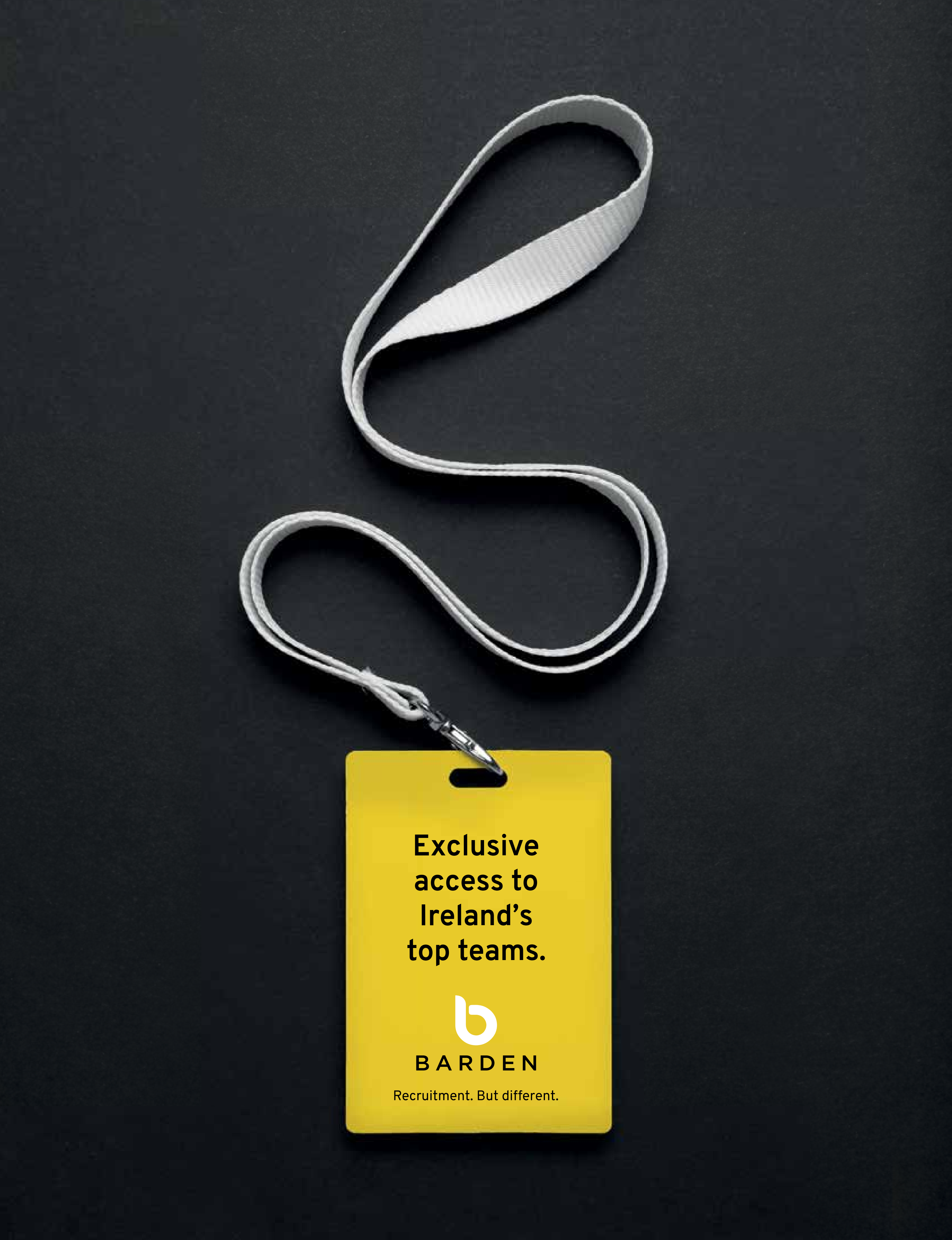
June Issue 2022

Accountancy Plus

The Official Journal of CPA Ireland

CPA Ireland signs MRA with the American Institute of CPAs

CPA IRELAND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Editorial

Accountancy Plus
June 2022

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President's Message

Welcome to the June 2022 edition of Accountancy Plus.

On the 31st May 2022, I was honoured to sign a significant mutual recognition agreement in the offices of the American Institute of CPAs between CPA Ireland and the International Qualifications Appraisals Board in the USA (IQAB). IQAB represents the interests of both the American Institute of CPAs and the National Association of State Boards of Accountancy in the USA (NASBA).

CPA Ireland has become just the 9th professional body to sign a Mutual Recognition Agreement with AICPA. This MRA confirms that the "US CPA credential and the Irish CPA credential are substantially equivalent." This recognition agreement is a strong endorsement of the CPA Ireland qualification and provides further global opportunities for Irish CPAs.

Such MRAs can be years in development and require a world class curriculum, leading assessment practices and the highest standards of training. On behalf of Council, my thanks to all those who have contributed to the professional development of our CPA qualification.

Throughout 2021 CPA Ireland focussed in particular on Digitalisation and Wellbeing through the development of the Digitalisation Hub and our Wellbeing Platform, run in conjunction with Spectrum. Health. We will continue to expand our offerings to ensure our members have access to resources designed to support them in their work and professional lives.

Digitalisation meets the SDG 9: Industry, Innovation and Infrastructure and our wellbeing initiatives fall under SDG 3: Good Health and Wellbeing.

In 2022 we will expand our resources to take account of more of the United Nations' 17 Sustainable Development Goals.

The dialogue on sustainability has certainly increased throughout 2021 and the focus on climate action has intensified. The International Sustainability Standards Board (ISSB) is now a reality, and we look forward to the ISSB finalising its standards on climate.

At a European level we are also seeing progress on sustainability standard setting, initially on a mandatory basis for large companies with voluntary adoption by SMEs.

It is essential that regulatory fragmentation is avoided and that sustainability standards will be global, scalable and proportionate. From engagement with members throughout 2021, CPA Ireland is aware that many SMEs are already being required to give sustainability assurance to larger entities in the supply chain.

CPA Ireland will position CPAs for success through the development of our Sustainability Hub and the development of micro qualifications in sustainability which will be launched later this year.

The hub will cover areas such as Audit, Financial Reporting, Strategy, Sustainable Lending, Carbon Footprint, Employee Health & Wellbeing as well as offering live sessions with key industry experts' in sustainability and case studies of those who have managed a sustainable journey.

In keeping with the theme of Sustainability, from September 2022 onwards, the Accountancy Plus journal will be published as a digital-only publication, with this edition 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 Ireland's environmental impact. Over 55% of our members have already opted to receive a digital copy only, which is a positive endorsement of a digital only approach.

Taking leadership positions is now strongly associated with CPA Ireland's organisational culture. Innovation is shining through again in 2022.

We all look forward to greater certainty in 2022 and the opportunity to convene in person more frequently. Together with my colleagues on Council, I look forward to meeting with our members, to thanking volunteers in person, and to encouraging diverse representation at Council and Committee levels.

Áine Collins

Áine Collins
President CPA Ireland

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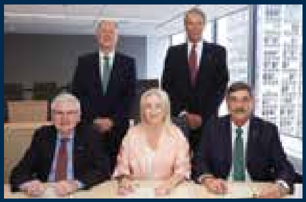

Cover Image: Back Row: Eamonn Siggins, CEO, CPA Ireland and Mike Fritz, Chairman of the Board, NASBA

Front Row: Barry Melancon, President & CEO, AICPA; Aine Collins, President, CPA Ireland and Ken Bishop, President and CEO, NASBA

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The evolution from Corporate Social Responsibility (CSR) to Sustainability

by Brendan McLarny

The food retail sector is one of Ireland's most competitive industries. The top 5 organisations include international and domestic competitors, and they account for more than 90% of the market share.[1] Given the tight margins in the industry (typically 2-3%), many organisations have turned away from competing on price. The battleground for many has shifted to Corporate Social Responsibility (CSR) and more recently, sustainability, to secure a competitive advantage over their rivals.

Having conducted research with CSR and sustainability professionals of the major players in the Irish food retail sector, there was an agreement that CSR is no longer a key component of the strategies of incumbents. One research participant went so far as to say that CSR is an "outdated term" whilst another admitted that their leadership "hate the word CSR".

The focus has very much shifted towards sustainability and food retailers are now openly competing on this basis. Many organisations have admitted using their sustainability practices, such as promoting Irish produce, ethical supply chain practices and a focus on fresh healthy food, as a method of promoting their business and establishing a unique selling point (USP) in their product or service offerings. Others have claimed that this USP has enabled their organisation to differentiate them from the competition.

Despite the trend towards sustainability, there is an acceptance within the sector that CSR will still have a role to play for organisations because as one practitioner explained "we try to talk about it a little bit because if you don't talk about it, you get left behind".

As the area of sustainability evolves to become more mainstream, for many organisations, the emphasis has shifted towards sustainability reporting.

Non-financial reporting – the current situation

Stakeholders have never been more demanding of information on company performance. Not only are they concerned with the financial performance of the organisation, but there is also an ever-increasing demand and focus on the non-financial information. The major issue for stakeholders is that there is a lack of standardisation in non-financial reporting.

The main voluntary frameworks used by Irish food retailers include the GRI (Global Reporting Initiative), SASB (Sustainable Accounting Standards Board) and the International Reporting (IR) Framework. Coupled with the various frameworks and initiatives, is the inconsistent approach to non-financial reporting which is undertaken within the food retail sector. Some organisations include non-financial information in an annual sustainability report, some produce this report bi-annually whilst others report on their non-financial performance in the annual report. The food retail sector is comprised of a mixture of international competitors and smaller SMEs. Some of the smaller competitors have pointed to the onerous reporting requirements involved by adopting the various frameworks. One sustainability professional outlined that their organisation had previously reported to the GRI, but they no longer report because "it ends up becoming almost a job in itself, and you end being more focused on the reporting than actually the doing". However, with the Climate Action bill being signed into law in July 2021 and the Climate Change Advisory Council (CCAC) issuing their recommendations to the government on recommended greenhouse gas limits, the non-financial reporting requirements faced by organisations are set to increase.

The United Nations Sustainable Development Goals (SDG's) – relevant for business or not?

The SDG's are a blueprint for peace and prosperity for people and the planet. These 17 goals which cover poverty, gender equality, climate action, clean water and quality education among others, were adopted by all United Nations member states in 2015[2]. The goals are a partnership between governments, civil society and the private sector to end poverty and protect the planet. In an effort to demonstrate their commitment to the achievement of the goals, Irish food retailers have reported on the actions they have undertaken. Given there is no obligations on organisations to report on the goals, some organisations have taken

1 https://www.kantarworldpanel.com/global/grocery-market-share/ireland

2 https://sdgs.un.org/goals

very differing approaches. Some businesses produce an annual sustainability report which link some KPI's such as carbon emissions to the goals, some include it within their annual report, whilst others do not report at all. A key factor in the inconsistency of reporting on the goals is due to the perception from within the sector, that the goals are not suitable for food retailers, or indeed the private sector as a whole. A sustainability professional in an Irish food retailer stated that the goals are "not designed for business" whilst another stated that "they work really well for nation states rather than a blueprint for businesses". Given the broad reaching impact of the goals, only certain goals will fall within the remit of some organisations, whilst the organisations themselves may struggle to make any impact on certain goals. One food retailer outlined their focus was on 11 of the goals but admitted that 11 goals were a bit ambitious, and their leadership were considering "narrowing down their focus to create a greater impact".

Very few food retailers actually report on their achievement of the SDG's but instead report on internally generated KPI's. One sustainability practitioner in the Irish food retail sector admitted that they use the goals "more as a mirror, rather than a measurement tool". This clearly indicates that the SDG's are being viewed as not fit for purpose within the sector and a radical rethink is required to make them more applicable for the private sector.

The future for non-financial reporting

The recent COP26 event in Glasgow attracted many headlines from around the world. The 13-day summit aimed at addressing the human-caused damage to the planet, received mixed reviews from commentators. However, from an accounting perspective, the announcement by the IFRS Foundation of the International Sustainability Standards Board (ISSB) was a positive development.

This board will involve a consolidation with the Climate Disclosure Standards Board (CDSB) and the recently formed Value Reporting Formation (VRF) – a previous merger of the Integrated Reporting Framework (<IR> Framework) and the Sustainable Accounting Standards Board (SASB). The IFRS announced 3 developments aimed at providing the global financial markets with high-quality disclosures in the areas of climate and sustainability[3]:

- The formation of a new Sustainability Standards Board (ISSB) – aimed at developing a global set of sustainability disclosure standards to meet the information needs of investors.
- A complete consolidation of the CDSB and the VRF by June 2022.
- The publication of prototype climate and general disclosure requirements by the Technical Readiness Working Group (TRWG) – a group undertaking preparatory work for the ISSB.

3 IFRS - IFRS Foundation announces International Sustainability Standards Board, consolidation with CDSB and VRF, and publication of prototype disclosure requirements

4 New body to oversee global sustainability disclosure standards | Financial Times (ft.com)

5 IFRS Foundation creates new sustainability standards board (iasplus.com)

The creation of a new set of global standards and disclosure requirements will allow for consistent and comparable reporting by organisations on a global basis. Given the current fragmented nature of non-financial reporting, coupled with the variety of reporting frameworks, a common set of standards is to be welcomed. Through meeting investor information needs, the new standards will allow the issue of 'greenwashing' to be tackled. The new standards are set to be referred to as 'IFRS Sustainability Disclosure Standards'[4]. To emphasise its global reach the board will comprise 14 members – 3 from Asia-Oceania, 3 from Europe, 3 from the Americas, 1 from Africa and the remaining 4 can be appointed from any area[5].

The role of the accountant

A major issue facing accountants is that with the likely onset of some form of mandatory non-financial reporting, a greater onus will be placed on the data gathering process. From an Irish perspective, the lack of detail on the sectoral emissions means a lack of clarity on what climate, environmental and social data is to be recorded by organisations. The issue then is that if key data is not recorded, it cannot be measured. Furthermore, if data isn't recorded or measured, it cannot be assured. The demand from stakeholders for third party accreditation is ultimately what holds organisations to account. In the food retail sector, there is a fear that many organisations leadership teams are prioritising setting vision and ambition as opposed to having professional managers executing attention to detail. Some organisations are better equipped for data capture, having policies and procedures in place to comply with the existing voluntary frameworks. Other organisations who have not bought into non-financial reporting will face a steep learning curve in the face of new reporting requirements. In the past, these organisations have viewed recording their food packaging data as a luxury, rather than ensuring they are not in breach of future environmental legislation. In light of the government commitment to reduce carbon emissions by 50% by 2030 there is real onus on organisations to make their move, and the sooner they make this move, the more likely they will be to achieve their goal. The cost of inaction at the start of this decade is likely to be great, leading to a race to achieve the 50% reduction by the end of the decade. The evolving role of the accountant shows no sign of stopping.

Brendan McLarney

Brendan is a Lecturer in Accounting at Technological University of the Shannon: Midlands

CPA Profile
Aidan Conlon

Title:
Head of Risk, Assurance and Compliance

Company:
Irish Prison Service

Qualifications:
MA (Leadership and Management), FCPA, MIATI.

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

My family ran a small business and as a child, I remember how much my parents valued the advice they received from their accountant. Looking back, my family played a big part in influencing the early stages of my career.

Why did you choose CPA Ireland as your qualification route?

I believe that most people are familiar with the CPA brand, which is highly regarded both nationally and abroad. I was also attracted to the syllabus, the course options and the examination timetable.

Please provide a brief history of your career.

Most of my early career involved working in a small accountancy practice. Back then, working from incomplete records was a regular challenge, but it also provided great opportunities for learning. I subsequently joined the Office of the Comptroller & Auditor General (C&AG), where I gained valuable experience as part of a team auditing multiple Government departments and State agencies. The Office of the C&AG also provided a unique insight into Government accounting and related principles, which I continued to benefit from in later roles.

After leaving the Civil Service, I worked in various audit-related positions in Pobal, which manages a wide range of EU and State funded programmes aimed at addressing disadvantage and supporting social inclusion. My latest Pobal role of Audit & Risk Manager involved leading a team in delivering a range of audit, verification and compliance services for multiple Government departments, mainly in non-profit organisations. An important part of the brief involved managing risks as part of a process of conducting intelligence-led audits in a wide variety of complex situations.

