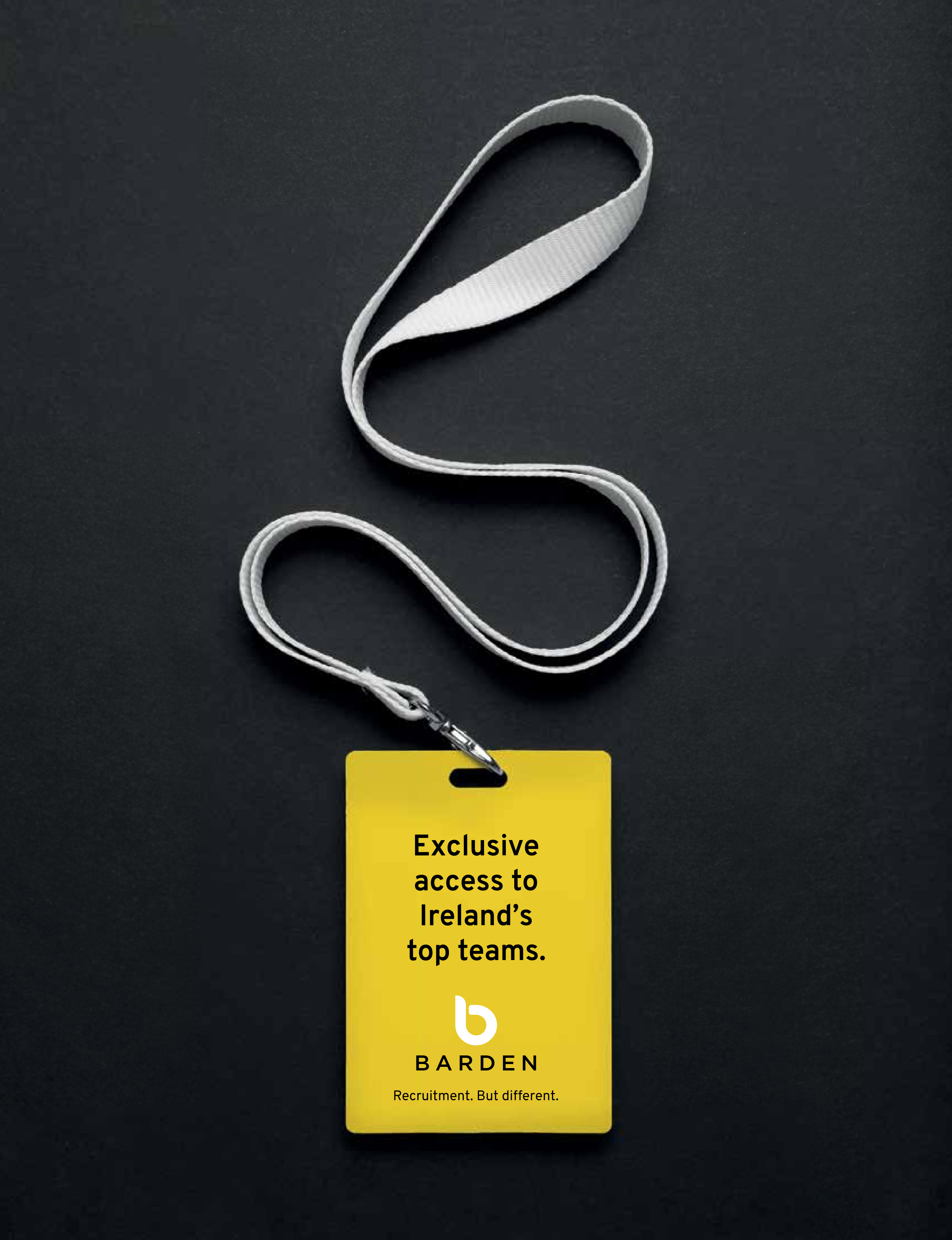
March Issue 2022

Accountancy Plus

The Official Journal of CPA Ireland

Mindful Self-compassion – the key to emotional resilience

CPA IRELAND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Editorial

Accountancy Plus
March 2022

CPA Ireland

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President's Message

Welcome to the March 2022 edition of Accountancy Plus.

2021 was another incredibly challenging year for all, however, despite the challenges and obstacles we were presented with, CPA Ireland has again responded positively with key achievements and highlights throughout the year.

We were delighted once again to host an in person Conferring Ceremony which took place on 4 December 2021 in the O'Reilly Hall in UCD. It was uplifting to celebrate the success and dedication of our new members and student prize winners, and I would like to wish them every success in their future careers and look forward to them becoming involved with the Institute on many levels.

On 25 January 2022, I was delighted to have a virtual conversation with the European Commissioner for Financial Services, Financial Stability and the Capital Markets Union, Mairead McGuinness, hosted by CPA Ireland. We discussed topics of relevance to Irish accountants and Irish business such as the proposal for an EU Corporate Sustainability Reporting Directive, the proposal for a Directive to strengthen the quality of corporate reporting, the call for evidence on improving the quality and enforcement of corporate reporting being issued from the European Commission and also the EU's post Covid-19 economic recovery plans.

In February, I welcomed President of the Eurogroup and Minister for Finance, Paschal Donohoe, to the CPA Ireland Offices where we discussed how the government will support SMEs in both the medium and long term, the two pillars of the OECD agreement, the funding of public services, and the potential impact to the exchequer in the next 3 to 5 years due to Ireland increasing its corporate tax rate from 12.5% to 15% for large companies.

This time last year, we were in the process of developing an interactive digitalisation hub for our members and students and this came to fruition in September 2021. There was a phenomenal response to the hub, and we were encouraged by members and other bodies to open up access to the hub to share this resource with our accounting colleagues around the world.

We are delighted to say that this hub is now open for all, meaning that you, our members, can share this service with your companies and clients spanning the 100,000 businesses that CPA Ireland members advise. You can access the hub at www.cpaireland.ie/hub

The success of our post qualification specialisms has continued, and we will continue to run courses in Data Analytics, Forensic Accounting, Tax, Advanced VAT, US GAAP, FRS102, IFRS and The Governance of Charitable Organisations. The rollout in April will be the fourth intake of our Advanced VAT course which has proven to be very popular with our members. Our CTax course which is now in its 11th year, is undertaking a full review and the updated course will roll out in September 2022. We have also developed a shorter Data Analytics course which will focus on using Python for Financial Analysis.

Sustainability is big on the agenda for CPA Ireland in 2022. Figures have shown that a large percentage of CPA members have delayed the implementation of environmental sustainability strategies due to the pandemic. CPA Ireland has called for the creation of an SME Climate Hub to reboot stalled sustainability plans across the economy, and for the supports available to SMEs to be simplified and streamlined in order to be effective.

We are looking forward to another busy year ahead in CPA Ireland.

At Council level, we believe that stability in governance is very important for CPA Ireland at this time of unprecedented change. As a consequence, and with the approval of Council, myself and our Vice-Presidents, Mark Gargan and Clodagh Henehan will all remain in office for a further one-year term. I feel privileged to continue to serve CPA Ireland for a further term and I am grateful for the support of my colleagues on Council.

Aine Collins

Áine Collins
President CPA Ireland

Contents

Can we teach professional scepticism?

by Dr Margaret Healy, Dr Brid Murphy, Dr Claire O'Sullivan Rochford & Professor Ray Donnelly

A high level of professional scepticism (PS) is demanded of professional auditors. But can it be taught? And if so, by whom? The findings of a recent research study carried out by Dr Margaret Healy, Dr Brid Murphy, Dr Claire O'Sullivan Rochford and Professor Ray Donnelly report links between PS and critical thinking, suggesting how third-level educators can prepare students for the more focused on-the-job training provided by professional firms.

In recent years, public confidence in auditors has been eroded following high-profile failures in the audit process, nationally and internationally, and many stakeholders have highlighted concerns in relation to audit quality. Professional scepticism (PS) is an acknowledged cornerstone of the profession. Sitting alongside objectivity, integrity and independence, PS is an essential part of forming auditing judgements.

The International Accounting Education Standards Board (IAESB, 2019) has identified the development of PS as a key priority in responding to criticisms of the profession resulting from continued accounting scandals and asserts the application of PS helps maintain the standing of the profession. Preparing the next generation of auditors for professional practice also lies at the heart of the recommendations of the Brydon Report (2019), a UK review commissioned against a backdrop of a perceived widening of the audit expectations gap.

Brydon stresses that auditors need 'the right balance between scepticism and suspicion' and argues for focused and formal education and development to help achieve this.

PS may be described as both an inherent personal characteristic (trait scepticism) and as a temporary condition, influenced by situational factors (state scepticism). While trait scepticism dictates the fundamental approach to the collection and interpretation of evidence, state scepticism is situational, reflecting the specific context in which that evidence is located. This in turn raises questions for educators as to whether PS is capable of 'being taught' (for example, based on context) or essentially remains an innate characteristic.

It has been argued that reflection is a tacit skill in auditing and a central element of professional judgement. Research has found that an ability to reflect is a driver of development in professional competence as well as being a key component of learning from experience. The International Federation of Accountants argue that reflection precedes the professional development of the auditing professional and the IAESB recently incorporated the ability to reflect as a core competence of an auditor in the exercise of PS and auditor judgement. Hence, researchers describe reflection as a type of cognitive processing and critical thinking, which in turn are important parts of PS.

In a study conducted in early 2021, a team of researchers from three third-level institutions investigate the extent to which the PS levels of two postgraduate accounting student cohorts are impacted by the completion of an audit module. One group of students was taught and assessed using a traditional lecture-based approach. A second group, experienced both traditional lectures as well as a video case study focused on behaviour and judgement, rather than technical auditing subject matter. Students' PS scores are measured using a validated scale before and after completion of the audit modules. In addition, students' PS levels were compared with those of professional auditors in Ireland.

Key findings

Respondent profiles

Sixty students participate in the first survey (before the module begins) and fifty-three participate in the second survey (when the module is complete). The initial survey comprises 53% males and 47% female and this breakdown remains unchanged for the second survey. Fifty-six percent of respondents indicate that they have prior practical audit experience (for example, through internships and summer work). Thirty-nine useable matched pair observations (students who had completed both surveys) are obtained, of which 53% are female and 55% have prior practical audit experience.

Impact of audit module completion on PS scores

Findings indicate students' PS scores remain stable before and after completion of the audit module. This result is supported across both research sites. Thus, there is no evidence that completion of a third-level audit module enhances a student's level of PS and no evidence that an educational intervention designed to enhance a student's audit judgement influences a student's PS score. There are also no differences based on gender or on prior audit experience.

Thus, the search for an education intervention to improve students' levels of PS continues.

This remains a priority as finding ways of improving the PS levels of auditors will enable educators to better address the future training and development needs of audit professionals.

Comparison with professional auditors

The students' PS scores are also compared with the scores of a sample of 392 professional auditors, working across a range of firms on the island of Ireland, with various levels of experience. The professional auditors are classified into trainees, seniors, managers, signing directors and partners. The mean score for the students does not differ significantly from that of trainee auditors or senior auditors. Managers, Signing Directors and Partners each record higher PS scores than their more junior counterpart and also the students. So, while PS is difficult to alter in the short run, it does seem to be malleable and increase with practical audit experience and seniority.

The results of this research suggest that educational intervention does not enhance students' PS. PS shares common elements with reflection and critical thinking – skills which third-level education is demonstrated to help develop. In turn, these skills are dimensions of an individual's overall PS, improved upon and refined through the specific actions of audit practice. Thus, although no evidence is found that third-level education directly influences a student's level of PS it may enhance the foundations on which the PS is built, namely reflection and critical thinking. This is a matter that we propose to investigate further in future research.

Going forward

The findings indicate PS does not develop in any significant way during postgraduate auditing study but appears to develop much later in auditors' careers. This suggests the need for a deep immersion in more complex audit work as a key driver in PS development. While third-level educators cannot 'teach PS', they can enable active student engagement with auditing, for example through role play and realistic case studies and scenarios which enrich students' appreciation of the auditing context, facilitating students in the development of transferable critical thinking skills. In turn, this allows the audit professionals of the future to engage actively with evidence that all too often is presented and examined in a predominantly technical, procedurally-driven manner.

A sceptical outlook is a valued and essential component of many professional contexts. Preparing the next generation of auditors is of critical social, professional and academic importance to the auditing community and all its stakeholders. Key stakeholders (professional bodies, employers and academics) each have fundamental, complementary roles in ensuring prospective accountants develop appropriate technical 'competence' and general 'capability' skills. The role of third-level education lies in providing the foundations of critical thinking and reflection on which professional practice can build auditors' PS, while the role of professional education and training focuses on the application of these elements to practice.

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Dr Claire O'Sullivan Rochford

Senior Lecturer/ Head of Department, Department of Accounting and Information Systems, MTU Cork Campus

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Professor of Accounting, Cork University Business School, University College Cork

CPA Profile
Paul O'Connell

Title:
Managing Partner
Company:
Quintas
Qualifications:
BBS, Business Studies from UCC, CPA

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

I've always had a flair for numbers since my early school days. I studied accountancy for my Leaving Certificate and with it also forming a key part of my degree in UCC, it was a natural enough progression to start a career in accountancy.

Why did you choose CPA Ireland as your qualification route?

When I started in my trainee accountancy role, the practice was affiliated with CPA Ireland and all of my fellow trainees were at various stages on the road to a CPA qualification. All spoke very highly of their experiences with CPA Ireland which guided me towards choosing CPA Ireland as my qualification route.

Please provide a brief history of your career.

I've been lucky in my career as it's been a fantastic journey to-date and I've enjoyed every part of it. When I left UCC in 1998, I initially started working with AIB, which is where I stayed until 2001. But I always wanted to do my professional accountancy exams and felt that a move into practice would be the best one for me. I interviewed for a trainee accounting role with O'Reilly McCarthy, which became Quintas some years later.

After completing my exams in 2003, within twelve months of qualifying I was appointed as a manager within the firm. As the business continued to grow and maintained an upward growth trajectory, opportunities opened up for me to further progress. And, over a number of years I went from Director to Partner and to my current position as Managing Partner – a role I assumed in 2021.

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

Assuredness.

What has been your biggest career achievement?

I have had some career highlights including securing my trainee accountancy position with Quintas. I remember going for the interview and being very enthusiastic about joining the firm. But I am particularly proud of taking up the Managing Partner role at an exciting time. Quintas is a very progressive firm, and we have excellent people working here. We have built an inclusive and collaborative culture where every member of the team contributes to our clients' success and the success of Quintas.

What or who inspires you most in business?

From a career perspective my greatest inspirations would certainly be the partners and leaders within the firm – throughout my career I have always admired their enthusiasm, drive and ambition. One stand-out person of inspiration would have to be Tim McCarthy, who I have recently taken over from as Managing Partner. Tim always provided me with fantastic opportunities throughout the course of my career for further learning and development. He has supported me in every step of my career whilst challenging me to be the best that I could be.

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

Get to know the people that you are working with and put your hand up at any given opportunity. Taking responsibility can be a game-changer for anyone's career. When you take on responsibility and you succeed, it gives you the confidence to take on the next step and you win the confidence of those around you. But at the same time, don't be shy about putting your hand up to seek some help when it's needed.

How do you unwind?

I enjoy playing golf when I can and I am also heavily involved in my local GAA club where I currently manage both our adult hurling and football teams, all be it that it might be a stretch to say that it helps me to unwind!!

I thoroughly enjoy spending time with my family and get a real buzz and energy from our four kids.

There's never a dull moment in our house however there's something invigorating seeing the world through their eyes.

What traits do you admire in others?

Honesty and respect – these are two of my core values in life. Being honest with people and showing them respect are the foundations for long lasting relationships, both personal and professional.

CPA Profile
Fionnuala Keary

Title:
Senior Financial Analyst

Company:
TD Global Finance Unlimited Company

Qualifications:
CPA, QFA, GDPO, AAT

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

It wasn't a conscious decision to choose accountancy but more an obvious one. On completion of a graphic art and design course, financed by my employer, (a finance house), the CFO then asked me to complete a course of his choosing.

Always having a very strong liking for logic and figures, the Accounting Technician course was a perfect fit. Following its completion, and when considering further study, the opportunities afforded by an accountancy qualification made this a definitive career choice.

Why did you choose CPA Ireland as your qualification route?

CPA provided the opportunity to take either the industry or practice route and also recognised the AAT qualification. The flexibility afforded by CPA, enabled me to manage full time employment and rearing a young family. Also, many colleagues had obtained the qualification and highly recommended it.

Please provide a brief history of your career.

I started off as assistant accountant in Hamilton Leasing, progressing to management accountant when the firm was acquired by Woodchester Bank.

This business continued to grow, by way of natural growth and mergers & acquisitions, thus providing the opportunity to move internally. This led to working as a business analyst being involved in the integration of the many and varied inherited financial and IT systems, resulting from these acquisitions.

Perhaps one of the most interesting roles was that of an information analyst. Having a strong understanding of the financials, the many systems and the underlining data, this role provided support for strategic decision making by senior management.

As the era of regulation and compliance really came into force, I got the opportunity to move into this world.

The firm was acquired by Investec Bank plc and afforded me another opportunity to step back and set up my own firm offering financial services to individuals, and regulatory expertise on a contractual basis to Investec. Following the financial crash, I took this role on a fulltime basis. I have since moved to a similar role in TD with the potential to further encompass data analytics and Artificial Intelligence (AI).

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

Diversification.

What has been your biggest career achievement?

The ability to hold many varied and challenging roles, which maintaining a strong work life balance.

What or who inspires you most in business?

Chuck Feeney was a tremendous inspiration. As a very successful businessman, he never lost sight of those in more difficult circumstances, as evidenced by his extraordinary philanthropy. A person who was a "giver" to society, anonymously. It's great to see an increasing number of organisations proactively embracing Corporate Social Responsibility policies.

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

Don't be afraid to ask questions and stay curious. Never stop learning, it's a lifelong adventure! Embrace technology; it continues to evolve, and it will enhance / impact all aspects of life.

How do you unwind?

Having reared my family, I am now enjoying participating in hockey, golf, walking and bridge – enabling me to engage both body and brain on a different level.

What traits do you admire in others?

Openness, honesty, positive attitude with a wiliness to listen, learn and share.

Financial Reporting News

January 2022 editions of accounting standards issued

In January 2022, the FRC released its current editions of UK and Ireland accounting standards. These editions reflect the amendments made since the previous editions were issued in 2018, as well as changes in Irish company law, resulting in a single uptodate reference point for each standard.

In addition, the FRC has issued revised editions of the Foreword to Accounting Standards and Overview of the financial reporting framework that reflect developments in accounting standards, legislation and regulation.

The documents issued are:

a. Foreword to Accounting Standards;

b. Overview of the financial reporting framework;

c. FRS 101 Reduced Disclosure Framework;

d. FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

e. FRS 103 Insurance Contracts;

f. Implementation Guidance to accompany FRS 103 Insurance Contracts;

g. FRS 104 Interim Financial Reporting; and

h. FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime.

A new edition of FRS 100 will be issued following changes to this standard expected later this year.

Source: www.frc.org.uk

Proposed amendment to IAS 1 Presentation of Financial Statements to improve the information companies provide about long-term debt with covenants.

The International Accounting Standards Board (IASB) has proposed amendments to IAS 1 Presentation of Financial Statements to improve the information companies provide about long-term debt with covenants.

IAS 1 requires a company to classify a liability as non-current only if the company has a right to defer settlement of the liability for at least 12 months after the reporting date. However, such a right is often subject to the company complying with covenants after the reporting date. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants after the reporting date.

A number of alterations to the presentation and disclosure regarding covenants have been announced.

To access the exposure draft, refer to the following link.

Source: www.ifrs.org

FRC consults on annual review of FRS 101

The Financial Reporting Council (FRC) has published Financial Reporting Exposure Draft 79 'FRS 101 Reduced Disclosure Framework – 2021/22 cycle' (FRED 79) proposing no amendments to FRS 101 'Reduced Disclosure Framework'.

FRS 101 Reduced Disclosure Framework is an optional standard that is intended to enable cost-efficient financial reporting within groups, particularly those applying adopted IFRS in their consolidated financial statements. Therefore, it is only applied by those qualifying entities that consider it a cost-effective option for the preparation of their individual financial statements.

Please click 00 FRED 79-title 1..2 (frc.org.uk) to access the consultation paper on the FRC website.

Source: www.frc.org.uk

IAASA publishes Information Note "Applying IFRS 9 Financial Instruments – expected credit losses"

IFRS 9 Financial Instruments, which sets out an impairment model based on an expected credit loss (ECL) model for financial instruments, became effective in 2018.

Since its first application, IAASA has examined how banks have applied the key judgements in IFRS 9. IAASA's Information Note is based on observed trends in the application of IFRS 9 by banks and, in particular, since the start of the COVID-19 pandemic.

The key messages in the Information Note are available here.

In addition, refer to Wayne Bartlett's article on this topic within this edition.

Source: www.iaasa.ie

Covid Impacts on Accounting Standards

by Wayne Bartlett

Financial fallout of the pandemic causes Standard-setters to focus on IFRS 9

It's extremely unlikely that anyone reading this article has been unaffected by the global Covid-19 pandemic. Whether it be directly on the health front or indirectly on the financial fallout of the pandemic and the social interaction restrictions posed by lockdowns, there can be few people on the planet who haven't suffered consequences of one sort or another – even Antarctica has not been immune.

Financial reporting Standards have not been unaffected either. The pandemic poses challenges for those who set the Standards. Changes to the Standards are typically the work of years, involving extensive consultation and a chain of discussion papers and exposure drafts before finally a new or updated Standard is issued. But the generally glacial pace of change does not lend itself to rapid amendments. Yet the extreme nature of the pandemic, perhaps a once in a century event, inevitably creates tensions regarding Standards which have been set with a steady-state environment in mind. This has led to some unusually quick interventions by Standard-setters. One example of this concerned the treatment of rent concessions accounted for using IFRS 16, Leases. Another, the subject of this article, has led to some specific guidance being issued around the treatment of Expected Credit Losses (ECLs) under IFRS 9, Financial Instruments.

IFRS 9 and expected credit losses

In many ways, IFRS 9 is a unique Standard. It has an interesting and convoluted history. The global financial crisis of 2008-9 created a good deal of consternation amongst not just Standard-setters but also those who use financial statements, especially investors. The valuation of financial instruments, 'mark to market' as it was known, became a very controversial issue. It resulted in one of those rare occasions when accounting Standards made the front page of the non-financial press.

In the aftermath of that previous crisis, IFRS 9 slowly emerged in its current form.

The uniqueness of the Standard is partly in the way that it was developed, by instalments. In part this is due to the complex nature of the subject matter which covers a whole host of issues including very complicated ones such as the accounting treatment of hedging transactions. One of the more recent updates to IFRS 9 which appeared in 2018 involved the treatment of ECLs. It has had a particular impact on the banking sector.

Effectively what IFRS 9 was doing with regard to ECLs was to set out an impairment model and a methodology for expected credit losses involving financial instruments. However, it has impacts beyond just the banks: a simple trade receivable is also a financial instrument and potentially subject to expected credit losses too.

Basically, an expected credit loss is an estimation of how exposed to loss a financial instrument is. As such instruments are inherently subject to a risk of ultimate non-payment of the sums involved (which may be a partial loss of value or a total loss) then an element of prudence is required in terms of the accounting treatment of the items concerned, hence the rules included in IFRS 9.

