Liquidation etc.

If the SCARP was not successful because the State creditors did not "opt in" then Examinership might be considered (An Examinership could deal with State creditors who did not opt into the SCARP) – however as already noted cost may be prohibitive.

Payment Of The Process Advisor

The fees and costs of SCARP are treated similarly to Examinership, in that they are paid from the assets of the company. In order to minimise professional fees, the Process Advisor is expected to use the services of the staff of the company as far as possible.

So what to do now?

If you are a Director of a Company or an advisor of a Company which may need to avail of a SCARP, you should identify and contact a suitably experienced Process Advisor and consider the following steps and then:

a. Commence preparing a pack of information for the Process Advisor such as:

- a brief history of the company,
- an organisation chart,
- summaries of property leases and finance leases,
- summary of employees' salaries and employment history,
- an excel spreadsheet of all creditors to include postal and email addresses,
- cash flow forecasts and trading forecasts,
- Statement of Affairs.

b. Bring management accounts up to date.

c. **Submit all tax returns.** In particular, ensure that you have adjusted your VAT returns if you have not paid a supplier within the required 6 months.

d. Avoid directors putting monies into company now. Ideally, wait for the SCARP process, as "new monies" can be very persuasive to creditors.

e. Review if trade creditors have valid Retention of Title clauses.

f. Obtain valuations of buildings, plant & machinery.

g. Consider impact on any ongoing insurance claim for business interruption.

h. Consider implementing a "pay freeze" in respect of certain creditors.

i. Consider implementing a redundancy programme.

j. Surrendering leases to landlords (and thereby quantify their claims now).

k. Open up a new bank account with another bank to avoid set off of accounts.

Tom Murray

CPA Member Tom Murray is one of Ireland's leading Corporate Restructuring and Insolvency Practitioners.
He can be contacted by email at tom.murray@frielstafford.ie

Insolvency Trends in Ireland

by David Russell

The Covid-19 virus reached Ireland in late February 2020 and within three weeks infections had been reported in all counties.

The Government responded by closing all schools, colleges, childcare facilities and cultural institutions on 12 March. By the 24 March almost all businesses, venues and amenities were closed and on 27 March the first stay-at-home order banned all non-essential travel and contact with anyone from another household.

As this pattern was repeated across the globe by the end of March 2020 well over 100 countries had instituted either a full or partial lockdown leading the IMF to describe the Covid-19 pandemic as "a crisis like no other".

According to the World Economic Outlook Report published by the International Monetary Fund in April 2021, the global economy contracted by 3.3% in 2020. This represented the deepest global recession since the end of World War II, eclipsing the Financial Crisis of 2007/2008.

Whilst the Republic of Ireland's economy grew by 3.4% in the year, this performance was driven almost entirely by export growth in the Pharmaceutical and Information Communication Technology sectors which witnessed a dramatic increase in demand during the Covid-19 pandemic and as a result these economic growth figures belie the underlying performance of the Irish domestic economy which contracted sharply by 5.4% , the average contraction across the 27 EU member states was 6.8% and 9.9% in the United Kingdom.

In common with almost all governments across the globe, in an attempt to prevent mass corporate insolvencies and limit any structural economic damage, the Irish Government reacted quickly introducing a range of state-backed financial support measures.

A rapid consensus emerged amongst economic commentators questioning the ability of Governments and Central Banks to control the crisis, forecasting a wave of business closures and mass corporate insolvencies.

In the intervening period, Ireland has been ranked among the strictest countries in the world when it comes to Covid-19 lockdowns, businesses in the tourism and hospitality industry remained shut at the end of July 2021 and unemployment remains stubbornly high (18.3% at the end of June 2021 including Pandemic Unemployment Payment claimants).

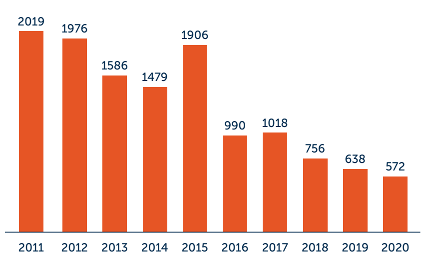
Despite this backdrop, corporate insolvency trends have defied the predictions of doom. According to figures available from CRFI VisionNet Ltd, in 2020, 572 corporate insolvencies were recorded. This represented a fall of 10.34% on 2019, the last full year before the pandemic, when 638 corporate insolvencies were recorded.

Insolvent Liquidations accounted for the majority of corporate insolvencies representing 77.27% of the overall insolvencies, a total of 442 Insolvent Liquidations were recorded in 2020 down from 516 in 2019.

Corporate Receiverships also witnessed a marginal increase with 103 being recorded in 2020, accounting for 18% of the overall insolvencies, up from 95 in 2019, whilst the number of Examinerships remained static at 27.

Insolvency Type	2020	2019	Change
Insolvent Liquidations	442	516	-14.34%
Receiverships	103	95	8.42%
Examinerships	27	27	0.00%
Totals	572	638	-10.34%

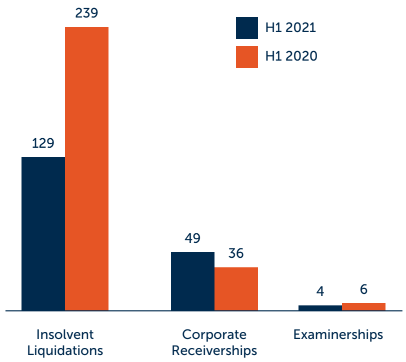
Corporate Insolvencies: 10 Year Trend



The trend of the fall in corporate insolvency rates, illustrated in the below graph, accelerated dramatically in the first half of 2021 when 182 corporate insolvencies were recorded, this represented a decrease of 35% from the same period the previous year when 281 insolvencies were recorded.

As in previous years insolvent liquidations accounted for the majority of corporate insolvencies, a total of 129 insolvent liquidations were recorded in the first half of 2021, representing 70.87% of the overall insolvencies, this is down from 239 in H1 2020. Again, the level of Examinerships has remained low with only 4 being recorded compared to 6 in H1 2020, only Corporate Receiverships showed an increase compared with H1 2020 with 49 being recorded which was up by 13 on the comparable period the previous year.

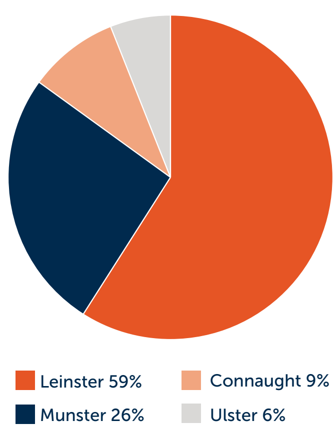
Insolvency Trends H1 2021 V H1 2020



Regional Analysis

Geographically the highest percentage of corporate insolvencies were recorded in Leinster, with the province accounting for 59% of the total recorded insolvencies, 26% of the total insolvencies were recorded in Munster, 9% in Connaught and 6% in Ulster.

Regional Analysis H1 2021



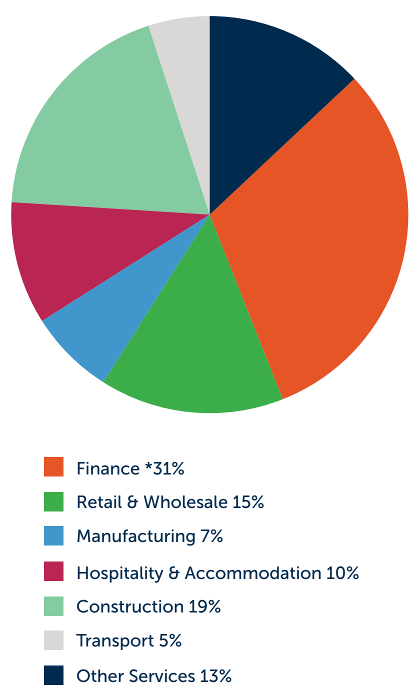
It should be noted however that businesses in the provinces of Munster, Connaught and Ulster disproportionately operate in the sectors hardest hit by the Covid-19 pandemic (wholesale retail, accommodation, entertainment and food services) when compared to Leinster and a change in the regional pattern is likely to emerge in H2 2021 and into 2022.

Sectorial Analysis

As can be seen from the pie chart below insolvencies in the sectors most impacted by the ongoing Government restrictions buck the expected trend, in H1 2021 just 10% of corporate insolvencies (17) were recorded in the Hospitality and Accommodation sector.

The true picture of the impact of the Covid-19 pandemic on the Irish economy has yet to emerge and as the reality of the post Covid-19 economy dawns, a disproportionately sharp rise in the percentage of insolvencies in the Hospitality and Accommodation sector can be anticipated. Likewise, it is not yet clear to what extent the accelerated trend toward online shopping during the pandemic will reverse in H2 2021 and into 2022, in any event a sharp percentage rise in insolvencies in the Retail and Wholesale sector can also be expected.

Sectorial Analysis H1 2021



*Finance includes investment holding companies.

Age Profile

Historically the start-up bracket (companies less than 5 years old) has accounted for around a quarter of corporate insolvencies on an annual basis. However, again the H1 2021 statistics available from CFRI VisionNet Ltd show a distortion in this trend with just 14% of corporate insolvencies relating to companies falling into this bracket, 16% were in the 5-10-year bracket, 31% were in the 10-20-year bracket, 21% were in the 20-30-year bracket, 8% were in the 30-40-year bracket and 10% were over 40 years old.

This age profile analysis reflects a broadly similar picture to the previous year and suggests that given the inherently fragile nature of the balance sheet of start-up companies, that a sharp rise in corporate insolvencies can be anticipated in this bracket during H2 2021 and into 2022.

Although largely attributed to the government backed financial support measures and creditor forbearance, the reasons behind the low level of corporate insolvencies are not entirely clear, however previous crises have demonstrated that solvency issues, debt defaults, and non-performing loan build-ups may take several quarters to peak.

Rather than avoiding the wave of business insolvency filings altogether, the evidence suggests the recent insolvency trends hide the true level of financial distress. In the years 2009 to 2012, there were 1,200 to 1,400 insolvent liquidations per annum in Ireland, without continued government backed financial support and reform of insolvency laws, it is likely that government has merely postponed the coming of the tide to the months and years ahead.

As the state-backed financial support measures come to an end in the second half of this year and forbearance arrangements with landlords, banks and other creditors expire many companies are likely to be compelled to enter insolvency.

Whilst in theory the Examinership process offers companies with a strong underlying business, but which are considered insolvent as a result of

being burdened by an unsustainable level of debt, a viable alternative to insolvent liquidation, in practice there are relatively few Examinerships on an annual basis due to the prohibitively high costs, estimated by the Revenue Commissioners to be between €80,000 and €130,000 on average.

To their credit the Irish Government has taken bold and decisive pre-emptive action in the shape of the Companies (Small Company Administrative Rescue Process and Miscellaneous Provisions) Bill 2021 which became law in July 2021 amending the provisions of the Companies Act 2014 to introduce a stand-alone rescue framework for small and micro companies, which represent 98% of the companies in Ireland employing approximately 788,000 out of a total labour force of just over 2.4 million.

This reform of Insolvency Law represented the most radical change in the Republic of Ireland since 1990. At that time the Examinership process was introduced to prevent the imminent collapse of the Goodman Group of Companies in the wake of the export ban on Irish beef to Iraq during the first Gulf War when the attendant impact for the wider economy would have been catastrophic due to the strong agricultural bias at the time.

Only time will tell just how successful the new Small Company Administrative Rescue Process will be in preventing the predicted wave of corporate insolvencies, persistently high long-term unemployment and in limiting lasting structural economic damage.

David Russell

David is the managing director of Charlemont Capital Solutions Ltd which he founded in 2015.

Charlemont Capital Solutions Ltd provides professional corporate recovery, restructuring and insolvency solutions to executive managers, directors, shareholders and other stakeholders of financially distressed companies as well as solvent groups of companies wishing to restructure their operations.

Charlemont Capital Solutions Ltd was named Restructuring Solutions Experts of the Year (Republic of Ireland), by Acquisition International Magazine, in the 2021 World Finance Awards.

Finance & Management News

New Business Resumption Support Scheme announced

The Government has recently announced, as part of the economic recovery, a new support for vulnerable but viable business, the Business Resumption Support Scheme (BRSS).

Businesses whose turnover is reduced by 75% in the reference period (1 September 2020 to 31 August 2021) compared with 2019 will be eligible. The scheme will not be restricted by location, rate paying or physical premises. It is expected that there will be a limited number of such businesses and recognised that it is important that such businesses are supported.

Businesses who previously availed of other schemes such as SBASC and the Tourism Business Continuity Scheme for example as well as CRSS will be eligible to apply provided they meet the qualifying criteria.

The BRSS will be administered by Revenue and will operate in a similar way to CRSS.

Source: www.gov.ie

Sustainability assessment for SMEs

Accountancy Europe has recently published a three-step sustainability assessment for small and medium enterprises (SMEs). This checklist is designed to help SMEs build a more durable business through integrating sustainability into their business model.

Source: www.accountancyeurope.eu

Economic Recovery Plan Published

The Government has recently published its economic recovery plan setting out a new phase of supports, investment and policies as economic activity resumes and people get back to work. The plan is divided into four pillars focused on a jobs led recovery.

It provides for the enhancement and extension of the Employment Wage Subsidy Scheme (EWSS) and Covid Restriction Support Scheme (CRSS) as well as a new Business Resumption Support Scheme.

The EWSS has been extended beyond 30th June until 31st December 2021. Current enhanced payment rates will be maintained for Quarter 3 at current turnover thresholds. To benefit more firms, the time period for assessment will be broadened from the current 6-month period of assessment to a full 12-month period.

The CRSS has also been extended until 31st December 2021 with an enhanced restart payment of three weeks at a double rate of payment available to eligible businesses re-opening and exiting the scheme.

Other key points of the economic recovery plan include:

- The extension of the Commercial Rates Waiver to 30th September 2021;
- The Tax Debt Warehousing Scheme will be extended to the end of 2021 for all eligible taxpayers with an interest free period during 2022. COVID related liabilities will then fall to be paid from 1 January 2023. Overpayments of Employment Wage Subsidy Scheme will now also be included in the scheme;
- The Pandemic Unemployment Payment (PUP) will be extended in full for existing claimants beyond 30 June to 7 September. The scheme will close to new applicants from 1 July in recognition that, at that stage, there should be no new job lay-offs that are directly attributable to public health restrictions;
- From 7 September 2021 it is intended that the support available under the PUP will be reduced on a phased basis in increments of €50 per week. Subject to progress, two further phases of changes will take place on 16 November 2021 and 8 February 2022. The Covid-19 illness payment will continue to remain available.

Source: www.gov.ie

Emerging with Empathy:
Continuing to lead with care and compassion

by Rowena Hennigan

In a worldwide crisis such as Covid-19 leadership strips back to its most fundamental element: having a positive impact on people's lives and showing that leaders can be kind to themselves as well as others both in their professional and personal lives.

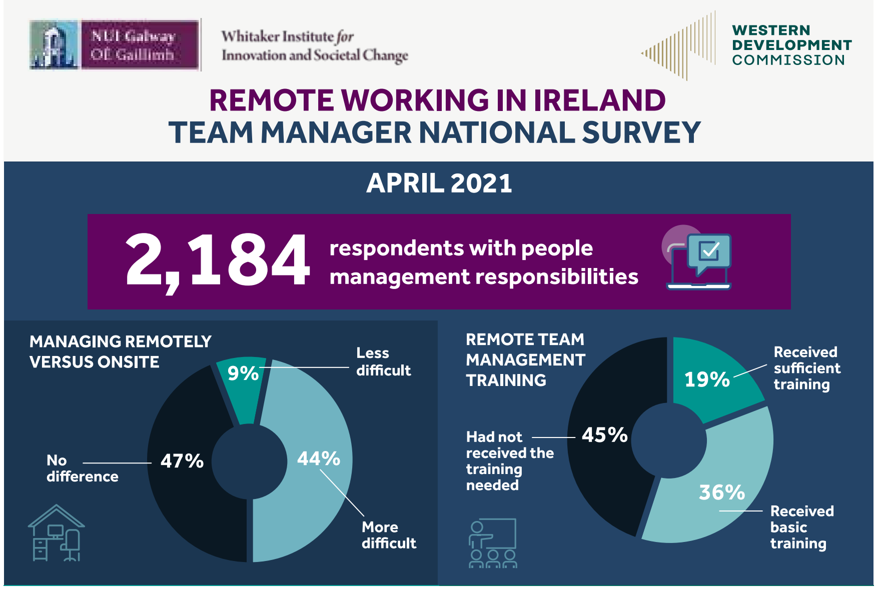
The ongoing challenges in Ireland for business leaders

More than a year after the pandemic hit, businesses in Ireland are still pondering whether to return to the office and when, while considering making plans for "hybrid" work arrangements. The continual unpredictability of the pandemic together with the changing nature of restrictions have not only called for patience from all of the Irish population but also from business leaders: juggling between supporting both their teams and their stakeholders, and the gradual re-opening of physical office locations has demanded an extra level of resilience and strength of character. In fact, coping with the uncertainty of the current landscape and the continual impact of restrictions has caused exhaustion and stress to many individuals.

Living at work

It is no surprise that the phrase 'living at work' rather than 'working from home' became common during 2020. The experience of being thrown into working from home during a global pandemic was an extreme event for many. For some, it was combined with competing priorities and distractions such as childcare, while for others, it was an isolating experience where the boundaries between work and life became completely blurred.

Not only were workers affected by a situation that dramatically upended the working world: the pandemic has in fact created unanticipated business and leadership problems, where leaders and managers of all types found themselves faced with the extra challenge of managing distributed teams, whilst often struggling themselves. Data shows that the majority had never led a team remotely or been trained to do such, with 44% finding remote leadership to be more difficult compared to traditional settings:



Source: http://whitakerinstitute.ie/wp-content/uploads/2014/02/Remote-Working-Survey_Infographics_Team-Manager.pdf

How can leaders be attuned to the needs of their businesses and their people, when the stresses in their own lives have increased during the pandemic? Many of them started by showing themselves self-compassion and empathy, and "put their own" lifejacket on first, seeking support through their own self-care practices and perhaps also reaching out for peer support.

What does Empathy look like in a leader?

When we interact with others, hear their stories, understand their situation, listen carefully and validate what they have told us, we begin to understand them better.

When we can place ourselves in that person's situation, we can begin to grasp what they are experiencing. Interestingly, the word 'empathy' comes from the Greek empatheia – em (into) and pathos (feeling), suggesting a movement towards and into someone else's pain, moving from one place, ourselves, to another place – the other's space, feelings and pain.

As stated by Daniel Goleman, the author of the book Emotional Intelligence, empathy is the ability to understand others' emotions. However, taking this lesson to a deeper level, empathy can become a way of defining, understanding and reacting to the concerns and needs that underlie others' emotional responses and reactions. In the case of managers, practising empathy as a leadership skill means building a bond of trust, gaining insight into how people think and feel, and supporting the staff in times of drastic change and crisis.

However, embracing emotions and reactions in a crisis is, first of all, done on an individual level: unless we recognize our own natural human response to a crisis and process these strong emotions, we won't be able to grasp these reactions from whoever we seek to help. To put it in another way, leaders must help themselves before they can do the same for others.

Try recalling when you have been inspired by a leader: generally, that leader has already nurtured their own empathy in themselves, fostering their ability to understand, appreciate and perhaps support others.

In a 2007 paper, Gentry, Weber and Sadri analysed data from 6,731 managers from 38 different countries and found that empathy is positively related to job performance and is more important in some cultures than others.

In conclusion, that study found that the ability to understand what others are feeling is a skill that clearly contributes to effective leadership. In some cultures, the connection between empathy and performance is particularly striking, placing an even greater value on empathy as a leadership skill.

Source - https://irishtechnews.ie/leaders-need-empathy-more-than-any-other-skill/

My personal experience with cultivating empathy in a crisis

I live in Zaragoza, in Spain with my family. We moved to Spain from Ireland 4 years ago. The first lockdown in Spain, between March and June 2020, was a very tough period for my family unit. Some people called this working from home experience, "living at work" and it certainly felt like that. We were confined to a 70-meter city centre apartment for almost 3 months, with very little outdoor space access. My 7-year-old daughter struggled with the confinement and I, in turn, experienced anxiety in response to her emotional reaction.