In 2021, I was appointed to the role of Head of Risk, Assurance and Compliance in the Irish Prison Service, which employs around 3,500 staff and is responsible for the safe and secure custody of approximately 4,000 prisoners in ten closed and two open facilities. The Irish Prison Service is a unique and dynamic organisation, which has continuously strengthened the governance framework underpinning its important work. Developing risk management strategies and related compliance activities are a key part of my role, which is also a focal point for anti-fraud policies.

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

Foundation. A CPA qualification provides a sound basis for pursuing numerous career options. It also provides an excellent platform for engaging in further education.

What has been your biggest career achievement?

While working for Pobal, I designed and successfully delivered a pilot project aimed at enhancing the standard of governance in community childcare services, which are mainly companies limited by guarantee. At the time, the voluntary directors of these services were taking steps towards achieving full compliance with the provisions of the Charities Governance Code. To facilitate this, I designed a suite of checks in a way that struck a good balance between providing assurance on the existing governance arrangements and constructively assisting the boards of management by signposting them towards available resources for any areas of development. The relevant stakeholders welcomed the pilot project and its success helped to pave the way for a wider governance programme. As all audit staff were involved in delivering the project, it was widely regarded as a great team achievement.

What or who inspires you most in business?

I greatly admire volunteers, especially those who serve as directors on the boards of non-profit organisations. The level of time commitment given by "Ireland's Silent Army" is inspirational and their continued support is crucial to the success of the charitable sector.

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

Try not to restrict yourself to the traditional options of practice and industry. Instead, be open to less obvious options. There are good opportunities in the charitable sector and there also seems to be a growing trend towards the public service recruiting staff with specialist skillsets. Whichever route you choose, a CPA qualification will provide you with a wide variety of paths to success.

How do you unwind?

Currently, I enjoy life's simple pleasures like spending time with my family, walking the dog and watching the odd Netflix series. Last year, I enjoyed being a member of Toastmasters International, which was a fun lockdown challenge for me.

What traits do you admire in others?

I greatly admire problem-solvers. Most people find it easy to be critical, but those who are solution-focused are less common and in my experience, make the most credible leaders in Irish business.

CPA Profile
David Carroll

Title:
Associate Partner

Company:
EisnerAmper Ireland

Qualifications:
CPA, CFP, QFA

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

My first plan was to be a professional golfer! I was lucky enough to represent Leinster and Ireland and obtained a golf scholarship to Campbell University, North Carolina in the US. The core subjects of my undergraduate degree were Economics and Accountancy which I really enjoyed. Once golf was no longer a career option, I was keen to obtain a professional qualification that was very adaptable and would afford me the opportunity to gain experience across a range of different industries and sectors.

Why did you choose CPA Ireland as your qualification route?

I first came across the CPA qualification while working at State Street as several of my colleagues were pursuing the qualification there. State Street was very supportive of staff pursuing professional qualifications. CPA provided me with the opportunity, and importantly the flexibility, to work fulltime while attending lectures and studying for my exams.

Please provide a brief history of your career.

After a fantastic 4 years living and studying in the US, I returned to Ireland in 2005 and worked for a number of years as a Financial Advisor for private clients. During this time, I completed a Post Graduate Diploma in Financial Planning from University College Dublin, School of Business. I also obtained professional qualifications with the Financial Planning Standards Board of Ireland as a Certified Financial Planner (CFP) and with the Life Assurance Association as a Qualified Financial Advisor (QFA).

In 2009, I joined State Street as a Fund Accountant. My primary role was reviewing daily, weekly and monthly fund calculations in addition to preparing financial statements. I worked for 3 enjoyable years gaining experience across a variety of fund structures and then I decided to make a career move into practice.

In 2013, I was fortunate to join EisnerAmper Ireland, a firm of specialist accountants, tax advisors and risk and regulatory experts playing a key role in bringing international trade to Ireland and advising Irish corporates.

As an Associate Partner in EisnerAmper Ireland, I lead a team which provides Audit and Internal Audit services to our Firm's Financial Services clients. I lead engagements for a range of clients reporting under Irish GAAP and IFRS including aircraft leasing entities, securitisation vehicles (special purpose vehicles, Section 110 companies) and funds. I also lead Internal Audit engagements for our regulated clients including MiFID Investment Firms, Alternative Investment Fund Managers (AIFMs) and Management Companies.

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

Opportunity.

What has been your biggest career achievement?

My biggest achievement to date was my appointment to Associate Partner in EisnerAmper Ireland.

What or who inspires you most in business?

I am really inspired by the commitment and energy of my colleagues from our trainees up to my fellow Partners. I have been fortunate to have had great mentors at different stages of my career who have encouraged me to progress and continuously challenge myself and my development. I have to mention my colleague, Diarmaid O'Keeffe, who is Head of Audit at EisnerAmper Ireland. Diarmaid has been a great colleague of mine throughout my time with the Firm and I admire his energy, enthusiasm and ability to develop people to be the best they can be.

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

Time management is key for anyone who is studying for a professional qualification. It can be very challenging to manage both work deliverables and study commitments so being protective of one's time is key to passing exams. For recently qualified CPA's, my advice would be to continuously challenge yourself and look for any opportunities to further enhance your existing skill set.

At EisnerAmper Ireland, our goal is to have a happy, healthy and productive team. Attracting, developing and retaining great people is essential to the continued success of our Firm. We're always interested in talking to people who love doing great work and hire across all levels into a wide variety of roles.

How do you unwind?

We recently got a golden retriever so taking her for early morning walks really helps me take time out before my workday begins and to plan my day ahead. Going for walks in the evening too helps me unwind at the end of day.

I am passionate about all sports but particularly golf having spent 4 years on a golf scholarship. I am still actively involved in Grange Golf Club in Dublin - playing and managing our elite players. A new passion which I get great enjoyment from is being involved in the coaching set up with both Terenure Rugby Club and Naomh Olaf's GAA where my 3 sons play.

What traits do you admire in others?

Honesty and integrity are fundamental for any business relationship and I enjoy being around people with a can-do attitude.

Financial Reporting News

ESMA publishes report on EU accounting enforcement in 2021

The European Securities and Markets Authority (ESMA) has published its report "2021 Corporate reporting enforcement and regulatory activities".

ESMA's Report aims to assist companies, Audit Committees and their auditors to further improve future financial and non-financial reports, by assessing how companies comply with International Financial Reporting Standards (IFRS) and non-financial reporting obligations and adhere to ESMA's recommendations.

The Report, with the objective of protecting investors, provides an overview of the activities carried out by ESMA and EU national enforcers on financial and non-financial information.

European accounting enforcement highlights in 2021

- 711 examinations of financial statements drawn up under IFRS, covering approximately 17% of issuers listed on EU regulated markets. The examinations led to enforcement actions against 250 companies in order to address material departures from IFRS, representing an action rate of 40%.
- 537 management reports were examined to assess whether or not the presentation and disclosure of alternative performance measures (APMs) complied with ESMA's APM Guidelines, covering 13% of all IFRS listed issuers in the EU. Based on these examinations, enforcement actions were taken in relation to 97 issuers, constituting an action rate of 18%.
- European accounting enforcers examined non-financial statements of 711 companies, 36% of the total estimated number of companies required to publish a non-financial statement, to assess disclosures in non-financial statements. Related enforcement actions against 72 issuers represented an action rate of 10%.

The majority of the enforcement actions concerned disclosures to be corrected in the future financial statements.

IAASA is an active participant in the ESMA-sponsored European Enforcers' Co-ordination Sessions (EECS). The objective of EECS is to co-ordinate European enforcement activities in order to increase convergence amongst European national accounting enforcers and contribute to fostering investor confidence.

ESMA's report can be accessed here.

Source: www.iaasa.ie

Webinars on the ISSB's exposure drafts

The International Sustainability Standards Board (ISSB) held two live webinars for all stakeholders on its proposed standards on general sustainability-related disclosures and climate-related disclosures.

These webinars provide an overview of the proposals and give participants an opportunity to ask questions. ISSB Vice-Chair Sue Lloyd was joined by technical staff for both sessions.

For the convenience of stakeholders in different time zones, there were two sessions of the webinar; the same content was covered in each.

Webinar A took place on Thursday, 28 April 2022 at 9:00 BST / 10:00 CET / 17:00 JST.

Webinar B took place on Thursday, 28 April 2022 at 12:00 EDT / 17:00 BST.

The agenda for both sessions was as follows:

- Welcome and introductions
- Introduction to the exposure drafts
- General sustainability-related disclosures requirements overview
- Climate-related disclosures requirements overview
- How to respond to the exposure drafts
- Q&A
- Closing remarks

Recordings of both webinars are available below. The slides from the PowerPoints are available here.

The deadline for comments on the consultations is 29 July 2022.

Source: www.ifrs.org

IFAC Continues to Advocate for Convergence in Global Sustainability Disclosure

As the global voice of the accountancy profession, IFAC has supported a global system for delivering consistent, comparable and assurable sustainability information. Such disclosure must become a core component of the corporate reporting ecosystem that helps stakeholders assess objectives and progress towards addressing the climate crisis and other important environmental, social, and governance matters. European Sustainability Reporting Standards can play an important part in aligning global and jurisdictional-specific goals.

IFAC supports the view that sustainability disclosure requirements should be developed to capture and measure what really matters and to facilitate adoption and implementation in an internationally compatible manner. Alignment between global and jurisdiction-specific requirements, to the extent possible, is key for companies who operate across national borders, who compete for capital globally, and who are working towards a more sustainable future.

IFAC CEO Kevin Dancey said "Collectively, we have an historic opportunity to embrace equivalency and interoperability in sustainability initiatives around the world, to leverage the work of existing high-quality sustainability frameworks, and to avoid costly regulatory fragmentation and complexity. Toward this end, IFAC strongly supports the ISSB's recently announced working group that will establish dialogue for enhanced compatibility between the ISSB's recent exposure drafts and ongoing jurisdictional initiatives like that of the European Union."

The European Commission's ambitious Corporate Sustainability Reporting Directive seeks to put sustainability-related reporting on the same footing as traditional financial reporting—addressing what sustainability information must be reported and requiring its assurance, among other important elements that can enhance corporate reporting. We hope this important work ultimately contributes to—and amplifies the impact of—an emerging global sustainability disclosure system.

Learn more about IFAC's support for a global approach to sustainability-related disclosure on the IFAC website.

Source: www.ifac.org

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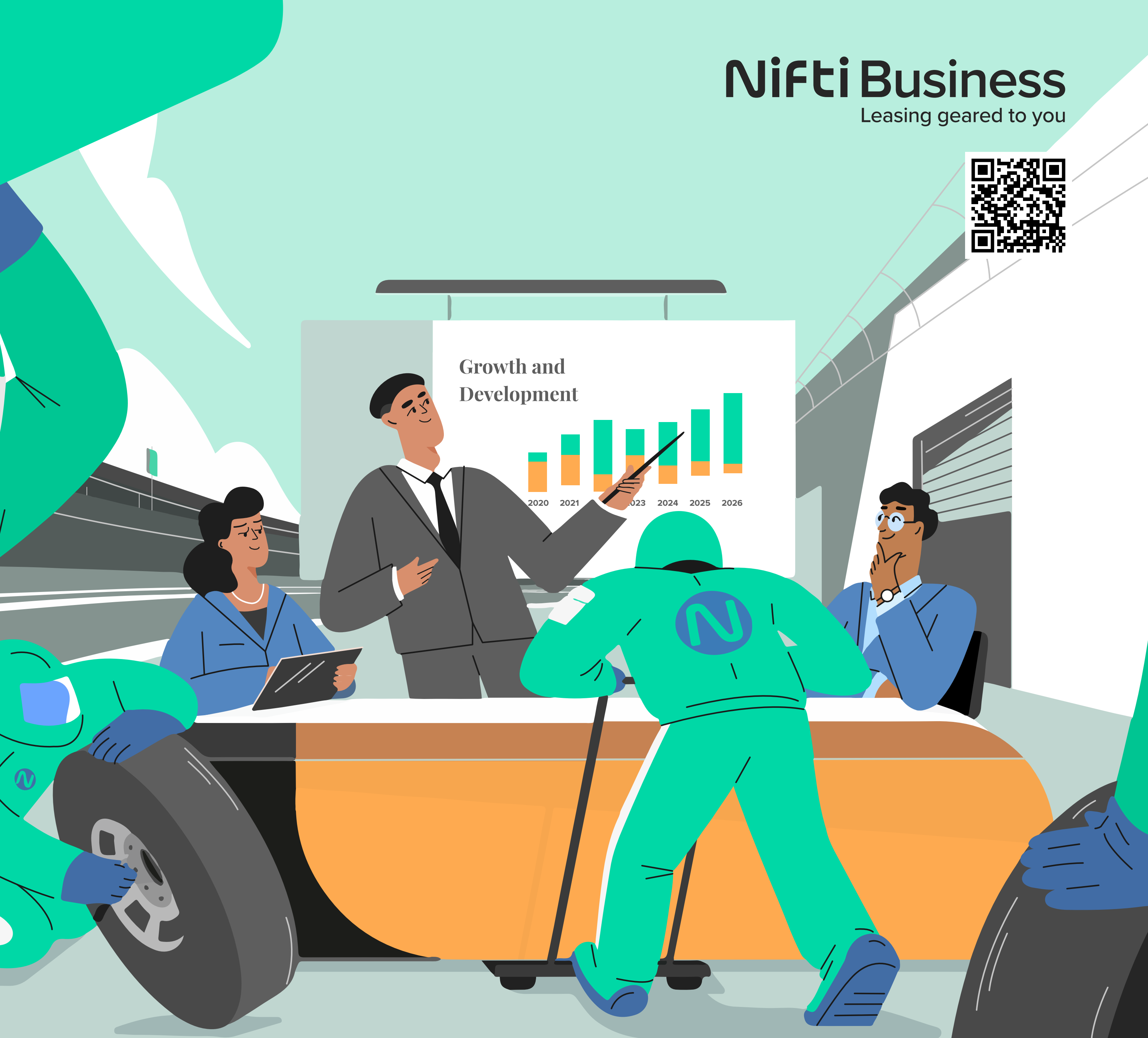

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Gearing Up for Green

by John Brennan & Catherine Guy

In December 2021, AIB and Autolease Fleet Management, which trades as NiftiBusiness and Nifti Personal Leasing, announced a joint venture, with AIB acquiring a 50% stake in the business. The aim of this new partnership is to support business and personal customers in the transition to a lower-carbon future. John Brennan, Head of Retail SME in AIB, and Catherine Guy, CEO, Nifti are delighted to have the opportunity to share their insights with CPA Ireland members.

John, being head of SME banking in AIB must carry a lot of responsibility. Tell us about your role and the team that you lead.

Yes, it absolutely does. AIB is at the heart of our customers' financial lives, and with Ulster Bank and KBC leaving the market, we are very aware that we have an important role to play in ensuring continuity and support for the Irish SME ecosystem.

My role involves leading the SME side of the retail bank in AIB – this covers our business banking teams in the branch network, AIB Finance & Leasing, SME strategy and propositions and our relationship office for joint ventures.

In terms of what my team looks like on the ground, your members will be familiar with their local business advisors, Finance & Leasing representatives and our Heads of Business Banking.

We have many excellent people serving our SME customers, and I take great pride in that. Retail banking and indeed AIB is going through a period of change, which can create challenges but also many opportunities.

Along with my own management team, I am responsible for driving AIB's agenda forward in the SME space. We have ambitious plans to improve our services, simplify processes and become more digitally enabled while ensuring sustainability is embedded across everything we do.

Why is sustainability so important to AIB and what are you doing to support it?

Quite simply it is the right and responsible thing to do – it's also good business. Our purpose is to back our customers to achieve their dreams and ambitions.

We have seen that those dreams and ambitions are increasingly being framed through the lens of sustainability and in particular, climate action.

As a large-scale Irish organisation, we are aware we need to provide leadership in sustainability not only in the financial services sector, but across our economy and society. We have embraced our role as a sustainability leader, and our ambition is that 70% of our new lending will be green or transition by 2030.

We also have a target to achieve Net Zero in our financed emissions by 2040 for our full lending portfolio (2050 including Agriculture).

In our own organisation, we have set a target of becoming Net Zero by 2030. We understand that the window for action on climate change is closing rapidly and there can be no delay in taking these steps.

At AIB, a comprehensive set of actions are in train across the Group designed to help us maintain and extend our position as a leading force for sustainability in Ireland.