In March 2020, information was released to clarify the use of the ECL approach in the pandemic environment (see https://www.ifrs.org/content/dam/ifrs/supporting-implementation/ifrs-9/ifrs-9-ecl-and-coronavirus.pdf). The press release accompanying this noted that this did not change the content of IFRS 9 but related to its practical implementation. It noted that the calculation of ECLs was challenging given the uncertainties of the pandemic and its fallout. However, it was important to make use of all available information, historic, current and forward-looking, when assessing them. Underlying the issue is whether to use expected losses in the next financial period, which would be the case with low-risk financial instruments, or lifetime losses which would be the case in higher-risk situations as an assessment of the likely impairment. Lifetime losses could increase the level of ECL impairments assessed and impact on the losses reported in the financial statements of affected businesses. Because of the pandemic, entities may need to reassess their pre-existing approaches to making such assessments

IAASA and IFRS 9

In January 2022, the Financial Reporting Supervision Unit of the Irish Auditing and Accounting Supervisory Authority (IAASA) issued an information note on the application of IFRS 9 (this can be found at https://www.iaasa.ie/getmedia/7278a198-493b-4b71-bd77-66fd46f3bb79/Info-Note-Applying-IFRS-9-January-2022.pdf). This followed on from a statement released by the European Securities and Markets Authority (ESMA) in March 2020, right back at the very beginning of the pandemic (which in some ways seems another world now). This highlighted the need for well-developed disclosures around banks' exposures to the pandemic with special regard to ECLs. Areas where particular attention was required was with regard to changes in ECL allowances when compared to previous periods and also the impact of government relief measures as a mitigating factor. Details of risk concentrations are also of enhanced importance.

Underpinning this concern is the very real impact that the pandemic potentially has on the risk profile of banks in particular. The dramatic financial consequences of the pandemic have, for some entities, led to an increased possibility of economic failure. This has clear and present dangers for banks who have entered into financial arrangements with them (and for that matter also on more everyday transactions such as trade receivables which of course involve a whole host of organisations other than banks). The collapse of businesses due to the pandemic has obvious knock-on effects for the repayment of such debts to banks and others.

The information note issued by IAASA looks at four banks in particular, all of them listed on the main market of Euronext Dublin. They are AIB Group plc (AIB), Bank of Ireland Group plc (BoI), Permanent TSB Group Holdings plc (PTSB) and Bank of Cyprus Holdings plc (BoCH). By aggregating the ECL impacts included in the financial statements of the four banks, the following observations were made by IAASA:

- the rapid and significant increase in the ECL impairment charge in the income statement at the start of the pandemic relative to pre-Covid-19 ECL impairment charges (consistent with an expected loss model which would indicate the need for higher impairment estimates due to the potential fallout of the pandemic)
- a significant reduction in ECL impairment charges (or writebacks) recognised in the income statements of banks during the HY 2021

- a rapid increase in the level of ECL post-model adjustments recognised by the banks since the start of the Covid-19 pandemic
- material ECL post-model adjustments continuing to be recognised by three of the four banks at 30 June 2021.

IAASA have concluded that the level of ECL post-model adjustments suggests that, at the reporting dates, banks had not yet fully embedded significant levels of uncertainty into their ECL models for reasons that are specific to each bank and its particular circumstances. That is inevitably a generalised comment but does suggest that there are (unsurprisingly) difficulties in making impairment estimates accurately in such an uncertain situation.

I would argue that this difficulty is inherently unavoidable at the best of times. Any impairment is hard to estimate with total confidence: after all we are talking about making estimates of what is going to happen in the future. In the absence of a state-of-the art crystal ball this is not easy. That said, the massive uncertainties created by the pandemic significantly magnify this inherent difficulty.

Implications for accountants and auditors

These collective comments are an important reminder to many of the need to take extra care regarding ECLs as a result of the pandemic and its ongoing repercussions.

They also form part of a bigger picture. It's easy to become purely focussed on financial reporting during a conversation such as this but an increased level of ECL exposure has potential repercussions on wider financial management for businesses too.

A major default from a material debtor could well have knock-on effects for those who were relying on them too. It therefore is in all our interests to focus on this as a heightened risk area in the current environment. This applies not just to banks, which the IAASA guidance is primarily aimed at, but any business that has significant receivables on their balance sheets too.

For accountants, attention to ECLs has several dimensions to consider. One of them is of course financial reporting and the need to ensure that disclosures are comprehensive and that valuations included in balance sheets are reliable. From a financial management viewpoint, and as an adjunct to these financial reporting considerations, closer monitoring of such items is key. Some important questions need to be answered, such as are there indications of changes in payment patterns, are payments which have fallen due remaining unpaid, are customers seeking changes to payment terms for example? This has clear implications for financial stability, profitability and cash flow.

These considerations extend to auditors too. Auditors have come under fire frequently in the past for failing to spot increased risk factors. Whether these observations have merit or not, it would be potentially unwise not to focus on possible increases to ECL risk when auditing businesses which have a high balance sheet exposure to such. Financial statements must of course fairly represent the big picture of the financial position, performance and cash flows of a business and inadequate ECL accounting raises potential issues for all of these. It would be prudent for auditors to take such considerations into account when planning, executing and reporting on an engagement, focusing on both balance sheet values for items affected by ECLs and also the accompanying disclosures.

Wayne Bartlett,
FCCA, MBA

Irish economy in good shape

by Oliver Mangan

When assessing where the Irish economy stands after almost two years of the Covid-19 pandemic, it is best to use 2019 as the base for comparisons. Overall, the economy has come through the crisis in robust shape, although there are some sectors which have been badly impacted and are recovering more slowly.

Substantial fiscal support measures amounting to circa 20% of national income have played a key role in limiting the damage to the economy. Ireland has also benefitted from the favourable product mix in its large multi-national sector, with a large presence of pharma, medical, ICT and financial services companies, which have seen very strong export growth over the past two years.

The underlying strength of the economy is best exemplified by the data on tax receipts and the labour market. Tax revenues in 2021 were up by 15% on their 2019 level, i.e. before the pandemic struck. Notably, income tax receipts were over 16% higher.

This is consistent with the latest labour force data, which are for the third quarter of 2021. These show employment was up by 6.4% on the same period in 2019. Unlike in some other countries, the Irish labour force also continues to grow strongly, expanding by almost 7% in the past two years, reflecting rising participation rates and a continued increase in the number of non-Irish nationals in the workforce.

The official unemployment rate stood at 5.1% at end 2021, only slightly up on its end 2019 level of 4.8%. The rate including those on the Pandemic Unemployment Payment (PUP), stood at 7.5% in December, but this should fall rapidly with restrictions on activity lifted in January.

In terms of the domestic economy, the latest data shows modified final domestic demand was 3.3% higher in the third quarter of 2021 compared to the final quarter of 2019.

Consumer spending, though, had yet to return to end of 2019 level. While core retail sales (i.e. ex the auto sector) were 10% higher than two years ago, new car sales were down by 10% in 2021 on 2019 levels. Spending in some service sectors such as travel, hospitality and entertainment has also yet to recover.

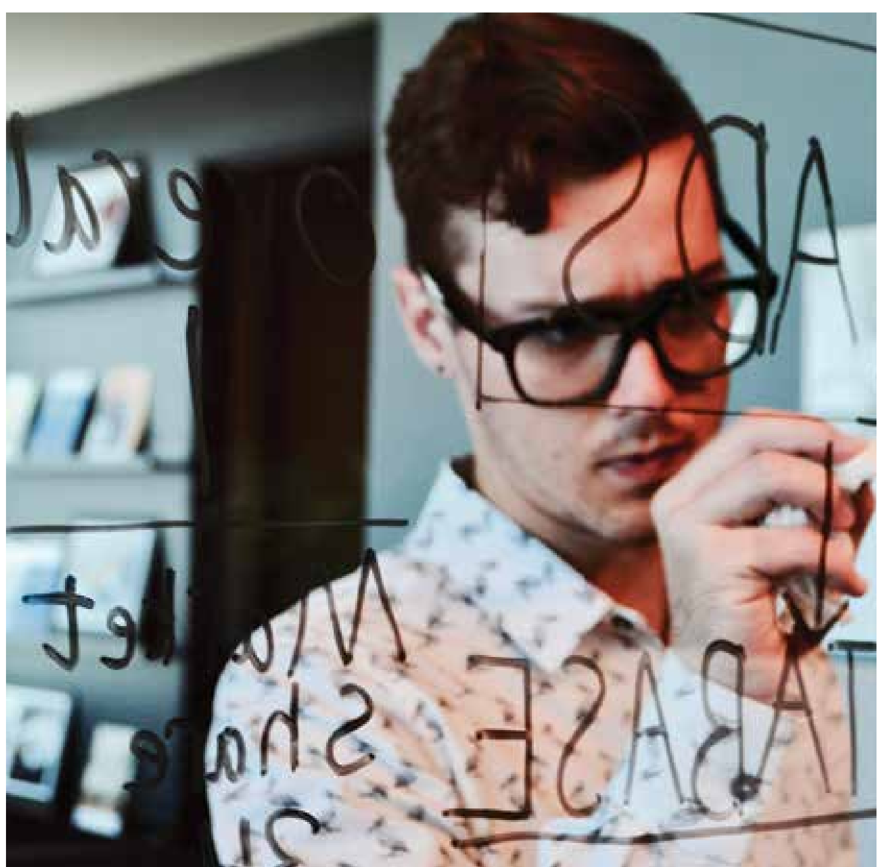
Meanwhile, housing output as measured by completions in 2021 were on a par with 2020 and 2019, at 20,500 units. However, overall construction output was still well down in the third quarter of last year on 2019 levels.

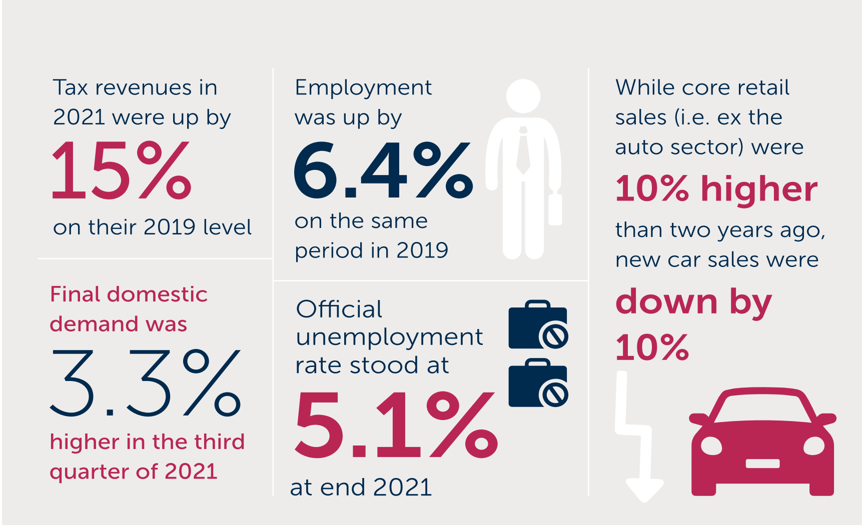
Again, this is reflected in labour market data, with construction employment still below 2019 levels.

The prospects for the Irish economy look very favourable with Covid-19 restrictions on activity now lifted and as the global economy continues to recover from the 2020 recession. The Central Bank is forecasting that Irish GDP will rise by 8.7% this year and 5.0% in 2023, with the domestic economy growing by 7.1% in 2022 and 5.2% next year.

It is predicting very strong growth in consumer spending in particular of 9.4% in 2022 and 6.5% in 2023.

The Irish economy is anticipated to be an outperformer over the next two years. While global growth is expected to remain strong, it is losing momentum. Both the OECD and IMF are projecting the world economy will expand by 4.5% in 2022 and circa 3.5% in 2023. This is down on growth of close to 6% in 2021.





A slowing in global growth is no surprise as the initial surge in activity last year after economies re-opened with the lifting of Covid restrictions, abates. However, other factors are also at work. Supply bottlenecks have come more to the fore, with shortages of raw materials, key inputs and workers, as well as capacity constraints in transportation, resulting in delays and rising supplier delivery times. This has held back output in some industries, most notably the auto-sector.

The Return of Inflation

Meanwhile, rising inflation, which erodes real spending power, will also act to dampen growth. The combination of supply constraints alongside the release of pent-up demand and a rebound in commodity prices, especially in the energy sector, has caused inflation to surge over the past year. The Consumer Price Index (CPI) rate has risen to 7% in the US, 5.4% in the UK and 5% in the Eurozone, with the UK rate expected to rise to 6.5-7% in late spring. Irish inflation is at 5.5%.

The sharp rise in inflation was expected to prove temporary, but there is now an increased level of uncertainty regarding this assumption. What is clear is that the spike in inflation will persist for longer than previously envisaged. There have been marked upwards revisions to 2022 inflation forecasts in nearly all countries. An easing in supply chain disruptions is not expected to begin until around the second half of 2022. Oil prices have also surged again over the winter, while gas prices remain elevated.

The biggest medium-term inflation risk may well be the labour market, if a shortage of workers puts sustained upward pressure on wages. The unemployment rate has fallen to circa 4% in the US and UK and 7% in the Eurozone. The number of job vacancies has risen to very high levels in many economies.

Another headwind for growth will be a less accommodative stance to fiscal policy. The Biden administration is struggling to have further fiscal measures passed by Congress, while fiscal policy is set to be tightened in the UK from this spring as taxes start to rise. Governments Covid supports have also ended in most countries or are in the process of being wound down.

Higher interest rates on the way

Meanwhile, the concerns around tight labour markets and high inflation have seen some of the major central banks signal that significant rate hikes are in store in 2022-23. This will be an additional headwind to growth. The OECD warned in its latest Economic Outlook that inflation may prove persistent and continue to surprise to the upside. This could force central banks to tighten policy to a greater extent than anticipated, endangering the recovery in activity.

Rates are already rising in the UK, but most attention is focused on the US economy and the Fed, with the first of a series of rate hikes on the cards at its next policy meeting in March. The Fed is confident about the underlying strength of the economy, noting that indicators of economic activity have continued to improve and job gains have been solid in recent months.

Indeed, Fed Chair Powell has commented that the US economy is in a stronger position now compared to the last tightening cycle in 2018-19, including a far stronger labour market. At the same time, inflation is running well above its target, and much higher than the last time the Fed started to hike interest rates.

Crucially he advised that these differences are likely to have "important implications for the appropriate pace of policy adjustments". In other words, the pace of rate rises is likely to be faster than during the last tightening cycle. This suggests that the Fed has to play catch up, having greatly underestimated the rise in inflation and how quickly the jobs market would tighten in 2021. More frequent or bigger rate increases may be required than in the last cycle, when rates rose to 2.5%, to bring inflation back down close to target.

By contrast, the ECB continues to emphasise that despite the current surge in prices, it believes that the outlook for inflation over the medium term remains subdued. The core inflation rate in the Eurozone is much lower than elsewhere at circa 2.5%. Hence, the ECB has indicated that it believes conditions for rate hikes in the Eurozone are very unlikely to be in place this year. Markets are not as convinced and expect rates to be raised before the end of the year, with further hikes to come in 2023.

The information in this article is correct as at 10th February 2022

Oliver Mangan

Chief Economist, AIB

Law & Regulation News

EU Taxonomy: Commission presents Complementary Climate Delegated Act to accelerate decarbonisation.

The European Commission has presented a Taxonomy Complementary Climate Delegated Act on climate change mitigation and adaptation covering certain gas and nuclear activities. The College of Commissioners reached a political agreement on the text, which will be formally adopted once translations are available in all EU languages.

A great deal of private investment is needed for the EU to become climate neutral by 2050. The EU Taxonomy aims to guide private investment to activities that are needed to achieve climate neutrality. The Taxonomy classification does not determine whether a certain technology will or will not be part of Member State energy mixes. The objective is to step up the transition, by drawing on all possible solutions to help us reach our climate goals. Taking account of scientific advice and current technological progress, the Commission considers that there is a role for private investment in gas and nuclear activities in the transition. The gas and nuclear activities selected are in line with the EU's climate and environmental objectives and will allow us to accelerate the shift from more polluting activities, such as coal generation, towards a climate-neutral future, mostly based on renewable energy sources.

To access this article in full, refer to the following link.
Source: www.ec.europa.eu

The Charities Regulator publishes third Statement of Strategy focussing on proportionate regulation and greater communication with charities and the public.

The Charities Regulator has launched its third Statement of Strategy, which includes a new classification standard for charities and the provision of more support material and guidance to ensure that they are well-governed.

In research carried out via consultation with a range of stakeholders ahead of devising the new strategy, building public trust and confidence in registered charities was seen as the top priority, a
nd there was a call for greater support for charities. The Regulator has responded by including a new strategic objective that "registered charities have available to them the guidance and materials necessary for them to be well governed." While much information and guidance is currently available on its website and via videos of training events and webinars, the organisation plans to increase its focus on communication and stakeholder engagement in order to increase awareness of the Charities Regulator, the Charities Governance Code and the important role of charity regulation among registered charities and the wider public. Coinciding with today's launch is a new radio advertising campaign to encourage people to come forward and log concerns through the Charities Regulator's website about any registered charity or other organisation or group that may be in breach of charity law.

To access this article in full, refer to the following link.
Source: www.charitiesregulator.ie

Digital sovereignty: Commission proposes Chips Act to confront semiconductor shortages and strengthen Europe's technological leadership

The Commission proposes a comprehensive set of measures to ensure the EU's security of supply, resilience and technological leadership in semiconductor technologies and applications. The European Chips Act will bolster Europe's competitiveness, resilience and help achieve both the digital and green transition.

Recent global semiconductors shortages forced factory closures in a wide range of sectors from cars to healthcare devices. In the car sector, for example, production in some Member States decreased by one third in 2021. This made more evident the extreme global dependency of the semiconductor value chain on a very limited number of actors in a complex geopolitical context. But it also illustrated the importance of semiconductors for the entire European industry and society.

The EU Chips Act will build on Europe's strengths – world-leading research and technology organisations and networks as well as host of pioneering equipment manufacturers – and address outstanding weaknesses. It will bring about a thriving semiconductor sector from research to production and a resilient supply chain. It will mobilise more than €43 billion euros of public and private investments and set measures to prevent, prepare, anticipate and swiftly respond to any future supply chains disruption, together with Member States and our international partners. It will enable the EU to reach its ambition to double its current market share to 20% in 2030.

To access this article in full, refer to the following link.

Source: www.ec.europa.eu

Irish Corporate Governance (Gender Balance) Bill 2021 – New Bill seeks to better gender balance on Irish Boards

by Sarah Fagan

Demonstrating its commitment to gender balance in the workplace the House of the Oireachtas passed the Gender Pay Gap Information Act 2021 on 13th July 2020 and was signed into law by the President on 15th July 2021. The Act requires every state body and a large number of private sector organisations to report their gender pay information along with supporting narrative.

While this Act is a very welcome piece of legislation, there are still some issues with gender balance at senior levels in Irish businesses. To help address this imbalance, a new private member's bill has been brought forward, which proposes to establish a 40% quota for female representation on company boards.

The Irish Corporate Governance (Gender Balance) Bill 2021 (the "Bill") is currently at second stage in the Dáil after being submitted in September 2021. In this article, Sarah Fagan, recently appointed Managing Director at Adare Human Resource Management provides background and context to both the Act and Private Member's Bill and what employers need to consider.

Gender Pay Gap Information Act 2021

The Gender Pay Gap Information Act 2021 had been in discussion for some years with a number of commitments given to have it enacted as early as January 2020. Therefore, it should be no surprise that it is a legal requirement for organisations to disclose the gap in pay between female and male employees, such that it is defined as the difference in the mean and median hourly remuneration of women compared with men in a particular organisation. While initially relating to larger organisations of 250+ employees, all employers can expect to be impacted by the Act over the coming years and should therefore take the appropriate measures now.

Under the Act, organisations are obliged:

- to analyse and publicly report the pay gap between its male and female employees, including bonuses.
- to publish a statement setting out the reasons for the differences and any proposed actions to be taken by the employer to eliminate the gap. This element is seen as crucial as it sets out the narrative the employer is putting forward, which can help or hinder its efforts to attract talent, particularly female talent.

Despite much publicity about the introduction of the Act, it is surprising to see that just one in ten (11%) organisations currently record their gender pay gap, according to our HR Barometer Report (November 2021). Despite such a low number of organisations recording and analysing their gender pay data, two thirds (69%) believe their gender pay gap is in line with the national average of 14.4% or below it.

To achieve a more meaningful gender balance, a holistic approach must be taken. Awareness is just step one; practical policies and practices should be put in place to back up the intention for real change. Measurable, practical strategies need to be implemented to shift the scales in favour of a fairer and more transparent gender balance landscape, including setting meaningful targets for change and involving both genders to deliver a better balance.

In addition to the ethical argument for gender balance, there are additional far-reaching benefits to an equal opportunity workplace. We know getting the balance right across organisations drives a more successful and cohesive business environment for everybody. This includes growth in revenue/ fundraising and ultimately success. It creates better workplaces and better decision making led by an engaged workforce with opportunities for everyone.

For real change to happen, the workplace must become a more welcoming environment for both men and women. Balance is not exclusively a women's issue, it involves everyone from the top down, and success in shifting the dial comes when balance is embraced by all. There are so many practical initiatives that can be introduced, but these cannot just be targeted at women: there must be a universal approach.

Gender balance is about changing the dynamic towards a more inclusive working environment without instilling fear that the pendulum will swing too far in the opposite direction. Ultimately, it's about fairness and equality, something every employer should be striving for in their organisation.

Gender Balance on Irish Boards

While the Gender Pay Gap Information Act 2021 helps support the overall gender balance, there is still an issue with senior positions in Irish organisations. According to the Gender Balance in Business Survey 2021 from the Central Statistics Office just 13.4% of CEOs in Ireland are female, up slightly on 2019 when the figure stood at 11.5%.

The same survey found that 14% of Chairpersons of Irish companies were female, women made up 21.8% of Boards of Directors and 28.1% were Chief Financial Officers.

In 2021, more than a third (36%) of persons appointed to Senior Executive positions who were in their role for less than one year were women while 24% of Senior Executives in their roles for five or more years were women. In 2021, three quarters (76%) of all Senior Executives in their roles for five or more years were men.

Irish Corporate Governance (Gender Balance) Bill 2021

To help address this issue a new Private Members' Bill was brought forward by Fine Gael TD, Emer Higgins in October 2021. The Irish Corporate Governance (Gender Balance) Bill 2021, would, if enacted, establish a 40% quota for female representation on company boards. This was also supported in a submission to the Citizen Assembly in 2020 by the Irish Human Rights and Equality Commission who recommended that the Government implement a system of statutory gender quotas for company board membership.

The Bill includes a stipulation that 33% of a company's board must be women after the first year of its enactment. This quota would then rise to 40% after three years.

The Bill would require companies to submit a statutory declaration to be made by the chairperson of the governing body, e.g., board, in the Annual Return or annual financial statements that the gender balance requirements have been complied with. If they are unable to comply then they will be required to disclose the reasons why. And, where a company failed to meet the gender balance quota without a credible explanation, they could become liable for an application to the High Court for an order directing them to comply with Bill (or Act if enacted). The quotas would apply to boards and governing councils of designated companies, corporations, undertakings, charities and bodies in the State.

There are a few exemptions laid out, including for companies with fewer than 20 employees. Other exemptions include:

- unincorporated associations,
- partnerships,
- limited liability partnerships,
- single director companies,
- micro company, or,
- other corporate body that has an annual turnover of less than €750,000

A report from the Balance for Better Business Review Group, published in December 2021, highlighted that Boards of the ISEQ20 comprised 30% women and that 42% of ISEQ20 listed companies had more than three female Board members.

Attracting & Retaining Female Talent

But more needs to be done to attract and retain female talent, particularly at the most senior levels of organisations. The idea of introducing a quota led approach is supported by international evidence and is an approach adopted by many other countries. In Europe, France, Belgium, Italy, Norway, Germany and the Netherlands operate on a quota-based approach.