Keeping the anxiety under control required putting in place some physical and mental wellness "rituals": in a daily lock-down routine it was the small things I did for myself such as taking long baths, meditations on our terrace in the mornings, yoga on my own in evenings and taking regular breaks during my computer work time, that provided me with the support I needed for my mental health.

Looking back, my self-leadership traits of self-awareness, observation and adjustment kicked into action. In other words, I realised that due to the intensity of the situation, I needed to prioritise downtime, breaks and my self-care activities.

I began to investigate and read more extensively on supporting my own self-leadership needs through more positive and intentional self-care activities. The following quote by a Leadership Coach, Palena Neale in the Harvard Business Review, really caught my attention:

Despite the well-known benefits, many leaders remain resistant to the whole idea of self-care. This resistance often stems from a feeling that self-care is a sign of weakness, a feeling that they just don't have time, or just generally rolling their eyes at the entire concept.

She argues that self-care for leaders needs to be reframed and that it needs to be seen as an investment that can increase their overall productivity and effectiveness as a leader.

Source - https://hbr.org/2020/10/serious-leaders-need-self-care-too

The situation in Ireland: Proactive initiatives during Covid-19

By mid-2020, Ireland had one of the highest rates of WFH in Europe, with over 40% by comparison with an EU average of 33.7%. The National Remote Working Survey confirmed that workplace productivity can be maintained in home working. Over 5,600 workers were surveyed and 62% of respondents agreed that working remotely increases their productivity.

In a similar survey undertaken by Ámarach for the Fórsa trade union, the figure for increased productivity was slightly lower at 50%. At an organisational level, dynamic and responsive leaders began to proactively promote practical initiatives to counteract the impact of home working. Examples included:

- **Mimic the commute -** suggesting home workers walked, cycled or got outside during the usual commute to/from work time period.
- **Walkabout meetings -** planning walking, audio work meetings.
- **Plant and grow -** delivering plant boxes to staff homes to encourage non-work activities and sharing of gardening tips.
- **Step challenges -** team and group walking challenges to build morale and support health and wellbeing.
- **Zoom quizzes and challenges -** supporting team social interactions via various video conferencing events and challenges.

These proactive initiatives show that Irish leaders and organisations DID appreciate the need for empathy and compassion during the pandemic response, taking their observations and concerns and moving them to supportive action.

Let's take a deeper look at the attributes of compassionate leadership, as outlined by Jess Baker, a business psychologist and leadership coach, in an article in Accounting and Business Magazine. According to Jess, these are the fundamental traits of a compassionate leader:

- **empathy –** they can tune into how other people are feeling.
- **curiosity –** they take an authentic interest in others; ignoring preconceived ideas of people (ie unconscious bias) helps everyone to feel included.
- **connectivity –** they develop healthy relationships with colleagues and clients.
- **contribution -** they consider their work meaningful and understand their role in delivering outcomes, cooperating fully with colleagues, and committing to the result.
- **courage -** because the right decision is not always an easy one to take

Source - https://abmagazine.accaglobal.com/global/articles/2021/mar/careers/leading-with-empathy.html

In an ever-evolving world such as the one we live in, change management skills will become more and more important and leadership teams must be guided by empathy while approaching challenges with adaptability and resilience, enabling the whole organization to thrive in any given situation. Tim Segaller, Director and co-founder of Rising Minds, puts it succinctly in this quote:

"Long gone are the days where leaders get the most out of their teams through command and control, or paternalistic micromanagement. We now know from neuroscience research that the parts of the brain most associated with interest and motivation light up when people feel that their core needs and values are understood and taken seriously."

He continues:

"It's about getting in touch with your natural human interest and compassion for those you work with and allowing this to continually shape your working practices" he pointed out.

"You don't need an expert to tell you how to do this. You are already an expert on empathy by virtue of being a member of the human race. You just need to remember to keep asking people what they need and then to listen to what they tell you."

Source: https://jobs.accaglobal.com/article/building-empathetic-workplaces/

Conclusion

Segaller's argument has my complete support, and I would further reflect on an interesting fact brought by the pandemic: with an unexpected glimpse into each other's intimate home settings caused by home working and video calls, Covid-19 has accelerated leaders' ability to be compassionate, to really listen and relate to their team's experience. Now, with the summer months giving leaders the rest time and recovery they need, they can continue as they have already started: asking people what they need, listening and then doing what is their power to support their teams, building on the foundation of compassionate leadership already created. Truly "emerging with empathy" into the next stage of the pandemic recovery.

Ireland had one of the highest rates of WFH in Europe

Other links

https://www.hrmagazine.co.uk/content/features/what-makes-a-high-potential-remote-worker

https://hbr.org/2018/02/how-to-collaborate-effectively-if-your-team-is-remote

https://www.forbes.com/sites/forbescoachescouncil/2020/02/06/the-importance-of-empathy-in-leadership/

https://www.forbes.com/sites/tessbrigham/2021/04/19/the-key-to-being-a-great-virtual-leader-is-empathy/

https://www.forbes.com/sites/forbescoachescouncil/2020/10/12/14-authentic-ways-to-demonstrate-empathy-when-leading-remotely/

https://www.forbes.com/sites/insights-ey/2021/07/01/the-human-centered-ceo/?sh=31a942ca65a5

https://www.weforum.org/agenda/2021/06/workplace-skills-learning-linkedin-report/

https://www.accountingtoday.com/opinion/creating-a-culture-of-motivation

https://www.journalofaccountancy.com/news/2020/jul/cpa-financial-planners-empathy-during-coronavirus-crisis.html

Rowena Hennigan

Rowena is a Remote Work Expert, Lecturer and published course author. She is considered an international thought leader on the Future of Work and Remote Work Skills.

Sustainability
in the age of Digital Disruption

by Paddy Molony

How being sustainable might become easier by leveraging off the available digital technologies.

Sustainability can mean many things for different industries, at its core is the acknowledgement of businesses to assess their operational performance on the environment, climate, and social issues as well as the effects these issues have on their own business operations.

Specifically looking at the financial industry, sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions, leading to more long-term investments in sustainable economic activities and projects[1]. Like most things in the 21st century, digital technology, artificial intelligence, and machine learning are enhancing this process, enabling a greater uptake of sustainable finance practices within the financial services industry.

The Data Barrier Curtailing Sustainable Finance

One of the barriers in the sustainable finance space is the availability, accessibility, and verifiability of ESG data. The challenge of combining digital technology and ESG data relates to the characteristics of the underlying data, which when compared with traditional financial accounting data is none standard and incomplete. Most ESG risks tend to be under-disclosed, non-standardised, and inconsistent which significantly limits the ability for automated ESG analysis.

However, all is not lost and for Ireland, smaller nations tend to be more open to the adoption of digital technology. This is highlighted in the Digital Economy and Society Index (DESI)[2] where in 2020 Ireland was ranked 6th in the European Union, ahead of states including the UK, Luxembourg, and France.

Although the use of digital technology to address all ESG data problems is not a silver bullet, applying digital technology to ESG data harvesting and deployment to a similar degree as to other parts of finance is the only viable way to scale sustainable finance. Through the recent publication of the European Commission's Strategy for Financing the Transition to a Sustainable Economy[3], Europe will need an estimated €350 billion in additional investment per year over this decade to meet its 2030 emissions-reduction target in energy systems alone, alongside the €130 billion it will need for other environmental goals. To bridge this gap, there can be no doubt that drawing on the capabilities of digital technology will be pivotal in achieving this.

Some examples facilitating the uptake of sustainable finance being assisted by digitised applications exist in the areas of green bond issuances, carbon offsets, and the huge array of work data providers and academic institutions are doing and making available to markets and the general public.

For businesses to become more sustainable, they must first gauge where they are currently at. Attempting to build anything without a foundation is a recipe for disaster and sustainability is no different here. The environment, and more specifically climate, leads the way when it comes to ESG. The reason for this is that the common metric to measure and manage operational effects on climate change is carbon emissions, there is not yet a similar globally recognised metric for nature, the ocean, or social injustices.

Digital Solutions Scaling Up Sustainable Finance

Disclosing non-financial and climate-related information is becoming more prevalent across all sectors of the economy. This is in part being stimulated by investor demand and internal company objectives, but it is primarily the output of legal and regulatory frameworks requiring firms to disclose such information.

The Task Force on Climate-related Financial Disclosures (TCFD) has become the leading reporting framework for listed equities to disclose their climate-related financial information. Through the disclosure provided by companies reporting on the framework, ESG data providers are capable of using digital technology to scrape this data, using this to aggregate company ESG scores.

Several of the largest ESG data providers leverage artificial intelligence supervised analysis (algorithms) of company disclosure reports and applied machine learning techniques to score companies on alignment with the four TCFD recommendations and their underlying 11 indicators. Providers mainly use textual analysis to assess the ESG risks of companies using the Natural Language Processing (NLP) capabilities of Artificial Intelligence (AI) based on a data taxonomy. This is where algorithms are trained to pick specific words and categorise these to automatically analyse texts, in this case textual analysis based on TFCD keywords.

1 https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance_en
2 https://digital-strategy.ec.europa.eu/en/policies/desi
3 https://ec.europa.eu/finance/docs/law/210704-communication-sustainable-finance-strategy_en.pdf

The textual analysis assesses disclosure from annual and sustainability reports, web-based scraping from social media platforms to gain a higher frequency of company data, and other expert reports on companies and their ESG-related risks.

The data providers then aggregate this information to deduce their ESG company scores.

Carbon Markets

Ireland has pledged to become a net-zero carbon economy by 2050. This means that any emissions Ireland secretes into the atmosphere will have to be 'offset' by practices which absorb or sequester carbon from the atmosphere, like planting trees or developing viable carbon capture and storage facilities.

Different sectors of the economy will transition at different rates, and the key will be how to get there. A development facilitating this is carbon offsets. These are 'credits' that can be bought to offset the amount of carbon emitted, thus decreasing one's net carbon emissions. One carbon credit bought offsets 1 tonne of carbon emitted. Carbon offsets will play a key role for heavy emitting sectors such as oil and gas, agriculture, and aviation. The need for a carbon offsetting market has never been so ripe.

The Taskforce on Scaling Voluntary Carbon Markets (TSVCM) is a private sector-led initiative working to scale an effective and efficient voluntary carbon market to help meet the goals of the Paris Agreement. The purpose of the TSVCM is to significantly scale up voluntary carbon markets and ensure they are transparent, verifiable, and robust. Specifically looking at the TSVCM's commitment to verification, they outline the role digital technology has to play in this process.

The TSVCM recommends the development of a shared digital data protocol across standards. This data protocol should be tailored to specific project types by defining necessary project data fields and procedures to protect the integrity of the verification process. Furthermore, technology is rapidly evolving. The Taskforce recommends that the shared digital data protocol explore the use of satellite imaging, digital sensors, and distributed-ledger technologies (DLT), to further improve speed, accuracy, and integrity. Implementation of the digital data protocol could be a first step toward broader end-to-end life-cycle and value-chain tracking of all carbon credit data[4].

An interesting tool developed in the U.S. by CIBO Technologies[5] connects individuals and organisations to verifiable, US agriculture-based carbon credits. This helps farmers generate and sell carbon credits from their regenerative agricultural practices by verifying these changes through proven, science-based technology, including satellite imagery. Organisations are then able to join the platform and purchase these verifiable carbon credits. The verification is done through the online platform via the use of geospatial technologies and rarely requires individual human-lead verified assessments. This process enhances the efficiency of verifying the new or altered agricultural practices, from both a time and cost perspective making it convenient for both buyer and seller.

Leveraging Satellite Data to Focus on Nature

As previously mentioned, the benefit of addressing and mitigating climate change disasters is the availability of carbon emissions data, and a similar metric to assess operational effects on nature or biodiversity are not yet as prevalent or as well understood as carbon emissions.

It is the goal of the recently formed Task Force on Nature-related Financial Disclosures (TNFD) to provide a framework for organisations to report and act on evolving nature-related risks, in order to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. This should facilitate enhanced data on nature-related risks for the financial services industry, a key concern for asset managers and owners[6].

The Central Bank in the Netherlands (DNB) was the first in the central banking community to undertake an assessment of the dependency of the

4 https://www.iif.com/Portals/1/Files/TSVCM_Report.pdf
5 https://www.cibotechnologies.com/
6 https://www.responsible-investor.com/reports/responsible-investor-and-credit-suisse-or-unearthing-investor-action-on-biodiversity


Certified Tax Adviser
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Dutch financial system on biodiversity. Incumbent banks in the Netherlands have focused on digital solutions to decarbonise real-estate and to green farming and food production. The Netherlands has developed a soil index, which leverages soil analysis and satellite data to index soils. That data is being leveraged by the banking sector for innovative products including Rabobank biodiversity linked loan to dairy farmers[7]. The soil index is leveraged to track soil improvements linked to the behavioural shifts of the lenders in terms of the carbon soil content. It is with an aim to enable farmers to sell soil carbon credits on the voluntary carbon market with Rabobank as the carbon banking intermediary.

Green Bonds and DLT

Green, ESG, and sustainability-linked bonds have experienced rapid growth in recent years and have become an effective investment instrument for fund and asset managers, as well as owners to gain exposure to sustainable investments. The use of proceeds for these bonds can be costly which increases their price of issuance and DLT can be a tool to limit this.

Essentially blockchain, this allows for a decrease in the number of participants for issuance and governance but increases the accessibility to investors for these bonds. DLT offers bond markets the opportunity to have no difference in costs dependant on the investment[8] i.e., the cost between a €10 and a €1 million investment is the same, thus allowing green bonds to be opened up to a wider investor population across the world.

In 2018, the World Bank in collaboration with the Commonwealth Bank of Australia (CBA) issued its 'Bond-i' – the first bond created, allocated, transferred and managed through its life-cycle using distributed ledger (blockchain) technology[9]. The bond was subsequently offered on secondary markets and was also opened to new investors.

Highlighted results from this approach included a reduction in the number of intermediaries and a more immediate communication between investors and issuer[10].

The first Green DLT bond was issued in 2019 by the BBVA, whilst Spanish insurance firm MAPFRE acted as the investor. Listing at €35 million, the BBVA also employed DLT to simplify the process and streamline negotiation time frames with investors. Through the use of DLT, the process was carried out in a totally digital manner. The arrangement, negotiation and issue were all undertaken from the BBVA platform itself. The same platform that guarantees the immutability of the agreements and that the agreed terms are complied with, while opening the possibility for investors to choose among a myriad of options to configure their product[11]. This bond qualified as 'green' via the international certification agency DNV GL[12].

Concluding Remarks

Even if sustainability becomes easier with the advancements of new and maturing digital technologies, this does not warrant the delay in people, businesses, and governments to become more sustainable. Delaying today's transition will only escalate tomorrow's burden, with or without the technology.

The above examples show what is possible through digitising financial activities to scale sustainable finance, over time with evolution of ideas and technologies this will form a large part in the transition to our net-zero emissions future.

The use of these technologies has shown to be efficient, transparent, and most importantly, they allow for a wider investor base, attracting more capital to financial instruments and bridging the sustainable financing gap, long may it continue.

Sustainable Finance Ireland

Paddy Molony

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Sustainable Finance Ireland

7 https://www.accountingforsustainability.org/content/dam/a4s/corporate/12567_FFTF%20Rabobank%20case%20study%20v1.pdf.downloadasset.pdf
8 https://greendigitalfinancealliance.org/wp-content/uploads/2019/12/blockchain-gateway-for-sustainability.pdf
9 https://www.worldbank.org/en/news/press-release/2019/08/16/world-bank-issues-second-tranche-of-blockchain-bond-via-bond-i
10 blockchain-gateway-for-sustainability.pdf (greendigitalfinancealliance.org)
11 https://www.bbva.com/en/blockchain-set-to-shape-future-of-green-bonds/
12 https://www.bbva.com/wp-content/uploads/2019/02/BBVA-Green-Bond-DNV-GL-Eligibility-Assessment-Opinion.pdf

Preparing to be an Employer of the Future

by Derek McKay

The world is developing at an exponential pace; we are experiencing significant transformation in how we live, work and how we interact with one another. There's no doubt that the current pandemic has accelerated many aspects of this transformation, but it was already underway, driven by the Fourth Industrial Revolution.

As a society, this rapid transformation is providing opportunities as well as challenges. Digitalisation and automation are shaping some of the changes we are seeing in our jobs and how we work. Climate change, shifting demographics and the impact of globalisation are impacting how we are evolving as a society. This is creating a sense of excitement about the future, but it is also instilling a sense of fear and vulnerability in those that feel their jobs and livelihoods may be at risk.

Employers need to get an understanding of what is influencing their sector, their organisation and the work that they do so they can adapt to change, helping them stay ahead. As well as giving a commercial competitive advantage, it also ensures that they are an organisation that attracts talent and provides the type of working environment that retains talent.

For the first time ever, there are five generations in the workforce and employees are more likely than ever to have more than one career in their lifetime. So, employers need to find new ways to engage and excite current and potential employees, who are already looking for more than just a salary when it comes to their job. Employers should not simply look at their employees through the lens of their workforce. We have all become far more attuned to the impact we have on those around us and become more socially and culturally conscious.

At Adare Human Resource Management, we have been working with a wide range of businesses on their plans to manage their Future of Work agenda. We analyse and assess their readiness and adaptability under three core areas of Work, Workforce and Workplace and the people and organisational trends that are influencing these areas.

Trends shaping "Work"

New Skills & Jobs: Digitalisation and the transformation of traditional business models are affecting existing roles and skills. We are already seeing the development of new jobs, and the skills required to carry these out. And at the same time, other roles are disappearing or changing so much that they are no longer recognisible. It is estimated that half of current jobs could be automated and by the end of the decade, automation may eliminate up to a quarter of all jobs.

Organisations will need to reassess job/ role descriptions to ensure they meet the requirements of the business. It's clear that there is no longer a "job for life" and that continuous learning and upskilling will be needed. But this provides an opportunity to develop new ways of thinking and re-energise employees; there will be more focus on innovation and entrepreneurial thinking.

New War for Talent: There is a widening between the skills employers are looking for and what is available. A number of factors are contributing to this; an aging demographic, dependance on migrant workers as well as requirements for specific skill sets. This is likely to continue so employers must find new strategies to try and address gaps.

One such strategy is the implementation of remote or hyrbid working. We're no longer constrained by geographical borders so attracting talent from outside the immediate locality or even country is now a viable option, subject of course to the relevant tax and employment laws. But the same strategy could also be responsible for adding to the war on talent as more businesses compete for the same pool of talent.

Diversification on Ways of Working: We currently have more diverse cultures, backgrounds and needs than we have experienced previously. The idea of one type of "office working" is no longer the only option, particularly as we see more businesses implement hybrid working models with flexible and agile ways of working. Digital hubs, home and office working are now the norm as well as full and part time workers, project-based work and gig workers.

The challenge for employers will be getting the balance right to suit their business objectives while adapting to the idea of the individualisation of working conditions.

Trends impacting "Workforce"

Human Experience: The world and the way we live has been reset as a consequence of the pandemic. For some, there has been a slower pace of life while for others, the pressures of remote working have led to work-related stress and burnout.

The challenge (and opportunity) is to rediscover or reinvent a daily routine that has a holistic approach to work life balance. In the context of work, it is no longer about the employee experience, it is about a human experience; a routine designed around our personal and professional needs.

The challenge for employers to present the opportunity for employees to help shape and mould their roles within the Organisation in a way that is mutually beneficial.

Leadership of the Many: One of the main causes cited in research for employees leaving their jobs is their relationship, or lack of, with their managers.

Modern organisational structures require leadership, not just managers. Leadership takes a long-term view, engaging those around them in a shared vision, not simply focusing on immediate business results. Leaders take responsibility for more than just the "now", they care about the welfare of those around them, lead-out on initiatives that foster a collaborative working environment with an understanding and recognition that in order for this to be fruitful, people need the right work life balance for them. Identifying leaders within an Organisation is not an easy task and at times may cause friction but will ultimately lead to a more inclusive and productive culture.