Does becoming more sustainable make good business sense for SMEs?

That's a fair question, and it's one that many businesses and their accountants will be weighing up. The uncertainty due to the pandemic and now the geopolitical situation due to the Russian invasion of Ukraine has caused some SMEs to focus on other areas of their business in the short term, with sustainability assuming a lower priority for some of them.

However, standing still on sustainability is not an option. Many SMEs will supply larger businesses, and these larger businesses, like AIB, will have to be accountable not just for their direct carbon footprint, but also Scope 3 emissions which includes their supply chains carbon footprint. For example, AIB maintains a database of about 4,000 suppliers, and transacted with 2,128 of them in 2021.

As part of the increased focus on sustainability within our supply chain, we now ensure that our Responsible Supplier Code is referenced as part of all our purchasing transactions, and we engage with top suppliers to encourage adoption of Carbon Disclosure Reporting. This is reflected in many other large businesses that are trying to play their part in addressing climate change. The stark reality in coming years will be that a business may have the best product or service on the market, the most competitive price, the best supplier relationships, but may lose out to competitors if they do not meet the carbon footprint and sustainability requirements the firms they are supplying have. This accountability will ultimately trickle down to medium and small businesses as well.

Catherine, what prompted Nifti to enter into a joint venture with AIB?

We already enjoyed a very positive relationship with AIB as our bank and they have a strong understanding of our business. We were aware that while AIB offered a wide range of cashflow solutions, they did not have an offering for their own customers in terms of vehicle leasing and fleet management - we believed that we could provide a solution which would be of value to AIB Customers who either lease their existing fleet or purchase their vehicles.

AIB has a large customer base of businesses who need to be mobile, and we offer mobility as a service with a fully outsourced leasing and fleet management solution. We are also invested in supporting sustainable mobility through the transition to Electric Vehicles (EVs) and have been a strong advocate to our own customers, encouraging the switch to EVs for some time. Our own staff fleet is 90% electric so we know that EVs can work for business.

Our HQ has been retrofitted with solar panels which supply over 50% of our electricity needs including our onsite EV chargers. We are passionate about making a difference, using our expertise and our own experience. AIB similarly has a strong commitment to sustainability and has put it at the heart of its strategy. We are very ambitious and AIB recognised and supported that ambition. All in all, it seemed like a really good fit for both of us.

Tell us about what Nifti is offering.

NiftiBusiness offers cashflow solutions and mobility as a service. By taking care of vehicles and fleet, we enable our customers to focus their valuable time and energy on their own core business. We also offer businesses the opportunity to consider and plan for a more sustainable mobility strategy. We provide expert advice on electric vehicles, and we help customers to develop a plan for the transition to electric vehicles over a period of time and with a budget which suits their business and their staff. We do this by reviewing existing fleet and mobility needs, analysing the current fleet carbon emissions, and providing a plan for the phased, or even more ambitious, move to a reduced carbon fleet.

We look at driver habits and requirements and identify vehicles which are suitable. We can provide additional supports in terms of installation of EV chargers at workplaces and at staff homes. In addition, we monitor fleet performance and provide MI reporting and analysis to our customers so that we can see the impact.

For business customers, we provide a fully outsourced solution to businesses of all shapes and sizes, from advising on what vehicle is best suited to their needs and budget, to supplying the vehicle on lease for terms of 3-5 years at a fixed monthly cost. We manage the life cycle of the vehicle for our customers, taking care of tax, maintenance, tyres, planned and unplanned events, and supporting drivers daily. And at the end of the lease, we manage disposal and the risk that goes with that. Basically, our customer pays for what they use.

Our service is effective and efficient from a cashflow perspective as well as from a time and resource perspective. It is cost effective and gives time back to the business.

For personal customers, Nifti personal leasing offers personal leasing solutions for people who want to use a car but don't necessarily want or need to own a car. We offer a more sustainable option which is usership rather than ownership, with all of the convenience and fun that comes from driving a new car, but without the challenges and risk associated with buying a new car. This is somewhat new to the Irish market but is a very familiar concept in other countries and we are hugely encouraged by the response from the market so far.

Our customer does not need to worry about depreciation which could impact value in the future- we take care of that. Our customer does not need to worry about maintenance – we take care of that. Through our website, we guide our customer to help them choose the right vehicle for them. We offer leases at a fixed monthly cost, so our customer has certainty. And if our customer selects an electronic vehicle (EV) we can provide advice about the most suitable model and how their use of an EV impacts their own carbon footprint.

What is Nifti seeing in the marketplace – what are the challenges and opportunities?

It is no secret that supply remains a challenge – that is cyclical, and we know that it will improve. But while that is a challenge, we work with our customers to source alternative suitable vehicles, provide temporary vehicles to bridge the gap and generally ensuring that our customers remain mobile, and drivers are happy.

We are all very aware now of the sharp increases in diesel and petrol prices and to some extent, the complexities and vulnerabilities of that supply chain. And we think it is no coincidence that the increased interest that we were already seeing from businesses in more sustainable mobility solutions, has grown hugely in the first quarter of 2022. Most of the enquiries that we now receive specifically include enquiries about EVs, both passenger and light commercial vehicles, and the number of customers leasing an EV is increasing on a monthly basis.

Many businesses are addressing the question of how to develop a more sustainable fleet and planning for that transition over time in a very structured way.

We know from our engagement with customers that there is a lot of confusion still in the market about EVs and whether they can work for business or for customers lifestyles. Our challenge and our opportunity is to help our customers – both business and personal customers – to understand more about sustainable solutions, to help to address and overcome their concerns and ultimately to advise them so that they can make good and informed decisions.

What do you think the next key developments in sustainability will be?

In terms of sustainability in our own industry, we were pleased to see the publication recently of the Government's Electric Vehicle Charging Infrastructure Strategy 2022-25.

The development of that infrastructure is in its early stages, and it is urgent but it is clear that a meaningful transition to electric vehicles needs the key enablers and a fit for purpose charging infrastructure at the centre of that.

While we are all reasonably familiar with electric vehicle technology, the next key development seems set to be around the development for mass use of alternative fuels which include hydrogen, biofuels, and a range of others. That is exciting and challenging and presents interesting potential for more ways to decarbonise.

What should CPA members be doing to prepare their clients and the businesses they work in for their own sustainability journey?

CPA members who work with businesses and individuals on a daily basis have a key opportunity to influence their clients to at least consider new options for doing business in a more sustainable way. In business we are all driven hugely by targets, budgets and the bottom line. We all want to do business more efficiently and more effectively and ideally more profitably. But I think that most businesses now recognise that efficiency and effectiveness and even profitability is as much about sustainability as it is about budgets and targets.

Whether or not you are someone who is personally invested in halting climate change or making a difference to the planet and the environment, your colleagues, employees and customers already demand that you become invested, and that business plays its part even in a small way. There are a lot of different ways to play a part, and many are very familiar – waste management, using renewable energy sources for business and personal energy requirements, taking steps to reduce your carbon footprint in a variety of ways.

The vehicles we use for business or personal use are an obvious part of the solution. We know from existing research that most car journeys which we undertake in Ireland every day are well within the capacity of all the available EVs. We know that the public charging infrastructure is a work in progress, but we also know that private charging infrastructure is achievable for people and for businesses who can make EV chargers available for employee use at business premises.

The costs are not prohibitive and in fact the total life cost of an EV can be more cost effective than that of a conventional vehicle. A business and an individual can lease an EV at a fixed monthly cost – that provides certainty and reduces risk. Grants are available for the installation of EV chargers. Accelerated Capital Allowances are available for businesses which invest in energy efficient products and equipment, including EVs and charging equipment. I think that many businesses may not be aware of how affordable this can be, and it strikes me that CPA members can really add value to their clients by bringing these issues into their discussions around business and finance planning.

John Brennan,
Head of Retail SME in AIB, and

Catherine Guy,
CEO, Nifti

IFRS for SMEs under review

by Wayne Bartlett

The IFRS for SMEs Standard is an important compromise for those who wish to report using IFRS-compliant approaches but do not want, or do not have the resources, to prepare a comprehensive set of financial statements that ticks all the boxes of the potentially time-consuming and complex IFRS framework in its full form. It's important to remember that financial reporting is not a free good. It takes time, effort and money to collect all the information that fully comprehensive IFRS reporting requires.

It's also useful to remind ourselves of a couple of basic principles which are enshrined in the IFRS Conceptual Framework, namely materiality and cost-benefit. They are principles I find myself drawn back to on an ever-increasing basis. IFRS financial statements should focus on the items that really matter to the users of financial statements: shareholders, lenders, creditors and the like.

There is also an acceptance in the IFRS framework that preparers of financial statements are entitled to consider the cost of collecting and reporting information for the financial statements against the benefits that users obtain from reviewing it. If the costs exceed the benefits, then preparers do not need to assemble the information that would theoretically be required in other circumstances.

These two principles underpin the IFRS for SMEs Standard. As the name implies the Standard is targeted at smaller businesses and those which are not public interest entities, i.e. who are not quoted on a public market. The Standard provides a slimmed-down version of 'full' IFRSs.

It substantially reduces disclosure requirements and makes the associated accounting less complex. At the same time there is a trade-off. Preparers have less choice under IFRS for SMEs and consequently less flexibility, a situation that not everyone will welcome.

The Structure of the IFRS for SMEs Standard

Broadly paraphrased, the Standard adopts five different types of simplification when compared to full IFRS. These are:

- Some topics that are included in full IFRS Standards are omitted because they are not relevant to typical SMEs.
- Some of the policy options that are included in full IFRS Standards are not included because of the simplified reporting requirements included in the IFRS for SMEs Standard.
- Many recognition and measurement principles included in full IFRS are simplified.
- There are substantially fewer disclosures required.
- The language in the IFRS for SMEs Standard is also simplified with a deliberate focus on 'plain English'.

The Standard is divided into 35 sections which largely link to equivalent full IFRS Standards. For example, there are sections on specific financial statements (sections 4-7 on individual financial statements such as the statement of financial position or the cash flow statement), on revenue (section 23) or on property, plant and equipment (section 17). The linkage includes some of the more obscure IFRS Standards such as the rarely used guidance concerning hyperinflation. So, in principle every situation that might be encountered with respect to the full IFRS framework is also covered within the IFRS for SMEs Standard, albeit in a simplified and more manageable form.

However, the full IFRS framework is constantly evolving. New Standards emerge and existing ones are modified based on experience or unforeseen events and there is a need to ensure that the IFRS for SMEs Standard stays synchronised in line with these changes to the 'full' Standards. There is also the possibility that issues relating specifically to the implementation of the SME Standard may arise that need clarification and potentially emendation of it. Therefore, there is an inbuilt regular review process for the SMEs Standard to ensure that it stays current in line with developments to the 'full' Standards on which it is based.

Issues concerning the maintenance of the IFRS for SMEs Standard are covered in the Preface to the Standard itself. Potential changes to it will be discussed in what the Standard-setters call an 'omnibus' Exposure Draft. This will not be issued more than once every three years though there is provision within the Preface for emergency Standard updates to be made on what are foreseen to be very rare occasions.

Once the Standard has been updated and re-published then implementers will have a year to deal with any changes that impact on their own accounting and reporting.

The latest update

The first IFRS for SMEs standard was issued in 2009. This was amended for the first time in 2015 with any changes becoming effective from 1 January 2017. Work towards the second change to the Standard began back in 2018.

This is now nearing the end of the process. Work is in hand to circulate an exposure draft to discuss potential changes with interested parties. The aim is that the International Accounting Standards Board (IASB) will be in a position to issue this exposure draft by the end of 2022.

However, a sneak preview of some of the issues under discussion can be gleaned from the spring meeting of the International Forum of Accounting Standard Setters (IFASS) which was held in March 2022. During these discussions the IASB gave feedback on the current status of the update project and the kind of issues that are emerging.

These conversations reveal first of all some philosophical issues that are underpinning the IASB's thinking. The kind of questions that are being asked with respect to any possible changes are:

- Would any change make a difference to the decisions of users ('relevance')?
- Is it possible to make appropriate simplifications ('simplification')?
- Does the outcome faithfully represent the bona fide economic situation ('fair presentation')?
- Last but not least, are any changes potentially going to lead to benefits that outweigh the costs ('cost-benefit')?

After considering these high-level issues, there are some detailed potential changes that appear to be on the cards though the precise level of detail will become more apparent when the exposure draft is issued. The IASB has been considering the alignment of full IFRS Standards with the IFRS for SMEs Standard in specific cases, leading on an individual Standard basis to three potential scenarios:

- A scenario where there should be **alignment** between the full IFRS Standard and the IFRS for SMEs Standard.
- A scenario where there should be **partial alignment** between the full IFRS Standard and the IFRS for SMEs Standard.

- A scenario where there should be **no alignment** between the full IFRS Standard and the IFRS for SMEs Standard.

IFRS Standards that should be aligned

In the first category of those which should be aligned there are four specific items to consider. In such cases, there will need to be a rewrite as a new section in the IFRS for SMEs Standard. This does not mean that everything in the SMEs Standard will involve new requirements that have never been dealt with before.

As an example, there would need to be a new section on fair value measurements, but these would not be brand new requirements. Rather what is required is a re-writing of existing requirements in the current version of the SMEs Standard into a new section.

The four items in question are:

- The Conceptual Framework for Financial Reporting
- IFRS 3 – Business Combinations
- IFRS 13 – Fair Value Measurement
- IFRS 15 – Revenue from Contracts with Customers

Partial alignment with IFRSs

In areas of partial alignment rather than writing a new section, what is required is an update to current sections in the IFRS for SMEs Standards. Here, there are three specific IFRS Standards to consider which are:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 9 – Expected Credit Loss

IFRS 9 is an interesting one. It introduces new more stringent requirements on Expected Credit Losses which have already led to a bit of consternation during the pandemic and its associated fall-out. In the amendments which are under consideration in the SMEs Standard there will be a dual model looking at incurred and expected credit losses.

No alignment with IFRSs

There are some full IFRS Standards where it is felt that no changes to the SMEs Standard are required. These are:

- IFRS 14 – Regulatory Deferral Accounts
- IFRS 16 – Leases
- IAS 19 – Employee Benefits

IFRS 14 is perhaps understandable as it relates to a rather specific state of affairs that is likely to have very limited application amongst SMEs. However, the situation on leases seems to have proved somewhat controversial. There does not seem to be unanimity on whether or not this important and potentially highly significant relatively new Standard should be rolled out to include the SMEs Standard. Perhaps this is something which will be discussed further during the exposure draft discussions and maybe the final version of the Standard update which ultimately emerges may take this into account. After all, one of the objectives of the whole process is to have a detailed conversation about what should be changed and what should not.

In conclusion

So, in summary the discussion is ongoing. By the end of this year, we should be much clearer about the changes. Perhaps most interesting of all is the impact that the emergence of changes to the full IFRS regime have on the IFRS for SMEs Standard. This is all part of an ongoing debate about materiality and cost versus benefits. At the end of the day there is a balance to be struck about permitting less detailed approaches for smaller entities but at the same time ensuring that the financial statements which they produce give enough information to potential users to be useful and assist them in their decision-making. The entities involved may in relative terms be small, but they are not as far as their stakeholders are concerned irrelevant.

Wayne Bartlett,
FCCA, MBA

Law & Regulation News

Bill to strengthen powers of Charities Regulator

The Charities (Amendment) Bill 2022 proposes to update existing charity law to improve the ability of the Charities Regulator to conduct its statutory functions and ensure greater public trust and confidence in the sector.

As well as providing for greater transparency in charity finances, it will include new financial thresholds to ensure more appropriate reporting requirements reflective of a charity's size; clarification on the general duties of trustees; enhancements to the regulator's powers in relation to the protection of charitable organisations; and the establishment of "the advancement of human rights" as a recognised charitable purpose.

Heather Humphreys, the minister for rural and community development, said: "Charities throughout the country do fantastic work every day but unfortunately there have been some high profile controversies in the sector in recent years.

"People want to know when they donate to charity that their money is going where it is supposed to and that it is being managed properly and responsibly.

"This bill strengthens the powers of the Charities Regulator to carry out its functions effectively so that the sector is well regulated and maintains full public trust and confidence.

"The bill will now go for pre-legislative scrutiny and both minister O'Brien and I look forward to working closely with our Oireachtas colleagues, hearing their views and working to progress this important legislation as soon as possible."