One of the main barriers that has frequently been highlighted as to why more women do not progress in the workplace is the link to flexibility and managing work and family life balance. If one good thing has come from the current health crisis it is that employers have accepted degrees of remote working practices and models, thus affording the same level of flexibility that previously didn't exist prior to Covid.

It is generally acknowledged that prior to the pandemic requests for remote working arrangements would have been difficult to get managerial consent, but the last two years have demonstrated that remote, and hybrid working can benefit both the employer and employee. Therefore, greater flexibility around working arrangements will become more common amongst Irish organisations, helping to share parental responsibilities and strike a balance between work and family responsibilities in order to level the playing field somewhat.

Regardless of any introduction of gender quotas (or sometimes what is seen as more acceptable are gender targets), organisations need to ensure there are clear pathways for female employees and a uniform approach to providing the necessary support to succeed and progress to senior levels. But gender balance is not just about getting more women into senior positions; It's about getting the right person with the right skills into the position they deserve, regardless of their gender and the employer's responsibilities in carving the way and investing in career development and progression.

Sarah Fagan

Recently appointed Managing Director of Adare Human Resource Management.

And Just Like That...
is Flex in the City the New Way of Working?

by Catherine O'Flynn & Elaine Egan

The article will explore the development of different labour models and their regulation. This includes the evolution of the traditional employment model to accommodate greater flexibility (in terms of how, when and where work is performed), as well as the increasing adoption of non-traditional arrangements, such as agency and platform-based models. The article will address the impact that the pandemic has had on these trends. It will also consider attempts to put a regulatory framework around novel employment models at an EU level. The piece will focus on developments in Ireland, but comparisons will be drawn with the UK and other EU jurisdictions where appropriate.

Introduction

In January this year, the Irish Government gave the green light for employees to return to the office on a phased basis as appropriate to each sector. Despite this, we are unlikely to see a full-scale return to work life as we knew it pre-pandemic.

Covid-19 has been a major catalyst in the shift away from a more traditional view of our work patterns, but there are many other factors acting as a driving force behind this change. The reasons for employees seeking more flexible work arrangements are many and varied.

They include anything from parental or caring responsibilities, to greater work-life balance or access to opportunities that would otherwise be limited by geographical location.

New ways of working

The 'traditional' employment model is now rapidly evolving to accommodate greater flexibility in terms of how, when, and where, work is performed. There is no 'one size fits all' solution to demands for flexibility.

Workers are increasingly open to non-traditional employment models, such as:

- full remote work, with no requirement to attend an office in-person;
- a hybrid approach, where time is split between remote work and time on-site;
- agency work, where a worker is employed by an agency and temporarily assigned to an end-user;
- a platform-based model, whereby established professional service firms vet external professionals, who are then placed with clients on a short-term basis or for a specific project; or
- a platform-based model, where professionals with an existing client base retain control of their own schedule and workload, but in exchange for a commission, has access to all the resources of an established firm.

As it would be impossible to cover every legal issue that can arise due to the demand for flexible work, this article aims to give an outline of key issues affecting organisations which are navigating a new work landscape and give an overview of some newly introduced measures.

The regulatory landscape

Terms and conditions of employment

Employees, whether undertaking a traditional or more contemporary model of work, must be made aware of the terms and conditions of their employment. The Terms of Employment (Information) Act 1994 – 2014 obliges employers to provide a written statement, within 5 days of the commencement of a contract, of the core particulars of the contract (which includes the number of hours the employee is expected to work per normal working day and per normal working week). Additionally, a written statement of the terms and conditions of employment must be provided to an employee within two months of their start date, which, crucially, must specify the place of work.

Employers are obliged to inform an employee of the nature and date of any amendment to the terms of such written statements. As employers navigate the return to the workplace, the introduction of any flexible working arrangements will need to be reflected in contracts of employment of existing employees and any new hires.

Health and safety

The most pressing health and safety concern of late has undoubtedly been infection prevention and control, with the Government introducing restrictions that forced many workplaces to close.

Employers are not absolved from their obligations to provide a safe working environment because employees are working remotely. Under the Health, Safety and Welfare at Work Act 2005, they must ensure, as far as is reasonably practicable, their employees' health, safety, and welfare at work.

One concern linked to remote work is potential liability and implications for insurance cover. For example, In December last year, a German court ruled that a man who slipped and injured himself while walking from his bedroom to his home office was technically commuting and could claim workplace accident insurance.

Policies and procedures need to be up to date and risk assessments need to be conducted, whether an employee is working on site or not. Information, instruction, and training need to be provided, suitable work equipment may be required, and employers need to ensure they are monitoring, reviewing policies, and communicating with employees regularly.

Conversely, some employers may have concerns about a full-scale return to the office and the spread of Covid-19. Employers should consult the Transitional Protocol: Good Practice Guidance for Continuing to Prevent the Spread of Covid-19 and continue to observe good measures such as handwashing, respiratory hygiene, and ventilation. The guidance is good practice guidance and although does not have the force of law, compliance with its provisions will assist in defending any potential claims regarding the safety of the workplace.

Organisation of Working Time Act 1997 (the OWTA)

The OWTA sets out the statutory rights of employees regarding maximum working hours, rest breaks and annual leave. When staff work remotely, it becomes more difficult for an employer to effectively monitor employees and ensure they are compliant with the provisions of the OWTA.

Employers are obliged to keep records of their employee's working hours, rest breaks, annual leave, public holidays, and daily and weekly rest periods. It is much harder to keep on top of this obligation when employees are working remotely when they are not clocking in and out of a physical building. Employers should review their methods of monitoring and recording working hours to ensure they are effectively complying with their obligations under the OWTA.

Employees should be made aware of their rights to take regular breaks throughout the day, as well as their entitlements to annual leave and public holidays. That being said, the duty to ensure compliance with the OWTA rests with the employer.

Right to Disconnect

Another potential issue that arises with respect to working hours and rest breaks is the blurring of lines between work and home life, especially for those working remotely or working on a hybrid basis. The 'right to disconnect' gives employees the right to switch off, and to refrain from sending or answering work emails, phone calls or texts outside of their 'normal' working hours.

Discussions around the right to disconnect predates the pandemic. For example, France enshrined this right in their Labour Code as far back as 2016. The Covid19 crisis has, however, undoubtedly highlighted the importance of this issue. In the future, we could see an EU-wide right to disconnect. In 2021, the European Parliament passed a resolution calling on the Commission to prepare a draft directive that would enshrine the right of digital workers to disconnect outside of their working hours.

In the meantime, protections exist in Ireland as the Workplace Relations Commission (the WRC) published a Code of Practice on the Right to Disconnect (the Code) in April 2021.

The Code of applies to all types of employment, including those who work onsite, those who work remotely, or where employees are mobile. Failure to abide by the Code is not an offence, however non-compliance could be used as evidence by an employee taking proceedings before the WRC.

The Code compliments the health and safety and organisation of

working time regimes, by providing guidance on how to handle situations where employees are contactable outside of normal working hours. The three main elements in the Code are:

- employees have the right not to be routinely expected to work outside their normal working hours;
- employees have the right not to be penalised for refusing to work outside their contracted hours; and
- both employers and employees should respect the rights of others, by not calling and emailing outside normal working hours.

This right should be considered in tandem with the obligation to provide a safe working environment. The 'always on' culture could potentially lead to greater levels of stress, mental health issues and burnout among employees. Even for employees who do not work remotely, the availability and common usage of technology means anyone is susceptible to working outside of normal hours. No matter the working arrangements for staff, employers should familiarise themselves with the Code and have Right to Disconnect Policies in place for all staff.

Right to request remote work

In response to the increased demand for flexible work options, the Government recently published the draft scheme of the Right to Request Remote Work Bill 2021 (the Bill). Under the terms of the Bill, employers will be obliged to establish and maintain a Remote Working Policy, detailing how requests for remote work are to be managed, and the conditions which will apply to remote working generally within the organisation. As currently drafted, employees will be entitled to submit a request to work remotely once they have completed six months service. An employer must give a written response to such request within twelve weeks.

An employer may decline a request after giving the request due consideration. The Bill sets out an indicative, non-exhaustive list of factors which may be considered including, amongst others, the nature of the work, potential impact on quality of business product or services, cost implications for the employer, or concerns relating to confidentiality, intellectual property, health and safety, or data protection.

Although the Bill does not propose to introduce an absolute right to work remotely, it does demonstrate a recognition and acceptance of society's changing attitude to the way in which we work.

Work Life Balance Directive

In August 2019, a new EU Directive on Work Life Balance (2019/1158) entered into force and has a transposition deadline of August 2022. This Directive predates the pandemic and demonstrates that the importance of flexible arrangements has been a hot topic, even before Covid19.

Although Ireland has not yet implemented transposing legislation, this Directive will introduce a right for all working parents with children up to 8 years old, or those with caring responsibilities, to request flexible work arrangements.

Flexible working arrangements are broader than remote or hybrid-work and allow an employee to seek to adjust their work patterns. Like the right to request remote work, this is a right to request arrangements, and does not oblige employers to grant the request. In addition, the Directive calls on Member States to protect against discrimination or less favourable treatment for those who request such working arrangements.

Conclusion

We will likely see a return to the traditional workplace in a number of different ways and some workplaces will likely be figuring out what works for them on a 'trial and error' approach. Remote, hybrid, and flexible working arrangements will become more common and as they do, we will likely see the introduction of new legislation and guidance to help employers and employees alike navigate the changing work landscape.

Catherine O'Flynn

Partner (and head of the Employment & Benefits department)

Elaine Egan

Associate - Employment & Benefits team at William Fry

Finance & Management News

Brexit 'forecasts of doom have lifted' as Irish exporters eye UK again

The "forecasts of doom" surrounding the UK's exit from the European Union have "lifted strongly", and there is now "a lot of optimism" among Irish exporters in terms of the business to be done there, Enterprise Ireland chief executive Leo Clancy has said.

Mr Clancy was speaking after the State agency that supports indigenous Irish businesses to grow and export abroad published an annual report which showed affiliate companies created a net 11,911 jobs in 2021. That was the highest annual increase it has reported.

"The UK is going to continue to be a key market for Ireland, " Mr Clancy told The Irish Times. "There is a lot of business to be done there with the levelling up agenda, with a lot of the economic bounce they are seeing as they roll out their stimulus programmes.

"The picture is much, much brighter versus where we were in 2017 and 2018 when there was vast uncertainty about things like trade replacement, and new global trade deals that would displace Ireland completely.

"Some of those forecasts of doom have certainly lifted strongly. There is actually a lot of optimism about the UK now. People have worked out what Brexit looks like. I think even the spectrum of the best to the worst outcomes at the moment is actually pretty narrow."

To access this article in full, refer to the following link

Source: www.irishtimes.com

Angel investors to plough €10m into sustainable Irish start-ups

Sustainable start-ups will be able to pitch for a new €10 million funding pot from angel investors as part of a new investment syndicate established by the Halo Business Angel Network (HBAN).

HBAN, an all-island body which promotes angel investment in small and medium companies, will invest millions in start-ups which meet environmental, social and governance (ESG) criteria in the next three years through the establishment of an impact syndicate focused on sustainable companies.

The new syndicate, launched at an online conference in January, will consider pitches from start-ups focused on climate, agri-tech, cleantech and other industries.

HBAN, a joint initiative of Enterprise Ireland, InterTradeIreland and Invest Northern Ireland, said the syndicate would invest the €10 million in order to help "solve real-world problems and build a better future for everyone".

Impact investing is focused on companies which are attempting to make social or environmental change as well as delivering strong financial returns.

The new impact syndicate will be co-chaired by Faye Walsh Drouillard and Mark Peters. The pair co-founded Wake Up Capital, an investment fund focused on ESG businesses, in 2020.

To access this article in full, refer to the following link

Source: www.businesspost.ie

Ireland Inc must go 'all-in' on software and financial services

Ireland Inc needs to go 'all-in' on intangible goods such as financial services and software development once the changes to our tax structures see the ultimate erosion of our multinational sector, UCC Commerce Society's annual conference has heard.

Addressing students at the event, Peter Coppinger the founder and CEO of task management firm Teamwork said Ireland had done really well with foreign direct investment over the last 70 years but it was inevitable that it is going to change and that there would be a slow drain on our multinational tax base over the next 50 years.

"I think Ireland Inc needs to go all-in on intangible goods, particularly financial services and software. Software is eating the world. It is a huge opportunity for every student on this call. Even if you're not a designer or developer, there is money and success waiting for you in them there hills," he said.

To access this article in full, refer to the following link

How can we account for our wellbeing?

by Jim Lucey

Wellbeing is the human experience of good health. It is often said that our 'health is our wealth' but how can we account for our wellbeing? My experience as a psychiatrist has taught me there is 'no health without mental health' and so my preference is naturally for 'mental wellbeing'. Since there is so much confusion today sceptics demand that these understandings become more concrete – more numerate.

Better accounting for our wellbeing would be good for our health services. Today's healthcare debate needs more than just talk. We need better numbers and benefits that are genuinely measurable. With better accounting for our wellbeing our hopes for healthcare would amount to more than just empty words.

Healthcare is like any other imperative. 'If you're not measuring it, you're not managing it'. So, what should we measure? One answer is to look more closely at 'wellbeing'. Our commonplace healthcare data is overwhelming. Its numbers distress us every day and with this noise comes too little hopeful signal. The resulting confusion gives us the impression that healthcare is neither measured nor managed.

In reality, healthcare would be more effective if we prioritized the right numbers. These are the parameters of 'wellbeing'. With the right numbers we could empower ourselves and our leadership to provide more effective healthcare strategies. We could define our terms and agree on what is to be measured. With these goals and targets a great deal becomes possible for individuals and for society. This measurable 'Wellbeing' agenda relates to three enduring healthcare issues, Wellness, Recovery and Resilience.

This brief article will reference these three measurable agenda so central to our 'wellbeing'. These are:

1. **Wellness -** The 8 features and The 5 ways,
2. **Recovery -** The 5 features called 'CHIME'; and
3. **Resilience -** The 6 domains of Resilience.

Wellness

Wellness is not the same as the absence of disease. Our health goals are in constant flux and so they require clarification, but our search for understanding is dogged by competing claims and conflicting recommendations. Obviously, we need more reliable forms of communication, but we also need to re-value what we're measuring. A fresh process of evaluation would determine new health service goals and help us invest in the effective interventions that we need. That is why a renewed focus on wellbeing is essential for the healthcare industry and for ourselves. A progressive renewed description of wellbeing is what I call a 'whole new plan for a living'.

It begins with the eight features of wellness as described by SAMHSA – (the substance use and mental health service administration of USA). Wellness is a combination of these:

1. **Physical**
2. **Financial**
3. **Occupational**
4. **Environmental**
5. **Intellectual**
6. **Social**
7. **Emotional**
8. **Spiritual.**

This description of 'wellness' is inclusive and multidimensional, and each aspect can be measured. It is a concept we can aim for. No one achieves a maximum score on all of these parameters all the time.

Adapted from Swarbick M. (2006). A Wellness Approach, *Psychiatric Rehabilitation Journal*, 29(4), 311-314.

Invariably some of these health dimensions will be in deficit, but this shows where we can target our new plan. Our whole new plan for wellbeing becomes the addressing of these gaps. Next, we need to know the ways to wellness. There are five of these.

5 ways...

The '5 ways...' are the things that well people do. They were first clarified by the economists at the New Economic Foundation (NEF) after the great recession of 2008. The NEF presented this data to the economic powers at Davos to justify their 'alternative' to 'austerity'. According to the NEF economic recovery depended on the 'wellbeing' of the people in the marketplace. Unfortunately, the logic of austerity won the day, and the global leaders chose to invest in their currencies rather than human beings, but just imagine if the marketplace had been restored by investment in the wellbeing of healthy consumers and producers. The outcome of the great recession would have been very different. Hopefully when our next shock comes around, we will remember that healthy economics restore healthy lives and that would be better for everyone.

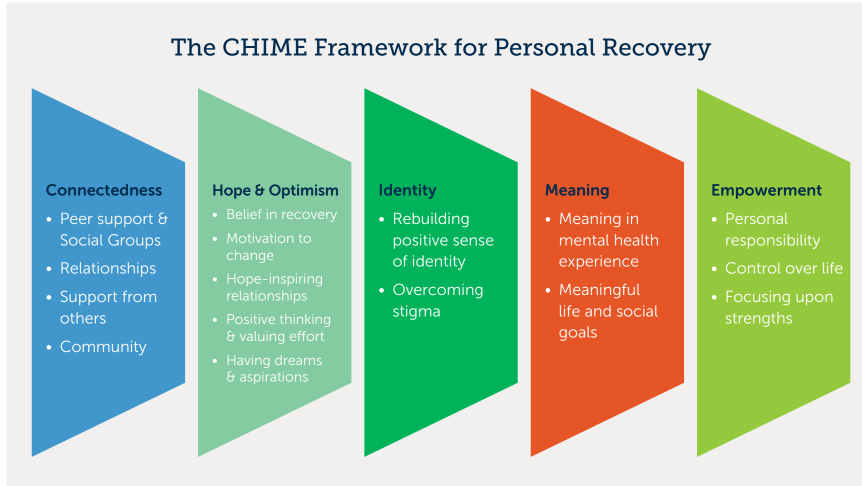
These are the 5 ways to wellbeing described by the NEF:

Well people -

1. **Connect with each other**
2. **Keep active**
3. **Take notice**
4. **Keep learning and**
5. **Give**

Recovery

A life of 'wellbeing' includes times of stress and distress. When 'wellness' is lost we need the ability to recover, but what makes our recovery possible? Research tells us that recovery depends on five inter-related human capacities. These are known as the CHIME features. CHIME describes the things which enhance our ability to restore our wellbeing.



Chime stands for:

1. **Connectedness**
2. **Hope**
3. **Identity**
4. **Meaning and**
5. **Empowerment.**

Chime' is a list of the things that enable our recovery. Many years of experience in healthcare have taught me that our plans for wellbeing only succeed if they CHIME. Any population, any society, any community which promotes these characteristics will be well. It will be capable of overcoming the privations which come – whether these are economic downturns, wars or pandemics. Difficulties like stress and disease are inevitable but 'wellbeing' also means knowing how to recover. It is about Resilience.

Resilience

Resilience is the ability to bounce back after difficulties that arise. It is not one single characteristic.

Rather resilience is a feature of 'wellbeing' made from a number of vital human capacities.

These resilient qualities are adapted throughout our life. They were first described by Michael Rutter after his experiences as a child during the Second World War. We enhance our wellbeing and bounce back from distress by building on these features.

The six domains of resilience are:

1. **Education**
2. **Security**
3. **Social competency**
4. **Friendships**
5. **Talents and interests and**
6. **Positive values**

Wellbeing and 'resilience' are a summation of all these things. We become more resilient when we restore any one of these domains because these qualities make us elastic and adaptable. Through them we can 'begin again'. With these essences we can make our whole new plan for wellbeing come to life.

We can build on our recovery knowing that our resilience is generated by these valuable human resources. Each day we have a fresh chance to grow our resilient domains, to build on our education, to foster our talents and to reignite our friendships. Redefining our positive values for ourselves and for each other can help us to become more aware of the things that are important in our shared journey to wellbeing.

Conclusion

It's time to redefine our understanding of health and to discover a broader concept of 'wellbeing'. This brief article has enumerated some inter-connected wellbeing concepts. These ideas transcend all the others in health.

We can identify who we really are and take more care of what we're really about by empowering each other to be authentically well. By investing in these resilient qualities of education, security, friendships, talents and interests and positive values we can re-build our wellbeing in measurable ways, restoring our towns, our homes and our workplaces with genuine wellbeing as our goal.

This vision of wellbeing needs to be expressed in more practical ways for each individual but lets synthesize these ideas and begin to describe our unique whole new plan with specific tools for our wellbeing. Here is a list of ten tools for personal wellbeing. I hope you enjoy them!

Ten Tools for Wellbeing

1. **Respect -** yourself and others.
2. **Consider –** time to ponder your life and its opportunity,
3. **Be quiet -** for some part of everyday -whether you pray or meditate or simply allow yourself a break from the 24-hour news cycle – be quiet for a time
4. **Balance everything –** your sleep, eating, working, exercise and relationships
5. **Refresh your concepts –** think of your worries as concerns reflecting your values.
6. **Believe in your recovery -** empower yourself with this faith.
7. **Hope –** make this is your daily exercise – make it your mantra- an essence of your life.
8. **Connect –** with those you love and with the things you love to do.
9. **Limit your distress -** e.g. your use of social media – move away from anything hostile or toxic
10. **Play –** re-discover your sport, music or recreation, and laugh – reach out – not in.

Coda

Wellbeing is an inclusive health concept. By considering it we discover something: our need for connectedness. We can make wellbeing happen. By enhancing our space, by sharing our wellbeing with others, by connecting our lives, we can empower one another to embrace being well.

So, let's re-think our wellbeing. Let's restore ourselves with the prospect of our wellbeing and imagine a life filled with laughter despite our struggles. This resilient life would be more elastic. We could bounce back more effectively with a whole new plan for wellbeing. This would undo the panic in our hearts and defuse the inflammation in our bodies. With a new plan for wellbeing, we could recover all the things that chime.

Wellbeing is a restorative notion. It's rooted in health science, and it could work for us all.

We can identify who we really are and take more care of what we're really about by empowering each other to be authentically well.

Prof Jim Lucey

Prof Jim Lucey is a Consultant Psychiatrist at St Patrick's University Hospital, Dublin and a Clinical Professor of Psychiatry at Trinity College, Dublin University. He is the author of 'A whole New Plan For Living' Published by Hachette Ireland

The Role of Accountants in Mainstreaming Sustainability

by Sanjay Rughani

Advancing sustainability is a priority for the International Federation of Accountants (IFAC) and its 180 member organizations including CPA Ireland which was a founding IFAC member in 1977. Sustainability is a critical public interest issue, and as a public interest profession, we have a moral obligation to try to leave the world in a better state than we found it for future generations.

There is significant attention on advancing sustainability from governments, regulators, the capital markets and business community. There is also increasing demand from investors, lenders and asset managers for reliable and decision-useful information on how sustainability factors affect a company and its value creation potential and growth prospects, to drive profit while ensuring a positive contribution to sustainable economies.

With these increasing expectations, accountants have a window to seize the opportunities that the sustainability agenda presents particularly in their roles as trusted business partners. CEOs are turning to CFOs and finance functions to integrate sustainability priorities into strategy and risk management, resource allocation, performance and financial management, and reporting, and enhance the integrity of information for internal decision-making and external reporting.

The IFAC Professional Accountants in Business (PAIB) Advisory Group, a diverse group of international business and finance leaders, which I chair, is exploring how accountants in business mainstream sustainability in their organizations to serve the long-term goals of society rather than narrowly focusing on profit and shareholder value.

Accountants, many of whom are CFOs, finance controllers and audit committee members are also being tasked with overseeing new reporting standards and best practices that are designed to ensure investors and stakeholders get the information needed to ensure capital allocation toward sustainable business models. Key corporate reporting developments include the new International Sustainability Standards Board which is developing standards for investor-focused sustainability disclosure, the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD), and the European Commission's proposal for a Corporate Sustainability Reporting Directive and the development of EU Sustainability reporting standards.

These developments have arisen from insufficient information in corporate reports and disclosures and, to succeed, will require accountants ensuring the delivery of consistent, reliable and decision useful integrated sustainability and financial information subject to internal and external assurance.

Purposeful Business is the Starting Point

When you create value for society, you become valuable. This is true of business, and it is true of accountants as individuals.

Greater trust in business flows from organizations being seen as a force for good. The private sector can accomplish this by helping to solve the most intractable social and economic problems, including inequality, and systemic risks to our economic system such as climate change and biodiversity loss.