People Empowerment & Innovation: Throughout the pandemic we have seen people leading with innovation and creativity and experienced what trust and freedom to act can do for the betterment of society. The big question is how do we create this kind of power with our people in the new normal?

We create a culture where people feel valued, recognised and trusted. And, where there is an opportunity for innovation to thrive by not being restricted by policies and traditional company structures. By creating an employee experience journey that focuses on culture we help foster passion and engagement while building for the future.

Trends shaping the future of the "Workplace"

Purposeful Organisations: Before the pandemic, we were already seeing a trend in people looking to work with purpose-led organisations; business with a genuine societal conscience. This has been accelerated during the pandemic.

As humans, we want to make the right decisions for ourselves, our family and society and we want to work for and engage with Organisations that have the same vision.

As workers, we want to know that we are contributing to something that positively impacts the world around us now and into the future.

Network Organisations: We are living in a global village with both global and local challenges, and this is why we need to think and act on both levels by creating strong networks of the right skills and opportunities for our organisations. Old corporate structures are rigid, relying on boundaries and hierarchy. Modern structures bring employees together with a sense of common belonging.

These new structures strengthen the agile and fluid ways of working, strengthening accountability and creating a base for strong networking both inside and outside our employer organisations; providing a platform for peer-to-peer innovation and creativity for everyone's benefit.

Resilience & Adaptability: Experts are warning that we could experience disruptions like Covid-19 much more frequently given globalisation. So, organisations and individuals need to be more resilient and adaptable. We need to be bold and have the courage to adapt to navigate the unknown – however, this is not necessarily an easy task. But we need to be proactive and ready for fast changes in business, driving out inefficiencies and strengthening our risk planning.

Equality, Inclusion & Diversity: Movements, like Black Lives Matter, have highlighted the inequalities in the world and put pressure on society to look closer at human rights, justice and equality.

Younger generations are leading the way of social change. These global movements help create an environment of inclusivity where all opinions and inequalities are seen as qualities for building a strong organisation.

Conclusion

As businesses begin their journey to become employers of the future, they must adapt to changing business conditions, new workforce models as well as overseeing the creation of new jobs.

They need to embrace opportunities and challenges and implement forward-thinking initiatives to attract, develop and retain talent.

The employer of the future needs to look beyond the "employee" and value the human behind the job, appreciating their aligned values and vision for the wider society. There needs to be career development and progression opportunities as well as strong leadership recognising the value of each employee and their contribution to the business.

The employer of the future will foster innovation and creativity, understand the importance of being agile and adaptable to societal changes and make a real and responsible contribution to the world in which we live.

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 or contact one of the team at (01) 561 3594.

We create a culture where people feel valued, recognised and trusted.

Derek McKay

Managing Director at Adare Human Resource Management.

Assets Around Ireland – Financing Future Growth

by Paddy Gibbons & Felim O'Donnell

As businesses continue to benefit from the reopening of the economy, AIB Finance & Leasing's Paddy Gibbons and Felim O'Donnell highlight what trends are being seen across the country, the impact of Covid-19, and what asset and professional fee finance options are available to business customers to support their recovery.

With a presence in every county, the AIB Finance & Leasing team works daily with business customers. From the smallest vehicle to the largest plant equipment, every need is catered for. Coupled with the facilities offered to assist with annual tax and insurance burdens, the team is a key part of the full business banking service AIB provides.

How did Covid-19 impact businesses and how did AIB help their customers?

We have seen first-hand the negative impact Covid-19 and Brexit on well-established businesses. Up to March 2020 the island of Ireland was fixated on Brexit, but suddenly there was a bigger, more urgent priority. In the wake of lockdown announcements, extremely worried customers were calling AIB Finance & Leasing staff, and many of these customers had to make very serious decisions about the immediate future of their business and their employees.

In a short space of time, we undertook a huge body of work to implement payment breaks for our SME customers and ensure that they were supported to weather the storm. In all, AIB implemented 66,000 payment breaks for customers right across our business.

As the economy re-opens, our staff are focussed again on serving our customers' new business needs - both on the asset finance side and working capital side - including engaging with customers in their premises and on their own terms and discussing their needs and wants to help them grow.

Thankfully resilience has been long associated with Irish businesses across all sectors. The last eighteen months have not been easy and in some sectors such as high street retail and hospitality, times continue to be difficult as even well-established businesses try to reopen in a safe manner. It has been inspiring to see the initiatives some businesses have taken as they adapted their businesses through the pandemic.

What is being seen in the Dublin market recently?

The businesses who engage with the AIB Finance & Leasing team come from a myriad of sectors. In the area covering the M50 belt up to North County Dublin for instance there is a prevalence of transport companies, many of which have actually thrived and grown throughout the pandemic. This was down to a number of different reasons, one being that non-essential retail was closed resulting in a change in how consumers shop, moving to online which requires delivery.

We have noticed as a direct consequence of this, a significant increase in demand for heavy and light commercial vehicles to service this need and this is reflected across the country. There are green shoots appearing in many other sectors as well, with businesses adapting quickly to a new future and new ways of working.

Dublin city centre and surrounding area was particularly badly hit by the direction for the country to stay at home and for non-essential businesses to close. Businesses in central Dublin, like everywhere else, went into survival mode, looking at all their costs, looking to shed outlays where possible and restructure their businesses. Thankfully, we are seeing some signs of positivity with the re-opening of out-door and indoor dining and hospitality across the city which has seen a renewed requirement for asset finance. As mentioned earlier, for example, delivery vehicles are in high demand and funnily enough we have financed not one but two tractors in Dublin City this year! We have also seen some other sectors really thrive during the pandemic such as the dental, medical and the aesthetic beauty market, including laser treatment and non-medical cosmetic procedures which require high specification machinery.

What about the rest of the country?

There's significant activity in the market around Ireland with a generally positive outlook. Here's a selection of what we are seeing:

In Galway, agriculture has continued to thrive and customers in this sector have been keen to avail of asset finance – in particular financing of tractors. We have also seen strong demand for commercial vehicles in line with the national picture. Demand for plant and machinery has been quite buoyant due to more civil construction works. Interestingly, manufacturing has grown as a direct result of the pandemic. Shane McLoughlin in AIB Finance & Leasing has been able to support companies involved in the mass production of ventilators - both for export and domestic use - which require large specialised industrial equipment.

Our colleague in Donegal, Peter Muldoon, has seen strong demand in transport and logistics, in particular quarrying and construction. Asset finance in the county has traditionally been dominated by bus operators, largely down to the lack of a railway and less developed public transport services.

There is a mix of business in counties Wicklow, Wexford, and Carlow including agriculture, construction, quarrying, coaches and engineering to name but a few. Our colleague Susan Longmore has observed that the asset finance market is incredibly competitive, but it also provides tremendous opportunity to meet customers and build relationships with local suppliers. These counties have excellent examples of successful specialised businesses such as large grain producers, pallet manufacturers and specialised sand washing plants providing sand to Irelands favourite sporting grounds.

Gareth Dyer who covers the midlands and northeast areas, has highlighted that agriculture continues to be the predominant sector for asset finance in the region. Tillage remains strong and we have seen increased capital expenditure from these farmers due to increased demand in recent months. We have also financed several high-end harvesters to key potato suppliers in the region. Haulage and manufacturing also remain very steady in the region.

How has the Agri sector fared?

As touched on above, we have observed a steady to good year for agriculture which has been evident all around the country, but particularly in Munster and Leinster with very high demand for newer machinery through our asset finance offering. There is a competitive asset finance market, and AIB Finance & Leasing's biggest advantage in this area is our competitiveness on rate - particularly in the second-hand market - credit turnaround and excellent customer service. We look to tailor the repayment schedule to the borrowers' specific circumstances as we are more than aware that Agri businesses/farms usually do not function along the lines of conventional business models applicable to other sectors. An example of this would be peak milk month payments (May to October), mirroring the highest cashflow months for our agricultural customers.

Is the same true for the hospitality sector?

The hospitality sector has a very strong presence in central Dublin with many pubs, restaurants and hotels having ongoing insurance bills. We have continued providing support to these customers with our Insurance Premium Finance product where we spread the cost over eleven months. This is reflected right across the country. Overall, AIB has played a vital role supporting businesses during this unprecedented time, including participating in the Government Credit Guarantee Scheme term loan, which is competitively priced.

Are there any other trends right now?

We are increasingly seeing the sustainability agenda come to the fore, with business customers having increased awareness about the impact their assets can have on the environment. We have seen examples of fleet hire companies moving to a more sustainable model and invest in electric vehicles as an asset choice. Businesses are increasingly researching and investing in efficiencies and sustainability within their own operating models. We expect this type of approach to become even more prevalent in the market in the coming months and years, and this is a development that AIB is proud to support.

What are the more unusual assets you have financed?

In the very recent past AIB Finance & Leasing has financed such varied assets such as sushi making machines, industrial knitting & embroidery machines, parking meters, helicopters, mezzanine floors, and pub and restaurant vending machines.

Is there anything you can't finance?

Thankfully, we can finance most assets, but there are some occasional exceptions. There will always be things that cannot be covered by our product offering in AIB Finance & Leasing, and the same applies to most other banks and finance houses.

Some of the items that cannot be financed include VAT payments, Revenue arrears, Capital Gains Tax liabilities on working capital finance. On the asset side, we cannot finance items like the purchase of software, some marine and aviation items, some very specialised assets where their value would be very difficult to establish, and also any delivery, work or commissioning costs incurred in the procurement of larger type assets. Similarly, we do not provide finance for gaming and gambling machines or equipment.

What does this mean in practice?

The team finance a broad range of assets from standard trucks, vans, cars, and equipment to the non-standard such as modular homes, road gritting vehicles - and even Unimog railroad vehicles used for train track maintenance and customised to the specific rail size in Ireland and the UK.

We always take great care to consider customers' capital expenditure requirements. As well as providing asset finance solutions in the form of Leasing and Hire Purchase for business customers procuring assets, we also provide professional fee finance ('Prompt Pay') and 'Insurance Premium Finance'.

Like all SMEs, the business customers we serve have a variety of insurance bills such as motor, fire, burglary, professional liability insurance and large annual bills such as preliminary tax, pension contributions, property rates, audit fees, licencing fees and many more.

All need to be paid and can be quite costly. Our aim is to help customers make these working capital expenses a little more manageable by letting them spread the costs over a six-to-eleven-month term, thereby freeing up cashflow to be used on a day-to-day basis.

The Prompt Pay product, in particular, has proven to be attractive to a wide range of customers, including accountants, due to its flexibility. Some very recent examples have seen AIB Finance & Leasing support our customers in the financing of annual license fees (including cloud licences) and media advertising fees.

What is the application process and what do businesses need to provide?

In AIB Finance & Leasing, we try to make the application process as seamless as possible - for both existing and new AIB customers. To progress a standard business application for asset finance, we generally ask for the last set of audited/trading accounts which CPA members can help with, certification or proof of tax clearance, and for non-AIB banked customers, the last six months of business bank account statements.

We recently began our digital transformation and as part of this, AIB Finance & Leasing has adopted the nCino platform, which is currently a world leader in cloud banking. By adapting nCino's Customer Engagement Solution and Partner Portal functionality, we have been able to streamline our operations and enhance visibility, providing an improved customer experience. This is the first step in a longer-term growth strategy to provide an enhanced digital experience to our full range of customers.

Who should CPA members contact if they or their clients are interested in finding out more?

Our strength in AIB Finance & Leasing is definitely the experience and expertise our dedicated staff have to offer, coupled with a presence in every county in the country. Our phone numbers and contact details are available to you or your customers to progress any of your and their needs.

Our aim is to make your customer journey with AIB an enjoyable experience, one you would recommend to others and also have no hesitation in using again. To contact your local AIB Finance & Leasing representative, you can call 0818 47 47 47. You can also request a call back or find out more information via http://www.aib.ie/assetfinance, or you might prefer to talk to your local AIB branch or relationship manager.

Paddy Gibbons
AIB Finance & Leasing Asset Finance Consultants

Felim O'Donnell
AIB Finance & Leasing Asset Finance Consultants

Taxation News

New 10% stamp duty on cumulative purchase of 10 or more houses

The Government recently presented a financial resolution to the Dáil that increases the rate of stamp duty applicable to the bulk purchase of residential units in Ireland. The resolution was passed by the Dáil without a vote.

The resolution inserts a new Section 31E in the Stamp Duty Consolidation Act 1999 to provide for a 10 percent stamp duty charge on the multiple purchase of 10 or more residential houses on a cumulative basis over a 12-month period.

The new section applies to acquisitions of houses on or after 20th May 2021. On the advice of the Attorney General's office, there is a requirement for a 3-month transition period for execution of contracts that have been entered into but not completed prior to the commencement of the Financial Resolution.

The higher stamp duty charge takes effect once a 10th property is purchased in a 12-month period and will apply to all houses acquired in that period, including the first nine houses. Units purchased before the resolution was commenced are counted towards triggering the 10-house threshold and the higher stamp duty rate will apply to those houses bought after the commencement of the resolution.

Apartments are fully exempt from this higher stamp duty as are multiple purchases by Local Authorities, Approved Housing Bodies.

Source: www.gov.ie

Facility for employers to pay employee's TWSS tax extended

The June deadline for employers who wish to pay their employee's Temporary Wage Subsidy Scheme (TWSS) tax liability, without the imposition of a BIK charge, has been extended to September 2021.

The extension follows representations made by the Consultative Committee of Accountancy Bodies – Ireland (CCAB-I), on foot of member's feedback, to the Revenue Commissioners in March 2021.

The Revenue Commissioners recently issued eBrief 97/21 confirming that the concessional BIK treatment facilitating employers who wish to pay the 2020 income tax and USC liabilities of their employees arising from the TWSS now applies until the end of September 2021.

The eBrief also confirms that:

- The concession also applies where an employer pays the tax and USC liabilities of an employee who is a self-assessed taxpayer or, in joint assessed cases, if the employee's spouse is self-assessed.
- The concession also applies where an employer pays the tax and USC liabilities of a proprietary director(s) in the company, provided that the employer pays the TWSS related liabilities of all employees in the company.

The relevant pages of the Revenue website have been updated to reflect this and provide further information on the offset of direct TWSS payments.

Source: www.revenue.ie

European Commission publishes 2021 Annual Report on Taxation

The European Commission has recently published its 2021 Annual Report on Taxation examining how EU Member States' tax systems help achieve the EU Commission's priorities. Overall, the report found that annual tax revenue in the EU was stable in 2019 across member states. The average tax burden on labour and corporate income tax continued its slight downward trend.

Member States have continued to introduce new tax measures to support innovation and productivity, address the corporate debt bias, and reduce the time it takes to comply with taxes.

The report highlights that while environmental taxation can be a useful policy tool to help accomplish climate and environmental policy goals, it remains underused in many Member States. Several EU Member States have raised their health taxes, including on tobacco, alcohol and soft drinks, in recent years to improve public health.

The report also notes that in response to Covid-19 Member States and the EU were quick to react with an unprecedented scope of measures, including tax measures and direct support for households, businesses and the health sector. To read more and to access the report please visit www.op.europa.eu.

Source: www.op.europa.eu

New ePSWT system now live

The Finance Act 2020 provided for changes to the operation of Professional Services Withholding Tax (PSWT). From 1st July 2021 the new online ePSWT system came into operation to facilitate these changes.

The new online ePSWT system means the cessation of the use of the F45 and F43 forms and the introduction of electronic payment notifications through the Revenue Online Service (ROS). Further information and guidance on the implementation of ePSWT can be obtained in a new Tax and Duty Manual Part 18-01-05A recently issued by the Revenue Commissioners.

Source: www.revenue.ie

Sustainability Taxation in 2021

by Deirdre Hogan and Andrew Coster

Global environmental and energy taxes (so-called "Green taxes") are becoming increasingly common as Governments strive to change behaviours that are detrimental to the environment. The introduction of Green taxes is viewed as a key weapon in the fight against climate change as such taxes stand to hurt businesses and individuals alike financially if steps are not taken to reduce their carbon footprint.

Unlike traditional taxes, taking such steps and finding ways to negate the impact of such taxes by means of transitioning to greener alternatives is the driver behind their introduction in the first place and is to be welcomed. In parallel, an unprecedented number of businesses driven not only by their own moral compass but also by consumer demand are establishing energy management and long-term sustainability strategies all of which will have to factor in the increasing taxation of non-climate friendly activities.

The effects of global warming and climate change

The effects of global warming and climate change are becoming more widespread and more costly for Governments, businesses and individuals alike. More frequent extreme weather conditions resulting in flooding, fires, drought, etc. are wreaking havoc on communities, food production, supply chains, animal and human habitats, and increasingly our health and our lives.

Global temperatures in 2021 broke previous records for the hottest June on record in North America, the second hottest in Europe, and the fourth hottest globally.[1]

The speed of climate change is due to the reliance of humans on fossil fuels which emit vast amounts of carbon into the atmosphere as well as activities such as agriculture and deforestation which enhance the detrimental impact of such carbon emissions.

Globally, individual Governments are reacting differently to climate change with some taking the effects more seriously than others.

The European Union (EU) is leading the charge against climate change with its admirably ambitious "Green Deal" which seeks to make Europe the first climate-neutral continent by 2050.[2] Much of the legislation and regulations being enacted at Member State level including Ireland, have been established by the EU. Further revisions and updates to EU regulations including the Energy Tax Directive are expected and will look to introduce additional measures to fight climate change such as the setting of revised carbon emissions target levels across Member States.

1 https://www.nytimes.com/2021/07/07/climate/climate-change-temperatures-june.html
2 https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

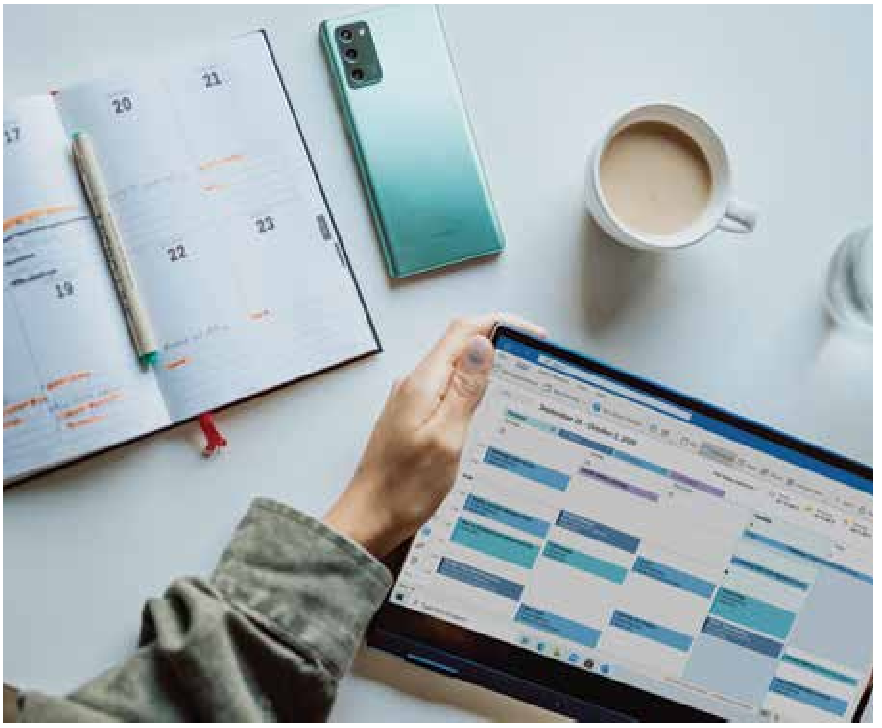
From an Irish perspective, in 2018, Ireland had the third worst emissions of greenhouse gases per capita in the EU at 12.6 tonnes of carbon dioxide per capita while emissions were also 53% higher than the EU28 average of 8.2 tonnes.[3] Emissions reduced slightly in 2019 and fell by a further 5.9% in 2020 (primarily due to the impact of the COVID-19 pandemic)[4]. While going in the right direction, Ireland missed its energy and climate targets for 2020 resulting in significant penalties being imposed by the EU.