Joe O'Brien, minister of state with responsibility for community development and charities, added: "Proper regulation and guidance to the charities sector, operated independently through the Charities Regulator, protects the sector and gives our citizens the confidence needed to continue to give generously to many worthy charitable causes.

"It is important that we strike the right balance between necessary regulation and proportionate governance, ensuring that a reasonable and fair approach is at its core. I am particularly pleased that this bill makes provision for 'the advancement of human rights' as a recognised charitable purpose – this provision will have a significant positive impact on charities working on human rights' issues."

Source: www.irishlegal.com

Parents to gain right to request flexible working

The Work Life Balance and Miscellaneous Provisions Bill, now being drafted by the Office of the Attorney General, will transpose elements of the EU Work Life Balance Directives into Irish law.

The bill includes provisions introducing five days' leave per year for serious medical care and extending the current entitlement to breastfeeding/lactation breaks under the Maternity Protection Acts from six months to two years.

Children's minister Roderic O'Gorman said: "I want to ensure that parents and carers can be supported to balance their working and family lives. Through the Work Life Balance Bill, they can have peace of mind that work will allow time for the responsibilities that caring brings.

"The proposals I have brought to government today will complement family leave and other entitlements already in place and will provide additional flexibility."

Source: www.irishlegal.com

EU plans to hold Big Tech companies accountable for harmful content gather pace

The Digital Services Act (DSA), proposed by the European Commission in December 2020, aims to "rebalance the rights and responsibilities of users, online intermediaries, including online platforms as well as very large online platforms, and public authorities".

It contains EU-wide due diligence obligations that will apply to all digital services that connect consumers to goods, services, or content, including new procedures for faster removal of illegal content as well as comprehensive protection for users' fundamental rights online.

Measures to counter illegal goods, services or content online include a mechanism for users to easily flag such content and for platforms to co-operate with so-called "trusted flaggers", and new obligations on the traceability of business users in online marketplaces.

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

HR & Health and Safety Considerations for A Return to The Workplace – Employers Responsibilities

by Sarah Fagan

Recent warnings of the emergence of new variants of Covid-19 and cases of Monkeypox being reported across the globe are a stark reminder of how easily our lives can be impacted by viral diseases. While the numbers becoming infected are relatively low, vigilance is advised. However, we have proven our collective ability to adapt in difficult circumstances and the willingness of employers and employees to work together to meet challenges presented by any new health crisis.

Our approach when supporting businesses with their health and safety requirements was not to look at Covid-19 in isolation or as a temporary issue. It should be considered as another workplace hazard that could cause illness. Certainly acknowledge the serious impact but take the time to analyse your businesses' ability to manage the operational disruption and assess as part of your business continuity plans and systems.

For those organisations with active and dynamic health and safety management systems in place, Covid-19 was simply another exercise in risk assessment albeit a significant one and most likely required minimal additional resources.

However, businesses with little or no systems in place, managing the impact of Covid-19 was a real wake up call. Not only did these businesses have to address Covid-19 but they also had to address all risks associated with the widespread impacts across operations, employees, suppliers, customers, logistics, etc. While this would have been a steep learning curve for many, the result is that they now have tried and tested systems in place that can meet any new crisis with relative ease.

There has been definitive change to the employment landscape accelerated as a consequence of the pandemic. New ways of working, employee health & wellbeing and ensuring compliance with evolving public heath advice shaped business strategies over the two-year period. But now in post-pandemic world, what should be the priority considerations for employers.

New working models

The Government's Right to Request Remote Working Bill 2022 is expected to be enacted by summer recess demonstrating its commitment to remote working. The recently published draft scheme for the Bill provides a legal framework around which requesting, approving or refusing a request for remote work can be based. It states that any employee with six months employment can submit a remote working request. Employers must respond with its decision within 12 weeks. A list of 13 reasons for which employers can decline a request was also published. However, any refusal by an employer to a request can be appealed to the Workplace Relations Commission (WRC).

Implementing new working models that meet the business needs and support employees has been proven to be broadly successful. Organisations have now had the time and opportunity to assess the pros and cons of remote and hybrid working relative to their business and develop a model that works effectively. Our most recent HR Barometer Report found that the average percentage of the workforce working remotely at least one day a week is 48%, with 19% working remotely full-time.

There are a number of factors influencing an employer's decision to introduce or maintain remote working. Eight in ten (81%) organisations state 'Retention' as the main influence with nearly six in ten (59%) using remote working to attract talent. And certainly, we are seeing the real need to develop and adopt robust retention strategies as a means of retaining key skills and talent, one which requires a degree of investment on the employer's part.

While developing a remote work strategy for their business, employers need to take a considered approach, engage with employees and their representatives and consider the business objectives. They should also look at businesses in their sector or those that would be competing for the same talent to see what they are doing in terms of remote working.

Employee health, safety & wellbeing

An increased focus on the health and wellbeing of employees was another positive to come out of Covid-19. Employers clearly understood their responsibilities and acted accordingly by introducing initiatives and programmes specifically aimed at supporting employees. We can expect that this will continue given it has been shown that promoting health and wellbeing in the workplace helps improve employee engagement, enhanced productivity and retention among others.

Under the Health, Safety and Welfare at Work Act 2005, employers must provide a safe place to work, provide safe equipment to carry out their tasks and deliver training and instruction appropriate to the task and equipment.

The post-pandemic return to the workplace provides an opportunity for employers to assess their compliance with these responsibilities and how that impacts any changes to their place of work or working practices implemented during Covid-19. Considerations of blended workplaces must also factor into the obligations of employers to fully understand the requirements from a remote or home-based setting in particular where a more permanent decision is being made in relation to working practices.

Refusing to return to the workplace

Employers can expect some employees to refuse or be concerned about returning to the workplace. According to the HR Barometer Report 6.1, just over four in ten (41%) organisations stated that they had experienced an increase in short-term employee absence due to 'Anxiety returning to the workplace'.

While remote working was a temporary public health measure that has been lifted, employers should seriously consider any refusal or reluctance to return to the workplace by engaging with the employee to identify the concerns and show they are unfounded or have been addressed. If shown to be founded, an employer is obliged to put measures in place to provide a safe place to work for that employee.

DSE Training and Ergonomics Assessments

When businesses implemented remote working at the start of the health crisis, remote DSE training and assessments were deemed acceptable given travel restrictions, etc. However, for employees who have returned or will be returning to the workplace in the coming months, in-person assessments should take place again.

Covid-19 and other future vaccines

The rules around vaccines and employees have not changed; employers are not permitted to ask if an employee is vaccinated or request that they get vaccinated (there are limited exceptions). Therefore, it is crucial that employers insist that all employees follow the safety procedures that have been put in place whether they are vaccinated or not.

Equally, employees have responsibilities under legislation to work with their employer to protect themselves and their colleagues from potential risks; this could reasonably include the risk of Covid-19 infection.

There is little an employer can do if an employee refuses to get the vaccine. However, understanding their concerns is important and finding solutions that meet the business needs without infringing on their rights is crucial in managing their integration into the workplace.

Conclusion

Under legislation, employers are obliged to provide a safe place to work for employees and demonstrate that everything practicable has been done to do so. This includes measures to mitigate the risks associated with Covid-19.

As already outlined, Covid-19 needs to be considered as part of this obligation rather than a temporary or isolated issue. If there are employees who are vulnerable to Covid-19, employers should be noted of same, and measures should be put in place. Again, the current legislation outlines employees should not put themselves or others in danger and declare any relevant medical condition that could give rise to increased health and safety risks.

We know that the efficacy of the vaccines wane over time and that the virus mutates, which presents some uncertainty about the future of Covid-19. The Irish vaccination programme has been largely successful in suppressing the spread of the virus.

And with the emergence of new variants and other viruses, employers and employees need to stay informed of relevant public health guidance, understand their responsibilities and ensure policies and procedures reflect the current situation and are reviewed and updated accordingly.

Sarah Fagan

Recently appointed Managing Director of Adare Human Resource Management.

AML & The Impact of the war in Ukraine

by Henry Duggan & Andrew Pimlott

On February 24, 2022, Russia launched an invasion of Ukraine. This unilateral action subsequently resulted in a swath of economic sanctions aimed at Russia from western states aimed at financial institutions, individuals, businesses and other areas. Their objective was to impose economic restrictions on Russia for its aggressive stance in attempting to impose military control over Ukraine.

The actions of Russia had far-reaching implications for the socioeconomic profile of Europe and the global geopolitical landscape. The sanctions were significant and far-reaching. Some examples of these include the following:

- Removing access to the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") global messaging system for some Russian banks[1].
- Restrictions on Russia's ability to access financial services and capital markets[2].
- Sanctions aimed towards specific Russian oligarchs and senior political figures, with assets frozen in a number of different jurisdictions. For example, on April 14, 2022, the Government of the United Kingdom indicated that it had frozen assets of Russian oligarchs up to GBP£10 billion[3].
- Implementing specific deposit limits with EU and UK banks for Russian individuals and businesses[4 5].

As a result of the dramatic increase in sanctions activity over a relatively short period of time, the risk for financial institutions has risen significantly and may become increasingly more volatile moving forward. Organisations have had to divert time and resources to ensure compliance with these new changes to the international sanction's regime. They have had to ensure that, not only are the intricacies of these new amendments fully understood, but that appropriate changes to policies, procedures, mitigating controls, and technology screening solutions are implemented within a short period of time.

Amidst this significant change in the sanctions landscape, a major – and often overlooked - risk for financial institutions and the wider financial services sector are the expansive networks that may develop in order to facilitate the evasion of sanctions.

Below is a breakdown of a few recent examples of the networks and tactics that illicit organizations have orchestrated to evade sanctions as well as tactics that leading organizations can implement today to identify and combat sanctions evasion.

What are some examples of sanctions evasion networks and tactics?

Numerous examples have emerged in recent years, and have shown the extensive lengths that sanctioned states, individuals and businesses have gone to, in order to evade the restrictions imposed by international sanction regimes. These large and complex networks exhibit many of the same entities, tools, and structures typically seen with money laundering and terrorist financing typologies.

Some of these examples are set out below:

- On March 26th, 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") took action against twenty-five individuals and entities. This included a network of Iranian, United Arab Emirates, and Turkey-based front companies. OFAC had identified that these entities had transferred over a billion dollars and euros to the Islamic Revolutionary Guard Corps ("IRGC") aand Iran's Ministry of Defence and Armed Forces Logistics ("MODAFL"), in addition to procuring millions of dollars worthdollars' worth of vehicles for MODAFL[6].
- The emergence of the use of advanced, emerging technology has also formed part of the sanctions evasion toolkit for sanctioned states. In September 2021, the United States Attorney for the Southern District of New York, announced that Virgil Griffith, a U.S. citizen, pleaded guilty to conspiring to violate the International Emergency Economic Powers Act ("IEEPA") by providing services to the Democratic People's Republic of Korea, including providing technical advice on using cryptocurrency and blockchain technology to evade sanctions.[7]
- From a Russian perspective, a press release from OFAC highlighted the role of such networks on March 31, 2022.[8] It highlighted how a Moscow-based engineering company was at the center of a procurement network engaged in proliferation

1 https://www.swift.com/news-events/news/message-swift-community
2 https://www.gov.uk/government/news/foreign-secretary-imposes-uks-most-punishing-sanctions-to-inflict-maximum-and-lasting-pain-on-russia
3 https://www.gov.uk/government/news/uk-hits-key-russian-oligarchs-with-sanctions-worth-up-to-10bn
4 https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/faqs-sanctions-russia-deposits_en.pdf
5 https://www.gov.uk/government/news/foreign-secretary-imposes-uks-most-punishing-sanctions-to-inflict-maximum-and-lasting-pain-on-russia
6 https://home.treasury.gov/news/press-releases/sm639
7 https://www.justice.gov/usao-sdny/pr/united-states-citizen-pleads-guilty-conspiring-assist-north-korea-evading-sanctions
8 https://home.treasury.gov/news/press-releases/jy0692

activities at the direction of the Russian Intelligence Services. This network operated across multiple countries to obfuscate the Russian military and intelligence agency end-users that relied on critical western technology. This network colluded to illicitly procure dual-use equipment and technology for Russia's defense sector. Similarly, on April 1, 2022, OFAC designated numerous entities and individuals involved in attempts to evade sanctions imposed by the United States and its international partners on Russia (which included a commercial bank and more than forty individuals and entities).[9]

- In a similar vein, the United States Financial Crimes Enforcement Network ("FinCEN") also highlighted the risk of Russian and Belarussian sanctions evasion networks in an alert issued to U.S. Financial Institutions on March 7, 2022[10]. This alert highlighted that Russian and Belarussian parties may attempt to evade sanctions through non-sanctioned Russian and Belarussian financial institutions in third countries, including through convertible virtual currency ("CVC") exchangers. It was specifically noted that "sanctioned persons, illicit actors, and their related networks or facilitators may attempt to use CVC and anonymizing tools to evade U.S. sanctions and protect their assets around the globe, including in the United States. CVC exchangers and administrators and other financial institutions may observe attempted or completed transactions tied to CVC wallets or other CVC activity associated with sanctioned Russian, Belarusian, and other affiliated persons". It was also interesting to note that FinCEN also encouraged financial institutions to also consider some of the tools and techniques associated with traditional money laundering schemes such as:

- The use of corporate vehicles to obscure (i) ownership, (ii) source of funds, or (iii) countries involved, particularly sanctioned jurisdictions.

- The use of shell companies to conduct international wire transfers.

- The use of third parties to shield the identity of sanctioned persons and/or PEPs seeking to hide the origin or ownership of funds, for example, to hide the purchase or sale of real estate.

How can organizations identify and combat sanctions evasion?

It is important for financial institutions and those in the wider financial sector to appreciate that the structures utilized to evade international sanctions regimes are increasingly complex and mirror many of the traits of traditional money laundering schemes.

It is crucial to understand that whilst screening of individual entities and customer lists against sanctions lists may help organizations identify whether a sanctioned entity or individual is either a client or attempting to become one, this will be insufficient in identifying any exposure to sanctions evasion networks. Assuming that an organisation has a mature sanctions compliance framework in place, which enables it to meet its regulatory obligations, there is an additional need for a more detailed investigative approach combining advanced forensic technology and business intelligence research.

Forensic technology and advanced data analytics, therefore, play an extremely important role in uncovering sanctions evasion networks and the extent to which they can infiltrate financial institutions. Network analytics provides the means through which the relationships between clients can be identified and fully understood.

This provides the means through which a holistic view of transactional activity and relationships can be gained, which can then be used to identify potential networks of illicit activity. This coupled with the use of detailed business intelligence investigation techniques provides a powerful combination to understand the extent of any sanctions evasion network exposure.

Conclusion

The invasion of Ukraine and the resulting economic sanctions provided an unprecedented scenario both for the wider world in terms of a changing geopolitical landscape, and also for the financial services sector in ensuring that those sanctioned cannot access global financial markets. However as has been highlighted previously, there is a long history of sanctioned entities, individuals, and states resorting to the use of sophisticated evasion networks, reminiscent of traditional money laundering and terrorist financing techniques.

While advances in new technology and cryptocurrencies can form an important part of such networks, the "traditional" tools of money launderers such as shell companies, wire transfers, property purchases, and corporate secrecy jurisdictions can all be used. It is therefore crucial that financial institutions and the wider financial services sector fully understand the extent to which such networks exist and can infiltrate their organiszations. Given the current geopolitical landscape, it may be increasingly likely that more sanctions will be imposed in the coming months. This could in turn lead to a greater proliferation of sanctions evasion networks and increased risk for the financial sector.

Henry Duggan
Senior Managing Director at Ankura

Andrew Pimlott
Senior Managing Director at Ankura

9 https://home.treasury.gov/news/press-releases/jy0731
10 https://www.fincen.gov/sites/default/files/2022-03/FinCEN%20Alert%20Russian%20Sanctions%20Evasion%20FINAL%20508.pdf

Finance & Management News

IMF projects 'strong' Irish economic growth and lower inflation next year

Irish economic growth is projected to remain strong, but faces substantial uncertainty due to the indirect effects from the war in Ukraine, the International Monetary Fund (IMF) has said.

In the latest health check on the country's economy following its regular 'Article IV mission' to the country, the IMF said that energy and commodity prices would likely push average inflation above 6 per cent this year, projected to average 6.5 per cent, before falling to 2.8 per cent next year.