Purposeful business involves profitably solving the problems of people and planet by integrating relevant issues into governance and decision-making. Corporate purpose and the outcomes of business activity can be guided by various reference points such as the Sustainable Development Goals more broadly, or more specifically the Net Zero emissions agenda to enable the transition to decarbonized economies which most governments have committed to.

An increasing number of companies have broadened their stated purpose, specifically focusing on delivering value to customers, stakeholders, and society through their products and services. Connecting purpose to stakeholders and their desired outcomes provides a basis for defining stakeholder value, and ultimately, for measuring success beyond financials.

For my bank, Standard Chartered, sustainability is a core priority within the bank's corporate strategy, influencing how it makes decisions, identifies opportunities, and manages risks across its:

- Business – promoting sustainable finance to support sustainable economic growth, expanding renewables financing, and investing in sustainable infrastructure.

- Operations – striving to be a responsible company promoting responsible and sustainable behaviors in its own operations and through its supply chain.
- Communities – promoting inclusive communities to support economic inclusion in its markets and delivering community programs aimed at tackling inequality.

At the PAIB Advisory Group, we have also heard from other companies at the forefront of the sustainability agenda that are connecting their strategies and activities to sustainable development, through business-led solutions to achieve sustainability. For example, OMRON's mission, vision and management philosophy are based on the company creating value for society. This approach has enabled it to achieve its financial goals.

To be resilient and successful, business needs to continue to provide the goods and services that people demand while it meets the needs of employees, suppliers, partners, and environmental protection.

An Integrated Mindset is Needed to Mainstream Sustainability

The credibility of sustainable business practices and reporting to investors can only be achieved by integrating sustainability and financial information. Delivering confidence in this information has become a critical focus of CFOs and finance teams.

Sustainability information is increasingly being coordinated under the stewardship of CFOs to ensure connectivity to financial information, and that sustainability strategies and actions are aligned across the organization from the board to the operating level. CEOs are turning to CFOs and finance functions to

- integrate and connect sustainability and financial information
- enhance trust in sustainability information
- integrate sustainability priorities into decision making
- enable investment that leads to? sustainable business models.

CFOs and finance functions hold significant influence over strategic, risk, and financial management and business decisions. They have a critical role in applying their professional skills as they relate to financial information to enhance trust in sustainability information – data collection, governance and management controls, materiality, measurement, performance reporting, audit and assurance.

There are broadly four areas where CFOs bring about integration and confidence.

1. Governance, strategy and risk management – CFOs prepare the board and executive to oversee and engage in sustainability priorities

Engaging boards is important to bring about a top-down focus on sustainability that leads to a common language and awareness around relevant sustainability issues across an organization.

CFOs focus the board and management on significant and material sustainability topics. This involves identifying risks and opportunities and business priorities in the context of what is important to stakeholders, and articulating how principal risks and opportunities are relevant to the company's resiliency, strategy, business model, financial performance and position, and access to capital.

At our last PAIB Advisory Group meeting, Reliance Industries described this as identifying the most significant areas or "sweet spots" and evaluating the best and most cost-effective choices to achieve sustainability. Finance functions provide decision insights and context through measurement and numbers which are needed to understand and assess the impact of sustainability risks and opportunities in relation to other key enterprise risks, and their potential financial (revenue, cost, assets and liabilities) and value impact.

By linking the assessment of risks to strategic decision making and priorities it becomes possible to turn them into growth opportunities such as through the use of new materials and technologies, or delivering new services. In the case of Reliance Industries, this involves transforming its energy business to tackle decarbonization as a new growth opportunity. For Standard Chartered, it involves new banking services to enable financial inclusion.

2. Planning and financing – CFOs embed sustainability factors into business and financial decision making to operationalise sustainability

As stewards of planning and finance management, CFOs and finance functions ensure sustainability priorities are incorporated into planning discussions and business case evaluations.

Importantly, they hold the key to allocating financial resources towards sustainability objectives, as well as ensuring that adequate investments are made in innovation, technology, talent and partnerships to deliver new practices and processes that allow the use of more sustainable resources and renewable energy.

Securing financing for investment in sustainable practices and solutions is crucial as sustainability initiatives such as decarbonizing future capital expenditures needs money. Mobilizing equity or debt finance to support new technologies and processes is usually critical to changing business models and supply chains.

CFOs and finance and treasury teams will be the first port of call to assess options for green finance such as the green bonds and sukuk issuances we use at Standard Chartered, or sustainability-linked loans that are now offered by many banks.

3.Performance and insights – CFOs present information and insights about all critical business matters relating to financial and sustainability performance and relevant interconnections

CFOs and finance functions deliver performance information and insights that are relevant, reliable and actionable in decision making. To achieve sustainability objectives, they also need to establish an integrated management framework and scorecards that track targets and KPIs to support the delivery of sustainability, financial and operational objectives. All management levels and functions need to be aligned to business priorities and CFOs evaluate this alignment through periodic business reviews.

They will need to show how sustainability priorities create resilience and financial value by connecting sustainability and financial performance with value creation.

4. Corporate Reporting – CFOs ensure information and reporting is trusted and tells the story of value creation to investors and stakeholders

Although reporting on sustainability is gaining momentum, investors and other users often question the credibility, reliability, and balance of information.

CFOs and finance functions enhance confidence in sustainability information through creating an adequate control environment. Incorporating material sustainability disclosures into financial reporting controls and processes enhances reliability, timeliness and comparability of reported information. This can involve educating others in reporting processes, management controls, and data governance.

Sustainability information is also usually siloed and disconnected from financial and operational information. Finance functions typically find themselves modifying business and financial processes to enable integration and connectivity, e.g., manual data extraction, reporting system integration, new workflows with embedded controls, and automation of data extraction.

They can also align financial reporting principles and requirements such as materiality, organizational boundaries, use of estimates and assumptions, to sustainability information.

Incorporating material topics and disclosures into financial reporting processes is the only way to enhance reliability, timeliness and comparability of reported information. Investors will consider information more decision useful where it is linked to financial position and performance.

Finally, the CFO is also typically involved in, or leads, investor engagement. In this role, it is essential to communicate an integrated story that brings together sustainability and financial information to provide a full picture of performance and value creation. For example, in delivering Net Zero emissions reduction targets, CFOs can explain decarbonization opportunities and challenges including which options are economically viable now as well as others that might only be in the future with additional investment and innovation.

Skills and Professional Development

As accountants, we must continue to elevate our focus on higher value activities to take on more strategic and cross-functional roles. Given the need to work ever more closely with other functions and business units, and to create partnerships with customers, suppliers, and experts, there is a premium on business and leadership skills among accountants working in business and in the public sector.

The finance and accounting skillset is critical in ensuring high-quality information and analysis. However, sustainability is a new area for many, so to help our organisations focus on their most significant sustainability impacts and risks and to turn them into opportunities, we need to be familiar and knowledgeable of the megatrends disrupting societies and companies and understand which solutions and technologies are best suited.

For students coming into the profession, it could not be a more exciting and rewarding time.

Sanjay Rughani

Sanjay Rughani is the CEO for Standard Chartered Bank in Tanzania, and the Chair of IFAC's Professional Accountants in Business Advisory Group.

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Loan refinancing post pandemic...... plan ahead!!

by Paul Cunningham

The alternate lending market for business borrowers in Ireland has expanded considerably since 2016. Over the past 5 years, new entrants have emerged both in terms of physical office presence as well as virtual offerings across different asset classes but primarily focused on real-estate backed security, be that residential investment assets (BTL, or buy-to-let) and/or commercial real estate (CRE).

This has also extended into some SME trading asset classes typically Hospitality, Leisure, Multi-storey car parks and private Nursing Care. Because many of these lenders are unregulated, it is difficult to extract accurate data as to the extent of their current loan books. An educated guess would be somewhere north of €2bn which is about 7-8% of the reported non-Consumer books of the regulated banks from Central Bank returns.

The typical profile of the underlying commercial loan is €1m-€5m, average term of 4 years, interest rate north of 5% per annum, penalties or 'make-whole' provisions for early repayment and with the primary exit mechanism typically reliant on a refinance of the loan upon maturity.

The significant restrictions caused by Covid-19 both on SME and commercial property borrowers as well as lenders, will have consequentially led to a deferral of many loan maturity timeframes as well as some elements of forbearance on debt servicing capabilities. All of this in turn will apply further pressure and challenges on the borrowers to effect refinancing exits post pandemic. It is likely a significant number and value of such loans will contractually mature in 2022. With the market exits of both Ulster Bank and KBC Ireland, the refinancing options available have become more restrictive. In the face of such challenges, what should the borrowers and their advisors be considering to mitigate some of these risks.

Refinancing Plans

Firstly, the borrower should prepare a refinancing plan well ahead of the final maturity date. If the existing lender is not in a position to renew the loan facilities on acceptable terms, the process for seeking a refinancing partner should commence no later than 6 months from the planned maturity date. It can take up to 6 months from loan application to completion of loan security to effect a refinance even for relatively straightforward transactions. In my experiences over 20 years in both assisting the preparation of funding proposals as well as evaluating such proposals, there is a general consensus among lenders that the better and the more complete the information and data provided to the Lender, the better the prospects of having the loan application supported, subject to prevailing risk policies in place.

So, what should be on the checklist as part of the refinancing plan submission to the lenders? This can be summarised down to the 4 C's acronym– Customer, Cash-flow, Covenants and Collateral:

- **Customer (borrower) –** define the customer, the characteristics and USP of the business and its capacity and competence to manage the

assets and deliver the financial performance for sustained profitability.

- **Cash-flow –** the sanity test. How much cash-flow is being generated on a sustainable basis from underlying operations to service and repay the loan required. For SMEs, this will be a derivative of EBITDA (Free cash-flow for debt servicing) after allowing for changes in normalised working capital, payment of taxes and essential capex. Typically, there are a few key metrics the Lenders will expect to see here to satisfy their own credit risk parameters – for Property investment assets, the Alternative Lender will want 'senior debt' to provide Debt Service Cover at min 1.25 x times, the Pillar banks will typically look for a minimum of 1.5/1.75x times cover. For SME loans, the DSCRs will be similar and Debt/EBITDA ceiling levels of 3-4 x times max depending on the business sector. This exercise will largely be evaluated against audited or filed financial statements, projections for future years and review of bank statements. The Lender will also examine what level of Principal if any has been paid down to date on the existing loans, if these payments were compliant to terms of the loan and if not then a logical business explanation to support this.
- **Covenants –** depending on the underlying business and asset class, the ultimate loan agreement forming the contractual relationship with the Borrower will contain both financial and non-financial covenants. These should be examined to ensure they are appropriate for the nature of the business, can be tested periodically and are set at levels to allow for sufficient headroom relative to the base case run-rate of the business. Typically, the financial covenants will have quantitative metrics such as min Interest Cover and Debt Service cover ratios as well as Loan to Value ratio against the underlying mortgaged asset value. Non-financial covenants will tend to concentrate on the availability and frequency of reliable management information about the performance of the business to allow the Lender track current year and future year's relative to prior years and budgets or projections.
- **Collateral –** the Lender will be seeking a first legal charge or mortgage over real estate assets if available, be it on behalf of a Company through a Debenture or a mortgage on behalf of a sole trader or partnership. The net realisable value of the asset, the ease of access to the asset, the location and title to the asset will all form part of the commercial and legal due diligence. Because the legal system in effecting good title is still largely paper-based, allow sufficient time for security and title issues to be completed between the lawyers.

  Additional collateral will largely depend on the perceived and evaluated risk profile and may include Lenders seeking corporate or personal guarantees. Typically, non-bank Lenders will want to ring-fence the transaction into a special purpose company (SPC) without recourse to the shareholders personally. This may not always be the case and care and advice should be taken accordingly.

The Loan Agreement

Once the refinancing plan and the relevant and detailed supporting financial information is ready and sense-checked, this can then be submitted to the various relevant Lenders in the marketplace.

The lenders will engage with the borrower and advisors to carry out further due diligence on the proposal and determine whether they have an appetite to progress the refinance. This should be known to the Borrower within 7-10 working days of submission. Thereafter, depending on the lender's internal processes, some may issue a Heads of Terms (HOT) outlining their parameters for providing loan support, which will be subject to formal credit approval. In most cases the Lender will require the Borrower to accept the HOT sheet by signing same and in some cases, paying an acceptance fee as part of the overall cost of the loan.

Upon formal credit approval, a loan agreement will be issued as the formal Finance Contract between Borrower and Lender. This could be a short-form agreement (6-10 pages) or an LMA agreement for larger value transactions (> €10m) up to 140 pages.

Timeframe

A slow no is not in anyone's interest so maintaining contact with the Lender(s) is important. If there is an appetite to progress, the HOT sheet can be issued within 7-10 working days, in some instances sooner than this. A further 7-10 days should be anticipated for formalising a credit approval and getting a first draft loan agreement.

So typically, up to 20 business days to get from application to formal sanction. Beyond that, the timeframe to drawdown will depend on the nature of the security, the quality of the title and the efficiency of the legal advisors for both the Borrower and the Lender. If the loan is below €1.5m, the Lender may complete by way of a certificate of good and marketable title on the primary property asset. This can speed matters up. If the loan is above €1.5m then a full investigation of title is likely required which will take longer. For a refinancing, there is some comfort taken in that title will have been investigated or certified previously. Nonetheless, the slowest part of the transaction will be the completion of the legals and attendance to whatever Conditions Precedent remain outstanding such as Insurance, up to date valuation, management accounts etc.
Allow for up to 90 days for the legals to be ready to complete to allow requisition for drawdown of the loan. That therefore totals a minimum of 4 months.

The Costs

Budget for the fully-loaded costs involved in any funding or refinancing proposal particularly those costs that require a cash-flow outlay as part of or even prior to drawdown of any loan refinance. The list is not exhaustive, but I have headlined what I think will be the primary items:

- The interest coupon on the loan. The lowest cost providers for senior debt will tend to be the Pillar banks and depending on the asset class and the risk profile, this will range from 2.5%-4.5% pa over a committed term up to 7 years.

  For non-bank Lenders, budget for an interest rate range of 5.5%-7% pa for up to 5 years committed. For Bridging loans, the boutique Lenders in this space will typically seek a coupon of 12-16% pa for 12-18 months period.

- The arrangement fee will range from 0.5%-1% for senior debt and up to 2% for Bridging. Half of this is likely to be required upfront prior to formal credit sanction. It is important to negotiate that this is refunded in the event the loan is not approved.

- In some cases, there will be an exit fee ranging from 0.5%-1% on repayment of the loan.

- Most if not all of the non-bank Lenders will have a 'make-whole' provision, essentially an early repayment penalty which will ratchet down as time elapses. This can be a substantial cost and therefore should be fully understood.

- Legal fees and outlay for the Borrower and for the Lender. The Lender's legal fees should be agreed in advance to allow for cash-flow budgeting, but 0.5% of the loan plus VAT would be a reasonable guide. Borrower's own lawyers will add to this, budget say 0.3% so 0.75%-1% in total legal fees relative to value of the loan.

- Valuation fees for the mortgaged assets being made available as security. The instructions for the revaluation will come from the Lender but the cost will need to be picked up by the Borrower. Borrower should seek to get the report addressed to both Lender and Borrower and invoiced to the Lender to at least allow for recovery of the VAT.

- Intermediary fees such as Finance Broker will typically range up to 1% for senior debt plus vat.

- Other due diligence reports such as QS, Engineer, Architect, Tax Advisors as required.

A refinance for example of a €5m CRE loan out with the benefits of possibly achieving a better nominal rate of interest, could cost the following in terms of cash-flow outlay:

- Loan fee 0.5% say €25,000
- Legal fees Lender €25,000
- Legal fees Borrower €15,000
- Valuation updates, say €5,000
- Broker fee say €10,000
- Total cash cost pre-Interest €80,000 or 1.6% of the loan

Finding the appropriate refinancing Lending partner therefore becomes significant even to recover the one-off costs involved, so the term of the loan and the price of the loan by way of interest rate (relative to existing rate) should be scrutinised carefully to consider the whole of life costs associated with the refinance exercise. This is the quantitative element.

Similarly, the qualitative issues should likewise be borne in mind, such as who will be the most compatible Lending partner for the duration of the refinancing period. Do they have the range of products and services your business may require for ongoing support? Are they appropriately funded going forward? How might they react to changes in the business climate over the term of the contract?
This is all food for thought!

Paul Cunningham

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Creating a sustainability business strategy

by Laurence D'Arcy

The new EU Corporate Sustainability Reporting Directive (CSRD) will require businesses to record and report on carbon data. The CSRD, which is still in proposal format, is set to replace the current Non-Financial Reporting Directive (NFRD) and is expected to be in place for the next fiscal year beginning 1st January 2023. From 2023 onwards an increasing number of businesses will be required to report more comprehensive and detailed information on their sustainability measures than heretofore.

The new Directive is viewed by many as being both stricter in guidance and broader in scope and will extend to many more companies than had previously been included in the NFRD requirements.[1]

From 1st January 2023 the CSRD is expected to cover all business activities in Europe including subsidiaries of non-EU based companies - in essence, companies with more than 250 employees or balance sheet total of 20 million plus or Net Revenue in excess of Euro 40 million. SMEs have been given a transition period to allow for a managed phasing in of the measures and proposals. It is expected that SME reporting will commence three years after the effective date - i.e. January 2026.

However, in reality many business stakeholders (shareholders, employees, suppliers and customers) are already looking to SMEs to carefully control and monitor their carbon output, as well as to show leadership in developing clear carbon footprint policies. There is upward pressure from company stakeholders as well as downward pressure from National Government and EU Bodies. It is an important time for all SMEs to begin the planning process as there is still sufficient time to make any adjustments prior to the carbon reporting deadlines.

We believe that the first crucial starting point for businesses is to actually 'COUNT' the carbon footprint of their business. In our view, idealistic statements are not a substitute for an actual 'on the ground' carbon footprint measurement exercise. It is then, from this starting point, that all practical sustainability measures will flow. It is only possible to understand a reduction programme or put critical initiatives in place once a measurement has been undertaken and the key areas have been identified. The measurement becomes a road map to where improvements can be made.

Carbon footprint measurement does not have to be a difficult process and there are many organisations (and online tools) available to assist. It becomes a relatively straightforward task to undertake once you know where and how to locate the key data points. This can be done 'in house' within your own company once the first audit has been carried out independently, staff trained up and the key data points identified. The audit should be an annual exercise for all companies with (ideally) the ability to monitor and track carbon emissions on a monthly basis. (In fact, not too different in structure to current financial accounting).

Many carbon footprint measurement tools base their calculations on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (CHG)[2] which seek to categorize emissions** into Scope 1, Scope 2 and Scope 3. Scope 1 emissions includes all direct emissions generated by the company. Scope 2 includes emissions released through purchased energy such as electricity and heating, and finally Scope 3, encompasses indirect emissions such as employee commuting and purchased services etc.

The practicalities of collecting the key data points for carbon footprint measurement are all very closely aligned with the accountancy profession. The finance department of most organisations will generally have the key data points in its possession - all data gathering for measurement is retrospective and draws on invoices, purchases, mileage reports, travel expenses etc. All data can be gathered and verified as accurate by the financial department and generally one does not need to look much further.

The annual measurement usually refers to the past 12 months of company carbon emissions. This report is used to inform the board and management of the short-term or medium-term steps that could be taken to reduce this footprint in the future. Key strategic decision making, in a very practical sense, will build in the expected carbon footprint impact of decisions. As the adage goes - if it is counted, it will be considered. For SMEs the carbon footprint measurement will not only have an impact on the CSRD reporting requirements but also on

1 Climate Partners estimate this to be more then 4 times stating that the number of business in Europe that will be required to report will go up from 11,600 entities to almost 50,000 (CP - Jan 2022)

2 The Carbon Footprint measurement factors in all greenhouse gases covered by the Kyoto Protocol; Carbon dioxide (C02), Methane, Nitrous Oxide, Hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride.

the proposed company carbon tax that might be introduced by future governments.

The most time-consuming component of the Carbon footprint measurement audit relates to Scope 3 of the GHG Protocol. The data points are detailed and include such wide-ranging inputs as packaging materials, Print Products, Office paper, External Data Centre usage, electronic device purchase, inbound logistics, Business travel, Employee Commuting, as well as downstream transportation & distribution factors and should also include end of life treatment of sold products. It is in Scope 3 emissions that the majority of work will take place. It is often assumed that Scope 1 and Scope 2 are key drivers of carbon footprint, however, in our experience Scope 3 can generally be the largest contributor to the Carbon footprint. It is also the area where immediate reductions can be successfully implemented.

A carbon footprint measurement should not take long if all of the key data points are available. Depending on the company size it might take somewhere between 5 to 10 days to set up the structure and capture the data. Once a template has been created for capturing the key data points it becomes much easier a second and third time.

Whilst the measurement itself is only one part of the overall company sustainability plan - we argue it is the single most practical step that should be undertaken in the short term.

The carbon footprint measurement will allow companies to realistically set practical sustainability goals for the future. This might take the form of reduction programmes at levels of 10 or 15% annually, it could inform a carbon neutral discussion around combining reduction with short-term offset programmes, or it could inform meaningful discussions around a net-zero carbon policy and when that might be realistically achievable. It is important to note that any company who has undertaken a carbon footprint measurement in the past 24 months will most likely have recorded levels that may well be lower than would have been in the absence of Covid restrictions. It is very important therefore for organisations to be realistic about carbon goals based on this measurement. (It may well be a goal of organisations to hold this carbon footprint while adjusting to normality for the next 12 months and then look for reductions in the longer term).

In summary, one of the biggest challenges to future generations is climate action. There is growing pressure from all stakeholders within businesses of all sizes to monitor and measure carbon emissions. The EU is at an advanced stage in their implementation of the CSRD proposal, which will mandate increased reporting and accountability standards within the area of sustainability. Well intentioned words in an annual report will not be enough. In our view, the most practical step a company can take is to carry out an initial carbon footprint measurement in 2022. This is a crucial starting point. The data gathering exercise and completed report will then be the driver for the setting of practical sustainability goals and measures. Goals and measures that will ultimately include the involvement of all stakeholders in a business from employees, shareholders, suppliers to customers.

The carbon footprint measurement might be best undertaken, in the first instance, as an independent audit. The finance department in most organisations is closest to the data points and it is just a matter of understanding what needs to be collected. Once a template has been established it is possible to set effective and meaningful reduction targets based on reduction programmes as well as carbon neutrality or net-zero ambitions.

Laurence D’Arcy

Director - Pragmatica.ie

Laurence D’Arcy is founding Director of Pragmatica.ie. An innovative Irish based company specialising in Company Carbon Footprint Measurement. He holds a number of investments in IT companies in both Ireland and the UK. Laurence holds a BBS (Hons) from the University of Limerick, MSC in Economic Policy from Trinity College Dublin and is currently engaged in research on the Philosophy of Economics at Maynooth University.

Taxation News

Local property tax: valuation of properties and non-liable diplomatic properties

Two new local property tax (LPT) Tax and Duty Manuals (TDMs) have been published.

TDM Part 04-01 addresses various issues associated with the valuation of residential properties for LPT purposes, such as whether a property is to be valued as a residential property, the way in which certain properties are to be valued and the components of a property that are to be valued.

TDM Part 02-00 sets out the basis on which residential properties used for certain diplomatic purposes are outside the scope of LPT.

Source: www.revenue.ie

Revenue confirms employers impacted by December's COVID restrictions can now claim enhanced EWSS support

As part of Budget 2022, the Government agreed the future of the Employment Wage Subsidy Scheme (EWSS), including the graduated step-down in subsidy rates payable, with a view to bringing the scheme to an end by April 2022. This means that with effect from February 2022, most businesses availing of support under EWSS moved to the reduced weekly rates of support of either €203 or €151.50 per employee (depending on the gross weekly wage paid) for the month of February. For March and April 2022, a weekly flat rate subsidy of €100 per employee will be payable.