Despite its failure to meet current emissions reduction targets, Ireland has been a firm advocate for the fight against climate change. It was the first country in the world to label climate change a national emergency and in 2020 it published the Climate Action and Low Carbon Development (Amendment) Bill 2020. The Bill will set the country on course to become climate neutral by 2050.

As a result, Ireland along with other countries in the EU and indeed globally, are looking to invest heavily in structural and behavioural changes to enable the transition to a climate neutral, climate-resilient economy. These changes generally include the rapid decarbonisation of energy and transport and the adoption of sustainable food production, management and consumption systems to ensure environmental aims and emissions targets are met.

The way forward?

Achieving the ambitions set by the EU and Ireland will require not only significant changes and physical investment in these areas, but also behavioural changes from society, Governments and businesses. While there are many methods to change future behaviours such as through education or legislative amendments, one of the key levers open to Governments is taxation, both as an incentive and a deterrent.



There is clear evidence that taxation can work to change behaviours. One example from an Irish perspective is that of the plastic bag levy which was introduced in Ireland in 2002. It led to a 90% drop in plastic bag usage, with one billion fewer bags used, and it generated $9.6 million for a green fund supporting environmental projects.[5] In addition, there is much less roadside litter from plastic bags. Ironically, with the success of the levy, the revenue take has dropped meaning less money for environmental projects however, the overall aim of changing societal behaviours for environmental good was successful.

Given the impact and speed at which certain taxes can work to change behaviours, it is consistently among the first levers being pulled by Governments to tackle climate change. Alongside the plastic bag levy, (which more and more countries have adopted), other taxes being introduced and applied are energy taxes, transportation taxes and taxes on pollution and resources. Carbon tax in particular is a tax that many countries seem to be adopting in various forms.

The introduction of carbon pricing and "Green" taxation in Ireland and at a European level

As mentioned, reducing carbon emissions is an imperative for the EU/ Ireland and understanding the impact of carbon taxes for businesses and individuals is essential. The carbon pricing landscape is constantly changing as pressure is rising on stakeholders to act now.

The Irish Government introduced a carbon tax in 2009 on petrol, diesel, oils and gas, and it was extended to solid fuels (coal and peat) in 2013 and 2014 with the recent 2020 Finance Act allowing for gradual increases in natural gas and solid fuel carbon taxes over the next decade.[6] The rate per tonne of CO2 emissions was increased in the most recent 2021 Budget by €7.50 from €26 to €33.50 per tonne of CO2 emission and the Irish Government has set out its intent to increase the carbon tax to €100 per tonne of CO2 emissions by 2030.[7]

The forecasted increases in the carbon tax rate planned for the next nine years will certainly increase revenues for the Irish exchequer but will undoubtedly

3 https://www.cso.ie/en/releasesandpublications/ep/p-eii/environmentalindicatorsireland2020/greenhousegasesandclimatechange/

4 Adeyanju, G.C., Augustine, T.M., Volkmann, S. et al. Effectiveness of intervention on behaviour change against use of non-biodegradable plastic bags: a systematic review. Discov Sustain 2, 13 (2021).

5 https://www.irishenvironment.com/iepedia/plastic-bag-levy/

6 Section 28 and 29, Finance Act 2020

7 http://budget.gov.ie/Budgets/2021/Documents/Budget/Carbon%20tax%20document.pdf

become a financial burden for both individuals and businesses unless measures are put in place to reduce their carbon footprint by moving to more sustainable energy sources.[8]

The move towards more sustainable energy sources may not only result in lower long-term costs but may also create the opportunity to make savings by the use of the varied "green" incentives, tax reliefs and research & development credits that are available. While taxes are the stick to change behaviours the introduction of incentives (while still relatively limited) are seen as the carrot.

There has been some criticism that certain sectors of society such as those in rural communities could be impacted by the carbon tax more severely than urban dwellers (where for example transportation costs may be higher) therefore it is imperative that any environmental taxes do not unfairly discriminate and that a level societal and economic playing field is maintained.

While carbon tax has a significant role to play, the cornerstone of the EU's policy to combat climate change and reduce greenhouse gas emissions cost effectively is the EU Emissions Trading Scheme (ETS), which operates in all EU countries plus Iceland, Liechtenstein and Norway.[9] The ETS puts a limit on emissions from installations in the power sector, manufacturing industry and airlines operating between the countries mentioned above and covers around 40% of the EU's greenhouse gas emissions.

The EU ETS works on the 'cap and trade' principle setting a cap on the total amount of certain greenhouse gases that can be emitted by the installations covered by the system. A fixed number of allowances which are the currency of the carbon market are issued to the relevant business at the carbon market price. If businesses reduce their emissions, they can keep the spare allowances or sell them. By limiting the total number of allowances available, the EU ensures the allowances have value.

Over time the cap is reduced, fewer allowances are issued, techniques to cut emissions are developed and total greenhouse gas emissions drop.

There has been criticism that the ETS does not go far enough and there have been calls to expand the scheme to include both buildings and road transport in order to make all economic sectors greener. Discussions about increasing the scope of the EU ETS to include other sectors like the buildings and road transport sectors have been earmarked by the EU and aspects of these are expected to be included in revised EU regulations in the short term.

The EU has also sought to protect the competitiveness of EU businesses while maintaining the fight against climate change and ensure that carbon leakage does not occur by announcing the proposed introduction of a Carbon Border Adjustment Mechanism (CBAM). In brief this will be the imposition of a carbon charge on products entering the EU so that there will be a level playing field between European and foreign

8 http://budget.gov.ie/Budgets/2021/Documents/Budget/Carbon%20tax%20document.pdf
9 https://ec.europa.eu/clima/policies/ets_en

manufacturers. The objective, according to the European Commission, is to avoid "carbon leakage" whereby companies relocate abroad in search of lower production costs e.g. lower carbon taxes in this case. The CBAM is expected as of now to come into effect in 2023.

Additional fees and a plastic ban?

From 1 January 2021, EU Member States pay €0.80 for every kilogram of non-recyclable plastic packaging placed on their market which is designed to act as "an incentive for the Member States to reduce these waste streams"[10] and to "foster recycling and boost the circular economy".[11] This tax supplements the EU's own revenue and is paid by EU Member States, based on the amount of non-recyclable plastic packaging waste in each country.

Member States are free to decide how to implement this tax, and while some States have decided to pay the contribution to the EU from their national budget, some, and likely more to come including Ireland, are looking to pass it on to producers in a new form of taxation on plastic packaging products. This is leading to different regimes across the EU.

EU Member States such as Italy and Spain have introduced measures which will apply this tax directly to the plastic producers with effect from 2022. The UK, while no longer part of the EU is also moving ahead with a similar plastic tax also to be introduced in 2022.

However, in Ireland, while the Government has flagged its intent to pass on the tax to producers as of yet no implementing legislation has been proposed.

When such a plastic tax is introduced in Ireland, similar to Spain, Italy and the UK, it is expected that any such measures will significantly impact relevant companies including those in the retail and consumer goods sector, manufacturers of plastic packaging and other industries that use plastic packaging with the additional cost most likely being passed on to the final customer.

In looking at other measures associated with plastic waste, with at least 8 million tonnes of single-use plastics such as bottles and food packaging ending up in our oceans every year[12], the EU has also sought to adopt a Directive[13], commonly referred to as the Single Use Plastics ("SUP") Directive. The objective of this Directive is to prevent and reduce the impact of certain plastic products on the environment, in particular the aquatic environment, and on human health, as well as to promote the transition to a circular economy.

This SUP Directive requires a ban or limitation on the sale of certain SUP items on the EU market (e.g. cotton buds, straws, plates, cutlery, cigarette butts, etc.). Member States are required to incorporate this ban into national legislation from 3 July 2021.

Ireland will comply with the Directive by ensuring that certain SUP items will be banned from being placed on the Irish market with rolling implementation dates from 3 July 2021[14].

These SUP items include cotton bud sticks; cutlery; plates; stirrers; chopsticks; straws; expanded polystyrene single use food and beverage containers; and all oxo-degradable plastic products.

The Irish Government have also set out further SUP restrictions within the next few years, these include: By 5 January 2023, producers of packaging will be required to cover the costs of litter clean up; and

- By 5 January 2023, producers of tobacco products which contain plastic will be subject to the Extended Producer Responsibility ("EPR") scheme which ensures that producers maintain both a financial and physical responsibility for certain goods even in the post-consumer phase of their lifespan.

Producers of balloons, wet wipes and fishing gear will also have to comply with the EPR scheme by 31 December 2024;

- From 3 July 2024 beverage containers (bottles, cartons) up to three litres in size will be banned from the Irish market, unless its cap is attached to the main part of the container.

The 'Plastics ban' has far reaching consequences for any business that produces SUP and/or uses SUP in its supply chain. As more developments and guidance are expected on the application of the SUP Directive it is important to keep abreast of any developments as the SUP Directive is introduced across the EU.

What we're currently seeing in the market

Measures to combat climate change are regarded by many businesses as an opportunity to make cost reductions whether it be by reducing energy, plastics packaging and transport usage by moving towards a low carbon sustainable business model. Some examples of corporations moving towards increasingly sustainable futures include:

- H&M, who have established second-hand clothing schemes and take-back programmes along with many other large clothing retailers.
- Large multinational corporations such as Amazon have been building wind farms and are seeking to use the excess heat from their data centres to power towns through local Heating Systems.
- Drinks manufacturer Coca Cola have stated that 100% of the water they use to produce their beverages is replenished.

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10 European Commission (2018), Staff Working Document SWD (2018) 172 of 2 May 2018, Financing the EU budget: report on the operation of the own resources system, p. 27.

11 Council of the European Union (2020), Proposal ST 10025 2020 INIT of the Presidency of 29 July 2020 for a Council Decision

on the system of Own Resources of the European Union, p. 4, recital 7.

12 https://www.iucn.org/resources/issues-briefs/marine-plastics

13 Directive (EU) 2019/04: EUR-Lex - 32019L0904 - EN - EUR-Lex (europa.eu)

14 Department of the Environment, Climate and Communications - Single-use Plastics: gov.ie - Single-use Plastics (www.gov.ie)

While the above examples focus mainly on the efforts of multinational corporations to improve their sustainability and reduce taxation costs, many smaller businesses can look to follow a similar path and future proof their business especially those industries that will be most affected by the taxation changes such as transportation services and manufacturing.

The Irish Government has provided a series of initiatives and financial supports for businesses seeking to "go green". Some of these initiatives include: the Climate Enterprise Action Fund[15] to aid businesses in their sustainability planning, support schemes for renewable heat, sustainability training for smaller businesses through the Green for Micro programme[16] and the Accelerated Tax Allowance tax incentive scheme allowing tax-compliant Irish businesses to deduct the full cost of energy-efficient equipment from their profits in the year of purchase[17].

How businesses can adapt to the new sustainability taxes

Firstly, businesses need to identify the risks that climate change and sustainability taxation will have on their cost base and the future of their business.

Businesses need to determine whether and to what extent policy and tax legislation developments impact their operations, through policy and tax analysis, forecasts and assessments, such as carbon modelling, while also ensuring their business is compliant with plastic tax and other requirements.

Second, businesses should know and understand the risk that environmental taxation trends could have on the business. For example, increases in the carbon tax in Ireland as projected could put greater financial strain on the business in particular those in the transport sector.

Finally, businesses should mitigate their risk and use the environmental changes to create opportunities within the marketplace. By taking action to reduce the risk associated with new taxes, businesses can seek to create further opportunity.

Companies can for example, use the recent tax incentives in Ireland for electric cars, energy efficiency projects and retraining schemes to encourage behavioural change and help transition to a sustainable future while also maintaining a resilient business model. If they fail to do this, they risk being left behind as Governments, global organisations and consumers demand they make that switch sooner rather than later to protect the planet and ourselves.

Deirdre Hogan,

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Deirdre leads the Indirect Tax team at EY Ireland and has 16 years of experience in providing tax technical and advisory services to clients worldwide. Deirdre is also the Sustainability Tax lead for EY Ireland.

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15 https://globalambition.ie/climate-enterprise-action-fund/
16 https://www.localenterprise.ie/Green/What-is-Green-for-Micro/What-is-Green-For-Micro.html
17 https://www.seai.ie/business-and-public-sector/business-grants-and-supports/accelerated-capital-allowance/

In Practice News

IAASB issue guides on implementing new quality management standards

The International Auditing and Assurance Standards Board (IAASB) has recently released two guides to help stakeholders implement its suite of quality management standards. The guides will help stakeholders understand the standards and properly implement the requirements in the manner intended:

- First-time Implementation Guide for International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements
- First-time Implementation Guide for ISQM 2, Engagement Quality Reviews

The IAASB will also issue an implementation guide for International Standard on Auditing 220 (Revised), Quality Management for an Audit of Financial Statements, in quarter 3 of 2021. The suite of quality management standards come into effect on December 15, 2022.

Revocation of the recognition of the Institute of Chartered Accountants in England and Wales ('ICAEW')

21/07/2021

Pursuant to its powers under section 931(4) of the Companies Act 2014 ('the Act'), the Irish Auditing and Accounting Supervisory Authority ('the Authority') has decided to revoke the recognition of the Institute of Chartered Accountants in England and Wales ('ICAEW') granted under S.930 of the Act with effect from 21 July 2021.

This means that ICAEW may no longer authorise individuals or firms as statutory auditors or public auditors in Ireland or undertake any audit related regulatory functions. This decision follows the application by the ICAEW to the Authority for revocation of its recognition.

By virtue of the revocation of its recognition, ICAEW is no longer a prescribed accountancy body under the Act and therefore, no longer comes under the remit of the Authority.

Source: www.iaasa.ie

Revisions to Ethical Standard for Auditors effective from July 2021

In December 2020, the Irish Auditing and Accounting Supervisory Authority (IAASA) issued a revised Ethical Standard for Auditors (Ireland) 2020. The revised standard is effective from the 15th of July 2021.

Key changes to the Ethical Standard include

- A redefined 'objective, reasonable and informed third party' test. Firms are required to consider whether a proposed action would affect their independence from the perspective of a public interest stakeholder, for example an informed investor or shareholder, rather than another practitioner.
- A prohibition on the provision of recruitment and internal audit services to audit clients or acting as the general counsel of an audited entity.
- New provisions aimed at enhancing the Ethics partners' authority. Enhancements include a requirement for reporting to those charged with governance where an audit firm does not follow the ethics partners' advice.
- A new requirement for auditors to report breaches of the Ethical Standard for Auditors (Ireland) on an annual basis to both IAASA and the relevant recognised accountancy body (RAB) for auditors of public interest entities (PIEs). Non-PIE auditors are required to report to the relevant RAB.
- The cooling off period for engagement partners on PIE audits has been amended to 3 years, as provided in EU Regulation 537 of 2014 and a corresponding change made to the requirement for listed entities.

Transitional provisions are set out in paragraphs 1.70 to 1.71 of the Ethical Standard for Auditors (Ireland) 2020. Firms may complete engagements relating to periods commencing before 15th July 2021, in accordance with existing ethical standards (Ethical Standard for Auditors (Ireland) 2017), putting in place any necessary changes in the subsequent engagement period.

Engagements to provide previously non-prohibited non-audit services, entered into before 15 July 2021, and for which the firm has already commenced work may continue until completed in accordance with the original engagement terms, subject to the application of appropriate safeguards.

Source: www.iaasa.ie

Reporting of RBO discrepancies

Prior to entering a business relationship with a new client, a designated person must carry out a search of the Register of Beneficial Owners (RBO) to confirm the details are consistent with their understanding.

Regulation 20(3)(b) of the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities Regulations 2019 (S.I. 110/2019) places an obligation on a designated person to report, discrepancies between the information held on the RBO and the entities internal register of beneficial ownership, to the Registrar in a timely manner.

A non-compliance notice is filed in cases where the client is not on the register. Where the beneficial ownership details are incorrect a discrepancy notice is filed using a Form DN2. The form can be obtained on request by a firms' RBO Liaison Officer by contacting discrepancies@rbo.gov.ie.

For further information on discrepancies and non-compliance notices see Section 15 of the FAQ's document available on the RBO website.

Professional Scepticism in Audits

by Jonathan McGee

The Irish Auditing and Accounting Supervisory Authority, in a statement relating to Covid-19 challenges for auditors, underlined the critical importance of the exercise of professional scepticism in forming a view on an entity's financial statements. Professional scepticism, having a questioning mind and being alert to indications of misstatement, is critical to the delivery of high-quality audits. Indeed, the necessity to exercise professional scepticism by the auditor, is enshrined in company law and also permeates the auditing standards. In this article Jonathan McGee, explores the concept of professional scepticism and highlights its importance given the current economic times we are experiencing.

What is professional scepticism?

Although there are numerous references to the need for professional scepticism in the International Standards on Auditing (Ireland) (ISAs), a number of the professional bodies have referred in their findings, following monitoring visit cycles, to an apparent lack of evidence of professional scepticism by audit teams. In addition, regulatory bodies, both at home and abroad, have issued documents highlighting the importance of professional scepticism in audits.

Paragraph 13(l) ISA (Ireland) 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing,* includes the following definition for professional scepticism:

'...An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.'

ISA (Ireland) 200, includes further guidance as to why and how an auditor should approach the audit of financial statements using professional scepticism.

'The auditor shall plan and perform an audit with professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated. The auditor shall maintain professional scepticism throughout the audit, recognising the possibility of a material misstatement due to facts or behaviour indicating irregularities, including fraud, or error, notwithstanding the auditor's past experience of the honesty and integrity of the entity's management and of those charged with governance.' (ISA (Ireland) 200 para. 15)

Further guidance still is included within the application and other explanatory material section of the ISA. For example, paragraph A18 states that professional scepticism includes being alert to, for example:

- Audit evidence that contradicts other audit evidence obtained.
- Information that brings into question the reliability of documents and responses to inquiries to be used as audit evidence.
- Conditions that may indicate possible fraud.
- Circumstances that suggest the need for audit procedures in addition to those required by the ISAs (Ireland).

Paragraph A19 of the ISA states that maintaining professional scepticism throughout the audit is necessary if the auditor is, for example, to reduce the risks of:

- Overlooking unusual circumstances.
- Over generalising when drawing conclusions from audit observations.
- Using inappropriate assumptions in determining the nature, timing, and extent of the audit procedures and evaluating the results thereof.

The auditor cannot critically assess audit evidence without employing professional scepticism. The ISA refers to this involving questioning contradictory audit evidence and the reliability of documents and management's responses to inquiries and the consideration of the sufficiency and appropriateness of audit evidence obtained. As mentioned previously above, concerning the auditor's past experience of the honesty and integrity of the entity's management and of those charged with governance, paragraph A22 of ISA (Ireland) 200 also reminds the auditor that *'... a belief that management and those charged with governance are honest and have integrity does not relieve the auditor of the need to maintain professional scepticism or allow the auditor to be satisfied with less-than-persuasive audit evidence when obtaining reasonable assurance.'*

Professional scepticism is also closely linked to the ethical considerations of independence and objectivity and to the use of professional judgement.

Demonstrating professional scepticism in the audit

Professional scepticism is demonstrated by:

1. Designing audit procedures to consider actively if there is any evidence that would contradict management assertions not only to the extent to which management has identified evidence that is consistent with them.

2. Making evidence-based judgments, by demonstrating:

- there has been sufficient inquiry and challenge;
- sufficient testing of management's assertions has been undertaken;
- the quality of the resulting evidence obtained has been critically appraised and judged by the auditor to be sufficiently persuasive; and
- where there are plausible alternative treatments of an item in the financial statements (such as different valuation bases), an assessment has been made as to whether one is superior and whether sufficient disclosure of the alternatives has been given, in order to give a true and fair view.

3. Documenting judgments and the review processes in a manner that facilitates challenge and demonstrates the rigour of that challenge.

The auditor's documentation of audit judgments sets out not only the auditor's conclusion but also their rationale for the conclusion.

The conditions for **individual auditors** are listed below:

- Develop a good understanding of the entity and its business.
- Have a questioning mind and be willing to challenge management assertions.
- Assess critically the information and explanations obtained in the course of their work and corroborate them.
- Seek to understand management motivations for possible misstatement of the financial statements.
- Investigate the nature and cause of deviations or misstatements identified and avoid jumping to conclusions without appropriate audit evidence.
- Be alert for evidence that is inconsistent with other evidence obtained or calls into question the reliability of documents and responses to inquiries.