In a statement at the end of their two-week visit, the Washington DC-based fund said: "Covid-support measures are being appropriately unwound in line with the economic recovery."

In the short term, the Government must find "two-way fiscal flexibility" to strike the right balance between supporting the economy and containing inflationary pressures.

"The economic outlook remains strong, but risks are tilted to the downside," said the fund.

The IMF noted that "several pre-pandemic challenges remain, including insufficient supply of housing" along with gaps in infrastructure, social and green investments. There also needed be stronger inward links from multinational companies "to make growth more inclusive."

"In the medium term, more high-quality spending is needed to facilitate the transformation of the economy while at the same time safeguarding fiscal sustainability," the fund said.

Economic growth in terms of gross domestic product grew by an "impressive" 13.5 per cent last year, largely driven by multinationals, surpassing the pre-pandemic level, said the fund.

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

Source: www.irishtimes.com

Google launches virtual 'Start-up School' for Irish founders

Google has launched a virtual training programme for start-ups in Ireland, offering free hands-on virtual courses to help them to grow their businesses.

The Start-up School will cover a range of areas such as funding and expanding internationally, along with Google tools and products such as Analytics, Ads and Cloud.

The courses, which will be available to both founders and their teams, will take place over six weeks from April 13th, held on Wednesdays and Thursdays.

Some of the sessions will be led by successful founders, including Sisu cofounder Pat Phelan, Gym+Coffee's digital marketing lead Alison Sheehy, and Dropchef chief executive Ryan Scott

"We are hugely excited to launch Start-up School in Ireland. It's no secret that Ireland is well known for its entrepreneurial start-up culture and building successful start-ups. We want to continue our contribution to nurturing the start-up community and providing free access to this training is one way of doing that," said Paddy Flynn, vice president of geo operations at Google

Source: www.irishtimes.com

Minister English encourages retail businesses to enhance their online capability

Minister of State for Business, Employment and Retail, Damien English TD, today urged Irish based retail businesses to enhance their online capability and presence in order to exploit new opportunities to increase turnover, to expand and to sell internationally.

The Minister was speaking as he opened a new round of the Online Retail Scheme which supports ambitious Irish based retailers looking to grow and improve sales online and to strengthen their ecommerce capabilities.

The Scheme provides direct financial support to retail companies to develop a more competitive online business offering to complement their in-store offering. It is administered by Enterprise Ireland and there is €9.3m available in this round of funding.

Source: www.enterprise-ireland.ie

Promoting diversity & inclusion
in the workplace

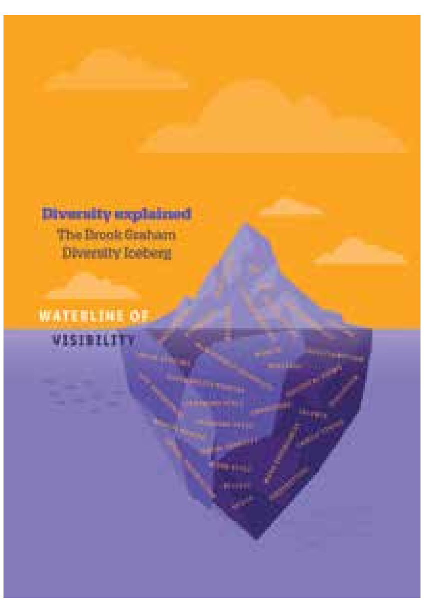
by Avril O'Hehir

Conversations around diversity and inclusion (D&I) in the workplace and its importance in creating a positive working environment have increased dramatically in recent years. With many global companies investing time and resources in creating a more diverse and importantly more inclusive workplace, it's been proven time and time again that companies who champion D&I are more successful in the long term.

What is Diversity & Inclusion?

Simply put, diversity and inclusion are about making people feel comfortable to bring their whole self to work. Diversity is about differences, seen and unseen. Inclusion is diversity in action. Inclusion creates an environment where people are valued, feel valued and can achieve their full potential. An inclusive environment improves interaction with colleagues, customers, and communities. This is an exciting area for businesses not only because it's the right thing to do, but diverse and inclusive companies find and nurture the best talent, increase employee engagement, and improve customer relations leading to long term sustainable success.

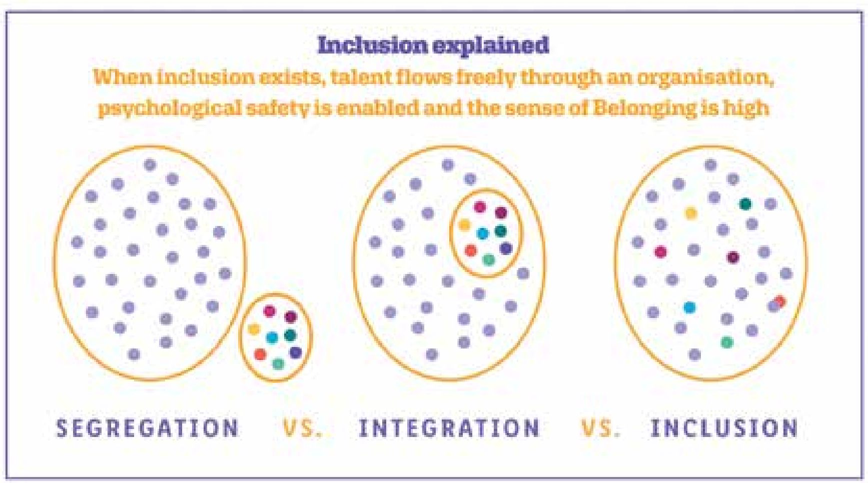
Diversity Explained



The Brook Graham diversity iceberg water line of visibility

Our individual experiences, backgrounds, traits, and preferences [our 'iceberg'] create the lens through which we see the world. Each iceberg is unique. Therefore, we see the world as we see it not as it is.

Inclusion Explained



When inclusion exists, talent flows freely through an organisation, psychological safety is enabled, and a sense of belonging is high.

How Can Diversity and Inclusion be Promoted Within an Organisation?

In answering this question, I considered the organisation that I am a part of - the supermarket retailer, Lidl. Lidl is not only one of the fastest growing supermarket retailers in Ireland for the last number of years, but it has also recently been named the Most Reputable Retailer in Ireland by the RepTrak® 2022 study. Reptrak measures the level of trust, respect, admiration and esteem the public has for organisations. We credit our phenomenal success to our hardworking and dedicated teams that serve communities across the country. In recent years, we've made building a D&I strategy and roadmap a priority.

It's a daunting task, as there is so much to consider and no clear place to begin but we started with setting up steering groups, operational groups and forums designed to support the business in promoting our D&I agenda and ensure we are aligned in our commitment to have a positive impact on society. From a leadership perspective, we have also chosen different areas of diversity and inclusion to personally champion, as well as focusing our roadmap on a few key areas for our first year of activation.

As a business, we already had a strong track record of forging corporate partnerships and launching initiatives that have a real tangible impact while also promoting inclusivity within society.

We see ourselves as a brand that champions women and girls through our longstanding partnership with the Ladies Gaelic Football Association to being the first retailer in the world to launch a dedicated initiative to combat period poverty in stores nationwide. We also pride ourselves on being a leading employer in the country and have a well-developed benefits programme that caters for all employees at any stage of life – from top of the range pension schemes to paid leave for employees who have experienced miscarriage or those undergoing IVF fertility treatment. We have a strong partnership with the COPE Foundation through which we run programmes that are designed to give people with disabilities the opportunity to work in our stores.

We have approached our communications of our D&I agenda as a continuous process with concrete action steps and a clear goal. Drawing on our experience in Lidl, the following action steps and positive initiatives could help further the D&I agenda in your organisation:

Defining your D&I Goal

It is important that you define what your D&I goal is from the beginning, so you know how to measure success and ensure that you stay aligned to your overall company vision and mission. Every organisation is different and therefore the D&I strategy should be unique to your organisation. At Lidl, to help us articulate our D&I ambition we have defined the below goal:

'Our goal is to make life better by building a Lidl for all. Bringing together our diverse workforce to reflect the communities we serve in an inclusive environment'.

It is important that the goal is simple and easy for all in the organisation to understand – no essays.

Communicate your D&I goals

It is vital to communicate to all the members of your organisation that a diverse and an inclusive work environment is not just an ideal but a necessity. For those who fit into socially acceptable standards, inclusion is usually a given, but for those who fall outside these standards every day they can go into a world filled with unconscious bias and systemic barriers. Therefore, it's an exciting opportunity for all businesses to be progressive and a beacon of leadership of D&I by creating a sense of empowerment among employees and by setting an industry standard that can pave the way for change across society.

Take Stock

In building a D&I strategy, it's imperative to first take stock of where you are - review your current policies, procedures, partners, and available data to see how diverse and inclusive your stakeholders perceive you to be. Speak to colleagues in your organisation by conducting confidential surveys, focus groups or interviews with leadership to help build a better understanding of how people feel so you can identify what the key strategic focus areas should be.

Assess diversity and inclusion as two separate but interlinked topics. Your company may have a diverse workforce in terms of age, race, religion, nationality, sexual orientations, gender, gender identity, and national origin, however just because there is diversity in the workplace, it does not necessarily mean there is also inclusivity. Having a diverse workforce is essential however all the people from diverse backgrounds must feel like they are truly included, otherwise they won't stay with the organisation. Therefore, inclusion is the key to maintaining workplace diversity.

Address the Gap

Address the gap that may exist between how leadership and managers perceive the culture in their organisation versus how diverse and inclusive their colleagues perceive it to be. There can often be a stark difference in perceptions and it's important that one of the strategic aims of any D&I strategy is focused on reducing the distance between these perceptions and increasing trust between leadership and colleagues. Some of the ways this gap can be addressed is by:

- Creating a space for conversation and listening by introducing dedicated diversity and inclusion exchange forums e.g., an area on a company intranet site for feedback, ideas, stories, D&I resources, celebratory days, activities etc.
- Exploring the possibility of reverse mentoring which could help foster conversations between leaders and our diverse colleagues
- Ensuring hiring practises are fair and inclusive – for example, all of Lidl's hiring managers receive dignity at work and interview training with a focus on unconscious bias as standard to ensure our hiring practices remain fair and transparent

Change Ready

To ensure that your organisation is ready to champion D&I you need to prepare everyone for the big change. This starts from the top - with senior leaders and helping them to prepare for the change ahead and their role within it. This involves evaluating our mindset behaviours and decisions through a D&I lens, examples of how this can be put into action are:

- Supporting leadership teams with training to better understand D&I so that they can have confidence in navigating this often-intimidating topic
- Diversity training should focus on hiring and building diverse teams and working groups to further the success of the organisation through idea generation and out of the box thinking. However, for diversity to flourish inclusivity must exist
- Ensure your policies and procedures support the change. For example, to remove bias from the hiring process standardized aptitude tests should be reviewed to ensure they are more inclusive to those who may not speak English as their first language and a blind system of reviewing job applications should be in place, so you don't see demographic characteristics
- Be transparent as an organisation on key issues and show clearly how you want to achieve your goal – for example, Lidl recently announced our first gender pay gap report and action plan. Since 2016, Lidl has invested

in upskilling a number of senior leaders with an executive coaching qualification. As part of Lidl's gender pay gap action plan, we are currently working on dedicated investment in upskilling all female executive leaders to ensure adequately trained mentors are available for employees looking for this support. A full mentoring programme will follow this training that is set to be launched later in the year

- Ensure your actions support the change. An area of focus in Lidl's D&I strategy is to support our female colleagues in their career development. Our commitment to advertising all non-specialist role vacancies internally before publishing them externally is enabling internal development and allowing females to successfully progress through the business and move into more senior roles. We also have dedicated initiatives to target specific areas of the business such as a 'Women in Logistics' referral scheme launching in 2022 to encourage more females to join our regional distribution teams

Building Skills

To achieve your D&I goals the whole organisation must understand the goals set, why they are important and be given the skills to achieve success. Beginning with the topic of inclusion is an important piece of the puzzle because everyone should feel included regardless of their background identity or circumstances. The following initiatives will help foster a culture where every voice is respected, welcome and heard:

- Ensuring all colleagues receive D&I and dignity at work training, with the latter specifically focused on bullying, harassment, and sexual harassment. This suite of training is important to train us to stop and think about our behaviour and the impact it can have on others; this can be as simple as stopping to think before sending your next WhatsApp message because what may be a joke to you could be harassment

- Using internal communication channels like a D&I hub on your company intranet or a poster on your company noticeboard to help educate, engage, and inform. It is important that colleagues have a forum where they feel safe to express their opinions without fear of repercussions. This also helps all in the organisation to understand and embrace diverse viewpoints

Ownership

Demonstrate to your teams how committed you are to making a diverse and inclusive environment. To achieve this D&I needs to be embedded into each aspect of your business so you can measure your progress and be accountable for how you are performing. The following ideas are ways to show you are serious about delivering on your commitment to D&I:

- Introduce a diversity and inclusion policy as a foundation to build on. This policy must be available to all colleagues in your organisation

- Align D&I as a key business KPI so it's being integrated into your overarching strategy. This will help to ensure ownership and accountability for the topics

- Communicate your commitment internally and externally to make it known that you are committed to D&I and are more accountable. A way in which Lidl has done this is being one of the first retailers to sign up to the ELEVATE PLEDGE. Among other commitments this pledge ensures a company conducts annual reporting which will help your organisation benchmark itself against other businesses across the country

- Establish a colleague network or forum who will help to advance diversity within an organisation. Members of this forum can help champion D&I throughout the organisation and support colleagues in understanding and embracing the topic.

Take a continuous and sustained approach

A key element to advancing diversity and Inclusion is committing to a sustained approach. Each of the elements are part of a long-term road map towards a goal of building an organisation for all. Your road map will continue to evolve as you listen and progress your journey and must always form part of your overarching corporate strategy, rather than being an add on, in order to be successful.

Avril O'Hehir

Chief Administrative Officer and a Board Member of Lidl Ireland and Northern Ireland.

She has vast experience working internationally and holds an MBA from Warwick Business School, UK and a BA from Technological University Dublin, Ireland.

Liquidation of Companies

by Tom Murray

The insolvency of a company can be a very distressing and stressful time for its directors. In many cases, the financial difficulties facing a company have been caused by factors beyond the company's control. As such the number of companies being placed into an insolvent liquidation will increase in the last quarter of 2022 and throughout 2023 as the companies deal with the withdrawal of government Covid-19 supports, tax warehousing and geopolitical impacts on interest rates, fuel prices and supply chains.

Creditors' Voluntary Liquidations remain the most common way for directors and shareholders to deal voluntarily with their company's insolvency. The procedure allows directors to deal with the winding up of their company in a responsible manner.

Whatever the cause of the company's insolvency, much of the stress and anxiety can be reduced if the directors seek advice from Professionals. In the first instance, we recommend that directors seek advice from their existing accountants, who will have had experience of advising similar companies previously.

Once the directors take a decision to wind up the company, there are certain formal legal steps that must be taken.

There are 3 stages to placing a company into Liquidation:

- Pre-liquidation planning.
- The Shareholders and the Creditors meetings
- Post Creditors Meeting Liquidation activities

Pre-Liquidation Planning

The first step is to agree on the appointment of a Liquidator. Generally speaking, the company's existing accountant will introduce the company directors to an insolvency practitioner (IP). (The company's existing accountant is precluded by the Companies Acts from acting as liquidator).

An experienced IP will consider all options for the company with the Directors including whether the company can be rehabilitated or rescued using informal or formal restructuring procedures such as SCARP or Examinership.

On the assumption that the company needs to be placed into liquidation, a meeting of the shareholders and a meeting of the creditors must be held to put the Company into liquidation and to appoint the Liquidator.

The shareholder's meeting is normally held just before the Creditors meeting.

Notices of the meeting of the shareholders and notices the meeting of creditors must be sent to the respective shareholders and creditors at least 10 days before the date of the meeting.

The notice sent to the creditors convening the meeting must attach a general and special form of proxy.

Notice of the creditors meeting must also be advertised in two daily newspapers circulating in the area of the registered office or principal place of business of the Company. The advertisement must be placed at least 10 days before the date of the meeting.

The Directors should ensure they control the Registered Office of the Company (i.e. have access to the post) as the proxy forms may be sent back by Creditors to that address. If the Directors do not control the Registered Office, it should be changed to an address the Directors control.