However, the Minister for Finance, Paschal Donohoe, T.D., announced that businesses availing of EWSS that were directly impacted by the public health restrictions in operation from 20 December 2021 to 22 January 2022 will receive additional support under the scheme to assist them as they fully reopen.

Under these revised arrangements, such businesses will continue to receive the enhanced rates of EWSS subsidy for the month of February and the graduated step-down in subsidy rates, as outlined above, will be delayed by one month. This means that such businesses will continue to receive support under the EWSS until 31 May 2022.

To access the article in full, refer to this link.

Source: www.revenue.ie

Considerations for businesses
as they focus on repaying tax debt deferred under the Debt Warehousing Scheme

by Mairéad Hennessy

In May 2020, the Irish Revenue announced the suspension of debt collection and the charging of interest on late payment for VAT and payroll taxes. This so-called tax Debt Warehousing Scheme has continued throughout the course of the pandemic and has allowed many businesses to effectively park VAT and payroll tax payments where the business has been in trading difficulties due to the Covid-19 pandemic.

In this way, the Scheme has provided vital liquidity support to thousands of businesses suffering downturn due to Covid-19. The legislation underpinning the Scheme was implemented in the Financial Provisions (Covid-10) (No.2) Act 2020 which was enacted in August 2020.

Under the Debt Warehousing Scheme business which have stopped or significantly reduced trading on account of Covid-19 can defer payment of eligible tax liabilities until they are in a position financially to deal with the debt. To qualify for the Scheme, the business must have been unable to pay its tax liabilities because of Covid-19 restrictions. Companies that have availed of the Scheme will have seen their turnover and/ or the volume of the customer orders significantly reduce over the course of the pandemic.

Where a business wishes to warehouse tax debt, it may automatically avail of the scheme if that business is managed by the Personal or Business Division in Revenue. Businesses which are managed by Large Corporates Division and the Medium Enterprises Division must apply to the Revenue for warehousing.

Since the scheme was first introduced in 2020, it applied solely to VAT and employer payroll taxes. It has since been expanded to cover personal income tax, Temporary Wage Subsidy Scheme (TWSS) and Employment Wage Subsidy Scheme (EWSS) payments as well as VAT and employer payroll taxes.

The term of the Debt Warehouse Scheme is made up of 3 distinct periods:

Period 1 (the Covid-19 restricted trading phase)

This is the period during which tax liabilities arising can be warehoused. In this period, claimant businesses are required to file tax returns on a timely basis to ensure that they continue to qualify for the Scheme.

Period 1 began on the following dates:

- 1 January 2020 for VAT
- 1 February 2020 for employer's payroll taxes
- From 26 March 2020 for TWSS overpayments

Period 1 ended on 31 December 2021 for most business. However, it was extended to 30 April 2022, where certain criteria are satisfied. The extension of the Scheme applies to those businesses entitled to and who have made a valid claim for a relevant Government Covid-19 Support Scheme during the period from 1 January 2022 to 30 April 2022. Such relevant Government Covid-19 Support Schemes include the EWSS and / or the Covid Restriction Support Scheme (CRSS).

To avail of the extension to the end of April 2022, the claimant business must already be eligible for warehousing.

The extension applies to the Period 1 end date for all taxes that the taxpayer has warehoused. This means that if a taxpayer has already warehoused all of the eligible taxes (i.e. VAT, Employer PAYE, Income Tax, TWSS and EWSS), then the extension up to 30 April 2022 will apply to all of these taxes. This includes tax liabilities due in respect of April employer payroll taxes and the bi-monthly March/ April 2022 VAT return, due in May 2022.

Period 2 (the zero-interest phase)

This is a one-year period during which no interest applies to warehoused tax debt. This period runs from 1 January 2022 to 31 December 2022 unless the claimant business is availing of the Period 1 extension to the end of April 2022 in which case Period 2 will run from 1 May 2022 until 30 April 2023.

Period 3 (the reduced interest phase)

Period 3 will commence on 1 January 2023 for businesses not availing of period 1 post 31 December 2021. For businesses that exit period 2 on 30 April 2023, then Period 3 will run from 1 May 2023. This is an indefinite period during which interest at a special 3% rate is applied to warehoused tax debt from the start of Period 3 until the tax debt is discharged in full. This rate compares favourably to a rate of 10% per annum currently charged on overdue VAT and PAYE (Employer) tax debts.

At the end of Period 2, businesses in the Scheme must provide Revenue with a repayment schedule for the warehoused debt. Revenue have confirmed in their published Information Booklet on Debt Warehousing that warehoused tax debt will not be considered for enforcement activity at the end of Period 2 so long as there is engagement between Revenue and the business concerned.

As such, it is very important that as businesses emerge from the interest free period at the end of 2022, they actively engage with Revenue to put a phased payment plan in place to ensure they continue to benefit from the Debt Warehousing Scheme.

Exiting the Scheme

Period 1 ended on 31 December 2021 for taxpayers that do not qualify for the extension to the end of April 2022. This means that from 1 January 2022, current tax liabilities fall due for payment on the normal dates. For example, tax liabilities for employer payroll taxes for January 2022 are due in February 2022 and bi-monthly VAT for January / February 2022 will be due in March 2022. It is important that businesses who have been availing of Debt Warehousing over the past couple of years are fully aware of these payment dates and that their cashflow planning for 2022 include these tax payment dates.

Almost 105,000 businesses have availed of the Debt Warehousing Scheme since it was first introduced in May 2020. According to the Revenue's published statistics on 10th February 2022, €3.2 billion of tax liabilities have been warehoused to date. This figure is broken down, as follows:

- VAT €1.496 billion
- Employers payroll tax €1.592 billion (including approx. €570 million PRSI)
- Income tax €59 million (includes approx. €8 million PRSI)
- TWSS/ EWSS overpayments of €57 million

As businesses emerge from the trading restrictions imposed by the pandemic, their focus is turning to how much of their warehoused tax liabilities they can repay. Businesses will need to carefully consider over the coming months the timeline over which they can expect to be able to repay their warehoused tax debt.

When considering the obligation of businesses to commence repayments on warehoused tax debt as they exit period 2, it is relevant to consider that as the quantum of tax debt warehoused over the past couple of years increased, the number of corporate insolvencies fell. This begs the question, what will happen when the state supports are withdrawn? While being absolutely necessary for the survival of many businesses and the retention of hundreds of thousands of jobs, the state supports to business have created a false economy. Businesses that would have closed in normal times have remained open and continue to trade, given a lifeline by Covid supports. Chief among these supports has been the Debt Warehousing Scheme.

All told, there is a significant risk that when the Covid supports are removed there may be a glut of business closures. Often, the affected businesses will be local, low-profile enterprises that simply will not reopen. If this happens, it will significantly impact employment rates and may give rise to a two-tier economy whereby some sectors will bounce back strongly and others will not. Such business closures will also directly impact on the amount of warehoused tax debt that will be repaid to the State.

In reality, it is to be expected that not all of the warehoused tax liabilities will be repaid. Covid 19 has shown the wonderful resilience of so many businesses, as well as the true power of the State. However, the level of support is masking many issues, and those issues have not disappeared. Interesting times lie ahead as we continue to navigate the so-called "new normal".

Mairéad Hennessy

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

In Practice News

IAASA has published a Standards Newsletter

IAASA has published a Standards Newsletter, providing the latest updates and information about IAASA's auditing and assurance standards projects. The Newsletter is available here.

Source: www.iaasa.ie

New CPD Requirements for Statutory Auditors commence January 2022

From January 1st 2022, please note that new CPD Requirements for Statutory Auditors commence with the introduction of new IAASA CPD Guidelines.

CPA members, affiliated partners and responsible individuals who are authorised by CPA Ireland as statutory auditors are reminded of their requirements to maintain their competence in audit through CPD.

It's important to note that, in addition, new IAASA CPD Guidelines which commence from 1st January 2022 require statutory auditors to retain CPD records for a period of 6 years, these are to be sufficient to demonstrate CPD planning, completion and evaluation.

The CPD records maintained should consist of the following;

Record of CPD Planning – this should provide for a reflection on the knowledge, skills and values required to competently fulfil professional responsibilities, identifying the learning and development needs and deciding on the CPD activities necessary to address them.

- Details of CPD completed – this should demonstrate the completion of sufficient, relevant and appropriate CPD annually to meet the learning and development needs and the maintenance and enhancement of the statutory auditors' knowledge, skills and values in all areas of work undertaken by the auditor.
- Details of evaluation process conducted to support the maintenance of professional knowledge, skills and values at a sufficiently high level.
- The auditor should be able to demonstrate that through completion of CPD that they have achieved the learning outcomes in in Table A of IES 8.

Further information to be issued to CPA regulated statutory auditors shortly.

Source: www.cpaireland.ie

Compendium of financial reporting decisions

IAASA, Ireland's accounting enforcer, has today published a further compendium of financial reporting decisions. These decisions relate to accounting treatments applied by CRH plc, Crown Global Secondaries plc, Flutter Entertainment plc, Irish Continental Group plc, Kerry Group plc, Kingspan Group plc and Smurfit Kappa Group plc in their financial reports.

These decisions cover a range of accounting treatments applied under accounting requirements including:

- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 19 Employee Benefits
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IFRS 13 Fair Value Measurement
- Guidelines on Alternative Performance Measures

These decisions include instances where the company voluntarily agreed to enhance its accounting treatment or disclosures in future financial reports to address matters identified in the course of IAASA's examinations.

IAASA's policy on publishing financial reporting decisions and the criteria to be met for such decisions to be published is set out in IAASA's Policy Paper on Publication of IAASA's Financial Reporting Findings.

The financial reporting decisions for each company are included in a compendium of decisions which can be accessed here.

IAASA will continue to publish selected financial reporting decisions periodically.

Source: www.iaasa.ie

A New Approach to Risk Assessment by Auditors

by Garret Wynne

Audit firms of all sizes will need to revisit their firm's approach to risk assessment for all audits of financial statements under newly revised auditing standards for periods commencing 15 December 2021.

The International Standard on Auditing (Ireland) (ISA (Ireland)) 315 Identifying and Assessing the Risks of Material Misstatement has been updated by The Irish Auditing and Accounting Supervisory Authority (IAASA) for audits of financial statements for periods beginning on or after 15 December 2021. While early adoption is permitted, in most cases financial years ending 31 December 2022 will be the first audits completed under the revised standard.

The standard has been revised to respond to challenges and issues with the current standard, ISA (Ireland) 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment. The revised standard introduces major changes in the approach to risk identification and assessment by focusing on what needs to be done and how procedures are undertaken.

At first look, the first thing many auditors will notice is the actual size of the revised standard over the previous version of this standard. The additional volume allows for more extensive application material and the inclusion of six specific appendices with detailed additional guidance to help on implementation.

The enhancements will affect all audits and the readers of this article should understand the concept of scalability as highlighted in the revised standard. In accordance with ISA (Ireland) 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing scalability emphasises the application of the requirements to all entities regardless of size or complexity. The explanatory material supporting the standard expands on this point for both less and more complex entities. The expectation of the revised standard is that this is applied to all entities regardless of size or complexity.

Through the revision of the standard, it is hoped that the changes will:

- Make the standard more scalable and applicable to all entities;
- Reduce complexity and make the standard more usable by auditors;
- Promote more consistent risk assessments with more focused responses to identified risks; and
- Help auditors by incorporating detailed guidance material.

While the changes to the standard are extensive, the objective of the auditor as set out in the revised standard is consistent with the current standard – to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risk of material misstatement.

The key changes put forward in the revised standard are:

1. Enhanced requirements relating to the exercise of professional scepticism

Professional scepticism is necessary for the critical assessment of audit evidence and the revised standard is focused on the need not to bias work towards obtaining evidence that is corroborative or excluding evidence that is contradictory to the existence of risks. The revised standard encourages a robust engagement team discussion at planning that will lead to a better assessment of the risks of material misstatement.

2. Applicable financial reporting framework

The revised standard emphasises a separate focus on understanding the applicable financial reporting framework and the application of accounting policies that are appropriate and consistent.

3. Obtaining and understanding of the entity and its environment

Understanding the entity and its environment assists the auditor in identifying events or conditions, the characteristics of which may affect the susceptibility of assertions about classes of transactions, account balances or disclosures to misstatement. The revised standard requires 'sufficient appropriate' evidence to be obtained from the risk assessment procedure to provide the basis for the risk assessment. The revised standard requires inherent risk and control risk to be considered assessed separately.

4. Entity's system of internal control

The revisions to the standard have expanded on the need of the auditor to understand the entity's system of internal control for both direct and indirect controls relevant to the audit. The auditor is expected to obtain an understanding of the following control activities:

i. Controls that address a significant risk

ii. Controls over journal entries

iii. Controls for which the auditor plans to test the operating effectiveness

iv. Other controls that the auditor considers are appropriate

If the auditor does not plan to test the operating effectiveness of controls, the assessment of the risk of material misstatement shall be the same as the assessment of inherent risk.

5. Inherent risk factors

The revised standard introduces five new inherent risk factors (complexity, subjectivity, change, uncertainty and susceptibility to misstatement due to management bias or other fraud risk factors insofar as they affect inherent risk) to assist the auditor in undertaking the risk assessment process.

6. Spectrum of inherent risk

The concept of a 'spectrum of inherent risk' has been introduced in the revised standard. The spectrum is based on the likelihood and magnitude of a possible misstatement on a range from higher to lower. Significant risks, defined as the relative importance of a matter, lie at the upper end of this spectrum and are judged by the auditor in the context of which the matter is being considered.

7. Increased focus on information technology

An entity's system of internal control contains manual and automated elements, the complexity of the entity varies with the mix of manual and automated elements and the entity's use of IT. The revised standard has been updated to reflect increasing use of automated tools and techniques by some auditors and focuses on the need for an auditor to understand an entity's use of IT in its business.

8. Significant classes of transactions, account balances and disclosures

The revised standard has introduced a new concept of significant classes of transactions, account balances and disclosures and relevant assertions to assist with the identification and assessment of the risks of material misstatement.

9. Stand back requirement

A new stand back requirement has been introduced for the auditor to evaluate the completeness of the significant classes of transactions, account balances and disclosures at the end of the risk assessment process.

Audit firms should use the time available in 2022 to prepare for the practical challenges on implementation to ensure a smooth transition to the revised ISA.

As noted previously the revisions to this standard take effect for period commencing 15 December 2021. Understanding the extent of changes required will be a significant task for all audit firms and staff. Audit firms should use the time available in 2021 to prepare for the practical challenges on implementation to ensure a smooth transition to the revised ISA. Audit firms should focus on the following areas:

i. Revisions and updates to standard audit working programmes, providers of standard audit methodologies will need time to incorporate the significant updates outlined above

ii. Educating audit staff on revised changes, new concepts and the application of the inherent risk spectrum

iii. Assess the impact on current audit clients and consider the impact of scalability on the firm's approach to future audits

iv. Prepare for next years audits by rolling forward audit files to incorporate all changes

Risk assessments are critical to the performance of all financial statement audits and firms have struggled with the application of ISA (Ireland) 315 for a number of years. The incorrect application of ISA (Ireland) 315 is a common weakness identified in the majority of file reviews performed. It is hoped that the improved revised standard will assist auditors to improve their documented risk assessments and specific audit approach to identified risks by forcing the auditor to stand back and review all information available in determining its risk assessment. The assessment of risk should be specific to the audit entity and not the application of standard generic risks on all audit files.

Garret Wynne

FCA, Dip IFRS, Certificate in UK and Irish GAAP, Dip Insolvency

Garret is a Director at Garret Wynne & Co Limited and has extensive experience working with audit firms in the provision of external quality control services to assist firms meet their regulatory requirements. He can be contacted by email at garret@garretwynne.ie or phone at (01) 961 7266.

Three Key Points of the Code of Ethics

by Cath Matthews

The nature of the work carried out by our members and practising certificate holders requires a high level of ethics.

The Code of Ethics highlights three key points to our members, which are:

1. Comply with Section 110 the five fundamental principles, all sections in the code lead back to one or more of these five principles.
2. The code introduces enhanced factors to assist when applying Section 120 the conceptual framework. A stronger bond is also made between "threats" to compliance with the fundamental principles and actions that might be "safeguards. Threats for members to comply with the fundamental principles, can be created by wide ranging of facts and circumstances, including financial interests and relationship.
3. Be independent, when required. The code frequently reminds members to be independent when performing audit and review engagements, or other assurance services. The independence rules always have been part of the code, but now they have been moved to a new section, International Independence Standards, which is divided into two subsections (Independence for Audit and Review Engagements (Part 4A) and Independence for Assurance Engagements other than Audit and Review engagements (Part 4B).

Public Interest

The revisions to Part 1 - Section 100, 110 and 200 explicitly recognise that the accountancy profession is entrusted with public confidence in the wide-ranging roles it plays in society and that such confidence is based on the skills and values it brings to its professional activities. Importantly, they reaffirm the profession's responsibility to act in the public interest and the fundamental role of the Code in meeting that responsibility.

This article considers Part 1 of the code and the duties of our members to the public interest. The Code states that: "A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest". Public interest duty rests at the level of the profession itself, as a whole. Members discharge that duty by following the requirements in the letter and spirit of the Code.

The Conceptual Framework

The code consistently reminds our members to identify, evaluate, and address threats to compliance with the fundamental principles using the conceptual framework, which requires a member to:

- Apply professional business judgment. The code also contains new material on professional judgment that underscores the importance of gaining an adequate understanding of the facts and circumstances in exercising professional judgment,
- Have an inquiring mind which involves considering the source, relevance and sufficiency of information obtained, taking into account the nature, scope and outputs of the professional activity being undertaken and being open and alert to a need for further investigation or other action; and
- Consider the perceptions of a "reasonable and informed third party test", reassess for new information or changes in circumstances. If the threats to ethical compliance are not at an acceptable level, apply effective

safeguards, decline or end the professional activity and observe the reasonable and informed third party test, in many situations the perception of a reasonable and informed third party will be relevant to the resolution of the dilemma.

Clearer provisions are also provided on key topics such as conflicts of interest, inducements, and preparing and presenting information and illustrating how to apply the framework in these contexts. For example, Section 250 provides the factors which are relevant in determining whether there is actual or perceived intent to improperly influence the behaviour of the member or of the counterparty.

Restrictions on performing certain types of services have been greatly expanded in respect of actual or perceived intent for example, the offer of employment, outside of the normal recruitment process, to the spouse of a member by a counterparty with whom the member is negotiating a significant contract might indicate such intent.

In addition, a stronger link is now made between "threats" to compliance with the fundamental principles and actions that might be "safeguards."

Strengthening Independence

To address a key concern to regulatory bodies, the Code made several improvements to strengthen the code's independence provisions. For example, new and improved provisions in Part 4A and Part 4B assists members to apply the conceptual framework when dealing with threats to independence in various contexts. Independence is fundamental to your reputation and to continued public trust.

Members are required to apply the conceptual framework to identify, evaluate, and address threats to independence. Independence "of mind" and "in appearance" requires adherence to the fundamental principles of integrity and objectivity.

Professional Scepticism

The code provides material on exercising professional scepticism which illustrates how a member's compliance with the fundamental principles supports the exercise of professional scepticism.

Professional scepticism and the fundamental principles that are described in Section 110 are inter-related concepts.

Ethical Dilemmas

The Code provides examples where the member may be faced with ethical dilemmas such as conflicts of interests, preparation and presentation of information, acting with sufficient expertise and inducements, including gifts and hospitality. In the course of carrying out work, a member may encounter situations that may not be in keeping with the five fundamental principles. It is not likely to anticipate all situations, but the Code provides a framework, which should guide a member in making decisions and taking actions consistent with the fundamental principles. If you are facing, or think you might be facing, an ethical dilemma, you may wish to seek advice from the Institute or obtain independent legal advice. CPA provides members with a confidential Ethics Support Service, should you have any queries of an ethical nature which you would like to discuss in confidence please email ethicalsupport@cpaireland.ie.

Understanding circumstances that may compromise your integrity and objectivity

Part 1 of the Code establishes the fundamental principles of professional ethics for our members and provides a conceptual framework for applying those principles. Parts 2 and Part 3 clarifies how the conceptual framework is to be applied in specific situations. Members in public practice will also find the guidance in Part 2 relevant to their particular circumstances for example, in the areas of inducements and pressure to breach the fundamental principles.

Lets look at each of these in turn.

Integrity

Integrity matters, while integrity is more of a quality than a skill, it is developed over time. Members should be straightforward and honest in all professional and business relationships.

You could be made aware of unethical practices among clients and it may be difficult to satisfy your obligation, however a member carries a great deal of responsibility, and may be subject to scrutiny by the partners and staff of the practice and the clients who will expect that the trust that they place in their accountant requires the accountant's integrity to be unquestionable. Members should always maintain due care and have the strength of character to act appropriately, even when facing pressure to do otherwise or when doing so might create potential adverse personal or firm consequences. The Code goes on to state that integrity implies not merely honesty, but fair dealing and truthfulness. Members must also be straightforward and truthful in their professional activity and in their commutations to the Institute.

Objectivity

Members should not allow bias, whether for personal self-interest or because of pressure from another, conflicts of interest or undue influence of others to override professional or business judgments. On occasion, the threats to objectivity due to conflict of interests may be of such significance that adequate safeguards cannot be established. Conflicts of interest arise from various sources. You may be asked to take a decision on a matter in which the individual has a personal involvement, such as where the member has a family or personal relationship with the client, advise a company that is in direct competition with an existing client and support two clients who are in competition with one another. Members should evaluate the threats arising from conflicts and apply relevant safeguards against the threats materialising. If in doubt, a member should disclose the conflict to relevant parties.

Objectivity and Independence

Objectivity is closely allied to independence. As a member, you must be totally objective and must be without ties to or relationships with the client as these could potentially impair your judgment and impair the overall course of the audit work. Maintaining objectivity and independence is crucial. This is achieved by applying the principles of integrity and serving the public interest. But beyond this, member firms could ensure the objectivity and independence of individuals within their firms by requiring employees to review client lists for potential conflicts of interest, sign independence agreements and establishing quality control policies and procedures to deal with potential conflicts of interest and independence issues.

Professional Competence and Due Care

Clients will expect a high level of professional competence from their accountant. The Code made several improvements to strengthen the code's professional competence and due care provisions. Members have a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives a competent professional service based on current developments in practice and legislation. To ensure you are competent to provide the services you are delivering act diligently, apply professional knowledge and skill in professional work and maintain competence through relevant CPD.

Confidentiality

Members should respect the confidentiality of all information acquired as a result of professional and business relationships and confidential information must not be disclosed outside the organisation without proper and specific authority unless there is a legal duty right to disclose, or disclosure is in the public interest and permitted by law. Confidential information acquired should not be used for the personal advantage of members or third parties and especially not to secure a personal advantage for anyone.

Professional Behaviour

Members must avoid any action that may discredit their firm or the profession. Members are encouraged to do what "you know is right not what you think is right", comply with relevant laws and regulations and behave in a manner consistent with the professions responsibility to act in the public interest in all professional activities and business relationships.

Conclusion

The Code offers a framework through which ethical dilemmas may be addressed. When faced with ethical conflicts, a member should consider the facts of the situation, related fundamental principles and the Conceptual Framework. Examples in the Code are not intended to cover every possible circumstance but instead outlines key principles and safeguards that could be considered when assessing and resolving ethical problems.

Do not be associated with false or misleading information, make misleading or false statements, whether by omission or inclusion of information that you know is associated with misleading information and always remain "truthful, straightforward and honest "when dealing with your clients and the Institute and always avoid any conduct that the member knows or should know might discredit the profession.