What are the implications in practice?

Firms need to be careful to demonstrate scepticism in their audit files. Regulators have criticised audit files for lack of evidence to support the exercise of professional judgment and in turn lack of professional scepticism. The following are often cited by Regulators as areas in which professional scepticism is particularly relevant:

- assessment of fraud risk - danger of over-familiarity;
- substantive analytical review - investigating variances;
- provisions - insufficient challenge; and
- going concern - documentation of considerations.

Matters of professional judgment should be documented, and where that documentation is made by a more junior member of the audit team (up to and including the manager) who may not have the training, knowledge and experience of the partner, the partner should confirm their agreement with the judgment made or replace it with their own.

ISA (Ireland) 230, Audit Documentation, states that documentation should be *"sufficient to enable an experienced auditor, having no previous connection with the audit, to understand the significant professional judgments made in reaching conclusions on significant matters arising during the audit"* (ISA (Ireland) 230 para.8).

Within the application material of ISA (Ireland) 230, paragraph A7 refers to professional scepticism as an example of a requirement that applies generally throughout the audit, and that there may be a number of ways in which compliance with the requirement to apply professional scepticism may be demonstrated within the audit file. It refers to the fact that there may be no single way in which the auditor's professional scepticism is documented on a file, but that the audit documentation may nevertheless provide evidence of the auditor's exercise of professional scepticism in accordance with the ISAs (Ireland). It cites the example of accounting estimates, when the audit evidence obtained includes evidence that both corroborates and contradicts management's assertions, documenting how the auditor evaluated that evidence, including the professional judgements made in forming a conclusion as to the sufficiency and appropriateness of the audit evidence obtained.

Not surprisingly, ISA (Ireland) 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, refers on numerous occasions to the auditor's responsibility for maintaining professional scepticism throughout the audit.

For example, with respect to the auditor's consideration of the potential for management override of controls and recognising the fact that audit procedures that are effective for detecting error may not be effective in detecting fraud.

The application material within ISA (Ireland) 240 includes further guidance concerning professional scepticism,

including that maintaining such scepticism *"... requires an ongoing questioning of whether the information and audit evidence obtained suggests that a material misstatement due to fraud may exist"* and that *"Due to the characteristics of fraud, the auditor's professional scepticism is particularly important when considering the risks of material misstatement due to fraud"* (ISA 240, A7).

The standard states that management of an entity are often in the best position to perpetrate fraud, and that when evaluating management's responses to our enquiries with an attitude of professional scepticism, the auditor may judge it necessary to corroborate responses to inquiries with other information. (ISA 240, A17).

Paragraph A31 of ISA 240 states that *"Determining overall responses to address the assessed risks of material misstatement due to fraud generally includes the consideration of how the overall conduct of the audit can reflect increased professional scepticism."* It gives examples including the auditor applying *"increased sensitivity in the selection of the nature and extent of documentation to be examined in support of material transactions"* and through "increased recognition of the need to corroborate management explanations or representations concerning material matters."

Within the explanatory material of ISA (Ireland) 315, Identifying and Assessing the Risks of Material Misstatement, it is indicated that professional scepticism *"is necessary for the critical assessment of audit evidence gathered when performing the risk assessment procedures, and assists the auditor in remaining alert to audit evidence that is not biased towards corroborating the existence of risks or that may be contradictory to the existence of risks"*, and, also that professional scepticism *"is an attitude that is applied by the auditor when making professional judgments that then provides the basis for the auditor's actions."* (ISA (Ireland) 315, A12).

We are also advised within ISA (Ireland) 315 that professional scepticism *"is necessary for the critical assessment of audit evidence, and a robust and open engagement team discussion, including for recurring audits, may lead to improved identification and assessment of the risks of material misstatement."*

As part of evaluating the audit evidence the auditor obtains from their risk assessment procedures, the auditor needs to consider whether they have obtained a sufficient understanding of the entity and its environment, the entity's applicable financial reporting framework and the entity's system of internal control to be able to identify the risks of material misstatement, as well as whether there is any evidence that is contradictory that may indicate a risk of material misstatement.

ISA (Ireland) 540, which covers auditing accounting estimates, requires greater rigour and scepticism in the audit of accounting estimates including the auditor's consideration of indicators of possible management bias. Paragraph 8 of the standard tells us that the exercise of professional scepticism in relation to accounting estimates "is affected by the auditor's consideration of inherent risk factors, and its importance increases when accounting estimates are subject to a greater degree of estimation uncertainty or are affected to a greater degree by complexity, subjectivity or other inherent risk factors. Similarly, the exercise of professional scepticism is important when there is greater susceptibility to misstatement due to management bias or fraud." ISA (Ireland) 540 includes reference to ISA 200 concerning the requirement for the auditor to maintain professional scepticism throughout the audit, and in particular, when reviewing management estimates relating to fair values, the impairment of assets and provisions.

The application notes to ISA (Ireland) 540 include some further examples, linking back to ISA (Ireland)230, of other requirements within ISA (Ireland) 230 for which documentation may provide evidence of the exercise of professional scepticism by the auditor. Examples include, how the auditor has applied an understanding in developing the auditor's own expectation of the accounting estimates and related disclosures to be included in the entity's financial statements, and how that expectation compares with the entity's financial statements prepared by management; indicators of possible management bias and consideration of all audit evidence whether corroborative or contradictory etc.

It would always, but even more so perhaps given the current economic times we are experiencing, be important to consider ISA (Ireland) 570, Going Concern, when considering the need for the application of professional scepticism by the auditor.

A key part of the auditor's work related to assessing the appropriateness of the going concern basis, for example, typically includes reviewing financial projections. There is an obvious need for the auditor to maintain professional scepticism when reviewing any such projections as part of the auditors work to evaluate management's assessment of an entity's ability to continue as a going concern. The need for professional scepticism is also to the forefront, when assessing management's plans to deal with events or circumstances where a material uncertainty exists related to going concern.

In summary, the degree of professional scepticism to be applied is key, because it influences both the effectiveness and the efficiency of an audit. Too little scepticism endangers audit effectiveness, too much risks unnecessary cost. Achieving the right balance is vital!

Jonathan McGee

Jonathan joined Mercia Ireland in 2007. He is a fellow of the Institute of Chartered Accountants in Ireland.

He trained in Gilroy Gannon in Sligo and spent a further three and half years working in the audit department of OSK in Dublin, following which he worked as a financial accountant with Bank of Ireland.

Jonathan's role in Mercia primarily involves conducting compliance reviews and presenting training courses.

The Quality Assurance Process

by Alan Bailie

Despite the ongoing impact of Covid-19 the Institute's quality assurance activity is continuing, albeit remotely. The Quality Assurance Process has been in existence since 1995 and is set out in Bye Law 7 – Quality Assurance (Effective 23 March 2020). Part 27 of the Companies Act 2014 also provides a statutory basis for the regulation of Statutory Auditors and Statutory Audit firms.
In this article, Alan Bailie former Knowledge Manager and Quality Assurance Executive with CPA Ireland examines some practical steps that a firm can take to help ensure a successful conclusion to a quality assurance visit.

Quality Assurance Process

Company law requires that a Statutory Auditor and Statutory Audit firms be reviewed, on a risk basis, at least once every six years[1]. Non-audit firms are reviewed on a risk basis and the expectation is that non-audit firms will be reviewed on a ten-year cycle in accordance with Bye Law 7[2]. Initial reviews of newly established Statutory Audit and Non-Audit firms may be conducted within eighteen months of registration.

A monitoring visit can be broken down into three distinct phases:

a. The planning period in advance of a review

b. The review of engagement files and information provided

c. Post review period/follow-up

Firms are generally given notice of a quality assurance monitoring visit 4-6 weeks in advance. The notice will be issued by e-mail to the compliance principal and will include links to information outlining the format of the day.

Impact of Covid-19

As we continue to deal with the ongoing impact of Covid-19 quality assurance reviews are currently being conducted remotely and Government advice in this regard continues to be monitored.

While the process itself hasn't changed, the carrying out of reviews remotely has lengthened the process both for the Institute and indeed the firms themselves.

Both the opening and closing meetings will be conducted virtually using technology such as Microsoft teams or zoom. Following the opening meeting firms will be required to arrange for the transfer of information and the files selected for review. There are a number of options available in relation to the secure transfer of files:

- Files may be sent remotely/electronically;
- Files may be sent by courier; or
- Files may be delivered to the Quality Assurance Officer by arrangement

Planning

"By failing to prepare, you are preparing to fail" (Benjamin Franklin).

In reality planning for your next monitoring visit begins on the day that your last visit was completed. A firms' policies and procedures should be updated on an ongoing basis to reflect changes in relevant professional standards and the regulatory environment in which it operates as part of the firms' overall quality control procedures. The following are some of the areas that a firm should be aware of when preparing for a monitoring visit.

ISQC (Ireland) 1

A statutory audit firm is required to establish and maintain a system of quality control to provide it with reasonable assurance that it complies with professional standards, legal and regulatory requirements and that reports issued are appropriate.

Firms should review the firms' ISQC1 to ensure it reflects the requirements of the most recent version[3] issued by the Irish Auditing and Accounting Supervisory Authority (IAASA). Additionally, firms should ensure that the document is appropriately tailored to the circumstances of the firm and reflects current work practices.

Client listing

Advances in technology have resulted in more information being available to a quality assurance officer. Firms should therefore carry out a detailed review of their client listing, points to consider include:

- The completeness and accuracy of the listing;
- Overall client profile and sectors in which the firms' clients operate.
- The retail sector (particularly involving discretionary spending) and the travel, hospitality and leisure sector are examples of some priority sectors which may be the focus of a quality assurance officer as we move through

1 Section 1496(1)(h) Companies Act 2014
2 Paragraph 7.12.2 Bye Law – Quality Assurance (23 March 2020)
3 ISCQ (Ireland) 1 (Revised November 2020)

2021 and beyond due to the ongoing impact of Covid-19;

- Have the correct auditor resignation procedures been followed?

- Does the firm have regulated clients such as Credit Unions, Investment Intermediaries and other businesses regulated by the Central Bank of Ireland and Charities? A Quality Assurance Officer will adopt a risk-based approach to file selection and as such regulated clients will be of particular interest;

- Has the firm issued any modified audit opinions and/or do any auditors reports include any emphasis of matter paragraphs? In the context of Covid-19 material uncertainty related to going concern paragraphs are likely to be a particular focus for quality assurance officers.

Firms should note that a quality assurance officer has access to the public record of audit reports filed using the firms' auditor registration number (ARN). Particular attention should therefore be paid by Statutory Auditors and Statutory Audit firms to the completeness of the client listing provided.

The maintenance of adequate client records is a requirement of Section1543 of the Companies Act 2014. The provision of incomplete client listings/ non-disclosure of clients may result in a referral to the Director of Professional Standards and may result in disciplinary action in accordance with Bye Law 6.

Annual Compliance Review

Statutory Auditors and Statutory Audit Firms are required to carry out an annual compliance review at least once annually[4]. The review monitors how effectively the firm is complying with Institute Bye Laws and other relevant professional standards. It comprises the following two elements;

- Whole firm review

- Cold file review

The whole firm review entails assessing the firms' compliance with Bye Law 13 in areas such as;

- Independence

- Fit and proper status

- Competence

- Appointment and re-appointment

- Professional indemnity insurance

- Continuing eligibility

The second element requires a cold file review of completed audit work on an annual basis to assess whether the statutory auditor or statutory audit firm's audit procedures were followed. A minimum of one file for each statutory auditor within the firm should be reviewed.

Firms should adopt a risk-based approach to file selection considering factors such as high-risk clients, changes to auditing or accounting standards and employee turnover. Cold reviews must be carried out by another Statutory Auditor or training firm recognised by the Institute.

Depending on the period that has elapsed since the firms' last monitoring visit, up to six annual compliance reviews should be available for inspection. However, in practice the monitoring visit is likely to focus on the two most recent annual compliance reviews.

Documentation

An auditor has 60 days from the date of the auditor's report to assemble the final audit file[5]. While the administrative process does not involve the performance of new audit procedures or drawing new conclusions it could include:

- Removal of superseded documentation;

- Cross referencing of working papers;

- The signing off on completion checklists relating to the file assembly process; and

- Documenting audit evidence that the auditor has obtained, discussed and agreed with members of the engagement team before the date of the auditor's report.

Firms should therefore review recently completed audit files and where necessary complete the final assembly of those files in advance within the permitted timeframe.

Continuing Professional Development

Compliance with Bye Law 8 CPD (Continuing Professional Development) will be assessed as part of a firms' quality assurance visit. Firms should ensure that CPD records, including a full list of courses attended together with supporting documentation, for all partners and senior staff are available for the last two years.

CPD activity should be relevant to the role(s) undertaken and the services provided. The CPD records of Statutory Auditors should demonstrate compliance with both the requirements of the Companies Act 2014[6], and the International Education Standard (IES) 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised).

The Companies Act 2014 requires a statutory auditor to take part in appropriate programmes of continuing education in order to maintain his or her theoretical knowledge, professional skills and values at a sufficiently high level.

Table A of IES 8 sets out the learning outcomes across a range of competence areas, including technical competence, professional skills and professional values, ethics and attitudes, for which an engagement partner is required to demonstrate how they have developed and maintained professional competence in those areas.

Additional requirements regarding the maintenance of CPD records will commence in January 2022 as provided for by IAASA's Guidelines for the RABs on the regulation, monitoring and enforcement of continuing education for statutory auditors. Members will be advised accordingly.

4 Para 13.34.1, Bye Law 13 – Practice & Audit Regulations
5 Para 14 ISA (Ireland) 230 Audit Documentation
6 Section 1489 Companies Act 2014

Anti-money laundering compliance

The area of anti-money laundering has seen significant change in recent years as Ireland implements the requirements of various EU Directives[7] into Irish Law. A firms' compliance with the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended (the Act) falls within the scope of the quality assurance process.

A review should be undertaken of the firms' policies and procedures to ensure that they are up to date and that they include the policies, controls and procedures as set out in Section 54(3) of the Act.

The Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018[8] introduced a new requirement for a designated person to carry out a business risk assessment and to keep that risk assessment up to date. The risk assessment must be documented, approved by senior management and at a minimum take account of the following risk factors:

- Type of customer;
- Products and services provided;
- Geographic risk;
- Delivery channels

The business risk assessment should be used by a firm in determining the extent of the measures to be taken for customer due diligence procedures, as such firms should ensure that a business risk assessment has been documented and has been kept up to date. Other factors to be considered include:

- Has the firm identified all of its client base for money laundering purposes;
- Has enhanced due diligence been carried out where required, for example politically exposed persons (PEP's) or high-risk clients?
- Is there evidence of ongoing monitoring of dealings with clients;
- Has the firm appointed a Money Laundering Reporting Officer (MLRO); and
- Has the firm provided training to relevant staff members?

Review of standing information held

Review the accuracy of the information that the Institute holds on the firm for example from its' last annual return. Have there been any changes that have not been notified to the Institute? for example, the admission or cessation of a new partner or incorporation of the practice. Where necessary communicate those changes to the Professional Standards Department.

Bye-Laws

As a firms' compliance with Institute Bye Laws is within the scope of a quality assurance visit, firms should be aware of their obligations under relevant Bye Laws including

- Bye Law 7 - Quality Assurance
- Bye Law 8 - Continuing Professional Education
- Bye Law 9 - Professional Indemnity Insurance
- Bye Law 13 - Practice and Audit Regulations
- Bye Law 4 - Client Monies
- Bye Law 14 – Investment Business, where relevant

In particular firms should be aware of recent changes with Bye Laws 6 - Discipline, 7 – Quality Assurance and 13 – Practice and audit Regulations all having been updated recently.

Follow-up

A firm will be provided with a full written report on the findings of the visit, including the outcome of the review.

The report may also include recommendations, directions or restrictions imposed on a firms' registration, for example a requirement to have an external cold file review carried out or to obtain training in one or more areas to address any weaknesses noted.

When responding to the quality assurance report a good response will clearly set out the reason(s) why the issue has arisen, and how the firm intends to address the matter in the future including a timeframe in which it will be addressed.

With regard to any recommendations, directions or restrictions placed on the firms' registration it is important to ensure that these are implemented within a reasonable period, as failure to do so may result in disciplinary action in accordance with Bye Law 6.

Conclusion

As the saying goes "you get out of it what you put in" the same can be applied to your quality assurance visit. Through proper planning and addressing relevant matters noted above a firm can help ensure a successful outcome to its quality assurance visit, thereby reducing the time spent in the post review period and avoiding potentially costly restrictions being placed on the firm's registration.

As the saying goes "you get out of it what you put in" the same can be applied to your quality assurance visit.

Alan Bailie,
Previous Knowledge Manager, CPA Ireland

7 Directive (EU) 2015/849 (4th anti-money laundering Directive), Directive (EU) 2018/843 (5th anti-money laundering Directive)
8 Section 10 Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018

Solving the Emotional Problem

by Ben Rawal

As an accountant, your ability to make decisions often relies on how effectively you can deal with problems and find a possible solution. Ben Rawal explains how those with higher levels of emotional intelligence cope with problems, irrespective of whether they are work or non-work related.

When assessing the variety of emotional intelligence skills that are required to be an effective accountant, problem solving frequently tops the list.

But how can solving problems be relevant to our emotions? After all, when faced with a challenge or difficult decision, we use information, logic and analysis to help reach a conclusion. Despite this approach, our emotions remain highly relevant to how we perceive a problem and our response when things don't go to plan.

Figuring it out

Of the 25,000 - 30,000 decisions we make every day, some are easier than others. Many of our decisions are made automatically, through our array of habits or at times through a reflex or self-protective response. When faced with more complex problems however, we widen our scope – we frequently seek more information, challenge the validity of data, and also seek out the facts. Accountants are often at the front of the queue when we consider occupations that rely on facts to be effective in their role. In reality however, sound decision making and problem solving relies on our ability to identify information that is factual, regardless of your career choice.

A variety of problem-solving approaches exist, often involving a process that should be followed. These frequently include activities such as:

- Articulating the problem(s) that exist(s);
- 'Brainstorming' possible solutions and evaluating the options;
- Choosing an option, based on a variety of factors, including risk, time involved and cost;
- Delivering the chosen solution; and
- Evaluating the effectiveness of your chosen solution and if required (and possible), adapting the solution accordingly.

The above process can be learned, applied in practice, and repeated. With such a logical approach, how could emotion ever be relevant or cause a problem?

"We make around 30,000 decisions every day. Many are easier than others, whereas some decisions require a more careful and considered approach".

Balancing the emotional books

Presenting others with an identical complex problem will frequently lead to a range of outcomes. Our abilities to cope, think logically, challenge ourselves, and visualise possible solutions all depend on our level of emotional intelligence.

Resilience and Stress

Solving complex problems will often involve a combination of trial and error, failure and time. Some of you may remember dealing with problems where different solutions failed to provide the required outcome. Your ability to cope with these 'failures', to reassess the situation in a calm, logical manner, and to attempt something different all highlight your level of personal resilience. A lack of time and / or knowledge, plus additional stress also play an important part in your ability to solve the problem.

Emotional intelligence in problem solving doesn't simply cover whether you are prepared to persevere if your solutions miss the mark. It also involves your willingness to ask others for help or support.

This can prove difficult for some people, often due to the self-perception that asking for help indicates weakness or failure. Clearly, there is a balance to achieve here between giving in too early and leaving it too late before requesting assistance – unfortunately, there are no

rules on when you should or should not continue to persist alone on solving a problem. However, it may prove useful to create a wider 'plan' on the conditions required before you will seek support from others.

Beliefs

One of the main differences in how we solve problems, deal with setbacks, and cope with stress is the variation across our individual beliefs. These come in a multitude of guises but are often based on assumptions that we make about ourselves, others or the problem itself.