Between the date of the decision to liquidate and the appointment of the Liquidator, the Directors should undertake the following steps.

- The Company must decide if it will continue trading up until the liquidation date or cease trading immediately. In certain cases, the Company may decide to finish certain contracts in order to maximise realisations.
- A decision to continue trading will impact on what employees should be retained until the liquidation date.
- The position of the employees needs to be carefully considered. If there is a Trade Union involved, then it should be consulted. It is vital that the liquidator be provided with the correct salary information and holiday entitlements so that their claims may be processed correctly in the liquidation.
- Any staff mobile phones should be cancelled on the day they leave to avoid recurring rental and phone charges. Keys to the Company's premises should also be collected and alarm codes changed. Employees should be allowed to collect personal possessions from their desks and lockers before the company is placed into liquidation.
- If employees are members of a Company Pension Plan they should be advised what will happen their pension plan.
- The assets of the Company e.g. fixed assets such as plant & equipment,

stocks and laptops should be physically secured. Laptops should not be sold to employees as the Liquidator may need access to them.

- The Directors should organise to deposit any monies collected in a separate bank account if the existing bank account is overdrawn.
- The Company may be faced with Creditors calling to enforce Retention of Title (ROT) clauses over stocks. As ROT can be a complex legal matter, the Directors should take legal advice before agreeing to any ROT claims or alternatively leave it to the Liquidator.
- Perishable stocks should probably be returned to suppliers. If suppliers are not prepared to accept the stock back, then it should be safely disposed of. Perishable food stocks that cannot be quickly sold may be donated to the charity Food for Ireland for distribution to people in need.
- Any fridges, display cabinets for food and cold stores should be cleaned out and turned off to save electricity charges.
- The Directors should collect as much of the collectible debt as possible. All previous deliveries to customers should be invoiced if not invoiced already. Any payments which are received should be allocated against specific invoices. If the Company has a Credit Controller/Credit Manager it might wise to retain them until the liquidation date.
- No monies should be paid from the Company's bank accounts other than payments required to safeguard the Company's assets.
- VAT and PAYE returns should be brought up to date.
- The Director's should prepare for the creditors meeting.
    - A Chairmans Statement which gives an outline of the history of the company and reasons for its failure. This should be as detailed as possible.
    - A statement of Affairs. The Statement of Affairs will show the book values of the company's assets with the Directors' estimated realisable values in a liquidation. It is important to include all creditors such as the Revenue Commissioners and utility suppliers.

Fees and expenses incurred by accountants advising the Company on the procedures to be followed in relation to placing the company into liquidation can be paid by the Company or by the appointed liquidator.

By properly preparing for the liquidation, the Directors will go a long way to organising an orderly Liquidation which will help them to meet their legal obligations and remove some of the stress involved. It will also enable the liquidator to submit a more positive report to ODCE.

The Shareholders and the Creditors meetings

A formal meeting of the shareholders needs to be held to put the company into liquidation and to appoint a liquidator. 51% of the shareholders must vote in favour of the resolution placing the company into liquidation.

A creditors' meeting must also be held. During the Covid-19 pandemic physical meetings of members and creditors could not take place, and in order to allow meetings of creditors and other meetings of members and creditors to take place legislation was enacted to allow the meetings be held remotely by telephone and/or video conferencing facilities. At the end of April 2022, the government extended the ability to hold these meetings virtually until the end of December 2022.

The manner in how the telephone video conferencing is to be carried out, is dependent on the facilities available to each firm and will also depend on the number of creditors in each case.

As you cannot assume that all creditors will have access to the internet, it is recommended that telephone conferencing is also offered. As with physical meetings, it is important to know who is in attendance, therefore it is recommended asking creditors to register in advance of the virtual meeting so they can be sent details, rather than sending any log-in details with the notice. IPs may also consider emailing a copy of the directors statement of the position of the company's affairs, list of creditors with estimated claims and any other information being provided to the meeting on the morning of the virtual meeting to those creditors who have submitted proxy forms and requested attendance.

In order to comply with current government and health care advice during the Covid-19 pandemic a physical meeting of members and creditors cannot take place. In order to provide creditors with the opportunity to participate in the meeting, the meeting will be held remotely by telephone and/or video conferencing facilities. In order to make suitable arrangements to ensure that all those wishing to participate are able to take part, creditors are requested to submit their proxy form in advance of the meeting and indicate that they wish to be sent details by email of how they may participate in the meeting at the required time.

Format of the Creditors' Meeting

Generally speaking, the creditors' meeting will take the following format:

- The creditors will be handed a copy of the directors' estimated statement of affairs.

  The directors are obliged to present a full statement of the position of the company's affairs, together with a list of creditors of the company and the estimated amount of their claims to the meeting of creditors. This statement will show the book values of the company's assets with the directors estimated realisable values in a winding up.

- The nominated director will read out his statement outlining the company's history and causes of failure.

  It is advisable for the director to seek professional advice on the preparation of this statement.

- Any creditors present may then ask questions.
- At an earlier meeting of shareholders, a liquidator would have been appointed by the company. However, the creditors have an opportunity to nominate an alternative liquidator. If an alternative nomination for a liquidator is proposed, a formal vote needs to be taken.

  The nominated liquidator should not have previously acted for the company or its directors in a professional capacity. Under existing legislation, in order for the creditors to overturn the company's nomination of liquidator, they must have sufficient votes in value of the creditors represented to carry the resolution.

  Generally speaking, if a company wishes to ensure that its choice of liquidator remains appointed, then it needs to seek the support of as many creditors as possible and encourage them to return proxies that are validly completed and are in favour of the chairman.

  The creditors of the company will either be limited companies or creditors who are owed monies personally. The rules governing the conduct of creditors' meetings state that a proxy representing a limited company must be appointed:

  - under the common seal of the company; or
  - under the hand of some officer duly authorised who must state that fact on the proxy form.

    In practice, to avoid any dispute over the admissibility of a proxy submitted by a limited company, it is advisable that the person duly authorised who signs the proxy on behalf of the creditor writes in beneath his name the following: "Duly authorised officer of the company".

- The creditors may decide to appoint a committee of inspection. The creditors are entitled to nominate up to five people onto this committee, and the shareholders are entitled to appoint three people. The purpose of the committee is to assist the liquidator in carrying out his duties. The committee can also approve the liquidators' fees.

Post Creditors Meeting Liquidation activities

Once a Company is placed into liquidation the liquidator undertakes the following duties:

- Secures books, records and assets of the liquidation.
- Process employee claims for arrears of wages, minimum notice and redundancy.
- Investigates reasons for the liquidation.
- Sells assets. (We are experts in valuing investments and shares).
- Submits report to the Office of the Director of Corporate Enforcement.
- Agrees claims of creditors, particularly Preferential Creditors.
- Pays dividends to creditors if asset realisations in the liquidation are sufficient.

Directors do need to be conscious if they have personal guarantees or if the company has significant PAYE/PRSI liabilities as they may be made personally liable for the tax on their wages. In this regard, it is not unusual to see companies pay PAYE and PRSI over other taxes such as Corporation Tax or VAT in the periods leading up to liquidation.

For the vast majority of Directors who have acted honestly and responsibly, in the stewardship of their business, the liquidation process can be a relief to substantial stress they are under and allows them to focus on their future rather than firefight legacy issues.

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

Accountancy Plus Through the Decades

"My editorship of Accountancy Plus spanned about 10 years, and these 10 years consisted of the Celtic Tiger boom, followed by the greatest financial crash in living memory, followed in turn by recovery. The change in emphasis in articles over those 10 years was fascinating!"

David FitzGerald,
Former Editor

"Its been amazing to be involved in the evolution of Accountancy Plus over the last quarter century but this transition to digital marks a truly exciting new chapter that combines an exceptional reader experience along with having a very positive environmental impact."

Gary Moore, Publisher,
Nine Rivers Media

CPA Newsletter

1970's

1980's

Members Review

"I took over as Editor of the CPA Newsletter in 1989 from a dedicated group of volunteers, chaired by Padraic Casey FCPA. The priority then was to develop a full colour CPA Journal of Accountancy. The developments over 30 years have been phenomenal and full credit to successive Editors and Editorial Advisers, each of whom has brought continuous quality improvement to the publication. It's time to say goodbye to paper and embrace digital."

Eamonn Siggins,
Chief Executive, CPA Ireland

CPA Journal

Editors & Editorial Advisors

CPA Ireland would like to thank all of our editors and editorial advisers all of whom have made a significant contribution to the success of our journal.

Editors:

- Eamonn Siggins
- Denis Hevey
- Colleen Quinn
- Deirdre McDonnell
- David FitzGerald
- Trish O'Neill

Editorial Advisors:

- Roisin McEntee
- Carol Dooley
- Grace Kavanagh
- Gillian Peters
- Jennifer Brennan
- Kathryn Burns
- Anne Clarke
- Seamus Shelly

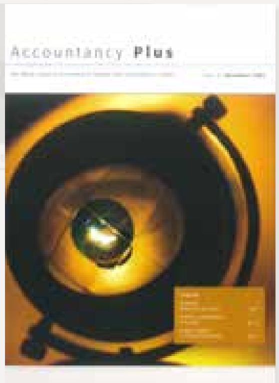
Accountancy Plus

Throughout my Presidency of CPA Ireland, I have championed the advancement of Digitalisation and Sustainability. Our members have the opportunity to benefit from these advancements but they also have a responsibility to carry the torch for the next generation of accountants. The move to a digital only version of our journal, Accountancy Plus, encapsulates our ambition to look to and protect our future and the future of younger generations. During the remainder of my time as President I will continue to highlight the importance of ESG and how we, as CPA Ireland Members, can play a crucial role in bringing about positive change and purpose to a organisation.

Aine Collins, President, CPA Ireland

It is very exciting to be editor of Accountancy Plus as we move to a fully digital publication. Having worked in CPA for the past 14 years I have seen more than one redesign of the journal and I am delighted to see it evolving again to meet the needs of our students and members. Our move to digital will reduce our carbon footprint significantly and continue the digital advancement of CPA Ireland. I look forward to continuing our work with our much-valued contributors in this new and exciting approach to publishing.

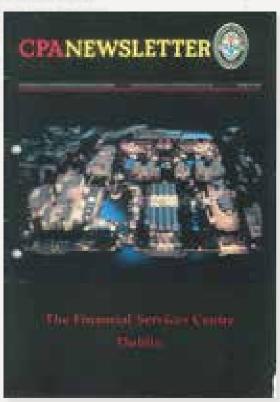
Trish O'Neill,
Director, Member Services

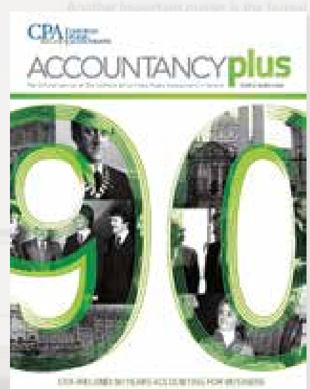


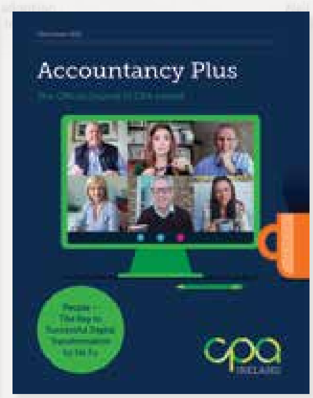
1990's

2000-2010

2011-2022







"I was editor of what was then called The CPA Journal of Accountancy for around 4 years until 1998. The contrast in technological facilitation of editing between then and now is stark. Our editing and content planning was primarily paper based using a large paper map of the publication, not unlike an extended trial balance sheet, compared to the slick digital approach used today. The pace of technological change over those nearly 25 years was at a snails pace compared to the pace of change we are witnessing in the profession today".

Deirdre McDonnell,
Former Editor

I've worked as editorial advisor of Accountancy Plus for the past 5 years and even within that timeframe I have seen a complete redesign of the journal. Our aim is to keep the journal relevant and accessible to our members but at the same time we must work towards becoming a sustainable organisation, and I'm excited for the journal to be moving to a fully digital environment not only for the significant reduced carbon impact, but also for the additional benefits that the digital software will bring.

Roisin McEntee,
Further Learning Executive

Taxation News

Stamp Duty Tax and Duty Manual "Section 83D Residential Development Refund Scheme" updated

Section 83D of the Stamp Duties Consolidation Act 1999 provides for a refund of the difference between the stamp duty rate on non-residential property of 2% that applied prior to 11 October 2017 and subsequent higher rates of 6% effective from 11 October 2017 and 7.5% from 9 October 2019 where the land is developed for residential purposes.

Stamp Duty Tax and Duty Manual Section 83D - Residential Development Refund Scheme has been amended in part 3.6 to remove the requirement.

Source: www.revenue.ie

Government agree to extend lower VAT rate for hospitality

The Government has agreed to extend the lower VAT rate for the hospitality sector up to early 2023.

The 9% lower VAT rate, which was due to expire at the end of August, will now run for a further six months.

Discussions within the coalition on the issue so far have centred on the need to continue to support the hospitality sector as Covid-19 supports are phased out.

The cost of maintaining the 9% rate is likely to be in the region of €200 million.

Adrian Cummins of the Restaurants Association of Ireland welcomed the proposed move on the lower VAT rate.

He said it would help settle businesses ahead of what will be a "bumpy tourist season".

However, he said the lower rate should be extended to the end of 2023 given that tourist numbers have not yet returned to pre-Covid levels.

Minister for the Environment Eamon Ryan said the extension of the lower VAT rate is being timed in a way to give the hospitality industry the best chance of getting back on its feet.

Source: www.rte.ie

ROS - Extension of Pay & File Deadline for ROS Customers for 2022

Revenue announced an extension to the ROS return filing **and** payment date for certain self-assessment Income Tax customers and for customers liable to Capital Acquisitions Tax (CAT).

For customers who file their 2021 Form 11 return and make the appropriate payment through ROS for:

- Preliminary Tax for 2022, and
- Income Tax balance due for 2021

the due date is extended to **Wednesday, 16 November 2022.**

For beneficiaries who received gifts or inheritances with valuation dates in the year ended 31 August 2022 and who make a CAT return and the appropriate payment through ROS, the due date is also extended to W**ednesday, 16 November 2022.**

To qualify for the extension, customers must **both pay and file through ROS.** Where only one of these actions is completed through ROS, the extension does not apply and the required date to submit both returns and payments is no later than 31 October 2022.

Source: www.revenue.ie

Family Business Transfers in Inflationary Times

by Mairéad Hennessy

All business owners must at some stage consider when they will be ready to let go of the reins of their business. Business succession is a complex and sensitive matter and may be done gradually over a number of years. For most business owners their largest and most important asset is their business. As such, it is imperative that the necessary time and consideration is given to the owner's eventual exit. This exit may include a transfer to the next generation of a family, a sale of the business to management or a third-party sale.

It is not uncommon for business owners to hesitate to implement a succession plan for their business. However, business owners should be made aware by their advisors that failing to plan can often cause increased tax costs in the eventual passing of the business to the next generation. To ensure the continuity of the business into the future, succession planning should be part of the overall business plan.

The first steps on this process are to identify the most suitable successor or successors for the business and to ensure that the financial independence of the business owner in retirement is protected.

Setting the Scene

Where a decision to pass a business onto the next generation in a family is made, a question that frequently arises is whether this should happen by way of lifetime gift or inheritance. In general, it is never too early to pass to the next generation if this makes sense for the family taking into account the age and relevant expertise of the identified successor or successors for the business.

The benefits of passing the business by way of lifetime gift instead of leaving it pass by inheritance at an uncertain future date include:

- A gradual and planned handover of the business can be implemented.
- The value of the business at the date of transfer can be determined with certainty in the case of a gift. Tax costs are based on the value of the assets comprised in a gift. For this reason, knowing the value of the business at the date of the gift provides certainty to the parties regarding the tax liabilities that will arise on the transfer and also the tax reliefs available to reduce or mitigate these taxes.
- Importantly, where an asset, such as a business is transferred at its current valuation then future increase in the value of the asset will grow tax free under the ownership of the next generation. This is a significant consideration for business owners who are seeing the valuation of their business increase in the current inflationary climate. In this scenario, it can make sense for the business owner to transfer the ownership to the next generation as a lifetime gift in the near to medium term so that future increases in the business value will accumulate tax free under the ownership of the next generation.