Cath Matthews

CPA, Professional Standards Executive, CPA Ireland

CPA Code of Ethics– Overview of Parts and Sections

Part 1 Complying with the Code, Fundamental Principles and Conceptual Framework

Section 100 Complying with the Code

Section 110 The Fundamental Principle

Section 120 The Conceptual Framework

Part 2 Members in Business

Section 200 Applying the Conceptual Framework-Members in Business

Section 210	Conflicts of Interest
Section 220	Preparation & Presentation of Information
Section 230	Acting with Sufficient Expertise
Section 240	Financial Interests, Compensation & Incentives Linked to Financial Reporting and Decision Making
Section 250	Inducements, including Gifts & Hospitality
Section 260	Responding to Non-compliance with Laws and Regulations
Section 270	Pressure to Breach the Fundamental Principles

Part 3 Members in Public Practice

Section 300 Applying the Conceptual Framework – Members in Public Practice

Section 310	Conflicts of Interest
Section 320	Professional Appoint-ments
Section 321	Second Opinions
Section 330	Fees and Other Types of Renumeration
Section 340	Inducements, Including Gifts and Hospitality
Section 350	Custody of Client Assets
Section 360	Responding to Non-compliance with Laws and Regulations

Part 4A Independence for Audit & Review Engagements

Section 400 Applying the Conceptual Framework to Independence for Audit and Review Engagements

Section 410	Fees
Section 411	Compensation and Evaluation Policies
Section 420	Gifts and Hospitality
Section 430	Actual or Threatened Litigation
Section 510	Financial Interests
Section 511	Loans and Guarantees
Section 520	Business Relationships
Section 521	Family and Personal Relationships
Section 522	Recent Service with an Audit Client
Section 523	Serving as a Director or Officer of an Audit Client
Section 524	Employment with an Audit Client
Section 525	Temporary Personnel Assignments
Section 530	Long Association of Personnel (Including Partner Rotation) with an Audit Client
Section 600 – Section 610	Provision of Non-Assurance Services (NAS) to an Audit Client
Section 700	Reports on Special Purpose Financial Statements that Include a Restriction on Use and Distribution (Audit and Review Engagements)

Part 4B Independence for Assurance Engagements other than Audit & Review Engagements

Section 800 Applying the Conceptual Framework to Independence for Assurance Engagements Other than Audit and Review Engagements

Section 810	Fees
Section 820	Gifts and Hospitality
Section 830	Actual or Threatened Litigation
Section 840	Financial Interests
Section 850	Loans and Guarantees
Section 860	Business Relationships
Section 870	Family and Personal Relationships
Section 880	Recent Service with an Assurance Client
Section 890	Serving as a Director or Officer of an Assurance Client
Section 900	Employment with an Assurance Client
Section 910	Long Association of Personnel with an Assurance Client
Section 920	Provision of Non-Assurance Services to Assurance Clients Other than Audit & Review Engagement Clients
Section 930	Reports that Include a Restriction on Use and Distribution (Assurance Engagements Other than Audit and Review Engagements)

Reflecting on the past

by Ben Rawal

How can we use the power of self-reflection to learn, improve and genuinely change our own behaviours and mindset? In this article, Ben Rawal explains why regular self-reflection can provide valuable insights into your own thoughts and behaviour patterns.

The concept of self-reflection has been in existence for more than 3,000 years, yet many of us do not utilise its benefits on a regular basis. Used in the right way, self-reflection can offer all of us a method of self-coaching, critique and improvement – all on offer at no cost and with no other individuals involved!

There are however, some frequent pitfalls and problems that we often create for ourselves when self-reflecting. Understanding and recognising these is important if we are genuinely able to make the most of our reflective capabilities.

What exactly is Self-Reflection?

Although the words provide a simple indication – reflecting on oneself, the complexities, methods, and application are largely underestimated. Furthermore, self-reflection can be undertaken in different ways but still provide value to the reflector.

As the name suggests, self-reflection involves a period of reflecting on one's behaviours, communication, feelings and responses to others' actions. As an accountant, you are likely to interact with a wide range of individuals and groups including staff members, customers, and government officials. How you respond during these interactions is not only important in terms of achieving what you need in your role as an accountant, but also whether you continue to build and enhance the relationship.

Self-reflection provides an opportunity to reconsider something that has already happened. This may focus on our behaviours or those of others. It may cover what we said or didn't say, or perhaps whether we responded emotionally to an event.

It is important to make the distinction between considering appropriateness and post-rationalising how you have behaved, usually after receiving feedback. Self-reflection is not about presenting ourselves with an argument that justifies how we behaved. Instead, it is an opportunity to explore the benefits and drawbacks around how you have behaved, whilst considering and challenging the relevance of your own beliefs, values and experience.

Ultimately, self-reflection involves taking a balanced perspective on how you have acted, rather than focusing extensively on either positive or negative behaviours. The rationale for such a balanced approach is that your behaviours are unlikely to be all positive or negative yet adopting such an approach is likely to constrain your thinking towards either end of the spectrum.

> **"Self-reflection involves a period of reflecting on one's behaviours, communication, feelings and responses to others' actions"**

How should I Self-Reflect?

There are no set rules around how someone should self-reflect. Some of us find that a quiet environment is ideal for a period of reflection, whereas others reflect 'in the moment' during a conversation with others.

This relies largely on how we are feeling at the time, and the environment that will best support the emotion being experienced. Notwithstanding the above points, some of my clients have asked for further guidance on self-reflection, and I have asked them to consider the following questions / points:

- **When to reflect –** careful planning or when it feels right?

Similar to other commitments, self-reflection time can be planned in advance and given a regular time slot in your diary. At the beginning, a short diary commitment (such as ten minutes per week) should suffice until you feel comfortable in reflecting more often. If you find that ten minutes is insufficient, increase the time available during your next reflection exercise.

Perhaps however, you prefer to work more spontaneously. If this is the case, a series of short, unplanned reflection exercises might be more effective – reflecting when you feel it is required, which then includes longer break periods until the next phase of reflection exercises.

Regardless of whether you prefer to plan ahead or not, the more frequently you self-reflect, the more likely it is that you will continue the activity over a longer period of time.

"The more frequently you self-reflect, the more likely it is that you will continue the activity over a longer period of time"

- **Where** to self-reflect?

Although it may not seem like an important consideration, choosing the right environment for your self-reflection is just as important as how to undertake it.

Furthermore, finding the right environment will also offer encouragement for more frequent self-reflection activity.

As accountants, we spend most of our working day either in a professional environment, such as offices or meeting rooms, or in more recent times, at home.

This environment may or may not provide the optimum place to self-reflect, and this will vary from individual to individual. It is important however, to find an environment that encourages a feeling of calmness, rather than stress or frustration; this will typically provide more effective self-reflection results.

The key thing here is that the environment works for you, enabling you to enter into a period of useful and thought-provoking self-reflection. This could be somewhere like your local coffee shop, or even during exercise.

Another important consideration is whether to reflect alone, in collaboration with another individual, or as a group. These approaches can work in different ways, depending on whether individuals feel comfortable in expressing their thoughts (and feelings) in front of others. There are also benefits and potential drawbacks of each approach, with the possibility for 'groupthink' when reflecting as a group or team. Groupthink (Janis, 1972) occurs when irrational decisions are made due to the need for individuals to conform or discourage disagreement. It is possible therefore that instead of challenging one's reflections or beliefs, other members could agree with their perspective simply to maintain harmony within the group.

"...find an environment that encourages a feeling of calmness, rather than stress or frustration"

- **What** to self-reflect?

Good self-reflection is about thinking and challenging yourself. This means questioning your own actions and how these may have been perceived by others.

As accountants, we are usually effective at following rules, which can be good for creating routine and predictable outcomes. When these outcomes fail to materialise, we often focus on other factors as the cause of the failure (such as other individuals or another 'factor'), rather than examine our own behaviours.

Try using open, inward-focused questions to start your self-reflection. Some examples might include:

- What do I believe went well during my recent interactions with X? Why do I believe this is the case?
- What could I have improved if I was to interact with X again in the future? Why?
- What was it about my behaviours or feelings that I can remember most clearly about the interaction?
- Am I comfortable with these behaviours or feelings?
- What do I believe about the interaction that is definitely true? How do I know this?

As the questions above indicate, the starting point is to question yourself and to challenge why you believe this to be the case. You may want to consider a series of specific interactions that you experienced during the past week, such as dealings that you feel have been effective or not effective in some way.

Having worked with many accountants and finance professionals on self-reflection, I generally find that the initial questioning and challenge of oneself is sometimes uncomfortable. However, with practice and through applying a logical, process driven approach to reflection, most accountants find self-reflection techniques extremely valuable.

"Try using open, inward-focused questions to start your self-reflection"

Repeat...and get curious!

Like all of our automatic actions and behaviours, the habit of self-reflection can be formed with enough repetition. Many of our habits are created due to an emotional driver. Interestingly, this is one of the reasons why we don't form 'better' habits that we know we should – there tends to be an emotional attachment to another habit, that is often easier or more rewarding.

Self-reflection therefore has the benefit (and the disadvantage) that it is not an emotional process – it is based on rational, logical thought. This means that there is no compelling reason to create (or avoid) such a habit.

However, the act of thinking is something that we all do, and self-reflection simply forms part of our thinking activities. One of the key differences however, relates to what we are thinking about, and whether we are using the results to consider how we might act differently in the future.

If you find yourself disinterested in self-reflection, curiosity might help. What are you genuinely curious about, and how might self-reflection provide some of the answers you are seeking? For example, maybe you reacted in an irrational manner during a recent conversation, or made a decision that you later regret. Become curious about the reaction and the decision making – what can you learn about the experience that you can change, adapt or do something about in the future?

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Ben's top tips for self-reflection:

- **Keep it simple**
  If you have recently begun your self-reflection journey, try to keep your reflections simple – at least in the beginning. Too many thoughts, self-challenge and reconsideration of the past can be overwhelming, so try to start off slow and increase the frequency and depth of your reflections over time.
- **Right Place, Right Time**
  Discover the right environment that works for you. This could be quiet or noisy, surrounded by people, or totally isolated – there are no rules, other than finding an environment that helps you feel calm, rather than stressed or frustrated.
- **Strike a balance**
  Good self-reflection involves taking a balanced perspective. This could relate to you or others, but it is important not to polarise individuals into 'good' or 'bad'.
- **Get Curious**
  Curiosity can be useful for challenging your own thoughts and ideas around a particular concept or problem. Using this approach during your self-reflection can also offer opportunities for genuine behavioural change and improvement.
- **Remember, it's ALWAYS free!**
  In a world where professional coaching, training and development are frequently used, self-reflection offers a unique alternative that relies exclusively on the information you hold in your brain. No payment necessary either!

What is workplace burnout?

by Jennifer Hynes

Before burnout can even begin, we need to experience stress. Since stress is explored by an array of different fields including sociology, psychology, medicine and even economics., it has a variety of meanings (Sonnentag & Frese, 2003 Feeling stressed from time to time is quite normal.

In fact, some stress is good as it motivates us to continue what we are doing. However, it becomes problematic when we no longer feel that we can cope. More precisely, stress is a concern when it starts to interrupt day-to-day functioning (American Psychological Association, 2020).

Exposure to chronic job stress or prolonged job stress can lead to burnout (Maslach & Jackson, 1981; Ganster & Schaubroeck, 1991). Burnout is a gradual process encompassing 1) feelings of self-doubt, 2) low professional efficacy, 3) emotional exhaustion, 4) cynicism, and 5) depersonalisation (Cordes & Dougherty, 1993; Freudenberger,1975; Hetland et al., 2007; Maslach & Jackson, 1981). And burnout is a symptom of exceeding one's limit on a regular basis (Leiter & Maslach,1999).

What are the causes of burnout?

To feel stress, a stressor is required. They can be biological, environmental or an event (ILO, 2016). So, in the workplace, a climate, a culture, a relationship or indeed situations can be perceived as stressors.

According to an array of research across several fields, stressors within the workplace can include:

1. Having difficulties in work including abusive supervision, leader psychological distress, lacking control over your work life, lacking ability, lacking knowledge, or lacking support
2. Feeling like you are losing control
3. Failure to gain valued resources
4. Verbal or physical abuse
5. Time pressure and long working hours
6. Failure to meet career goals

As humans our lives are a far more complex interconnected social system extending far beyond the workplace. As such, other stressors such as chronic illness, relationship breakdown, getting married, having marital problems, being a parent and even the conditions of where we live can impact us (Agnew, 2009; Crawford et al., 2010; ESRI, 2018; Hobfoll, 2002, 2001; Hobfoll & Lilly, 1993; Hooley et al., 2017; Lal & Mackinnon, 2012; Li et al., 2016; Liu et al., 2013; National Health Service (NHS), 2020; World Health Organisation (WHO), 2018). Within the accountancy field stressors could include pressure to work long hours, pressure to meet strict deadlines, difficulties working on a team project or even trying to balance family life with a busy career. How we handle the stressors we face is deeply rooted in individual differences.

We all have a pool of resources available at our disposal. At the job level, resources can include autonomy, job control, feedback, access to information, development opportunities, a positive work climate, recognition, support, job variety, recovery time and participation in decision making (Crawford, LePine, & Rich, 2010; Demerouti et al., 2001; Freeney & Fellenz, 2013). On an individual level, personal resources can be viewed as psychological capital. Psychological capital (PsyCap) varies from person to person depending on the levels of hope, efficacy, resilience, and optimism (HERO) a person has. This psychological capital, along with job resources helps to protect you against stress and burnout. However, there are times when the demands we face exceed our resource pool.

The burnout process first begins as the individual becomes overextended due to a resource demand imbalance. For example, an accountant is working in a busy practice and suffering from work overload, poor office climate, lack of support and limited development opportunities. They have a big quarterly deadline approaching and in reaction, they expend effort. This gradually depletes their already limited resources. They complete the work on time but receive no bonus or recognition for their work. When an individual fails to replenish what they have spent (i.e., resources), the body reacts through a process of burnout (Van Wijhe, Peeters, & Schaufeli, 2014). The accountant becomes psychologically drained and begins to detach. The indifference towards work leads to reductions in competence which result in low professional efficacy (Maslach & Jackson, 1981).

What are the implications for me, my colleagues, and my organisation?

Burnout, as you can see, is a domino effect impacting your emotional and physical health. Some of the physical manifestations of burnout are:

- Headaches
- Musculoskeletal problems
- Cardiovascular problems
- Endocrine problems
- Gastrointestinal problems

In response to a stress stimulus, our bodies trigger the flight or fight response (American Psychological Association, 2018b,d; Cleveland Clinic, 2019; General Practitioners in Wales (NHS), 2018: ILO, 2020b). This creates a cascade of biological events such as sending distress signals to the brain, increased adrenaline in the bloodstream, changes in breathing, increased blood pressure and heartbeat, and the production of stress hormones such as cortisol (American Psychological Association, 2018d; Harvard Medical School, 2018). Again, it is important to highlight that repeated stress events are dangerous because they increase the chance of hypertension, heart attack, stroke, inflammation in the circulatory system and high cholesterol levels (American Psychological Association, 2018d).

Burnout also has the capacity to impact the financial wellbeing of organisations. The CIPD (Chartered Institute of Personal Development) health and wellbeing at work report 2021 found that 79% of respondents reported some form of stress-related absence in the last year with workload at 59% being the main driver of stress followed by management style at 32%. Eurofound (2010) estimate that the cost of absence is approximately 2.5% of GDP in Europe. And in the US, the Society for Human Resource management (SHRM) (2014) estimate that the total cost of productivity loss as a percentage of payroll due to unplanned absences stands at 6.7%. Moreover, their study sheds light on how unplanned absences impact colleagues. In the study of 512 workers, unplanned absences were said to add to the workload (69%), increase stress (61%), disrupt the work of others (59%), hurt morale (48%) and reduce quality of work 40%. This demonstrates that burnout not only damages your health but also has the capacity to crossover to colleagues.

How can I protect myself against burnout?

Whilst you cannot eliminate all stressors, you can try to reduce them by asking yourself questions as recommended by the American Psychological Association (2019). For example, is there any way you can change your situation? Can you drop some of the responsibilities you have? Do you say yes too often? Are your standards too high and causing unnecessary stress? Is help available? It is important to remember that burnout is a known outcome of a demand resource imbalance and therefore attempts to identify resources and reduce demands are likely to have a positive impact on your wellbeing.

Behaviour plays a critical role in how stress can impact you. When you become stressed, you are faced with an array of behavioural choices. That is, we can respond to stress through positive or negative behaviours. Poor health behaviours brought on by stress such as smoking, overeating of physical activity and an unhealthy diet are linked to increased risk for heart disease and stroke (American Heart Association, 2010).

Critically, this demonstrates that we can engage in positive behaviours which promote wellbeing. Firstly, we can identify the patterns of stress and reflect on which situations have created the most stress for ourselves. This requires asking yourself a set of questions examining:

1. How you felt at the time?
2. What were the circumstances of the stressful event?
3. Who was there?

After you have reflected on this, you should then examine your behaviour after the stressful event. Again, you should ask yourself some questions. For example, 1) if I felt threatened or unhappy did I speak up? 2) what were my eating patterns afterwards? and 3) how did I destress? Did I go for a walk, run, or engage in some physical activity? Did I discuss how I was feeling with friends or family? Did I ruminate? Did I find it hard to get to sleep? By reflecting on what happened and how you behaved you can learn about your thoughts and feelings. This helps you to gain perspective which can be beneficial in reducing stress (Harvard Medical School, 2020). It also worth noting that this is not a once off activity, you should proactively monitor how you feel by regularly checking in with yourself (American Psychological Association, 2019). Learning how stress impacts you is a vital step to deal with it (American Heart Association, 2010). By identifying patterns of stress in your life, how you feel about them and how you typically behave you can put plans in place to promote positive behaviours.

Nutrition and exercise are two essential elements of wellbeing within your power. However, when feeling stressed there is a tendency to neglect them. Exercise need not cost the earth, nor should it require huge chunks of your time. Any form of physical activity is beneficial (Government of Victoria Department of Health, 2015b; Mental Health Foundation, 2021). Exercise has been shown to improve mood, self-esteem, sleep, heart health and mental health (American Psychological Association, 2018a, 2018b, 2019, 2020; American Medical Association, 2020; NHS, 2020; Anxiety and Depression Association of America, 2020; Harvard Medical School, 2020; University of Michigan, 2019; University of Rochester Medical Centre, 2019; WHO, 2020b). Furthermore, taking exercise outdoors into green space improves mood and reduces feelings of stress (De Keijzer, 2020). Whilst stress does not disappear when we exercise, it can help to reduce the intensity of the emotions you feel (NHS, 2021b).

So, you might ask yourself what exercise should I do and how much? The NHS (2018a) recommends adults to engage in the following:

1. On at least 2 days a week: Strengthening activities that work all the major muscle groups (legs, hips, back, abdomen, chest, shoulders, and arms)

Carrying heavy shopping bags
Yoga
Pilates
Weightlifting
Resistance bands
Push-ups and sit-ups
Heavy gardening (e.g., digging and shovelling)
Lifting and carrying children

2. Do at least 150 minutes of moderate intensity activity a week or 75 minutes of vigorous intensity activity a week

Moderate intensity activities:	Vigorous activities:	Very vigorous activities e.g., High Intensity Interval Training (HIIT).
Brisk walking	Running	Heavy weightlifting
Water aerobics	Swimming	Circuit training
Riding a bike	Riding a bike fast or on hills	Sprinting up hills
Dancing	Walking up the stairs	Interval running
Doubles tennis	Football	Running up stairs
Pushing a lawn mower	Skipping	Spinning classes
Hiking	Aerobics	
Rollerblading	Martial arts	

They also recommend that exercise is spread evenly over 4 to 5 days a week, or every day. As you can see, there are many ways for you to integrate exercise into your daily life. Importantly, you should always take a sustainable approach with realistic and timely goals.

As mentioned previously, good nutrition plays a critical role in wellbeing. Stronger immune systems, lower risk of diseases such as diabetes and cardiovascular disease, and a longer life are associated with better nutrition (WHO, 2019). Behavioural responses to stress can often lead to poor nutritional decisions. Through planning and education, you can improve how you respond to stress. You can learn to develop healthy responses to stress (The NHS, 2018b) and eat a healthy diet (Mayo Clinic, 2021). Again, reflecting on how you eat, what you eat, when you eat and how you feel when you eat can help you to uncover patterns in your diet (Government of Canada, 2018a). In fact, The Irish Nutrition and Dietetic Institute (INDI) (2020) recommends keeping a food diary. Food diaries can help you to understand your eating habits which can help you to change your behaviour (McManus, 2019).

To gain control over your nutrition you should try to cook at home more often (Government of Canada, 2018c) and gain awareness of your shopping behaviours. This should include reading labels so that you can make informed choices about what you eat and drink.

In addition, the cooking method also has implications for your health. The Department of Health for the Government of Victoria (2011) recommend baking, grilling, broiling, roasting, steaming, sautéing, using cooking liquids such as stock or water instead of oil, using low-fat yoghurt

or milk instead of cream in sauces or soups, swapping buttery and creamy sauces for pesto, salsas, chutneys and vinegars, scrub vegetables instead of peeling them to retain the nutrients close to the skin and finally investing in non-stick cookware. It is important to note that chronic stress has a significant effect on food cravings (Chao et al., 2015). For instance, a study found that sugar cravings reduce feelings of stress (Tryon et al., 2015). Therefore, having a plan in place can help you to avoid poor choices.

According to the WHO (2021), a healthy diet consists of:

- Cereals and roots such as wheat, barley, rye, maize, rice, and potato
- Legumes (lentils and beans)
- Fruit and vegetables
- Foods from animal sources (meat, fish, eggs, and milk)

In addition, you should avoid or limit the following (Harvard University School of Public Health, 2019; NHS, 2018b; WHO, 2021):

- Sugar, sugary drinks, and juice
- Salt
- Partially hydrogenated oils
- Binge drinking
- Smoking

What should I take from this article?

The most important thing you need to do is reflect on stress and identify how you respond to it. From that you should construct a resource building plan which is achievable and includes exercise and good nutrition at its foundation.

Jennifer Hynes

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Mindful Self-compassion
– the key to emotional resilience

by Barry Lee

I'll start by acknowledging that the word "self-compassion" can sometimes be off putting for some people. If you feel this way, please keep reading. I can relate! Fifteen years ago, I was working as a newly qualified solicitor in a corporate law firm. It was a difficult time for me. There was a lot of work-related stress in my life and I was suffering with anxiety and panic attacks. Often, it felt like I was struggling to get through the day. I needed help. Still, reflecting back on this time, what do I think my younger self would say if someone told him, "Barry, I can see that you are struggling, you should really consider learning about self-compassion"?

Being honest, I can see my younger self scoffing and rolling his eyes at the idea of it: "Self-compassion!?"

In fact, it was exactly what I needed. At the time, I just didn't know any better.

Whenever I teach this practice, I always start by asking clients to reflect on any misgivings they might have about practicing self-compassion, as there are often some common misconceptions.

Do you notice any of the following reactions as you read this?

- It is weak
- It is self-indulgent
- It will undermine my motivation to get things done
- It is a form of making excuses
- It is like self-pity

It might be interesting to know that none of the above are true. Self-compassion is actually the key to resilience, strength in the face of failure and the ability to learn from mistakes.

There is a significant body of evidence showing that practicing self-compassion is strongly correlated with increased emotional resilience and well-being, in addition to reduced stress and anxiety (Stanford Medicine – Scientific Benefits of Self-Compassion).

A common trait shared by many of us is a tendency towards being very harsh and critical of ourselves. This is not a good thing. Research shows that self-criticism actually makes us weaker in the face of failure, more emotional, and less likely to assimilate lessons from our failures.