As a critical influencer on our behaviour, our internal beliefs can motivate us into taking or avoiding action, whilst ignoring evidence that suggests we might have it wrong. This might sound bizarre, but in reality, all of us suffer from a variety of unconscious biases from time to time. Individuals with higher levels of emotional intelligence will generally:

- Challenge their own assumptions, beliefs and any negative 'self-talk' when they are faced with a problem – professional or otherwise;
- Seek feedback from others as a method for self-development and raising awareness of any potential biases; and
- Avoid the use of generalist statements, which often restrict possibilities. These commonly include the word 'Should' and include examples such as "I should be able…", or "They should be able to do that". When such statements arise, it can be helpful to challenge yourself or others by asking the question "Who says I should?"

"How frequently do you challenge your beliefs when attempting to solve a complex problem? Are you quick to make assumptions about what can and cannot be achieved, or are you prepared to adopt an alternative perspective?"

Gut v Heart v Head

Despite having the ability to make logical decisions and consider problems in a rational manner, it is not uncommon for all of us to make emotional choices. Emotionally intelligent individuals recognise when this is the case and are able to challenge whether this is the right approach.

But are decisions based on emotion always the 'wrong' way of dealing with a problem?

The emotional areas of our brain operate much faster than the parts responsible for rational and logical thought. This is critical to maintain our survival as in a life-or-death situation, there is rarely time available to 'think things through'.

When attempting to solve a problem, any information gathered will always be considered by the emotional parts of our brain first. This is the primary reason why you may have a feeling that something is right or wrong based on limited data. At this stage, assumptions are made, and your internal beliefs and unconscious biases lead the way on what appears to be happening. Sometimes this approach to problem solving is appropriate, but is it consistently accurate?

The research indicates that applying logic and rational thought is a more successful way of solving problems and making the 'right' decision. Relying on our 'gut feel' or our emotions is faster, but generally less accurate. It would be foolish however to totally dismiss the conclusions obtained via our emotional response – sometimes, we do get it right.

Conversely, there are also times after extensive logical analysis, when we make the wrong decision! Therefore, comparing the decisions made through your gut, heart and head can be a very helpful method for solving problems.

Beware however - your unconscious biases will work hard in attempting to convince your logic that your first conclusion was the right one all along! If you frequently find yourself using logical arguments to explain why your emotional decision making was accurate, ask someone else to challenge your assumptions and beliefs on your behalf. From time-to-time, most of us engage in 'post-rationalisation' – finding logical reasons for our emotional decisions.

"Emotional problem solving can be helpful in the right situation. In most instances, it is helpful to compare the differences between your initial reaction (gut), how you feel (heart), and a careful logical analysis of the information (head)".

Seeing the future

We generally find it easier to undertake a task, make important decisions, and solve complex problems when we can 'see' what we are trying to achieve.

The majority of us rely on images to understand the problems we face and to learn new information. This is one of the reasons why simply explaining a complex problem to another individual often takes more effort and time, than using pictures and charts. Visual information forms a critical aspect of how we make sense of everything around us.

We can also use visual information to help inform our future and motivate us towards a particular goal or outcome. The key difference here, is that we need to create an image of what we want or what a successful outcome looks like.

When faced with a problem, the more images we can create, the better. These could include:

- Visualising the problem itself – what or who is in the picture?
- Seeing the approach that you / others will take in solving the problem; and
- Creating an image that represents the solution.

If you find it difficult to create such images, try looking up for 5-10 seconds. This will help you access the visual cortex, the part of your brain responsible for processing visual information. Watch what happens the next time you ask someone a question relating to a picture or image – their eyes will usually move upwards.

"Images are an important aspect of our ability to understand complex issues and make more timely decisions. Increase your visual inputs as part of solving problems and creating a solution".

Summary

Our approach to solving problems can often be complicated through the impact and management of our emotions. Our resilience and stress management techniques are emotionally driven, often leading to unhelpful beliefs around our own capabilities or those of others.

Developing your emotional intelligence holds significant benefits for problem solving – despite its apparent reliance on logical thinking. As a pre-requisite for making many of our daily decisions, problem solving is an essential skill that all accountants can improve further throughout their careers.

Ben Rawal,
BSc MBA FCCA

Ben is the Lead Consultant and owner of Aspire Consulting, experts at helping organisations improve individual and team behaviours, leadership and culture.

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Top Tips:

Follow the process

At times, our emotions can overwhelm our problem solving abilities, leading to poor decisions or the likelihood of task abandonment.

Ensuring that you maintain awareness of a good problem solving process (Problem – Options – Selection – Evaluate) can ensure that you limit the chances of your emotions having a negative effect.

Ask for help

Seeking the help of others at the right time is generally associated with individuals that are emotionally aware and those that recognise that they cannot always achieve everything alone. If you find you are struggling with a problem for whatever reason, consider the support you have available.

Check the accuracy of your beliefs

Our beliefs are powerful drivers of how we act, regardless of whether evidence indicates an alternative course of action. Verbalise your beliefs with others, and be open to challenge on the accuracy of your perspective.

Listen to your heart (but test it out) – Emotion-based decision making has its risks, and is less accurate than careful, logical analysis. Consider your 'gut' reaction and feelings when faced with a problem, and compare these responses against a more carefully thought through approach.

Picture this

Our ability to learn and understand complex concepts can be vastly improved through the use of visual information, including pictures and charts. Creating pictures in your mind around possible solutions and the steps required, will help you stay motivated and provide clarity on the way forward.

Getting Your Inner Glow

by Muriel Cuddy

Do you ever feel like you're chasing a moving target when it comes to your health goals? With a fast-paced work and home life we can sometimes feel like we're on a continuous hamster wheel.

Before we know it, we're feeling frazzled, exhausted and mentally burnt out. We're constantly striving for 'balance' but find the scale is often out of sync as the portion of 'Self Care' is neglected. We prioritize work and family, and often leave no time for focusing on our own wants or needs. Our bright eyes and energy levels to match can seem a thing of the past, and we realize it's been a long time since we've truly felt like 'ourselves'.

The amazing thing about our body isthat it will send us signs when there's something out of balance. These signs are in the form of symptoms, which are often masked by medication. But are we ever really addressing the root cause?

Take stress for instance, some of the symptoms of stress are poor digestion, headaches, weight fluctuations, irritability, and poor sleep. But we're all too quick to sooth stress with Solpadine or a bottle of wine. That's ok as a temporary fix, but over time it will lead to impaired liver function, poor detoxification and reduced immunity.

Do you ever ask yourself what used to work so well for you when you were at your healthiest? Getting back to your 'Happy place' can feel like chasing the magical fountain of youth. I've some good news for you...it's not too late to start glowing again. Starting today you have the ability to make lasting change in your health.

There are between 50 and 75 trillion cells in our body, each type of cell has its own life span, red blood cells live for about 4 months, white blood cells about a year and skin cells two to three weeks. Colon cells get the raw end of the deal and die off after about four days.

In a nutshell, our body is continuously regenerating itself, the quality of food we consume, exercise we take and lifestyle we choose will directly impact the quality of the new cells we're creating. If we choose to 'Eat beige' we'll feel beige, and if we 'eat colourful' we'll feel colourful!

How Do I Get My Glow On?

1. Focus on your gut health

Our gut is like our internal power plant, breaking down food, absorbing and transporting nutrients and excreting waste. It also has a direct link with our brain function and immunity. Think of your gut like fertile soil, in order for flowers to blossom, the soil content needs to be nutrient rich. For our body to flourish, our gut environment needs to be nourished and hydrated daily.

Things to include:

- Probiotics
- Fermented foods (Yoghurt, Kimchi, Kefir, Kombucha, Tempeh)
- Eating a diverse range of foods - There are hundreds of species of bacteria in your intestines, each playing a different role in your health, and these require different nutrients for growth.
- Eat lots of vegetables, legumes, beans & fruit. These are high in fibre and enhance gut health.

2. Sleep

Going without adequate sleep every night carries with it both short and long-term consequences. The optimum number of hours sleep is 8, but research by the sleep council has shown that 33 % of people only manage 5-6 hours, while 7 % less than 5 hours.

The regenerative power of sleep allows the brain to process information, muscles and joints to recover and for hormones to rebalance. Short-term effects of not getting enough sleep include fluctuations in mood, concentration, blood sugar level fluctuation and hunger.

Things to avoid:

- Bright lights
- Mobile phone usage
- Eating late at night
- Caffeine and alcohol
- Spicy food and sugar

Things to include:

- Meditation
- Warm baths
- Reading
- Dim lighting
- Tryptophan rich foods (nuts, bananas, turkey, oats) vitamin B6, magnesium and calcium.

3. Get moving

Exercise is literally the most under-utilized anti-depressant! The key to developing a regular routine lies in finding an activity that you enjoy. Be it cycling, walking or dancing. If you enjoy what you do, it makes you far more likely to keep going. Exercising on a regular basis helps us to maintain a healthy weight, improve heart health, increases body confidence and improves the mood.

So often we hear people say they don't have time for exercise. Where in reality, paring back time for exercise will make us more time efficient for the day ahead. During physical activity we release a hormone called serotonin which is the 'feel good' chemical. It creates feelings of wellbeing and happiness. When we're operating from this place, we make better choices and are more productive.

4. Reduce stress

A certain amount of stress is unavoidable in life. In fact, the human body is designed to experience stress and react to it. When you experience changes or challenges (stressors) our bodies trigger a physical and mental response. We can find ourselves reacting instead of responding and in a constant mode of firefighting. It's the accumulative effect that can be the silent killer.

It's our ability to manage stress that makes all the difference. Too often we can find ourselves feeling 'in a fog' and manage it with unhealthy behaviours such as: drinking, gambling or overeating. Before long we're on the road to burn out, low mood, ill health and deteriorating relationships. Although we can't avoid stress, daily self-care maintenance strategies are beneficial.

Strategies to include:

- Exercise daily, even a short walk helps. Preferably early morning with (sun creamed!) forearms exposed to absorb Vitamin D.
- Acknowledge what you've accomplished on a daily basis, focusing on the positives reduces anxious feelings.
- Include meditation/deep breathing exercises.
- Eat a wholefoods diet and avoid sugary and processed foods.

5. Sense of purpose

Having a clear sense of purpose and focusing on where we want to go in life is often the driving force behind turning our dreams into reality. Holding a vision, and taking small steps forward help us to feel accomplished and satisfied. Being crystal clear on our 'Why' is important. Why are we working so hard, and what is our goal? Without clarity we can feel the years slipping by, and the pile of 'I would have loved to' building up. Putting pen to paper and writing a personal five-year plan can help, being sure to add in activities you've always wanted to experience along the way or things that make your heart smile!

Conclusion

We're here once, we've got one life to live! The only moment we have control over is the present one, don't waste it. Investing time into your health is one of the wisest and most profitable investments you'll ever make. The food we choose and the lifestyle we live can be the catalyst for thriving health or the road to disease. The power lies within the choices we make on a daily basis.

Muriel Cuddy,
CEO Health and Wellness International

HAWI

The Digitalisation Imperative

by Joan Mulvihill

As the Fourth Industrial Revolution underpinned by digitalisation gathers pace, almost all businesses are faced with a choice; to be the disrupted or the disruptor, to be the challenger or the vanquished.

Digitalisation is not just transforming your business operations, digitalisation is transforming the entire markets in which you operate and so just as this applies to you, it applies to your customers and your suppliers. The magnitude of change and the value generated by digitalisation is largely determined by the extent to which an ecosystem approach can be taken by the strategic visionary business leader.

Almost any business will get some return on investment from digitalising their existing operations to a greater or lesser extent. In his most recent book, Alex Osterwalder, developer of the Business Model Canvas, categorised three types or levels of digitalisation starting with **Digitalisation for Efficiency.** I had been calling it 'faster horses projects' but it essentially means digitalising what is already there and using the data and technology to seek out maximum efficiency. Many businesses are already doing this, so it often elicits a 'so what' shoulder shrug. It will keep your business cost competitive but once someone innovates a newer, better product you will be simply the most efficient producer of an outdated product and over time obsolescence looms on the horizon.

Sustaining Digitalisation steps things up a level and this is where digitalisation keeps you competitive not just on price but market relevance. If you think of Efficiency Digitalisation as the operations of the business where digitalisation has been applied to delivery efficiency, then Sustaining Digitalisation is where digitalisation is applied to deliver an enhanced product or service experience in a materially different way by the customer. By virtue of the investment in technology, in data analytics for customer insight and understanding, the business can add new features and benefits that add real customer value and keep pace and sustain relevance with an ever-demanding market. Osterwalder calls it Sustaining Digitalisation but sticking with the Ford adage "if you'd asked the market what they wanted they'd have said a faster horse", I've been calling this kind of sustaining Digitalisation 'the car projects'.

Finally, there is **Disruptive Digitalisation.** This is where ecosystem thinking comes into play and real understanding of the market dynamic and the essential customer need. Horses or cars, they are predicated on an assumed customer need to travel from A to B. But what if you could eliminate the need to travel? What if you could satisfy the customer's core need without leaving point A at all? This is disruption. This is how the disruptors think. This is how digitalisation changes everything. The technology is there to do efficiency, sustaining and disruption but it is the difference in thinking that changes everything. What is the scope of your thinking?

So many businesses look at the world from a "within frame" domain perspective. It's not irrational or unreasonable but it takes just one start-up to come along to disrupt the rules of the game and challenge the ingrained assumptions of how things have always been done and the disruption genie is out of the bottle.

Digitalisation leverages data for actionable insights to improve business competitiveness. The challenge here is that the competitive landscape is not a constant. Cost competitiveness in the

form of process and energy efficiency, increased yield/output, reduced waste, improved performance can present a compelling business case for most large organisations where the economies of scale mean that even a marginal % improvement can realise significant return. The downside is that everyone else will eventually do the same thing and it still won't protect a business from outside disruption in the longer term.

In accepting Osterwalder's definitions of digitalisation, digitalisation in all its forms (Efficiency, Sustaining and Disrupting) is worth doing. Digitalisation at the more innovative end of the spectrum (Sustaining and Disruptive Digitalisation) will arguably attain the greatest return in the longer term and this can play advantage to smaller and more nimble businesses and start-ups. Meanwhile Digitalisation for efficiency plays to the economies of scale of larger corporations. Digitalisation in this respect is the great equaliser.

But what does this kind of disruption look like and how do you ideate such out of the box, out of frame thinking? The great disruptions are often those that have disintermediated and eliminated low value elements of the value chain and/or understood the end consumers' real need and provided a platform solution for a value-add customer proposition (e.g. Uber, Airbnb, Deliveroo). Such opportunities for disruption come from taking a holistic ecosystem perspective. They require a design-thinking approach, putting the human need at the centre and reframing or rather un-framing accepted ways of doing things. When we offload these pseudo constraints and accept that the technological capability either already exists or will shortly exist, we can start to answer the following questions:

1.What will the market look like ten years from now?

Corporate vision does not last forever. It needs to be reviewed periodically. Given the pace of change brought about by digitalisation, business leaders need to reassess their vision in the context of that change. Without vision there can be no strategy. Corporate vision anchors the strategy and helps leaders decide which products and markets should and should not get resources. Realising the value of digitalisation is about thinking differently not just 'doing' differently. While the PESTLE framework is as relevant as ever (Policy, Environment, Society, Technology, Legal, Economic), the pace of change is greater and imagining the future 10 years from now requires some really creative thinking. The World Economic Forum identified their top three skills required for this Fourth Industrial Revolution and Creativity is in that top three along with Critical Thinking and Complex Problem Solving. Arguably creativity is the one that will best enable this kind of 10 year imagining.

2. What role will we have in that future market?

With clarity of vision, business leaders can set their 3 to5 year strategy. It is at this point that business leaders ideate for innovation, set priorities and investment policies and programmes. The idea of such a strategy being anything other than a digitalisation strategy at this point is now almost unimaginable. Even to stand still and optimise efficiency for cost competitiveness there is a digitalisation imperative. To keep pace with market innovations and sustain a position of relevance there is a digitalisation imperative. To be a disruptor, to be in contention as the winning disruptor, there is a digitalisation imperative.

3.What capabilities – human and technological – must we start acquiring/building and what can we start thinking about and doing today?

Like everything, start with the end in mind. No one needs to know or indeed can know all the steps from starting point to end. More often than not, you just need to know the best next step or two. The specifics of the answer will depend on where you are starting from. Is yours an organisation that is already on a digitalisation journey with strong technology infrastructure and data analytics experience and capabilities? Is design-thinking already deeply rooted and practiced in the organisation? Who is the visionary in the organisation empowered to take the lead and with the resilience to stay the course when projects fail? (Because there will be failures).

No matter what your starting point and no matter what the envisaged end point, no facet of the market will remain untouched by technology, by digitalisation. Sometimes that change will be driven by advances in technology itself where technological and scientific breakthroughs are the catalyst to make the previously impossible and unimaginable both possible and probable. In parallel, some change will be forced upon business by other factors such as climate change and the sustainability imperative. Digitalisation is as inevitable as the change itself. It is inescapable but then again, why would anyone want to escape it? It provides a myriad of exciting opportunities for those who can embrace it with vigour and vision.

Digitalisation is as inevitable as the change itself.

Joan Mulvihill

Digitalisation Lead for Siemens in Ireland, Joan Mulvihill is at the forefront of driving technology adoption in Ireland for the past decade. Having been CEO of the Irish Internet Association for 7 years, followed by 2 years as Centre Director for the Irish Centre for Cloud Computing, Joan's role in leading digitalisation for Siemens customers builds on her deep commitment to and understanding of the needs of Irish business to create sustainable value. The Siemens Digitalisation teamwork with their customers leveraging domain expertise, creative thinking and problem solving to realise solutions that transform businesses and create all of our shared futures.

Why directors must get on board and address cyber threats, risks and security

by Rois Ni Thuama

Recent history

In the first half of 2021, we watched as large organisations around the globe ground to a standstill following significant cyber-attacks. The impact moved beyond the boundaries of the targeted businesses and spilled into patient care and the consumer world.

Almost immediately into the second half of the year in a single week in July, Google[1] announced four zero-day security vulnerabilities (vulns). i.e. unknown software flaws which if left undetected can be exploited by attackers. Google researchers also noted that 2021 has been a particularly active year for in-the-wild zero-day attacks. The following week, the governments of Norway and the United States accused China of interfering with their email and of gaining access to intelligence critical to the safety of those nations.

It is impossible to know what the situation will look like by the end of this year. What is already entirely predictable is that 2021 will surpass previous years in terms of volume and severity of attacks, merely continuing the known trajectory. There is no good reason to believe otherwise reviewing the data at the time of writing.

All hands to the pump

Cybersecurity and risk management professionals have long called for an all-hands to the pump approach to deal with the pressing and expanding cyber threat landscape.

It is becoming increasingly clear that informed and decisive leadership by way of active board members assuming a role at the helm is critical. Not only so that board members address their legal obligations to their business and its stakeholders, but that they look beyond the legal issues. It is a well-established principle of good governance that boards consider their civic responsibility as good corporate citizens.

Good corporate citizenship prompts the board to consider their community and how to make a positive local impact or avoid negative outcomes.

For years, firms have considered their impact on the environment. Boards have worked with local and national authorities to inform their decision-making process to protect the ecosystems that they operate in.

Cyber governance offers progressive boards a similar opportunity to think beyond the maturity of their own IT estate and their digital ecosystem and to consider the potential harm of their oversights and omissions to their clients, consumers, patients, supply chains, and the wider community.

In the same way that boards access outside expertise to consider the environment, the same could be done in the digital world. A good starting point is to access the vast literature compiled by the intelligence communities. In particular, the world leading institution the National Cyber Security Centre (NCSC), in the United Kingdom (UK) provides keen insight as well as critical toolkits for boards.

If directors are unsure of whether their obligations run to this type of exercise, they would do well to review the directors' duties set out in the Companies Act.

The 'L' word

In the United Kingdom and in Ireland, legislation already exists in the form of directors' duties.

These duties are codified and contained in the Companies Act (CA) in 2006 and 2014 respectively. The list is non-exhaustive. When considering cyber threats, risks and solutions, the duties that directors should pay special attention to are:

1. Duty to promote the success of the company (CA 2006, UK) or to act in good faith in the interest of the company (CA 2014, Ireland).

   To promote the success of any company, directors must consider digital marketing, online retail, customer acquisition and client databases containing potentially sensitive data, social media and the potential for reputational damage.