There are financial, legal, tax and commercial considerations that must be dealt with appropriately in order to ensure the business handover is successful. The current inflationary climate is focusing the minds of many business owners who see the value of their businesses increasing. However, tax efficiently gifting a business requires availing of tax reliefs, all of which have stringent conditions attaching. For this reason, detailed planning is needed to maximise the potential for both the business owner and the successor(s) to avail of the relief so that the business handover is executed as tax efficiently as possible.

This article provides an outline of the relevant tax issues for the passing of a family business to the next generation as a lifetime gift. In the context of this article, the family business may be carried on as a sole trade, private limited company or as a partnership.

The tax headaches

The two main tax heads to be considered when business assets (including company shares) are passing from one generation of a family to the next by way of gift are Capital Gains Tax (CGT) for the current business owner and Capital Acquisitions Tax (CAT) for the younger generation who receive the assets. Stamp duty should also be considered especially where commercial property is being transferred as duty at 7.5% of the market value is levied on the recipient. It is also important that VAT is considered, especially where there is property passing as part of the asset transfer.

This article will focus on the CGT and CAT reliefs but due consideration to other tax heads must be given when advising clients.

Capital Gains Tax (CGT) Reliefs

The prevailing CGT rate is 33% and this applies to the gain made on the gift of the business to the children. Where the business is carried on through a company which the business owner incorporated, then this gain is the value of the business at the date of the gift.

Such valuation must be independently prepared as the transfer is between connected parties. If no reliefs can be claimed, CGT can present a significant tax cost for the business owners which is why it is so important that advance planning is undertaken so that the business owner has maximum opportunity to avail of CGT relief to reduce or eliminate this CGT cost.

Assuming the business is personally owned by the business owner (i.e. there is no holding company structure in place) then the relevant CGT reliefs are

- Retirement Relief
- Entrepreneur Relief

Retirement Relief

With careful planning, a business owner can avail of Retirement Relief to secure total CGT exemption on the transfer of the business to the next generation. Despite the name of the relief, business owners are not required to retire and can continue to run their business after they claim the relief.

Broadly, where the business owner is aged 55 or over and various other conditions are met, the business owner may be able to pass on his / her business without paying any CGT.

Key to availing of this relief is early planning as key conditions of the relief are time sensitive such as the working time director test which is ten years. Also, for businesses carried out through a trading company pre-transfer planning may be needed to remove investment assets from the Balance Sheet as these assets will reduce the value of Retirement Relief available. Depending on the complexities involved, such restructuring can take quite some time to implement.

When the business owner reaches the age of 66, the value of the business that can be transferred to a child of the business owner capped at €3m for Retirement Relief purposes. As such, it may be more beneficial from a Retirement Relief perspective to transfer the business sooner rather than later.

Entrepreneur Relief

As previously noted, the prevailing CGT rate is 33% however where a business owner meets the conditions for Entrepreneur Relief a reduced rate of 10% applies up to a lifetime limit of €1 million. This could result in a maximum potential relief from CGT of up to €130,000 in the business owner's lifetime.

Again, certain conditions apply, including:

- The business owner must own a qualifying business for a continuous period of 3 years any time prior to the disposal of the business assets.
- Where the business is carried on through a company, the owner
  - must own more than 5% of the ordinary shares in a qualifying company; and
  - must have been a director or employee of the qualifying company and spend more than 50% of his/ her time working for the company in a managerial or technical capacity for a continuous period of 3 years in the 5 years prior to disposing of the shares.

Capital Acquisitions Tax (CAT) Reliefs

Where a business successor receives a business either as a gift or for consideration at undervalue, CAT must be considered. The current lifetime tax free thresholds for gifts or inheritances from a parent to a child is €335,000 and any value in excess of this amount is potentially a CAT liability for the successor at the rate of 33%. Where such liability arises for a business successor, it can present a significant deterrent to succession planning as the successor may not have funds available to pay the tax. For this reason, careful planning to ensure that valuable CAT reliefs may be availed is crucial.

In this regard, the CAT reliefs for to consider include:

- Business Relief
- Agricultural Relief

As with the CGT reliefs, a number of conditions must be met in order for CAT Business Relief or Agriculture Relief to be met. However, where these reliefs apply, they are very valuable for the successor. Business relief provides for a reduction of 90% of the taxable value of a gift or inheritance meaning that the tax rate is effectively reduced from 33% to circa 3%.

Agricultural relief is similar except that it relates to the transfer of a farming trade. To qualify for the relief the beneficiary must be a "farmer" within the meaning of Section 89 CATCA 2003. One of the conditions for Agriculture Relief to apply is that at the date of the gift at least 80% of the market value of all the property to which the successor is beneficially entitled in possession must consist of agricultural property. To ensure this relief applies in an inflationary environment it is advantageous to have the date of transfer as soon as possible.

Final Comment

Open communication about the business succession plan between the exiting owner and the successors is extremely important. The current rising market means that the value of many businesses is increasing and unnecessary delays in implementing a succession plan will potentially trigger tax costs that could otherwise be avoided. Another important tax point is that there are 6 years clawback periods attaching to many of the reliefs discussed above (e.g. CGT Retirement Relief, CAT Business Relief and CAT Agriculture Relief). Where these clawback periods are not complied with, the tax cost triggered is levied on the successor meaning that this is an important consideration when deciding on the timing of implementing the succession plan.

Mairéad Hennessy

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

In Practice News

CPA Ireland's information source for accountants on the ongoing conflict in Ukraine

In order to support our membership, CPA Ireland has launched technical updates in relation to continued economic sanctions against the Russian Federation in light of the war in Ukraine.

This is located on the CPA Ireland website, and we would encourage members to consult this for further updates in relation to this ongoing issue.

Refer to the Technical Resources section of the CPA Ireland website for further developments.

CPA Canada, ICAS, IESBA and IFAC Release Fourth and Final Publication in Series Exploring Ethics in an Era of Complexity and Digital Change

The current environment of rapid technological change continues to impact the way organizations operate, presenting both opportunities and challenges. The accountancy profession is not immune to this disruption and is also in the process of being transformed. This is according to a new thought leadership publication developed by the Chartered Professional Accountants of Canada (CPA Canada), the Institute of Chartered Accountants of Scotland (ICAS), the International Ethics Standards Board for Accountants (IESBA), and the International Federation of Accountants (IFAC). The publication highlights the need for the profession to redefine its value proposition, build new skills for the future and complete a competence paradigm shift in order to remain relevant.

Mindset and Enabling Skills of Professional Accountants – A Competence Paradigm Shift recognizes that the accountancy profession has a strong foundation to build on, but an enhanced technological literacy is essential in the information age. A shift in professional accountants' education and training is needed to reflect emerging opportunities, with upskilling and "evergreen" learning becoming more important than ever. The profession needs to adopt a mindset that continually challenges and leads to an evolution of skills more rapidly than in the past, to harness the opportunities of the changing world and meet the needs of society.

Mindset and Enabling Skills of Professional Accountants – A Competence Paradigm Shift completes a four-part thought leadership series stemming from a collaborative exploratory paper and global roundtable event called Ethical Leadership in an Era of Complexity and Digital Change, which CPA Canada, ICAS and IFAC jointly hosted early in 2021. It follows three earlier publications - Complexity and the Professional Accountant: Practical Guidance for Ethical Decision-Making, Technology is a Double-Edged Sword: Opportunities and Challenges for the Accountancy Profession, and Identifying and Mitigating Bias and Mis- and Disinformation.

The publication is available on the IFAC Knowledge Gateway and the IESBA's webpage Technology: Ethics & Independence Considerations.

Source: www.ifac.org

IFAC and ICAEW Highlight the Tools Accountants Can Use to Fight Money Laundering in Latest Instalment of Collaborative Thought Leadership Series

Together with ICAEW, The International Federation of Accountants (IFAC) released the latest instalment in its Anti-Money Laundering: The Basics educational series: Instalment Nine: Tools to Fight Back.

The publication is part of a series helping accountants enhance their understanding of how money laundering works, the risks they face, and what they can do to mitigate these risks and make a positive contribution to the public interest. Instalment nine examines the tools professional accountants have at their disposal to address money laundering once it's suspected.

Anti-Money Laundering: The Basics is user-friendly, easily accessible, and will be a resource for small and medium practices (SMPs) and accountants less familiar with AML, while also providing guidance for those looking for a quick refresher or reference.

Anti-Money Laundering: The Basics is featured on both the IFAC (link) and ICAEW websites and available for download for free. To be globally relevant, the series uses the risk-based approach of the Financial Action Task Force (FATF) – the global money laundering and terrorist financing watchdog -- as a starting point.

Source: www.ifac.org

A New Approach to Quality Management for Audit Firms

by Emer Kelly

A new suite of three new quality management standards will become effective for audit firms later this year. These new standards will replace the current quality standard upon which the processes and procedures of Irish audit firms are based – ISQC1. The standards were issued by the Irish Auditing and Accounting Standards Authority (IAASA) and are based on the global standards issued by the International Auditing and Assurance Standards Board (IAASB).

The new standards represent a significant shift in focus for quality, providing for a more proactive and firm specific consideration of quality management.

Systems of quality management in compliance with this ISQM (Ireland) are required to be designed and implemented by December 15, 2022, and the evaluation of the system of quality management required by the standard is required to be performed within one year following December 15, 2022. Early adoption is permitted.

The three new standards are as follows:

- International Standard on Quality Management (Ireland) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (ISQM 1).
- International Standard on Quality Management (Ireland) 2, Engagement Quality Reviews (ISQM 2).
- International Standard on Auditing (Ireland) 220 (Revised), Quality Management for an Audit of Financial Statements (ISA 220 Revised).

Audit firms should now consider what these changes will mean for their audit firms and start to plan accordingly.

What is different about the new standards?

The new standards represent a shift in focus from quality control to quality management which is achieved by implementing a risk-based approach, i.e., managing risks to quality.

Under the new standard audit firms are required to proactively manage the quality of engagements performed by the firm.

ISQM 1 consists of eight components as follows:

a. The firm's risk assessment process

This section represents one of the most significant changes in the approach to quality management. It introduces a risk-based approach and requires firms to establish quality objectives, identify and assess quality risks and design and implement responses that address the quality risks.

ISQM 1 includes the quality objectives that firms are required to have, which are incorporated in the other components described below. However, ISQM 1 does not include the quality risks, as firms are expected to identify the quality risks that exist given their nature and circumstances. Similarly, there are no responses in ISQM 1, other than a few specified responses, such as engagement quality reviews. As a result, firms are expected to design and implement their own responses to identified risks.

b. Governance and leadership

Aspects covered by this component include the firm's commitment to quality through its culture, including reinforcing the firm's role in serving the public interest by consistently performing quality engagements and addressing the importance of quality in the firm's strategic decisions and actions.

This component also covers the responsibilities and accountability of firm leadership for quality. Separate requirements in ISQM 1 deal with assigning leadership roles, the qualifications of the individuals assigned the roles and annual performance evaluations.

c. Relevant ethical requirements

This component requires firms to establish quality objectives that address the fulfilment of responsibilities in accordance with relevant ethical requirements, including those related to independence. It also deals with others external to the firm, such as a network, network firms or service providers, and the need for the firm to address relevant ethical requirements related to the firm and the firm's engagements that affect others external to the firm.

d. Acceptance and continuance of client relationships and specific engagements

This component requires the firm to establish quality objectives that address judgments by the firm about whether to accept or continue a client relationship or specific engagement. This includes that the financial (e.g., fees and firm profit) or operational (e.g. growth or strategic direction) priorities of the firm do not lead to inappropriate judgments about whether to accept or continue a client relationship or specific engagement.

e. Engagement performance

The "Engagement Performance" component requires the firm to establish quality objectives that address the performance of quality engagements. It covers the responsibilities of the engagement team and engagement partner (including with respect to exercising professional judgment and professional scepticism), direction, supervision and review, consultation, differences of opinion, and the assembly and maintenance of engagement documentation.

f. Resources

This component expands the consideration of resources beyond that of human resources. It requires firms to establish quality objectives that address appropriately obtaining, developing, using, maintaining, allocating and assigning resources in a timely manner. It covers human resources, technological resources and intellectual resources needed to operate the system of quality management and perform engagements.

It also addresses the firm's responsibilities when it belongs to a network.

g. Information and communication

This section requires the establishment of quality objectives that address obtaining, generating, or using information regarding the system of quality management and communicating information within the firm and to external parties on a timely basis. It emphasizes the continual flow of information within the firm, and with engagement teams. It drives firms to establish an information system with processes to identify, capture and maintain information and addresses the need for firms to communicate externally.

h. The monitoring and remediation process

Monitoring activities should be tailored by the firm. There is a requirement that the firm monitor the system as a whole to provide relevant, reliable, and timely information about the design, implementation, and operation of the system of quality management (a shift in focus from engagement-level monitoring).

Monitoring activities are required to include inspection of completed engagements. Significantly, a new framework has been introduced for evaluating findings and identifying deficiencies, as well as evaluating the severity and pervasiveness of deficiencies, which includes investigating the root cause(s) of deficiencies. There are also enhanced requirements addressing the remediation of deficiencies.

How should the firm approach the risk assessment process?

ISQM1 requires an audit firm to identify and assess quality risks to provide a basis for the design and implementation of responses. In doing so, it requires that the firm shall:

a. Obtain an understanding of the conditions, events, circumstances, actions, or inactions that may adversely affect the achievement of the quality objectives, including:

  i. With respect to the nature and circumstances of the firm, those relating to:

    a. The complexity and operating characteristics of the firm;

    b. The strategic and operational decisions and actions, business processes and business model of the firm;

    c. The characteristics and management style of leadership;

    d. The resources of the firm, including the resources provided by service providers;

    e. Law, regulation, professional standards, and the environment in which the firm operates; and

    f. In the case of a firm that belongs to a network, the nature and extent of the network requirements and network services, if any.

  ii. With respect to the nature and circumstances of the engagements performed by the firm, those relating to:

    a. The types of engagements performed by the firm and the reports to be issued; and

    b. The types of entities for which such engagements are undertaken.

b. Take into account how, and the degree to which, the conditions, events, circumstances, actions, or inactions may adversely affect the achievement of the quality objectives.

Risk based approach focused on achieving the quality objectives

Establish Quality Objectives	Identify and Assess Quality Risks	Design and Implement Responses
• ISQM1 prescribes outcome-based quality objectives in the components. • The firm establishes additional quality objectives that the firm considers are necessary to achieve the objectives of the system of quality management.	• The firm understands the conditions, events, circumstances, actions, or inactions that could adversely affect the achievement of the quality objectives • The firm focuses on the nature and circumstances of the firm and engagements it performs	• The firm designs and implements responses that address the quality risks • ISQM1 also includes some specified responses.

What is ISQM 2 about?

ISQM 2, Engagement Quality Reviews is the second standard that forms part of this new approach to quality management.

It sets out how a firm should approach audit engagements that require an Engagement Quality Review (EQR). EQRs are provided for within ISQM1 as a specified response to risk.

An "Engagement Quality Control Review" is defined as a process designed to provide an objective evaluation, on or before the date of the audit report, of the significant judgments the engagement team made and the conclusions it reached in formulating the report.

The engagement quality control review process is required for audits of financial statements of listed entities, and those other engagements, if any, for which the firm has determined an engagement quality control review is required.

So, all firms even those that do not audit listed entities must consider the criteria for determining which of their engagements, if any, should be subject to an engagement quality control review. In making such a determination the following criteria should be considered;

i. The nature of the engagement, including the extent to which it involves a matter of public interest.

ii. The identification of unusual circumstances or risks in an engagement or class of engagements.

iii. Whether laws or regulations require an engagement quality control review.

It may be appropriate to consider the following engagement types for an EQR:

- Engagements that involve a high level of complexity or judgment.
- Engagements on which issues have been encountered, such as audit engagements with recurring internal or external inspection findings, unremedied significant deficiencies in internal control, or a material restatement of comparative information in the financial statements.

- Engagements for which unusual circumstances have been identified during the firm's acceptance and continuance process (e.g., a new client that had a disagreement with its previous auditor or assurance practitioner).

For audit engagements, and the engagement quality reviews (EQRs) for those engagements, the engagements and EQRs (if any) will need to be performed under the new standards for periods commencing on or after December 15, 2022.