Let me share a story with you which might illustrate how unhelpful this tendency towards self-criticism can be...

I remember as a young lawyer once making a mistake at a completion meeting. I made plenty of mistakes over the years by the way, this is just one of them! The meeting was going fine but as we were nearing the end, I realised that I had forgotten an important document.

My heart sank. I spent a few minutes frantically looking for it, but it wasn't there. I felt everyone staring at me. Looking back, of course it wasn't the end of the world but at the time, it felt like it was. I apologised to everyone at the meeting, but I sensed some frustration and impatience in the room. I was by far the most inexperienced lawyer there and I was holding up the show.

Both sets of clients were there too. I had to walk a short distance back to my office to get the document, while everyone waited around. I remember on that walk back, feeling physically sick. My face was hot. I was sweating.

I remember cursing myself and telling myself that everyone must think I'm an idiot. I wanted to disappear. The rest of the meeting was a blur. That night in bed, it was all I could think about. I was trapped in a spiral of rumination, imagining multiple worst-case scenarios. It took me a long time to recover, and my confidence was badly rocked.

At the next completion meeting (and the one after that) I remembered all the documents, but it was an awful experience because I was so nervous. I was flustered instead of calm. I couldn't think clearly because I was paralysed by the fear of making another mistake. It's obviously important to check that you have everything before going to a completion meeting. My old boss used to say, "measure twice and cut once". It's good advice and that was the lesson to be learned from my experience, but I was now bordering on OCD. I know that I didn't perform as well as I could have and I'm sure my nervousness was palpable.

In this example, my natural tendency towards self-criticism was really unhelpful and caused me a LOT of unnecessary stress and anxiety. If my colleague forgot a document, I would never in a million years have treated him or her the way I treated myself.

I wouldn't have reminded him about his mistake last thing at night and first thing in the morning. If I had known about self-compassion at the time, I might have paused and responded with some kindness and encouragement. I know I would have bounced back more quickly, and I would have been much better at my job too.

So, what exactly is self-compassion and how do I practice it?

Compassion arises "when kindness meets suffering".

In case you are put off by the word "suffering" it is important to note that we all suffer at times... we might feel stressed or anxious, we might experience conflict with another person, we might make a mistake, we might feel overwhelmed, or we might encounter physical pain.

It isn't enough to simply acknowledge that there is suffering. For compassion to arise there must also be the sincere wish (at some level) to alleviate that suffering - kindness meets suffering.

It is a very human quality we all share. We usually experience compassion in the heart as an open, warm, spacious feeling.

There are three ingredients to self-compassion (mindfulness, common humanity and kindness). A simple practice which integrates each component is the three step self-compassion break, developed by Dr Kristen Neff (one of the pioneers of Mindful Self Compassion) and it goes like this:

Step 1 (Mindfulness)

"This is a moment of suffering"... first we must actually connect with the difficult experience without over-identifying with it or drowning in it. This is counter intuitive, and it takes some courage. Normally when a difficult experience arises, our first instinct is to recoil and contract. Mindfulness means being aware of our present moment experience "as it is". It gives us perspective. We can witness the physical sensations that go along with this difficult experience coming and going... the tension, the resistance, the contraction.

We acknowledge the difficult experience but don't have to over-identify with it and get lost in a spin cycle of thought. Mindfulness creates a little distance and gives us space to breathe.

Step 2 (Common Humanity) -

"Suffering is part of life"... next we acknowledge that this difficult experience is part of an authentic human life. We are not alone in this. Even on my very worst day, I know that millions of others feel the same.

Sometimes people forget documents! Recognising this truth takes the magnifying glass off me and my experience. Again, acknowledging the common humanity of suffering gives us perspective. This is just part of life. It's normal to feel anxious, angry, overwhelmed, frustrated, embarrassed or sad at times. We all make mistakes, and we all fall short. I'm not alone and I don't have to beat myself up.

Step 3 (Kindness)

"In the midst of all this, without having to fix everything, can I be kind to myself?"... for the final step we offer ourselves some kindness. It is probably easy to do this for a good friend but perhaps not so easy to do this for yourself?

Think for a moment about what you might say to a good friend who is going through this same difficult experience. Imagine that they are struggling right now. What is your facial expression as you sit with them? What is the tone of your voice? Are you rolling your eyes and telling them that it's all their fault? Are you getting up to leave the room? Are you telling them all about the worst-case scenario? Are you going to kick them while they are down? If you are not having a really bad day yourself, probably not. Without having to fix everything, in your better moments you might be able to offer your good friend some kindness and support.

Now, without it feeling phony, can you offer some of this same kindness to yourself? What words do you need to hear?... "this will pass", "it will be ok", "I'm doing the best I can", "I'm not alone", "This is hard but I know I can be with this experience and I know I can learn from it" What would actually help right now? Maybe you can simply return your attention to the connection between your feet and the floor. There may be a sense of support there? Can you release some tension in the body or perhaps allow the breath to slow and deepen? Even one deep breath?

So that's the practice. It's very simple but it's not always easy.

If it resonates with you and you would like to learn more, please feel free to contact me and I will be happy to chat!

Barry Lee

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Barry Lee is the chairperson of the Mindfulness Teachers Association of Ireland and has practiced mindfulness for 15 years. He worked as a corporate lawyer for 10 years and now teaches evidence-based mindfulness and self-compassion programmes in organisations and for the general public.

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Exercising for Wellbeing

by Derval O'Rourke

We all know that exercise is good for our body; keeping our weight down and helping us live longer. But the benefits to our mind should never be underestimated. For me it's about body and mind.

The cultural shift that has happened over the past two years has only highlighted this more. As everyone took to the kitchen table or spare bedroom to work from home, it became even more apparent that we need exercise to sustain our wellbeing. In the last two years, people have reported moving much less and also have noticed some weight gain.

As we move forward and take a hybrid approach to work i.e. a mix of office and working from home, businesses are recognising the importance of making sure their employees are agile and resilient. Wellbeing is firmly on the agenda for everyone.

What is wellbeing and why is it important?

The World Health Organization states that health and wellbeing is "A state of complete physical, mental and social wellbeing and not just the absence of disease or infirmity"

We spend 80% of our waking workdays with our colleagues, with this consideration it's important that we feel well as individuals and as a collective for society to function well.

With more people working from home, it is paramount that they do not begin to feel disconnected or forgotten. Whether that is you working from home or your colleagues, the below tips might be helpful.

Working from home and wellbeing

- Use the time you are saving commuting to invest in healthy lifestyle activities
- If you or someone else is new to a company, reach out and make the effort to connect.
- Keep connected in whatever way you can even if you are primarily WFH, pick up the phone instead of sending some of those emails
- Employees who have a balanced experience of work, activity and community are more likely to thrive with a company and within their work life
- Creating connections with people in other departments that you would not otherwise make is a great way to network and meet new people
- Have a dedicated workspace and worktime, it is so easy for all the boundaries to blur and be dealing with work at night.
- Take your breaks, it's tempting when you are working from home not to stop for lunch or a cup of tea but it's so important to take these breaks
- It's always a good idea to get dressed! Maybe not to the standard you would if going to the office but certainly if you were going for a coffee.

Five top tips for Wellbeing:

1. Get fresh air every day.

Whether it's an hour long walk or 15 minutes, it is the quality not the quantity. Spend that time just being in the moment. When your mind wanders thinking about your to-do list at home or what you need to do at work tomorrow, bring yourself back to what's going on around you. Notice the weather, the smells in the air, wildlife, what season the foliage is in. I know it's a simple concept but aiming for a number of steps each day is hugely beneficial to your overall health as a healthy habit.

2. Shut down.

Our brains are like computers. They need reboots, software updates and when we don't do this, they can crash! Practicing mindfulness is a great way to learn to shut down your brain. A good one to start with is your morning routine. When you're making your tea or coffee, practice just being in that moment. Be present, be aware and just be. As you do this more often, you can apply it to everyday life.

When you are at work, you are there, present in that meeting or that task. Remember it's not realistic to approach life expecting no stress but learning to ride the waves and cope through stressful periods is hugely important.

3. Sleep

This is arguably the most important tool to improving your wellbeing! Getting between 7-9 hours of sleep per night can be the best way to supercharge your life. This may not always be possible due to young families, or extensive travel. So, it is important that when it is possible, you take advantage of it! Make your bedroom a screen free zone.

This will help to avoid that endless night-time scrolling. Try to keep your bedroom a tidy and stress-free area that promotes restful sleep. Think about the routines we give small children to help them develop good sleep habits and lean into those principles.

4. Meditation.

I often hear people say, "I don't have time to meditate for an hour a day". Well, the good news is, you don't need to meditate for an hour a day! Meditating is all about the state of mind. A great one to start with is the count of four.

This can be done anywhere, the car, your desk, before bed. Sit up straight and for a count of four, take a deep breath in through the nose, hold this breath for a count of four, now release through the mouth for a count of four. Repeat four times. It's that simple, but it can really change your mood in that moment.

5. Exercise.

30 minutes of a workout where you break a sweat is great for your physical health, but also for your mental health. When we exercise, we release endorphins in the body, and it is a great way to increase our mood naturally. Start off twice a week and increase to 3-4 times a week if it's manageable. If possible, buddy up with a friend for exercise, this increases your chances of sticking with it and also ticks the box of feeling connected to others.

There will never be a perfect time to address your wellbeing, you will always be busy, and life will always find ways to distract you but the payback for you is so important.

You are your most valuable asset. You deserve to feel well and life a long healthy life. Think of the simple ways you can start to improve your wellbeing from today onwards.

We spend so much time on major work projects and on others that we need to carve out some of that energy for ourselves.

Derval O'Rourke

Derval O'Rourke is perhaps most widely known as an Irish former sprint hurdles athlete and coach on RTE show Ireland's Fittest Family. Derval is also a successful female entrepreneur and founder of Derval.ie, an online health and wellness platform.

To integrate or not to integrate: that is the question!

by Alan FitzGerald

Well, not really; integration IS - in my view - the only answer...
In James Clear's book 'Atomic Habits', he writes that " You don't rise to the levels of your goals; you fall to the level of your systems". Anyone using technology would agree with this. Accounting technology for accounting firms and commercial organisations has evolved from disparate systems to client-server and the cloud.

But in the past, the mantra from many providers to their clients was that an integrated suite offered the benefit of a single database rather than a selection of disparate albeit best of breed solutions - "You must use a suite to compete!".

Unfortunately, this was often a marketing exercise as rarely were all the elements of a suite even developed by the same team, with many acquired over time by that company.

These suites were also a 'closed eco-system'. As a result, when other vendors released newer solutions with superior functionality, they could not be used as part of the suite, negating any benefits.

This stemmed from the inability/unwillingness of suite vendors to open their database to 3rd parties. Thus, a buyer bought all the products from one vendor - good for the vendor, not for the client. When you have one vendor supplying all components, none of them can be the best of breed.

As the various suites evolve, programming languages also change. With multiple languages/structures, inevitably, you will also get misunderstandings. A tongue in cheek joke about these suites was that it was a single source of truth, as long as you didn't mind updating six databases to get it! Some businesses prefer the perceived security of 'one throat to choke' if/when things go wrong and accept any potential shortcomings by taking this path.

The functionality differences between client-server and new generation cloud software will differ even from the same vendor. For example, new generation cloud software often has – on face value - less functionality in some areas than previous generations despite being 'the latest'.

Whilst this sounds like a paradox, a primary reason is that software vendors often added features to justify charging monthly maintenance fees.

As a result, users ended up with functionality that was often irrelevant to day-to-day activities - i.e. features for features sake.

Newer generation software aims to dispense with the unnecessary. I phrase this as a "back to basics" rather than "a back to complexity" approach.

The challenge/opportunity when developing a strategic IT plan is where in the past, a single application previously managed a series of tasks may now require several tools to achieve the same end.

However, the total cost of ownership for more applications is often collectively lower than the original software to be replaced – the latest for less than the original!

There is no doubt that best of breed cloud solutions are simply that - the best in class for the function they perform.

That all sounds easy, but can there be challenges?

Enter the API

The Application Programming Interface or API is a component element of cloud applications that enables disparate software applications to communicate, regardless of the programming language.

Advice: Watch out for vendors who state, 'We have an API...' as each vendor can write APIs differently and should not be immediately considered an automatic complete and comprehensive, two-way integration. Ensure to always ask for detailed information about what you will get when linking to another solution.

APIs are the game-changers in the finance/accounting profession, creating new markets and methodologies for best of breed 3rd parties to interconnect. In addition, you can choose a range of options/application(s) to suit your specific needs rather than being limited to those presented by a single vendor.

This evolution has led to a dramatic increase in the number of potential providers in the accounting/finance industry.

APIs facilitate change in how the software operates and the future state of working, sharing, and interacting with clients; the future is API based.

A move to the cloud invariably leads to other benefits, including reduced server infrastructure and the associated ongoing IT management costs.

These are often hidden costs of owning a network. In addition, the cloud gives arguably greater security and working location flexibility.

Tip: Organisations with ambitions to 'go to the cloud' must first evaluate their current technology & processes. Those open to change will determine what components to keep and change.

For smaller organisations, it is relatively easy to migrate 'holus-bolus'. However, larger businesses with disparate disciplines/ systems will find the process more complex. The first step is to determine what is working, what isn't, and the preferred outcome. The ultimate goal is to match which technology is right for you.

All organisations want to provide a high level of service at a reduced cost by continuously improved methodologies, repeatable actions, automated where possible to reduce the effort needed to carry out those tasks.

Why make the change?

Secure, reliable, easy and manageable access to information is key to any organisation to enable them/assist working with clients, now and into the future. As the pandemic showed, organisations attuned to technology managed the transition to work from home more effectively than those with older technologies. But unfortunately, many organisations were forced into a knee-jerk reaction and quickly replaced technology to keep their heads above water. Now is the opportunity to take the time to review and reflect on what works and can be improved.

Remedying shortfalls in capability will enable any organisation to process and share information in a real-time, online, seamlessly integrated manner to facilitate better engagement with clients, team members and management. Furthermore, once you establish these basics, you can implement a more straightforward path to future technology changes.

A well-chosen array of integrated solutions will facilitate a better working environment with higher productivity. A future goal for any business should be to provide a platform for better engagement with clients with the knock-on benefit of better capability for the organisation's team members and management with minimal interruption and then evolve the systems as appropriate from this foundation.

The legacy approach of "One system to rule them all" is no longer a reality as the development in 'Best of Breed' applications has eclipsed individual components of any suite.

Tip: Functionality crossovers are inevitable as software evolves from different providers. Choose software that meets most of your criteria. Then, work with that vendor on expanding their solution(s).

Resist the urge to 'wait and see': this will potentially leave you behind using older, less ideal software. Organisations that do not embrace technology will be superseded not by 'robots' or 'AI' but by organisations that embrace technology.

We are all becoming more connected, and integrated software can enable timesaving, fewer manual interventions, more flexibility than previously. So don't be hemmed in by old technology: use new capabilities to your advantage.

Alan FitzGerald

Alan has 30 years experience in technology, nearly 23 of those just in Tax and accounting software. In 2015, based on demand from accounting firms, he established Practice Connections Advisory and offers independent and technology agnostic advice to firms big and small in practice management, workflow, tax, document management and reporting solutions options.

He is regularly engaged to write and speak on the accounting tech market by CPA Australia and CPA Ireland, CAANZ and The Tax Institute. He is also regularly engaged by corporate organisations to assist with developing accounting/finance technology strategies and vendors to help in future product development.

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Maximizing Employer Branding in 2022

by Mary Cloonan

It's 2022, and employer branding is becoming increasingly important as firms compete to attract and keep the talent they need. In the age of ad obliviousness and worldwide information access, your brand is everything. It's what makes you stand out to a shrinking pool of experienced candidates, and it's what will drive you to become a viable option in a sea of gig-based work.

Employer branding can help you attract the best talent, and it can also make your business more attractive to potential buyers. If you're looking to maximise your employer branding strategy, you've come to the right place.

Here, we dive into the importance of employer branding, and explain what you need to do to make the most of your opportunity to shine.

The Importance of a Robust Employer Branding Strategy

Without a strong employer branding strategy, your business could struggle to attract the best talent or even become unsellable. In your arsenal of tricks, employer branding is a powerful tool that you simply can't do without.

The right strategy has the power to attract and retain talent, but it also makes your business more attractive to potential replacements or buyers. It is a critical part of your succession planning strategy, so you need to make the most of this opportunity.

To summarize, the following are just some of the advantages of employer branding:

- **Lower Employee Turnover**
  When employees are happy and proud of where they work, they're less likely to leave.
- **Improved Recruitment**
  Employer branding makes it easier to find qualified candidates because your firm will be seen as an attractive place to work.
- **Increased Employee Engagement and Loyalty**
  When employees feel like their voices are heard and that they are part of something bigger than themselves, they're more likely to stay on and become loyal to your brand.
- **Build Credibility with Customers**
  Employer branding shows that you're a responsible employer, and it can help build trust with customers.
- **Increased Competition**
  Employer branding helps your firm compete for the best candidates in your industry.
- **Higher Employer Reputation**
  Employers with strong employer brands are seen as leaders in their industry and can attract talent from across the board.
- **Increased Sales Opportunities**
  Employer branding helps employers find buyers for business units or services because of your high reputation within the market.
- **Lower Cost-Per-Hire**
  By improving your recruitment process, you can reduce the amount you spend on hiring new employees.

As the number of experienced candidates shrinks and competition for talent heats up, hiring is becoming increasingly difficult. In order to attract the best talent, you need a strong employer branding strategy in place. This will help you stand out from the crowd and show potential employees that your business is a great place to work.

If you're looking to maximise your employer branding, you need to ensure that your strategy is robust and well-executed. The following tips will help you get started.

Constructing an Employer Branding Strategy Fit for 2022

When it comes to branding, what you say and how you do it matters.

Employers that can balance their actions with the messages they want to convey will see much more success than those who rush into things or don't take this aspect of business seriously enough. Employer branding is a powerful tool for recruitment as well as attraction, so you need to do it well.

A solid strategy takes time and resources, which means that planning ahead will save everyone's sanity further down the line.

Next up, we outline valuable tips for constructing a strong employer branding strategy for 2022.

Conduct an EVP Assessment

The first step in any employer branding strategy is to conduct an Employer Value Proposition (EVP) assessment. This will help you understand what your business offers, and how it stacks up against the competition.

Your EVP should be based on deep insight into your employees' needs, so that you can ensure that they're met before and after they join your company.

Once you have a good understanding of your EVP, you're ready to move on to the next step: a dedicated digital presence.

Creating a Dedicated Digital Presence

In order to maximise your employer branding strategy, you need to create a dedicated digital presence. This will help you reach potential employees where they are spending the majority of their time: online.

Your website and social media platforms should be designed with employer branding in mind. They should showcase your company culture, values, and benefits in a way that engages potential employees.

It's also essential to ensure that your website is up-to-date and user-friendly. If it's not, you could be losing out on potential talented applicants.

Personalise the Employee Experience

One of the most critical aspects of employer branding is personalising the employee experience. This means creating a customised onboarding process that makes new employees feel welcome and appreciated from day one.

It would help if you also went out of your way to ensure that employees have everything they need to succeed in their roles. This includes providing access to training and development opportunities, as well as a range of benefits that meet their needs.

By personalising the employee experience, you're showing your employees that you care about them and want them to be successful. This will help keep them engaged and motivated, which is essential for long-term success.

Be Ready for Change

If the last two years have taught us anything, it's that change comes quickly, and with it, agile firms will flourish.

One occurrence may shatter the confidence of prospects and employees, leaving you out of date and behind the curve as a business. Recruitment is a volatile business; to retain top talent, your employer brand must be able to adapt.

Never allow your employer brand to become stagnant. Continuous evaluation and improvement are crucial to success. Constantly look for new ways to reach your target audience and be willing to change with the times. You should continuously improve how you express your message and establish what makes you distinct. As your business expands, so will the qualities that make you unique.

The best employer brands are those that can stay ahead of the curve and keep up with the ever-changing demands of the market. Employers who are able to do this will be well on their way to success in 2022.

Top Employer Branding Examples

By now, it's clear that employer branding is extremely important to both organizations and job seekers. As a result, companies are doing everything? possible to implement the appropriate techniques in order to recruit qualified people. In fact, according to a Glassdoor poll, approximately 84 percent of potential candidates check a company's reputation online before deciding whether or not to submit an application. This tells us that not only is employer branding vital to recruiting the best talent, but it's also necessary for a company's online presence.

In order to get an idea of what successful employer branding looks like, let's take a look at some top examples:

- **Netflix**
  Netflix is known for its unique company culture and employee perks. They work to maintain a reputation of being an employer that values their employees and invests in them. The company's website will provide information about how much it values its staff. You'll be astounded by their strong culture and active work environment.

- **Spotify**
  Spotify has taken things a step further in terms of making its corporate brand more exciting and desirable. Their careers page includes elements from their corporate culture, values, and overall talent brand. They even have a section that showcases the work/ life balance they offer employees. It's evident that Spotify has put in a lot of effort to create an employer brand that stands out from the rest.

- **Google**
  Google is the rockstar of employer branding. Employers everywhere are trying to imitate the perks and benefits they offer employees. Employer branding is about creating a positive experience for your team, both internally and externally. Google does this by providing a great work culture, competitive salary and benefits, and opportunities for employees to grow. They've even created an online learning platform called Google Academy.

- **Canva**
  Canva is an excellent example of building an employer brand that appeals to Millennials. Their careers page includes videos that showcase their culture and employees. This makes it easy for potential candidates to get a feel for what it would be like to work at Canva. They also focus on the importance of work/ life balance and offer flexible working arrangements.

Each of these companies has implemented different strategies, but they all have one thing in common - they've succeeded in creating a great employer brand. Employers who are able to do this will be well on their way to success in 2022 and beyond.

Final Thoughts

As you can see, there are several ways to maximize your employer branding strategy in 2022. The most important thing is that it's done well and with care.

It's imperative to keep in mind that ignoring the branding of your firm or business isn't wise. By not taking the issue seriously, you are telling the market that you don't realize how important this is when individuals are attempting to figure out why you're a viable alternative for their future.

Therefore, it's essential to appreciate what employer branding is, why it matters, what your employer brand says and what steps you can take to build your very own.

These tips and examples will help get you started on the right foot, but if you want more information or advice about how best to execute an effective employer branding plan for your organisation, please do not hesitate to contact us at Marketing Clever.

We'd love to help you implement a great employer branding strategy that allows your company to thrive in the coming years.

Mary Cloonan

Mary Cloonan is a specialist marketing and business development consultant who works exclusively with professional services firms and B2B businesses, www.marketingclever.ie

Institute News

Áine Collins to stay on as President of CPA Ireland

The Council of CPA Ireland has decided, in the interest of governance stability and continuity, to reappoint Áine Collins as President, and Mark Gargan and Clodagh Henehan as Vice Presidents to serve until the conclusion of the Institute's AGM in 2023. Council has expressed its gratitude on behalf of the membership to Áine, Mark and Clodagh for this considerable voluntary undertaking which, they believe, is in the best interests of CPA Ireland at this time.

CPA Ireland welcomes IAASB's public consultation on new proposed standard

CPA Ireland welcomed the International Auditing and Assurance Standards Board's public consultation on its landmark new proposed standard for audits of financial statements of less complex entities (LCEs). CPA Ireland has long advocated for proportionality and scalability in the standards used by the profession and in its outreach programme with its membership, identified a need for a set of high-quality standards tailored for the audits of LCEs. CPA Ireland considers that the development of a global solution is in the public interest to secure consistency of approach to the audits of LCEs.

To view CPA Ireland's response to the consultation please click https://www.cpaireland.ie/Latest-News

CPA Ireland Conversation with the European Commissioner for Financial Services, Financial Stability and the Capital Markets Union, Mairead McGuinness and CPA Ireland President Aine Collins.