   To drive efficiency, cloud computing and Software as a Service (SaaS) must also be at the forefront of the board's thinking. SaaS means that small businesses can access enterprise class technology at a fraction of the price. This levels the playing field for small and medium enterprises meaning that they can pitch for larger contracts as they are able to compete to meet the digital standards expected by larger, more sophisticated clients.

   There is simply no way that a director can act in the interest of the company or promote the success and simultaneously overlook or ignore their digital operational resilience.

2.

1 https://blog.google/threat-analysis-group/how-we-protect-users-0-day-attacks/

3. Duty to 'exercise reasonable care, skill and diligence' (s174 CA 2006, s228 CA 2014).

In the US, a similar duty arises, although not codified it is well established:

Directors must... use that amount of care which ordinarily careful and prudent men would use in similar circumstances... [and] consider all material information reasonably available' in making business decisions.

To what extent directors exercised reasonable care, skill and diligence would be considered on a case-by-case basis and is a matter of fact, not law. However, it is still possible and practicable to consider strict adherence to basic principles and to deal with the most significant known cyber threats as a priority. Indeed, a US case in 2018 proved instructive.

The reasoning was clear. The court considered the following questions:

1. Was the threat well known and understood?
2. Was the solution well known and understood?
3. Was it reasonable, affordable and practicable to deploy it?
4. Would a reasonable IT director have known to deploy it?

Side bar: *The IT director(s) had recommended the solution to the board, but the board denied their team the budget. The failure to deploy a well-known solution led to a data breach and the court issued a record fine.*

The cost of the fine plus the fees for their legal defence considerably outweighs the cost of the solution. Professional investors who may find themselves with a smaller dividend payment as a result of losses arising from the board's failure 'to exercise reasonable care, skill and diligence' may find this provision useful to redress the harm they have suffered.

The appetite for legislating board responsibility for cyber matters is certainly gaining ground.

Most recently in Europe, the Digital Operational Resilience Act (DORA) puts the matter clearly and succinctly. *'[T}he management body shall...bear the final responsibility for managing'* the firm's cyber risks. I have written about DORA in the last edition of Accountancy Plus, it is not unduly burdensome and merely requires that firms within the scope of the Act address reasonably identifiable cyber risks.

Similarly, the US has indicated its unwillingness to continue to permit sloppy and haphazard approaches to cyber security by mandating a cybersecurity maturity model for suppliers to the US Department of Defense. The only sensible question at this point is - what's taken them so long?

Cyber catastrophes - under review

It is inevitable that we will see public inquiries for cyber catastrophes similar to reviews prepared in other sectors. Our entire professional world is working online, it is imperative that we assess where the responsibility lies for any failures and what lessons are to be learned.

In all likelihood, we will also start to see the rise of cyber litigation. Large global law firms looking to protect their clients are already building out their cyber law and tech law departments. The primary purpose will be to protect their client's position by providing robust advice to help them avoid harm. However, the secondary position would be to seek to recover damages for clients who have suffered losses (direct or indirect) or suffered some other harm.

It will be a Herculean but ultimately hopeless task to try to defend directors who have failed to adequately address known threats. Oversights of this nature will lead to hefty fines and punitive damages. Failing to strictly adhere to basics has never worked in the defendant's favour and such failures in the cyber space should be the subject of harsh criticism. Particularly as the harm of cyber-attacks can be so extensive. I look forward to reading the judgements in these matters.

As board members ultimately bear responsibility for their firm's strategy, the boards must take a more active interest. A simple and effective starting point is to address known significant cyber threats to protect their firm and then to mandate appropriate action for their supply chain. Whatever scrutiny boards come under; this will be more so where health care providers have been targeted. The impact caused by delays to life saving measures or the corruption of essential intel could (it is no exaggeration to write) be life threatening.

Health & Safety Executive

Take for example, Ireland's Health & Safety Executive (HSE) which was hit by the Conti ransomware. Since Conti first appeared in 2020 it has undergone rapid development, moves quickly and encrypts the data using state-of-the-art encryption methods. It is a 'double extortion' ransomware that (i) encrypts and (ii) steals data. This is followed by a demand which if paid will (a) unlock and (b) withhold that data (rather than release it into the wild).

Aside from (i) the reputational damage, and (ii) the cost of disaster recovery; the implications for patient safety may take some time to surface. The harm is no less real and no less painful if that harm is only realised months after the initial attack.

It is entirely likely that law firms who have previously operated in the 'slip & trip' claim world and already have the infrastructure to deal with similar claims will turn their attention to these types of data breaches.

The relatively formulaic approach for considering the merits of a matter in the tort of negligence means that the initial inquiry and intelligence gathering can be achieved at low cost through call handlers or a simple web survey.

In the matter of health care, the duty of care to patients is well established. We know from the facts that data was exfiltrated and released into the wild. Damage is more difficult to assess at this early point. We do know that ransomware is well known and understood, which makes it foreseeable. It is also well known that ransomware is also avoidable. This is going to make it very difficult to defend the board's lack of preparation and protection especially if the attack vector was via email.

The same reasoning would apply for investors in commercial ventures. While there is no indication yet that we will see litigation in the following matter, it certainly remains open to the investors to consider their position.

Colonial pipeline

Colonial pipeline is the operator of the US's largest fuel pipeline serving 260 delivery points across 13 states and Washington DC. The ransomware attack which paralysed the operating system created considerable business disruption leading to panic buying and shortages across the country.

Despite the US Intelligence Community discouraging ransomware payments, leadership in the firm opted to pay the demand, reports put the figure in the region of US$5 million. It was widely reported that the decipher keys provided by the criminal gangs had limited efficacy and the return to normal business was slow and challenging.

While neither instance (HSE nor Colonial) is good news, it significantly raised the profile of the importance of digital operational resilience and the importance of a strict adherence to basics. Moreover, these attacks have led to higher levels of engagement from the governments in Ireland and the US.

The bounty hunters are here...

Colonial pipeline was not an isolated incident. The United States (US) has been so frequently hit with ransomware attacks (estimated to be 1,500 so far) that in July this year the US Government offered a reward of US$10 million. This reward is in return for information leading to the arrest of crime gangs behind the attacks.

The bounty is a significant step to encourage ethical computer hackers to track down and pass on crucial evidence; but it is not without its potential pitfalls. Prosecutions based on stolen information risk running afoul of the doctrine enshrined in the legal metaphor 'fruit of the poisonous tree'. Evidence that is gathered illegally is usually inadmissible. So, we find ourselves in another wait and see to learn how this plays out.

Alternatively, a different set of actions which are not legal minefields could protect firms, the country and the economy.

Boards - where the buck stops

It is no exaggeration to write that the ability of corporate leaders to confidently navigate the multi-layered cybersecurity and cyber threat landscape is essential to a firm's prosperity and even to its survival, (see directors' duties above).

To what extent a company adapts to the cyber challenges that lie ahead will depend on the effectiveness of its board.

Boards must embrace the criticality of identifying the fundamental organisational causes of cyber instances as opposed to considering any single underlying fault.

Without sufficient insight, it is not possible to accurately attribute where the fault lies in either the HSE or the Colonial pipeline ransomware attack or call out individuals. However, we do know that culture, strategy, budget and leadership are all essential for good risk management.

To drive boards to consider their role at a strategic level, I reached out to two leading experts who work with boards.

Basics are critical (not optional)

Mark Evans, Managing Partner with Define: Athene who works almost exclusively with FTSE 100 boards explained:

'[t]he purpose of risk assessment is to assess known significant risks in order that you can take appropriate steps to manage, eliminate or minimise those risks.

Without a proper comprehension of the cyber threat landscape, cyber security measures, directors duties and board obligations, boards are simply not equipped to give proper and clear directions.

Boards frequently misunderstand the importance of critical deployments which they dismiss as trivial, whereas basic factors are never trivial. This is precisely why they've made it onto the basic list. Fundamental oversights are leading to a lot of corporate pain. This is pain which can be avoided'

Culture and leadership

Sean Lyons is globally recognised as a corporate defence thought leader and strategist and author of the critically acclaimed book, 'Corporate Defense & the Value Preservation Imperative'.

Lyons explained:

'[t]he firm's culture will determine the extent to which the organisation adopts a proactive or reactive approach to its security component.

The promise of value is an integral part of any corporate strategy. We're all familiar with value generation however cyber-attacks bring value preservation into sharp focus.

For value preservation to operate the firm must have a sensible corporate defense strategy. It is too much to leave corporate defense to the IT teams alone and hope for the best.

Conclusion

Since Covid-19, businesses that quickly adapted to the 'new normal' world have thrived, those that did not may not survive. The same ability to recognise the opportunities and challenges that lie ahead for all businesses operating in the digital world will mean the difference between long term success and failure.

The Cyber Security Toolkit for Boards is a must read, and a sensible starting point for boards at all levels. Depending on the size and complexity of the firm, it may be all that is required. But for multi-office operations across different locations, in different jurisdictions, outside expert assistance will help directors to identify well known pitfalls and avoid them.

Leaders create culture. It is the board's responsibility to change it. Cultural traits and organisational practices which are detrimental to the firm sit with the board.

Critical deployments are often dismissed as trivial and basic. Boards frequently misunderstand the importance of basics assuming sophisticated tech is more valuable. Basics are never trivial. They are basic because they are considered essential to the best outcome.

Rois Ni Thuama

A Doctor of Law and subject matter expert in cyber governance and risk mitigation, Rois is 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 Rois writes and presents on significant cyber threats, trends, addressing and managing risks.

Institute News

IAASB's new proposed standard for audits of less complex entities

In late August, the International Auditing and Assurance Standards Board (IAASB) opened a six-month public consultation (https://www.iaasb.org/news-events) on its landmark new proposed standard for audits of financial statements of less complex entities. To help drive participation and awareness, IFAC have created a toolkit with content for posting on social media platforms and sharing with members and stakeholders.

The toolkit can be accessed at iaasb.org/news-events.

This stand-alone standard is a significant milestone for the IAASB and the entire accountancy profession.

The IAASB is keen to hear from as many stakeholders as possible, especially stakeholders of less complex entities—many of which are small- and medium-sized entities—and those bodies with authority over the adoption and use of the proposed standard.

New: CPA Ireland Interactive Digitalisation Hub

We are excited to launch our new Interactive Digitalisation Hub which is now available to members and students through the CPA Ireland website. This hub has been developed as a benefit to our members and students and offers a range of webinars, showcases and resources.

Accountants can no longer afford to put off digitalisation. The benefits of going digital cannot be underestimated. As advisors to over 100,000 SMEs in Ireland, CPA Accountants provide an essential service to the Irish economy. Our Digitalisation Hub will show you how you can benefit from embracing a digital environment whether you are working in practice, the public sector, or any of Ireland's industry sectors.

The CPA Ireland Digitalisation Hub offers weekly CPD sessions with experts in the digital world covering a wealth of topics including:

- Sustainability and digitalisation
- Cyber security
- Leading your team through digital transformation
- The Importance of digitalisation and the benefits it can bring
- Onboarding Remotely
- The role technology plays in advisory services
- Digital banking
- Blockchain
- Digital transformation and Strategy
- The ethical challenges of artificial intelligence

We are delighted to bring you weekly showcases from industry leaders in accountancy software's followed by a live Q&A session where you will have the opportunity to engage with the software providers.

To ensure you engage with the software's of most relevance to your business we have developed an online search function to give clarity on what software is best for you and help you with the move to a digital environment.

We are delighted to introduce you to members of CPA Ireland both in practice and in industry, who have achieved great success with their digitalisation journey. Through interactive case studies, they explain how they have successfully moved to a digital environment and the many benefits this has brought.

This is an exciting new offering for our members & students, and we would encourage everyone to take the time to explore and engage with the Hub. You can access the Digitalisation hub through the link at: https://www.cpaireland.ie/Hub

Wellbeing Platform

In July, CPA Ireland launched a brand-new Wellbeing Platform for our members in conjunction with Spectrum.Life with funding from t he CPA Ireland Benevolent Fund.

Spectrum.Life gives you access to a host of Digital Wellbeing content, videos and podcasts, fitness and nutrition trackers, along with numerous health and wellbeing related rewards. Use Spectrum.Life to improve your mental health, fitness and nutrition. Further details on how to get started can be found at https://www.cpaireland.ie/Members/Supports-Services/Wellbeing-Platform

CPA Ireland Benevolent Fund

The CPA Ireland Benevolent Fund was established on May 14 2000.

The aim of the CPA Ireland Benevolent Fund is to provide financial assistance to members, students and/or their dependents who find themselves in financial difficulty. For more information on the Benevolent fund visit https://www.cpaireland.ie/About-CPA/Benevolent-Fund

CPA Virtual Careers Presentation

CPA Irelands future focused syllabus covers the core skills that every accountant needs. In addition to these core skills, it addresses the impact of emerging and disruptive technologies, including artificial intelligence, blockchain and fintech among others, through the introduction of these topics across various subjects.

There is also a completely new elective subject at the final level – Data Analytics for Finance. By choosing this subject your trainees will not only acquire the CPA designation but can also become a Certified Business Analyst with the Analytics Institute.

The CPA Team are now hosting interactive virtual presentations for trainees and discussing how the future focused CPA qualification can boost their career prospects.
If you would like to book a CPA Careers Presentation for your trainees please contact Caroline Moloney, cmoloney@cpaireland.ie

Coming Soon: Effective Mentoring Procedures

Later this year, CPA Ireland will be launching a brand new bespoke online course on Effective Mentoring Procedures. This course is designed to help our members with mentoring trainees in a remote and hybrid work environment.

On completion of the course, you will understand how to best engage with your trainees in a remote environment which will positively impact your business and practice.
As a mentor you will understand:

- The fundamentals of mentoring best practices.
- The mentoring framework and considerations in virtual mentoring operation.
- You will appreciate the role of both the mentor and mentee and their respective definitions and scope.
- Practical implementation of a virtual learning agreement between both parties will be outlined.

This course will be available on our Learning Management system, Canvas, with live masterclasses included as part of the learning process.

Past President, Sean Slattery RIP

Sadly, our esteemed past President, Sean Slattery, passed away peacefully in the care of the Blackrock Clinic on Saturday 10 July 2021.

Sean, a native of Donnybrook, Dublin 4, became a member of CPA Ireland in September 1977. Sean's early accounting career was in the hotel industry with the Inter-Continental Hotel in Ballsbridge, Dublin 4.

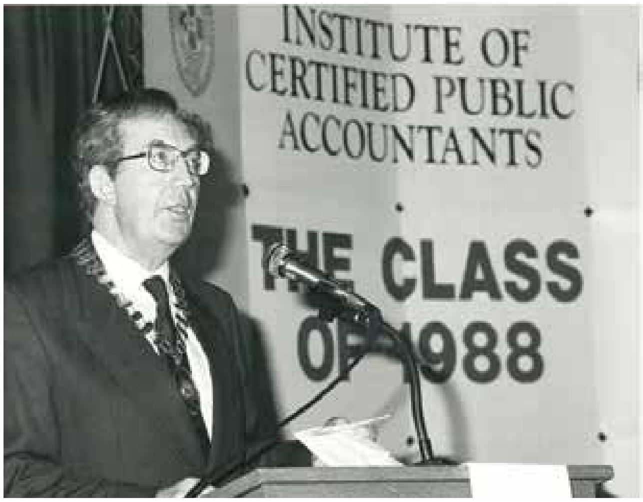
Sean moved into public practice and established his offices in Pembroke Road and Sean remained in public practice up to the time of his passing.

Sean was very active in the affairs of CPA Ireland from admission as a member and served as Chairman of the Leinster CPA Society in 1981/82.

Thereafter, Sean served as a member of Council and was elected to serve as President of CPA Ireland in 1988/89.In recognition of his outstanding service to CPA Ireland, Sean was elected to Life Membership in 2008.

Those who knew Sean will remember him as an engaging, caring and loyal gentleman who set, observed and expected high standards in professional life.

Sean is survived by his wife Kate and his wider family. May Sean's gentle soul rest in peace.



CPA Ireland and Covid Interns Partnership

In June, CPA Ireland was delighted to create a partnership with successful social enterprise Covid Interns. Covid interns is a social enterprise platform connecting organisations struggling with the commercial challenges of Covid-19 with university students.

Covid-19 has negatively impacted both businesses and young people alike. Businesses are facing a redefined commercial landscape while young people have seen their travel plans foiled, internships pulled, and graduate jobs market shrink considerably. Covid Interns connects these two otherwise very separate groups for placements for mutual benefit – young people receive rare professional opportunities while businesses avail of skilled assistance in a tough period.

Since launching Covid Interns has placed over 150 students in internship roles with more than 130 companies here and abroad and applications are now open for the 2021 intake.

With the CPA Ireland FastTrack programme, any students completing an accountancy micro placement through Covid Interns can record this training towards their three-year training requirement to become a qualified CPA Accountant. This partnership touches on CPA Ireland's commitment to supporting the up-and-coming accountants of the future. Students who go on to register with CPA Ireland will also get access to our Trainee Remote course, designed to give CPA Ireland trainees the required skills needed to work remotely as we move into a much more hybrid working world.

For more information visit https://covidinterns.com/

August 2021 Examinations

The CPA Ireland August 2021 examinations for CPA Trainees and the post qualification specialism examinations were completed successfully using Cirrus online examination software and Proctorio Artificial Intelligence remote invigilation.

Cirrus is a cloud-based, e-assessment platform which allows CPA Ireland to deliver all examinations online with confidence and ease. Proctorio is a comprehensive learning integrity platform which allows for remote invigilation. Both the Cirrus and Proctorio software are fully integrated with Canvas, the CPA Ireland Learning Management System, allowing for seamless access between the different platforms.

CPA Ireland Membership Changes

Resignations:

003133 Margaret C. Arthur
27/04/2021

005991 Marius Gamini Srikantha
27/04/2021

004478 Dervilla Bohan
28/04/2021

000169 Shay Cleary
04/05/2021

003734 Vincent Bourke
06/05/2021

031358 Harjeet Singh Ajmani
24/05/2021

001673 Elizabeth Hyde-Barry
25/05/2021

002732 Clinton R Tracey
27/05/2021

025920 Thierry Cardinal
13/07/2021

025153 Cormac Duffy
16/07/2021

Removals:

006203 Jennifer Duffy
06/01/2021

024119 Alistair Conway
05/08/2021

023991 Jacob Banjoko-Johnson
05/08/2021

024097 Nilanga Peiris
05/08/20201

024016 Omur Ozturk
05/08/2021

024207 Peter Dunne
05/08/2021

Deaths:

024225 Michael Tiernan
05/05/2021
Member deceased.

001365 Norman J. Adams
06/05/2021
Member deceased.

006105 Ahmed S. Mabrouk Sayed
09/06/2021
Member deceased.

006195 Marian McCarthy
10/06/2021
Member deceased.

005134 Colman Holohan
03/07/2021
Member deceased.

002063 Sean Slattery
13/07/2021
Member deceased.

002954 Brian Larkin
19/07/2021
Member deceased.

020386 Chenai Muranda 16/04/2021

CPD News

New! Interactive Digitalisation Hub

On 16th September, CPA Ireland, sponsored by CPA Ireland Skillnet, launched the Interactive Digitalisation Hub on our website for our members and students. Moving to a digital environment has never been more important than now.

Accountants can no longer afford to put off digitalisation, and there are major gains for those who are agile and willing to adapt. Since the economic crash of 2008 Accountancy has been on the critical skills list. The profession cannot afford to lose more graduates who are used to learning and working in a digital world.

Through live sessions with key industry experts in technology, experts in leading through change and case studies of those who have successfully managed the transition, live sessions with software companies who will engage in Q&A's with the audience, and also a range of downloadable resources made available, this digitalisation hub will give clarity on what software is best for you and help you with the move to a digital environment.

This hub has been developed as a benefit to our members and students and offers a range of webinars, showcases and resources.

Technology Advisor, 'Software Whisperer' and Director of Practice Connections, Alan FitzGerald, will provide free CPD approved training on Why go Digital and How do I get there for both Practice and Industry members.