On 25 January 2022, CPA Ireland was delighted to host a virtual conversation between the European Commissioner for Financial Services, Financial Stability and the Capital Markets Union, Mairead McGuinness and CPA Ireland President Aine Collins.

The conversation focussed on a range of topics of relevance to Irish accountants and Irish business including:

- The proposal for an EU Corporate Sustainability Reporting Directive and its implications for business, large and small, and for reporting of non-financial information by companies.
- The proposal for a Directive to strengthen the quality of corporate reporting and its enforcement in the EU.
- The call for evidence on improving the quality and enforcement of corporate reporting has been issued from the European Commission and is relevant to Boards, Audit Committees, Auditors and the supervision of corporate reporting in the EU.
- The EU's post Covid-19 economic recovery plans.

CPA Ireland welcomes President of the Eurogroup and Minister for Finance, Paschal Donohoe

On Friday 4 February 2022, CPA Ireland was delighted to welcome President of the Eurogroup and Minister for Finance, Paschal Donohoe to a conversation with CPA Ireland President, Aine Collins.

During the conversation, Aine and the Minister spoke about a number of topics including:

- How the government will support SMEs in both the medium and long term.
- The two pillars of the OECD agreement.
- The funding of public services.
- The potential Impact to the exchequer in the next 3 to 5 years due to Ireland increasing its corporate tax rate from 12.5% to 15% for large companies.

Digitalisation Hub: Open access for all

Due to the interest in, and success of, the CPA Ireland Digitalisation hub since its launch in 2021, we have taken the decision to provide open access to the hub. This means that you, our members, can share this service with your companies and clients spanning more than 100,000 businesses that CPA Ireland members advise. We were very proud to announce this initiative in 2021 and have received feedback from our members, contributors and global partners complimenting the service.

"Collaboration is fundamental to progress in our profession and with that in mind, CPA Ireland is delighted to open up access to our Digitalisation Hub and share this resource with our accounting colleagues around the world and to the businesses they serve. I encourage accountants everywhere to take the video tour of the Hub and see the benefits that it can offer you and the businesses you serve." Eamonn Siggins, CEO, CPA Ireland.

Hub Tour

Watch this video to get a full tour of the CPA Ireland Digitalisation hub, the benefits and what it can offer you and your clients.
https://www.cpaireland.ie/hub

CPA Ireland & Digitalisation

Listen to Eamonn Siggins, CEO, CPA Ireland and Patricia O'Neill, Director Member Services, CPA Ireland discuss our digitalisation initiatives and why it was important to develop this hub.
https://www.cpaireland.ie/hub

Explore the hub

If you wish to explore the Hub and all of its benefits, it can be accessed at https://www.cpaireland.ie/hub

The International Federation of accountants has also given the seal of approval and global recognition of the CPA Ireland Digitalisation Hub by adding this service to their IFAC PAO Digital Transformation Series.

"One of the greatest parts of my work is bringing exciting initiatives led by IFAC member organizations to a global audience. I learned of the CPA Ireland Digitalisation Hub by a post on LinkedIn, and now, after a couple of months, we are so happy to launch two videos. CPA Ireland's Digital Journey Experience. A fantastic initiative by CPA Ireland". Manuel Arias, IFAC

"In a modern every changing world, we need information more than ever to assist us with decision making. The CPA Hub is an outstanding destination that is incredibly informative and practical. The biggest issue with technology is the ever-changing landscape. We have no choice as both practice owners and business owners to keep moving an adopting. Roisin and the team at the CPA Ireland are at the tip of the spear with this hub, and if you require answers to your digital journey then no better place to begin. Paul Redmond, RDA Accountants

Membership Changes

Resignations:			
Member ID	**First Name**	**Last Name**	**Date:**
003856	Jean	McCabe	10/01/2022
011646	Aishling	Drak	08/02/2022
006179	Alice	Cummins	26/01/2022
005133	Anna	O'Flynn (Croinn)	11/01/2022
001918	Anthony	O'Connor	12/01/2022
005681	Donna	Costello	23/01/2022
001533	Edward	Duffy	10/01/2022
021445	Jose	De Jesue	12/01/2022

Member ID	First Name	Last Name	Date:
005530	Noreen	Cashman	12/01/2022
001717	Thomas	Kennedy	07/01/2022
026231	Trevor	Riddell	12/01/2022
001902	William	O'Brien	08/02/2022
006329	Sarbjiit	Singh	10/02/2022
Deaths:			
024192	William	Flynn	11/01/20202
20698	Sunday	Ekune	12/01/2022
000813	Margaret	McCarthy	09/02/2022

Liam Donnelly Medal of Excellence Winner

Sarah Whitney from Sheil Kinnear was awarded the 2021 Liam Donnelly Medal of Excellence in December 2021.

Sarah Whitney from Murrintown, Wexford was the top performing student worldwide in the CPA Ireland examinations for 2021 and was awarded the Liam Donnelly Medal in recognition of her achievement.

This award is made in recognition of the first Chief Executive of CPA Ireland, Liam Donnelly.

Liam joined CPA Ireland in the 1970s and throughout his career, he held a special place in his heart for CPA Ireland students. He was first to advocate for a modular approach to examinations allowing CPA Ireland students to combine work, study and life.

We congratulate Sarah on her amazing achievement and know that Sheil Kinnear Accountants, Wexford, will take great pride in the fact that the 2021 Liam Donnelly Medal of Excellence was presented to Sarah.

Pictured L- R: Anita Power, Director, Sheil Kinnear; David O'Connor, Director, Sheil Kinnear; Frances Roche, Director, Sheil Kinnear; Sarah Whitney, Liam Donnelly Medal of Excellence Prize Winner; Tim Quinlivan, Director, Sheil Kinnear and Eamonn Siggins, CEO, CPA Ireland who presented the medal to Sarah.

Accountancy Plus Going Fully Digital

In February 2022 the UN's Intergovernmental Panel on Climate Change released a new report stating that climate change is already causing severe and widespread disruption around the world and drastic action is needed.

CPA Ireland is dedicated to becoming a sustainable organisation and having a digitally confident membership makes our journey to becoming carbon neutral possible. We look forward to your support in relation to the changes necessary to make CPA Ireland a sustainable organisation.

In keeping with these goals, we have made the decision that from September 2022 onwards, the Accountancy Plus journal will be published as a digital-only publication, with June 2022 being the last printed edition. We are excited to be moving to a digital future with reduced printing and being able to significantly reduce CPA Irelands environmental impact.

Over 55% of our members have already opted to receive a digital copy only. The digital copy allows members to easily share content, you can access the journal at any time and the digital copy also allows you to easily navigate to links within the content.

The digital copy will be available as a Flipbook, which includes hyperlinks, the ability to bookmark, share, and download content, and an option to click through to additional resources on relevant topics. A PDF version will also be available on the website.

We will be issuing further details on this milestone event over the coming months.

CPA Irelands Accountancy Plus journal was first produced in 1970 as a newsletter and since then we have been exceptionally proud of the journal as a vehicle for knowledge and celebration of the success of our members.

Congratulations to our new members!

CPA Ireland would like to congratulate all the students who were conferred and officially became new CPA Ireland members on Saturday 4th December 2021 at our conferring ceremony.

The Conferring Ceremony took place in the O'Reilly Hall UCD on Saturday 4th December 2021 and here we welcomed Ireland's newest Accountants. The ceremony was sponsored by JDM Insurance Services Limited.

It was inspiring to see our newest members take to the stage to receive their qualification and we would like to thank UCD for providing such a safe environment to facilitate this.

Congratulations to our newly qualified CPA Ireland members and to all our prize-winning students and a special thanks to our 2021 sponsors for their support.

First Name	Last Name
Lamea	Aman
Tessa	Barry
Katerina	Biarozkina
Barry	Blake
Yvonne	Brosnan
Wayne	Browne
Andrew	Browne
Brigid	Buckley
Suzanne	Cahill
Elizabeth	Carroll
Maria Lavina	Carruthers
Darren	Conaty
Sarah	Connell
Ross	Cowap
Sarah Louise	Cregan
John	Delahunty
Brian Michael	Dineen

First Name	Last Name
Olive	Donegan
Michael	Doyle
Ana-Maria	Dranga
Catherine	Endean
Caroline	Fitzsimons
Eimear	Fox
Ashling	French
Louise	Gaule
Ramona	Ghiuzan
Hanna	Gilicze
Adrienne	Grant
Emma	Griffin
Paul Vincent	Hand
Aoife	Harman
Jennifer	Jones
John	Jones
Tracey	Keane

First Name	Last Name
Eoghan	Kennedy
Jacqueline	Lynch
Patrick	Lyne
Brian	Maher
Shane	McDermott
Ailish	McGovern
Patrick	McMahon
Paula	Mirt
Kate	Moynihan
Patricia	O'Brien
Christine	O'Brien
Stephanie	O'Connell
Michael	O'Connor
Niall	O'Donovan
Jonathan	O'Donovan
Michael	O'Mahoney
Cariosa	Power Fleming

First Name	Last Name
Conor	Ryan
Jenny	Ryan Blake
Asad	Saghir
Sahil	Sarin
Gillian	Smith
Jennifer	Stanley
Mairéad	Sweeney
Samantha	Taylor
Paul	Townsend
Kim	Traynor
Thomas	Turkington
Mark Jason	Twomey
Amy	Tyrrell
Pamela	Vaughan
Marie	Whelan
Anna	Whelehan
Sarah	Whitney

Group photo (L-R) Darren Conaty, Eamonn Siggins, CEO, CPA Ireland, Aine Collins, CPA Ireland President, Eamon Higgins, Siobhan Jordan, Hanna Gilizce.

Individual phots (L-R) Hanna Gilizce, Bryan Stokes, Darren Conaty, Eamon Higgins, Codruta Buzea, Siobhan Jordan.

CPD News

CPA Annual Conference 2022

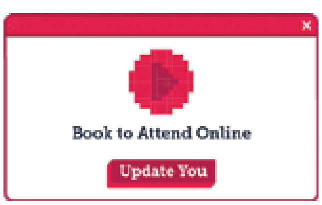
Save The Date!

CPA Ireland's Annual Conference 2022 is taking place on Thursday 26th May and is kindly sponsored by AIB.

A lot has changed in the last two years and, as always, CPA Ireland will respond to these changes by hosting a stellar line up of business and leadership experts at our Annual Conference. Over the course of the day, you will get insights from multiple perspectives, focusing on how Irish Businesses can move forward in a post pandemic world.

We are excited to once again meet our members in person, but we also understand that attending online is the preferred route for many people. To ensure we cater for everyone, the 2022 Annual Conference will be a hybrid event, incorporating the best of both options!

Book to attend in person - https://portal.cpaireland.ie/Showcourses.aspx?id=22316



Book to attend livestreaming - https://portal.cpaireland.ie/Showcourses.aspx?id=22317

New for 2022! Python for Financial Analysis

With the growing popularity of our Diploma in Data Analytics, we have decided to offer this introductory course for those who have an interest in the topic but are unsure if they can commit to the 6-month Diploma in Data Analytics.

This course is a two day live online course and will be presented using Python software. Learn to implement key libraries in Python for data transformation and pandas.

This course will suit CPAs, other qualified accountants working in both practice and industry and people working in Finance Roles.

The course is open to both accountants and non-accountants. Statistical analysis consistent with first year of a relevant business degree or equivalent would be desirable but not mandatory. No prior programming experience required.

Why do this course?

For you
Personal growth and upskilling. Boost your grasp and mastery of key data analytic concepts. Enhance your CV.

For your employer
Allows you to organise your spreadsheet and other data resources in a way that you can extract relevant information with greater ease, versatility and speed.

Key Details:

Method: 2 full days online, live lectures

Location: Online via live stream

Dates: 13 May 2022 & 20 May 2022 (10am to 4pm each day)

CPD Credit: 12 hours

Cost: €560

Book Now at www.cpaireland.ie/cpd

Advanced VAT for Accountants

Due to the continued popularity of our Advanced VAT for Accountants programme, we are delighted to once again run this post qualification specialism commencing in April 2022.

The course will run in Dublin and online over 3 full days from April 2022 to June 2022, offering 24 hours of Structured CPD.

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

Key Details:

Method: 3 full days plus online assessment

Location: Dublin & online via live streaming

Date: April 2022 to June 2022

CPD Credit: 24 hours

Cost: €850

Book Now at www.cpaireland.ie/cpd

CPA Irish Accountancy Conference 2022

Save The Date!

The Irish Accountancy Conference combines our Practice and Industry Matters conferences to deliver a 1.5 day conference with top quality speakers and flexible subject options. This event includes a number of keynote speakers as well as a variety of breakout sessions covering topics relevant to accountants working in industry or in practice.

Participants have the opportunity to choose the subjects most important to you and your business, allowing you to get updates that are relevant to you and make the most of your learning.

This year the conference will take place in Cork and through Livestreaming on the 9th & 10th September.

Click here

New and improved online course in US GAAP

Our online course in US GAAP has recently been reviewed and now candidates are able to complete the course and the assessment online at their own pace.

The assessment is now completed through multiple-choice questions which when successfully completed enables the student to download the certificate of completion.

You no longer need to wait until an assignment is released to complete the course, so get started now and get ahead on your CPD.

Key Details:

Method: Online Lectures & Webinars

CPD Credit: 40 hours

Access Duration: 6 months

Cost: €750

BOOK NOW!

CPD Toolkit for Statutory Auditors

To assist with the achievement of these IAASA CPD requirements for statutory auditors members can find supporting templates and guides on the CPA Ireland website including;

- Guidance on CPD Planning and Evaluation for Statutory Auditors
- Template to record the planning and evaluation of my CPD
- Webinar – CPD for Statutory Auditors

For full details visit https://www.cpaireland.ie/Members/Members-in-Practice/Compliance-Requirements/CPD-for-Statutory-auditors

CPA Ireland will increase the number and variety of audit CPD courses to ensure that the requirements for statutory auditors as outlined by IAASA are met.

The guidelines require a statutory auditor to undertake CPD to keep their professional knowledge up to date in (i) the Irish auditing framework, (ii) financial reporting standards in use in Ireland and (iii) Irish and EU legislation relevant to the preparation of financial statements and to statutory audit and auditors.

IAASA CPD guidelines for Statutory auditors

From 1st January 2022 a statutory auditor, authorised by CPA Ireland, is required to:

1. plan their CPD activities by reflecting on the knowledge, skills and values required to competently fulfil their professional responsibilities, identifying their learning and development needs and deciding on the CPD activities necessary to address them.
2. complete sufficient, relevant and appropriate CPD each year to meet their learning and development needs and thereby maintain and enhance their professional knowledge, skills and values in all of the areas of work that they undertake.
3. evaluate the effectiveness of their CPD activities regularly and revise their approach as necessary to ensure it remains effective in achieving its objective of maintaining their professional knowledge, skills and values at a sufficiently high level.
4. be able to demonstrate their compliance through the retention of appropriate written records of CPD planning, completion and evaluation. Such records should include supporting documentation which evidences that they undertook the CPD activity.
5. retain their CPD records for a period of six years to facilitate review of their compliance.

Further information can be found at https://www.cpaireland.ie/Members/Members-in-Practice/Compliance-Requirements/CPD-for-Statutory-auditors

Audit CPD confirmed for 2022

Wednesday 27 April 2022
Audit Webinar Series - Spring 2022

Wednesday 4 May 2022
Audit Webinar Series - Spring 2022

Wednesday 11 May 2022
Audit Webinar Series - Spring 2022

Wednesday 18 May 2022
Audit Webinar Series - Spring 2022

Tuesday 22 November 2022
Winter Audit Webinar Series

Tuesday 29 November 2022
Winter Audit Webinar Series

Tuesday 6 December 2022
Winter Audit Webinar Series

Tuesday 13 December 2022
Winter Audit Webinar Series

Friday 9th December 2022
Annual Audit Day

Audit CPD to be added to the 2022 programme:

- Audit of Charities
- Audit of Credit Unions
- Audit of Solicitors accounts
- Financial Reporting for Auditors

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, March 22, 2022	e-briefing 1	€29.00	€36.00	1 hour
Webinar	Wednesday, March 23, 2022	Management Buy Outs	€29.00	€36.00	1 hour
Webinar	Thursday, March 24, 2022	Digitalisation Hub Software Showcase - Unitek	€0.00	€20.00	1 hour
Webinar	Thursday, March 24, 2022	Economic Update Q1	€29.00	€36.00	1 hour
Webinar	Wednesday, March 30, 2022	Members Voluntary Liquidaitons	€29.00	€36.00	1 hour
Webinar	Wednesday, April 06, 2022	Selling a business	€29.00	€36.00	1 hour
Webinar	Thursday, April 07, 2022	Digitalisation Hub Software Showcase - Syft	€0.00	€20.00	1 hour
Webinar	Wednesday, April 13, 2022	Creditors Voluntary Liquidations	€29.00	€36.00	1 hour
Webinar	Thursday, April 14, 2022	Digitalisation Hub Software Showcase - Thesaurus	€0.00	€20.00	1 hour
Webinar	Tuesday, April 26, 2022	Meaningful Performance Reviews	€29.00	€36.00	1 hour
Webinar	Wednesday, April 27, 2022	Audit Webinar 1 – Company Law and the audit	€29.00	€36.00	1 hour
PQS	Wednesday, April 27, 2022	Advanced VAT for Accountants Day 1	€850.00	€850.00	24 hours
Webinar	Tuesday, May 03, 2022	Meaningful Performance Reviews	€29.00	€36.00	1 hour
Webinar	Wednesday, May 04, 2022	Audit Webinar 2 – Quality assurance and the audit	€29.00	€36.00	1 hour
Webinar	Friday, May 06, 2022	Employment Law Webinar 1	€29.00	€36.00	1 hour
Webinar	Monday, May 09, 2022	Company Law Webinar Series	€29.00	€36.00	1 hour
Webinar	Tuesday, May 10, 2022	Meaningful Performance Reviews	€29.00	€36.00	1 hour
Webinar	Wednesday, May 11, 2022	Audit Webinar 3 – Audit planning, execution and completion	€29.00	€36.00	1 hour
Webinar	Friday, May 13, 2022	Employment Law Webinar 2	€29.00	€36.00	1 hour
PQS	Friday, May 13, 2022	Python for Financial Analysis Day 1	€560.00	€560.00	12 hours
Webinar	Monday, May 16, 2022	Company Law Webinar Series	€29.00	€36.00	1 hour
Webinar	Tuesday, May 17, 2022	Meaningful Performance Reviews	€29.00	€36.00	1 hour
Webinar	Wednesday, May 18, 2022	Audit Webinar 4 - Audit reporting	€29.00	€36.00	1 hour
PQS	Wednesday, May 18, 2022	Advanced VAT for Accountants Day 2	€850.00	€850.00	24 hours
Webinar	Friday, May 20, 2022	Employment Law Webinar 3	€29.00	€36.00	1 hour
PQS	Friday, May 20, 2022	Python for Financial Analysis Day 2	€560.00	€560.00	12 hours
Webinar	Monday, May 23, 2022	Company Law Webinar Series	€29.00	€36.00	1 hour
Dublin	Thursday, May 26, 2022	CPA Annual Conference 2022	€200.00	€250.00	8 hours
Livestreaming	Thursday, May 26, 2022	CPA Annual Conference 2022 - Livestreaming	€200.00	€250.00	8 hours
Webinar	Thursday, May 26, 2022	Company Law Webinar Series	€29.00	€36.00	1 hour
Webinar	Friday, May 27, 2022	Employment Law Webinar 4	€29.00	€36.00	1 hour

Student News

April 2022 Examinations

The April 2022 examinations will take place from 21 - 29 April. The full timetable of examinations can be found on the CPA Ireland website.

The examinations will be held online with remote invigilation. Many resources are available on the CPA Ireland website (https://www.cpaireland.ie/Current-Students/Syllabus-Exams/Online-Exams) to assist students in preparing for these examinations including a tutorial outling the online system, past papers and sample online practice papers.

The results of the April 2022 examinations will be published on **Friday 10 June 2022.**

For queries regarding examinations please contact Lisa Kelly at lkelly@cpaireland.ie

CPA Ireland wishes all students well in their examinations.

Update re the use of Excel in the Online Exams

Following careful consideration regarding the use of Microsoft Excel for the CPA Ireland examinations held on the Cirrus platform, we can now confirm that this facility will not be in place for the 2022 examinations.

This will provide CPA Ireland with adequate time to provide supports for both Students and Educators in advance of the first sitting using Microsoft Excel scheduled for **April 2023.** CPA Ireland will provide supports including video tutorials and practice tests in advance of the launch of this new feature on the Cirrus platform.

We hope this information will allow Students and Educators to plan accordingly for the 2022 examinations.students well in their examinations.

Student Study Support Resources

Students are reminded of the wealth of additional resources provided by CPA Ireland to assist in your studies and examination preparation.

These include the full syllabus for each subject, past papers and solutions, articles and webinars and can be found on the individual pages for each subject.

Consolidations Webinar Series

For students of Professional Level Financial Accounting and Strategic Level Advanced Financial Accounting we have published a series of webinars on the topic of Consolidations.

These webinars can be accessed on the resource pages for the two above subjects.

Paper Specific Articles

A number of atricles have been published recently by the CPA Examinations Team for the subjects shown below:

The Importance of Entrepreneurship
CPA Examinations Team for Foundation Level Management Fundamentals, January 2022.

Taxation of Married Couples
CPA Examinations Team for Foundation Level Taxation, January 2022.

Technological Advancement and the Role of the Auditor
CPA Examinations Team for Professional Level Audit and Assurance, January 2022

A Note on Information Asymmetry and Agency Costs, and their Impact on Capital Structure and Dividend Policy
By CPA Examinations Team for Professional Level Managerial Finance, January 2022.

Regression Analysis in Data Analytics
by CPA Examinations Team for Professional Level Performance Management, February 2022.

Common Pitfalls in Capital Budgeting
by CPA Examinations Team for Strategic Level Strategic Corporate Finance, February 2022.

Avoiding Overfitting
CPA Examinations Team for Strategic Level Data Analytics for Finance, January 2022.

New Student Facebook Group

CPA Ireland is happy to announce the introduction of a new online space for CPA students to connect with each other. This private Facebook group was created due to feedback received from students who felt a community for CPA students was lacking, especially with the increased move to online methods of learning.

All students are welcome to post resources, share ideas or ask for help from fellow students about anything from which electives to choose or study advice.

Please contact rtimmon@cpaireland.ie to request to join the group

Once your student number is verified, you will be admitted to the group. Please ensure you read and agree to the group rules before joining. Members who do not abid by the group rules will be removed.

CPA Ireland staff are acting as administrators for this group and will occasionally post important notices such as exam registration deadlines, however, this group is primarily a space for CPA students to engage in an online network with each other.

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.

Publication Notice

Investigation Committee – Consent Order

Ref. : Invest/01/21

At a meeting of 4 November 2021 the Investigation Committee found prima facie evidence of misconduct by a Member Firm, Stratton Partners; Stratton House, Bishopstown, Cork; in accordance with bye law 6.6.1 (e) in that in its role as reporting accountant to a solicitors practice, Stratton Partners submitted reporting accountants report for the years 31 May 2017 and 31 May 2018 to the Law Society of Ireland which contained a number of errors and non-disclosures and accordingly were not of the quality that could reasonably be expected of it.

The Committee offered and the Member Firm accepted a Consent Order, the terms of which are as follows: -

- Reprimand
- Fine €1,000
- Contribution of €2,500 towards the Institute's costs

And that details of this Consent Order be published in Accountancy Plus with reference to the Member Firm by name.

Date: 3 December 2021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Mick McConnell: Managing Director
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