This is an exciting new offering for our members & students, and we would encourage everyone to take the time and look around the Hub. You can access the hub through the link at: https://www.cpaireland.ie/Resources

Each week a different software provider will showcase what their software can do and the benefits it will bring to your work, followed by a Q&A session with each software. Each showcase offers 1.5 hours CPD. You can look forward to sessions from:

- Practice Ignition
- Surf Accounts
- Inflo
- Thesaurus
- Sage
- ChangeGPS
- Big Red Book
- fyiDocs
- Xero
- BrightPay
- CaseWare
- eFolio Accounts
- Quickbooks
- FuseSign
- Microsoft Office
- Relate
- Clarity
- Iris

Please note the rule that allows a maximum of 3 hours CPD on software training in a 3 year period still exists. As each of the showcases allows for 1.5 hours CPD we will extend the rule to 4 hours in a three year period.

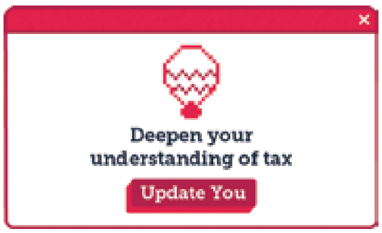
The Hub will also offer weekly webinars on all things digital from a number of experts in Industry and Practice. These webinars will provide CPD hours at just €20 per webinar. The following is a snapshot of what you can expect:

- The Importance of Digitalisation, Siobhan Fleming, Siemens
- Leading Through Digital Change, Na Fu, TCD
- Cyber Security, Rois Ni Thuama, Red Sift
- Digital Banking, AIB
- The Role Technology Plays in Advisory Services, Aynsley Damery, Clarity
- Onboarding Remotely
- Blockchain, FinTech & Cryptocurrency
- The Sustainability Benefits of going Digital
- Digital Transformation and Strategy
- The Ethical Challenges of AI

Live Post Qualification Specialisms

CPA Ireland offers a range of Certificate and Diploma post qualification specialisms to develop your skills and professional knowledge. Participants are given access to our award-winning, online learning management system **Canvas**, where they can view the live stream of all lectures, lecture recordings as well as accessing additional resources such as articles and exam tips & techniques, notes, past exam papers and assignments. The use of Canvas has increased dramatically in Ireland and Worldwide over the last number of years as it is recognised as the **Number 1 Learning Management System in the world.**

Certified Tax Adviser



Last chance to enrol on the 2021/2022 course

Now in its 11th year, this course gives you an advanced qualification in tax, covering multiple areas including VAT, Income Tax, Revenue Interactions, Corporation Tax, Personal Tax and Succession Planning, and offers a unique and exciting higher-level qualification in tax for accounting and legal professionals.

We are still taking bookings for the 21/22 course which commenced on 4th September. All lectures are recorded so you can catch up online! Book your place now at cpaireland.ie/cpd

Book your place now!

Key Details:

Method: 8 full days & assessment

Location: Dublin and Online via Live Streaming

Date: Sep 2021 – March 2022

CPD Credit: 50 hours (6 hours per module + 2 for VAT Webinar)

Cost: €1950

"The CTax qualification covered all the important areas of tax and as a result I am now better able to serve my clients needs."

– Lisa Leonard, ACCA CTax

Advanced VAT for Accountants

Book your place now for September

Due to the continued success of the Advanced VAT for Accountants course, we are delighted to once again be offering this course, commencing in November 2021.

This course provides an in-depth analysis of Advanced VAT Issues and will equip participants with the knowledge and confidence to deal with them.

Book your place now!

Key Details:

Method: 3 full days & assessment

Location: Dublin & online via live streaming

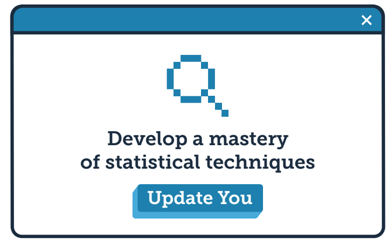
Date: Nov 2021 to Jan 2022

CPD Credit: 24 hours

Cost: €850

"I found the entire course to be useful in my role as an accountant in practice. Vat queries often arise from clients and this course has given me the knowledge/confidence to deal with Vat queries/issues as they arise"

Diploma in Data Analytics



Book your place now for October

This course will provide a high-level understanding of the main concepts associated with data analytics and how accountants can use analytics to formulate and support them in solving business problems and communicating that analysis to a management team.

The Diploma in Data Analytics is

ANALYTICSINSTITUTE
problems worth solving

approved by the Analytics Institute of Ireland for dual accreditation. This means that anyone who has successfully completed the Diploma in Data Analytics, will be eligible for this dual qualification and will now have the opportunity to register as a Certified Business Data Analyst with The Analytics Institute of Ireland.

Book your place now!

Key Details:

Method: 5 full days & assessment

Location: Dublin & online via live streaming

Date: Oct 2021 – March 2022

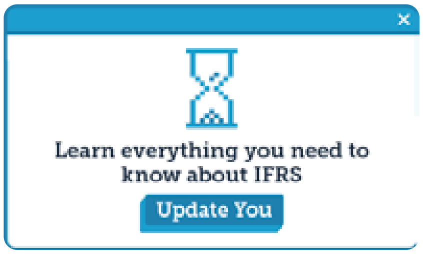
CPD Credit: 40 hours (8 hours per day)

Cost: €1550 (non-members: €1750)

"The Data Analysis course opened me up to a world of opportunity in learning various tools that can be used to enhance the skills required for my daily tasks at work. Excellent online lecture delivery by Brian and good support from the CPA team".

- Gabriel Oguntuase, CPA

Accountingcpd.net – CPA Diploma in IFRS Financial Reporting



Developed in conjunction with accountingcpd.net, the new and improved CPA Diploma in IFRS Financial Reporting provides a common financial language for businesses around the world.

As well as a new look and feel, the Diploma has been fully updated to reflect all the recent IFRS changes. The ideal preparation for working in an organisation reporting under IFRS, the Diploma covers everything you need to know about International Financial Reporting Standards (IFRS), and now with even more interactivity, videos and improved presentation.

Exercises, scenarios, downloads and reflections make the CPA Diploma in IFRS Financial Reporting the most engaging and learner friendly programme available.

Key Details:

Method: Interactive Online Study
CPD Credit: 40 CPD hours
Cost: €350 plus VAT
Access: 365 days access

For further information visit https://www.cpaireland.ie/CPD/Specialisms/Online-Diploma-in-IFRS

Save the date: Irish Accountancy Conference

Following the success of last year's conference, we are delighted to once again combine our Practice and Industry Matters Conferences this year. This will be delivered over 1.5 days with top quality speakers and flexible subject options.

Our Accountancy Conference 2021 will include a number of keynote speakers as well as breakout sessions covering key topics relevant to accountants in industry and practice, allowing you to choose the subjects most important to you and your business.

Topics include:

- Economic Update
- Taxation
- Sustainability Reporting
- Audit Reporting
- Employment Law
- Brexit
- Digitalisation
- Health & Well-being
- Cyber-Security
- Professional Standards Update
- Leadership

Key Details:

Location:
Online

Date:
1st & 2nd October 2021

CPD Credit:
8 hours

CPA Ireland Women in Business event

"Women Affecting Change"

The CPA Ireland Women in Business event took place on 15 June 2021 through the conference software Remo and was attended by over 80 delegates.

Speakers such as Susan Hayes Culleton, addressed the impact of the pandemic while offering a positive outlook for women-run and women-centric businesses and future recovery prospects.

At the event, Holly Cairns, TD, discussed the representation of women in politics, particularly the positive impact more female TDs and Senators could have on the country.

We were also be joined by Deirdre Hannigan, Group Chief Risk Officer at AIB who reflected on her career and the challenges she encountered on the way.

The Women in Business event was backed by AIB.

Webinars & Online Courses

CPA Ireland continues to provide frequent webinars on a wide range of interesting and relevant topics including, Brexit, succession planning, tax, the economy, audit and leadership.

Location	Dates	Title	Price	NM Price	CPD Credit
Webinar	Tuesday, September 21, 2021	e-Briefing - Q3	€29.00	€36.00	1 hour
Webinar	Wednesday 22 September 2021	Why go digital - Practice Specific	€0.00	€50.00	1 hour
Webinar	Thursday 23 September 2021	Why go digital - Industry Specific	€0.00	€50.00	1 hour
Webinar	Thursday, September 23, 2021	Economic Update -Q3	€29.00	€36.00	1 hour
Webinar	Wednesday 29 September 2021	The digital journey: How do I get there?- Practice Specific	€0.00	€50.00	1 hour
Webinar	Thursday 30 September 2021	The digital journey: How do I get there? - Industry Specific	€0.00	€50.00	1 hour
Webinar	Thursday, September 30, 2021	HR Webinar Series	€105.00	€130.00	4 hours
Webinar	Thursday, September 30, 2021	HR Webinar 1 - Managing Employee's in a remote or blended setting	€29.00	€36.00	1 hour
Online	Friday, October 01, 2021	Irish Accountancy Conferences 2021 - Both Days	€250.00	€300.00	12 hours
Online	Friday, October 01, 2021	Irish Accountancy Conferences 2021 - Friday Only	€180.00	€220.00	8 hours
Online	Saturday, October 02, 2021	Irish Accountancy Conferences 2021 - Saturday Only	€100.00	€140.00	4 hours
Webinar	Wednesday, October 06, 2021	Importance of digitalisation & benefits it can bring	€20.00	€20.00	1 hour
Webinar	Thursday, October 07, 2021	HR Webinar 2 - Employment Law Practical Tips - what it means for you as an Employer/ Manager	€29.00	€36.00	1 hour
Webinar	Thursday, October 07, 2021	Digitalisation Hub: Software Showcase: Quickbooks	€0.00	€50.00	1.5 hours
Webinar	Wednesday, October 13, 2021	Leading through digital change	€20.00	€20.00	1 hour
Webinar	Thursday, October 14, 2021	Budget 2022 Webinar	€0.00	€36.00	1 hour
Webinar	Thursday, October 14, 2021	Digitalisation Hub: Software Showcase: Big Red Book	€0.00	€50.00	1.5 hours
Webinar	Thursday, October 14, 2021	HR Webinar 3 - Maximising Performance (From Probation and during the Employment Journey)	€29.00	€36.00	1 hour
Webinar	Wednesday, October 20, 2021	Cybersecurity	€20.00	€20.00	1 hour
Webinar	Thursday, October 21, 2021	Digitalisation Hub: Software Showcase: Practice Ignition	€0.00	€50.00	1.5 hours
Webinar	Thursday, October 21, 2021	HR Webinar 4 - HR compliance, and best Practise Tips for Your HR Strategy	€29.00	€36.00	1 hour
Webinar	Thursday, October 28, 2021	Digitalisation Hub: Software Showcase: Caseware	€0.00	€50.00	1.5 hours
Webinar	Thursday, November 04, 2021	Digitalisation Hub: Software Showcase: fyiDocs	€0.00	€50.00	1.5 hours
Webinar	Wednesday, November 10, 2021	Digital Banking	€20.00	€20.00	1 hour
Webinar	Thursday, November 11, 2021	Digitalisation Hub: Software Showcase: fusesign	€0.00	€50.00	1.5 hours

Location	Dates	Title	Price	NM Price	CPD Credit
Webinar	Wednesday, November 17, 2021	Winter Audit Webinar Series	€105.00	€130.00	4 hours
Webinar	Wednesday, November 17, 2021	Winter Audit Webinar 1	€29.00	€36.00	1 hour
Webinar	Thursday, November 18, 2021	Digitalisation Hub: Software Showcase: Inflo	€0.00	€50.00	1.5 hours
Webinar	Thursday, November 18, 2021	Winter Audit Webinar 2	€29.00	€36.00	1 hour
Webinar	Monday, November 22, 2021	Winter Tax Webinar Series	€105.00	€130.00	4 hours
Webinar	Monday, November 22, 2021	Winter Tax Webinar 1	€29.00	€36.00	1 hour
Webinar	Wednesday, November 24, 2021	The role technology plays in advisory services	€20.00	€20.00	1 hour
Webinar	Wednesday, November 24, 2021	Winter Audit Webinar 3	€29.00	€36.00	1 hour
Webinar	Thursday, November 25, 2021	Winter Audit Webinar 4	€29.00	€36.00	1 hour
Online	Friday, November 26, 2021	Essential Practice Update	€215.00	€245.00	8 hours
Webinar	Monday, November 29, 2021	Winter Tax Webinar 2	€29.00	€36.00	1 hour
Webinar	Thursday, December 02, 2021	Digitalisation Hub: Software Showcase: Microsoft	€0.00	€50.00	1.5 hours
Online	Friday, December 03, 2021	Law & Regulation Day	€215.00	€245.00	8 hours
Webinar	Monday, December 06, 2021	Winter Tax Webinar 3	€29.00	€36.00	1 hour
Online	Wednesday, December 08, 2021	Essential Professional Briefing	€225.00	€275.00	8 hours
Webinar	Thursday, December 09, 2021	Digitalisation Hub: Software Showcase: BrightPay	€0.00	€50.00	1.5 hours
online	Friday, December 10, 2021	Annual Audit Update	€225.00	€275.00	8 hours
Webinar	Monday, December 13, 2021	Winter Tax Webinar 4	€29.00	€36.00	1 hour
Online	Tuesday, December 14, 2021	CPD Wrap Up	€340.00	€390.00	16 hours
Online	Tuesday, December 14, 2021	CPD Wrap Up - Day 1 only	€190.00	€240.00	8 hours
Online	Wednesday, December 15, 2021	CPD Wrap Up - Day 2 only	€190.00	€240.00	8 hours
Webinar	Tuesday, December 14, 2021	e-Briefing - Q4	€29.00	€36.00	1 hour
Webinar	Thursday, December 16, 2021	Economic Update -Q4	€29.00	€36.00	1 hour
Webinar	Friday, December 17, 2021	Year End Review	€0.00	€36.00	1 hour

Student News

Examinations Notice – August 2021

The results of the August 2021 examinations, which were hosted on our Cirrus online examination platform and remotely invigilated using Proctorio Artificial Intelligence technology will be available online on **Friday 15 October 2021, six weeks after the final examination.**

To access results, students should log on to their 'MyCPA' Dashboard online.

Good luck to all students who sat examinations in August and are awaiting results.

Data Analytics for Finance 2021 – Register now!

Tuition for the new elective Data Analytics for Finance will be offered directly by CPA Ireland.

Registration is now open for the Data Analytics for Finance course, to prepare students for exams helf in April 2022. You can access information about enrolling for our new Strategic Level elective here. Our dedicated syllabus and study resource page is hosted here and will be continuously updated.

By taking this elective and qualifying as a CPA, trainees will also be recognised as a Certified Data Business Analyst with the Analytics Institute.

Data Analytics for Finance will begin during the week commencing 18th of October and will be hosted on by CPA Ireland on our Canvas Learning Management System. The course will be fully online with downloadable notes and will include livestreamed lectures each week.

When we receive your registration form and payment, you will be added to our registrations list and will be contacted with log-in details for Canvas in advance of the course start date.

Strategic Level Students: Application to Membership Notice

The following information will be of particular interest to Strategic Level students who are intending to apply for membership of the Institute following receipt of the August 2021 exam results. Students that passed their final level examinations between 2019 and April 2021 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 2021.** These will be reviewed to confirm if you have met the Institute's training requirements.

All students who completed their Strategic Level examinations in the August 2021 sitting will be invited to apply for membership after publication of the exam results on **15 October.**

Fully completed application documents must be received in the Institute by **Friday 5 November 2021,** from those students who are invited to apply for membership following the August 2021 examinations. There is no guarantee that any late application will be reviewed and processed.

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. (sent via email to rtimmon@cpaireland.ie)
3. Competence and Behavioural Record (evidencing four in-depth competence records and all the behavioral attributes via your MyCPA profile).
4. ECDL Certificate or Certificate of IT Competence (sent via email to rtimmon@cpaireland.ie)

You can find more information on what is required for your Application to Membership by watching this webinar.

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 and induction training which will take place later in the year.

Please note, the above Application to Membership fee does not include the Annual Member Subscription for 2022, which, for members, falls due in January 2022.

If you have any queries regarding the Application to Membership Process, please contact Réidín at training@cpaireland.ie

Best of luck to all students in Cohort 2 completing their examinations.

Annual Student Subscription

The annual student subscription is now due for 2021/2022. Invoices have been sent by email to all students. In order to make payment, please log in to your MY CPA Dashboard.

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 be sure 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 will find a webinar on these rules within our CPA Student Webinar Series, accessed here.

You should also be aware of the Institute's requirement for all students to log and submit their training on a quarterly basis. Information about training can be found on the CPA website, and within our Webinar Series.

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 on 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.

New Employers & Supervisors

CPA would also like to extend our welcome to all of the new employers and supervisors who have joined the programme over the last year and we greatly look forward to working with you over the coming years.

Many employers over the years have asked to become subscribers to our monthly Student News e-bulletin communication in order for them to keep informed of important news or developments relating to the training requirements of their trainees.

If your employer would like to become a subscriber please email details to training@cpaireland.ie

Publication Notice

Disciplinary Tribunal

Ref: Invest/16/20

At a hearing of 12 April 2021, a disciplinary tribunal found the following charge of misconduct proven against a Member and Firm, Anne Cunningham of Count on Us, Osprey Complex, Devoy Quarter, Naas, Co. Kildare

- That the terms of a Hot File Review condition imposed on the statutory audit firm, Count on Us, by the Registration Committee in accordance with bye law 13, was breached by the filing of 13 sets of financial statements in the Companies Registration Office in the period November 2020 to January 2021 which had not been the subject of a hot file review.

The Tribunal ordered the following: -

- That a severe reprimand be imposed;
- That a contribution of €20,000 towards the Institute's costs in this case be made – (to be paid in equal instalments between July 2021 and 31 December 2023)

The Tribunal imposed the following Orders in accordance with bye law 6.32.1 (f): -

1. That for a period of three years, any audit signed by the Member or Firm must be co-signed and co-audited by an independent statutory auditor operating in another firm.
2. That the Member undertake a minimum of 10 hours CPD in company law and 10 hours CPD in auditing, vouched to the Institute in the current calendar year;
3. That a Quality Assurance Review of the practice be undertaken at the Members/Firms expense within 18 months;
4. That the steps necessary be taken to rectify the Companies Registration Office record in respect of the 13 cases which were the subject matter of this complaint, at Member/Firms expense within 60 days of the Tribunal hearing. This condition is to be monitored by the Institute

The Tribunal also ordered that details of these findings and orders be published in Accountancy Plus with reference to the Member and Firm by name.

Information & Disclaimer

Accountancy Plus is the official journal of the Institute of Certified Public Accountants in Ireland. It acts as a primary means of communication between the Institute and its Members, Student Members and Affiliates and a copy is sent automatically as part of their annual subscription. Accountancy Plus is published on a quarterly basis.

The Institute of Certified Public Accountants in Ireland, CPA Ireland is one of the main Irish accountancy bodies, with in excess of 5,000 members and students. The CPA designation is the most commonly used designation worldwide for professional accountants and the Institute's qualification enjoys wide international recognition.

The Institute's membership operates in public practice, industry, financial services and the public sector and CPAs work in over 40 countries around the world.

The Institute is active in the profession at national and international level, participating in the Consultative Committee of Accountancy Bodies – Ireland – CCAB (I) and together with other leading accountancy bodies, the Institute was a founding member of the International Federation of Accountants (IFAC) – the worldwide body. The Institute is also a member of Accountancy Europe, the representative body for the main accountancy bodies The Institute's Offices are at 17 Harcourt Street, Dublin 2, D02 W963 and at Unit 3, The Old Gasworks, Kilmorey Street, Newry, BT34 2DH.

The views expressed in items published in Accountancy Plus are those of the contributors and are not necessarily endorsed by the Institute, its Council or Editor. No responsibility for loss occasioned to any person acting or refraining to act as a result of material contained in this publication can be accepted by the Institute of Certified Public Accountants in Ireland.

The information contained in this magazine is to be used as a guide. For further information you should speak to your CPA professional advisor. Neither the Institute of Certified Public Accountants in Ireland or contributors can be held liable for any error, or for the consequences of any action, or lack of action arising from this magazine.