Revisions to ISA (Ireland) 220, Quality Management for an Audit of Financial Statements

ISA (Ireland) 220 has been revised to reflect this approach to quality management. The standard outlines the management of quality at engagement level and encourages a proactive approach at the engagement level. The standard emphasises the importance of professional scepticism and enhances the documentation of auditor's judgements.

Implementation Plan for Audit Firms

Firms should now review carefully and become familiar with the requirements of the new standards and plan for their implementation so that they are in place for December 2022.

This should be an exercise that is tailored to the circumstances and profile of the audit firm. The standards are designed to be scalable from the smallest of audit firms to the largest. So, firms with flat structures or sole practitioners may find that some of the value objectives, for example, such as those relating to human resources are unlikely to be very complex.

Firms will already have in place policies and procedures that comply with ISQC 1 and these provide for an appropriate starting point for the exercise. The firm's risk assessment will be the driver for compliance with these new standards. Firms may find that expanding on existing policies and procedures and considering why they exist, may form a framework for the consideration of risk.

An off the shelf solution to these standards will not deliver the necessary risks and responses unique to the firm. Firms may find it useful to workshop these with audit staff internally.
For starters there are some useful implementation guides and factsheets available from the IAASB which firms may find useful as they plan for a December implementation.

The key message is that firms should start preparing sooner rather than later for these new standards.

Emer Kelly
Manager, Quality Assurance CPA Ireland

Don't wait for the Exit Interview – ask your employees the important questions now

by Caroline Reidy

Exit interviews are interviews conducted with employees who are, for one reason or another, terminating their employment with a business. These are generally carried out within a few days of their resignation being recognised, either on their last day of work or a few days previous or subsequent to this.

From the perspective of the employer, the principal purpose of an exit interview is to identify the reasons an employee felt the need to leave their organisation. Exit interviews are an ideal opportunity for an employer to listen to their outgoing employees, follow up on information received, and apply it to all remaining employees and the business as a whole. Exit interviews are pointless unless the advice is genuinely taken on board and executed. The feedback gained is potentially subjective, but this is an effective way of learning about the organisation and the employee's impression of it. Although such a scenario will not always come to pass, the departing employee has no benefit in characterising the company in a solely pessimistic or biased way. They are now independent of the business and therefore it is a good source of distributing constructive feedback, which is a method of critique that offers actionable and effective feedback to facilitate the receiver implementing improvement strategies.

The employer can then use this information to improve their organisation, as well as ensuring they rectify mistakes to halt other employees from departing too, hence increasing staff retention. It also gives the employer first-hand feedback on their managers and supervisors. They are also a chance for the outgoing staff to pinpoint the positive aspects of their employment. This way, the company can learn what they are doing right. It gives them the luxury to then focus on the outlying issues while maintaining the positives in the background. Additionally, it's probable that the employee has recently been job hunting. Interviewing them can reveal some valuable testimony on how the company compares with its competitors.

Exit interviews also provide a more accurate reflection of a company's culture. The employer is gathering accurate insights about their organisation and its people. It can allow them to identify any training needs required by some or all employees, whether on a performance or behavioural front. These insights can aid to improve organisational strategy, thus leading to action which will improve overall business culture, it could be ascertained that one section of a business needs more training with regards to their performance. Another example could be inappropriate behaviour by certain employees. An employee may be too afraid to report them while working with them but would probably have little hesitation in doing so during an exit interview. This could lead employees to receiving deserved disciplinary action, or it could assist the employer in identifying employees who need extra training in certain areas.

What not to do in an exit Interview

The number one thing not to do in an interview, for both parties, is to be negative or toxic. It serves no benefit to

anyone. These interviews portray the concept of constructive criticism. Even if the employee is providing negative feedback, it should be done in a positive way. They are admitting things they may not have been comfortable with before. It is in the best interests of neither party for an exit interview to be defensive. Although the employer may be hearing some harsh truths, they should only be revealed with the aim of improving the organisation going forward. It also allows the employee to finish their employment with the company on a satisfactory note, as well as not jeopardising a possible character reference in the future.

You should be honest but fair. One's working life is very long. An employee doesn't need to close the door on possibly returning to the firm in the future. On top of that, everyone has contacts in an industry. A prospective future employer might have close ties with your previous employer. Going out on a negative note with one employer could sabotage your chances of employment with another. Despite how much issues you may feel a company has, if you overly focus on the negatives then you will most likely be viewed as bitter and hostile. As a result, you will be portrayed as someone simply out to get the employer and your remarks might not even be taken seriously. Any genuine advice you had for improving the company will not be followed up on.

Reputation and employer branding are key to attracting and retaining staff. If an employee is unhappy leaving their exit interview, they are likely to confide in others about how they feel. This only serves to generate a bad reputation for the company and may deter people from applying for a job with them. According to the World Economic Forum, one-quarter of a company's market value can be directly correlated to its reputation, and 87% of executives believe that reputational challenges are more important than other strategic risks. That's information you simply can't ignore.

Misuse of exit interviews

Despite the blatantly obvious upsides of conducting exit interviews, the undeniable reality is that some organisations don't use them. This can be due to numerous reasons, such as the length of time they take or to dodge criticisms it raises. According to a study from Harvard Business Review, at least 25% of establishments do not conduct any exit interviews with exiting employees. However, as is unfortunately widespread in the world of HR, for those that do perform them they are often inclined to become a box-ticking drill. Many firms don't follow-up on the information gathered and, hence, don't implement the advice given. According to a study from OfficeTeam, a paltry 60% of HR professionals take necessary action after an exit interview. That, added to the number of firms who don't perform exit interviews at all, is a damning and disappointing statistic.

The same Harvard Business Review study also displayed the breakdown of those who carried out exit interviews. One in five exit interviews were carried out by a direct supervisor. This is not advisable policy because, in the majority of cases, departing employees will not speak honestly to a supervisor if that supervisor is a contributory reason to them leaving. For example, over 50% of employees have admitted leaving a job due to their manager at some point in their career, according to research by Gallup.

The Harvard Business Review study also found that 71% of interviews were carried out by a neutral member of the HR department. This would be recommended as it increases the chances of open and honest disclosures from employees. It is entirely understandable that an employee would not confess hard truths to an immediate supervisor or manager. Most people reading this would not either.

Retention interviews

Despite the importance of exit interviews, you shouldn't wait for them to try keep staff. It would be prudent to utilise retention interviews annually. They measure the degree of engagement and contentment in your company. It highlights issues early and builds trust with employees to reduce the need for exit interviews. They should be an informal chat. Employees should be quizzed on what they like about their job, but also what more they would desire. Obviously, they must also be questioned on the negatives of their employment. Avoid closed-ended questions. Ask deep questions and search for honest answers.

That said, it should be a laid-back interview, and the employee's effort and loyalty should be recognised. These interviews should make employees feel valued and promote wellbeing. The key focus for 2022 should be staff retention and these interviews are a useful way to improve that as very often exit interviews can be too late.

Conclusion

Undeniably, there are multiple reasons why exit interviews are of value to a business. It improves a business in countless ways, for instance lowering staff turnover and gathering feedback on employees. Despite the aforementioned positives, they are critically misused globally. Undoubtedly, they are widely used by an array of companies.

A reassuring statistic is that 91% of Fortune 500 companies adopt exit interviews, according to Burke Incorporated. Overall, however, they are carelessly under-utilized. Companies can blame an abundance of reasons for this, but it has to be contended that they are worth it for the benefits reaped in the long-term. The impact of either party being harsh during an exit interview can also be very damaging. Overly positive exit interviews are not particularly useful either as, although reassuring for the employer, it could give them a false sense of security. Despite all that, exit interviews should be previously complimented by retention interviews as that is best practice. Acting early is the optimal way to avoid staff leaving which is key to any HR strategy as we need to ensure we retain our best staff – asking them what is going well, what needs to be improved for them personally and how we can make things better for the employee and the organisation will lead to a win-win for both parties so don't wait for the exit interview to get these important insights when it's too late.

Caroline Reidy,
Managing Director (& Owner) of the HR Suite

HR and Employment Law Expert, Keynote Speaker, TedX Presenter, Author, Mediator, Adjudicator with the WRC and previous Equality Officer.

Managing Distractions in the Workplace

by Edel Walsh

The Covid-19 pandemic disrupted the way we work. For the most part office workers swiftly moved to full time working from home at the outset of the pandemic. While that brought about its own challenges, people are adaptable, and organisations and their employees adjusted accordingly

As restrictions ease, we are seeing the return to the office. For some it is on a full-time basis and for others it is a hybrid arrangement. We are adapting once more but like the initial lockdowns that does not come without its challenges. I have set out tools and strategies to support with managing the distractions in the workplace whether that is at home or in the office.

Distractions and interruptions come from ourselves and others. As people re-adjust back into the office environment we are no longer being interrupted by our children, family members or house mates. We may be interrupted by our colleagues popping over to our desk for a quick chat or to ask a quick question. Peripheral distractions such as phones ringing, and overhearing conversations can be disruptive.

We are sociable beings and for some of us human connection was one of the things we missed throughout the pandemic. Being distracted by chatty colleagues is out of our control. It is best to expect it, accept it and plan for it. In addition, invaluable secondary learning can take place by over hearing conversations in the office that are happening around you.

While these distractions may be out of your control, there are strategies we can put in place to ease the burden of disturbances. These include investing in noise cancelling headphones, or move to a quiet area, if possible, when you are trying to do some focussed work. It is also worth reflecting on whether you are the time stealer in the office. Are you the person who is popping over to a colleague for a quick chat as they are engrossed in their work or the person who talks very loudly on calls all day long? Try switching perspectives, if you are immersed in a piece of work, how would you feel to be interrupted for a chat that could take place at a coffee break or lunch time. If you are leading a call in the open plan office, can you move to a quieter location or re-schedule these calls to a day you are working from home?

Some distractions are out of our control but when they are within our control there are choices we can make.

Whether we are working from home or working in the office, the most obvious distraction that impedes productivity is email, instant messages, and notifications. The costs on productivity associated with quickly checking a message or a notification on your device when you are in the middle of a task are substantial. While we think we are multi-tasking and being productive, our brains do not react very well to the interruption. According to Gloria Mark, it can take on average 25 minutes to resume working on a task after we have been interrupted. If our brain does not like these interruptions, then why does it go looking for them? Our brain may be craving the dopamine hit we get when someone likes our social media post, or it may be looking for something more enticing than what we are currently working on.

If interruptions are within our control, then we can manage them.

- Check your emails only if you have the time, attention, and energy to deal with them. According to research carried out by McKinsey, 28% of work time is spent on email, we check our emails on average 11 times per hour and 84% of us keep our email open while working. Very little productive work can be done with this many disruptions. Some simple strategies include blocking a set time in your diary every day for a few times a day to check your email. When you are trying to complete a task, a simple solution is to shut down your email application.
- When you are sending emails, be cognisant of your recipient's time. Keep the message short, clear and to the point. People spend on average 12 seconds reading an email, anything longer you will lose their attention.
- Consider if it necessary to "reply to all" or cc'ing everyone in the office on your email. This can add increased clutter to people's inbox and to their headspace. Only email the people who need to be informed.
- Put your device on airplane mode. This will eliminate the possibility of a notification disrupting your work. You are then in control of when you deal with the notifications. If it is too tempting to turn off airplane mode while the device is sitting on your desk, put it in a drawer in another

room. That way you must physically get up out of your desk to get the device.

- Do a spring clean of your apps. What are the apps that waste too much of your time and attention? Can you live without them? If this is a step too far, can you move these time stealers from your phone to another device such as an iPad that is not attached to your fingers all times.

After emails, meetings are one of the biggest disruptions we face throughout the day. Before arranging a meeting, it is worth asking yourself some questions:

- Is the meeting necessary?
- Is it necessary for all the attendees on the list to be there?
- Have you detailed an agenda for the meeting?

If you are the recipient of a meeting request, you too should ask yourself these questions and challenge yourself as to whether or not it is necessary for you to attend every meeting that arrives into your diary.

Another option for employers is to implement a policy where there is certain times of the day or certain hours in the week that meetings are not scheduled. This allows people to work on their tasks without being interrupted.

With all these distractions impeding our productivity, is also worth reflecting on the following:

- Set an intention or a goal to progress or complete a task for your working day or your working week. To make the goal more realistic, it is worth making it a SMART goal (Specific, Measurable, Attainable, Realistic and Time Bound). Hold yourself to account by reflecting on the goal at the end of the day/week. If you did not achieve the goal, write down the obstacles that were in your way of achieving your goal.
- Use the pomodoro time management technique. This technique allows you to break down big projects into doable pieces of work. Each piece of work is called a pomodoro and lasts 25 minutes followed by a short break of 5 minutes.
- Try doing your most mentally challenging work first when we have the energy needed to deal with it.
- Schedule some thinking time or focus time every week in your diary. You can not figure out what is important in your role if you are on call the whole time. You need space to focus and strategize.
- Learn to say no! If you are going to say no to a piece of work, say it with conviction. It is much better to say, "I can't do this right now" as opposed to "I will try and make this work" and letting the person down later.
- If possible, withdraw from the noise of the office or the outside world to focus deeply on a piece of work. Eliminate any time-wasting distractions that might get in your way.

My final word, if you find that you are easily distracted, it is worth reflecting on whether you are in control of these distractions. If you are in control, there is always a choice to be made.

Edel Walsh

Personal Leadership Coach

She specialises in helping her clients get clear about their purpose, career aspirations and work-life balance. Her website is www.edelwalsh.ie

The Empathic Leader

by Ben Rawal

In leadership, empathy is frequently identified as a critical area and one that offers consistent value within a team environment. After more than two years of living with COVID, many businesses are now beginning to encourage their teams back to the office. Ben Rawal explores why empathy will become even more important to those in a leadership position.

The inevitable post-COVID return to the office is something that many of us have been awaiting with delight: an opportunity to re-establish some of our long standing personal relationships, and finally conduct a 'real' meeting once again.

Despite the anticipation and welcomed excitement that this may hold for many of us, other individuals are reluctant or even fearful of returning to a pre-COVID world. In many respects, it is difficult to compare our experiences of COVID with one another. Although we have all faced the challenges of lockdowns and restrictions to our daily lives, some of us have also lost friends and family members.

We will all have unique memories of the past two years, coping with and accepting a new reality in our own time and way. It is against this backdrop, that many of us have now begun the return to an office environment. Most businesses have welcomed their teams back to the office on a hybrid working basis, although some have already returned to a full-time arrangement.

Irrespective of how your organisation has chosen to address the return to office, leaders now face arguably the biggest challenge (and opportunity) they have ever faced.

Understanding empathy

As a concept, empathy is a relatively new aspect of our psychology and behaviour, initially being used as a phrase just over a hundred years ago.

In more recent times, the growth of emotional intelligence promoted the importance of empathy when forming and maintaining relationships, and largely focuses on understanding and appreciating how others are feeling. The key word here however, is understanding. Individuals with high levels of empathy do not have to agree with how others are feeling in any given situation – but do they understand?

A feeling of excitement for one individual, may be experienced as fear by another in the same situation. Good leaders understand how different individuals can experience such variability in emotions. Although the situation may appear similar or even identical for two or more individuals, the way the situation is interpreted will be different. Our unique way of 'seeing the world', based on our beliefs, bias and experience will create different thoughts and feelings. Empathy ensures that we recognise how different interpretations can create different results – both logically and emotionally.

"A feeling of excitement for one individual in a certain situation, may be experienced as fear by another individual. Good leaders understand how different individuals can experience such variability in emotions."

As leaders, we should also recognise that members of our team are likely to have reached different levels of psychological acceptance when it comes to their COVID experience.

Some individuals may still be coming to terms with the changes they have experienced through the pandemic, and are likely to behave differently to those that are now in a position to 'move on'.

"Empathy ensures that we recognise how different interpretations can create different results – both logically and emotionally."

It's not my problem!

At one time or another, we have a tendency to dismiss the feelings of others as insignificant or an over-reaction on their part. We may use statements such as "You're being oversensitive!" or "Get over it!" Perhaps you can recall a time when you've totally ignored how someone else is feeling?

As rational and logical thinkers, we have the ability to solve problems and 'think things through' – an advantage that we have as humans, compared with other animals on the planet. Yet, we need to be in the right mindset to tackle an issue in a calm, non-emotional way. If we feel upset, angry, or afraid, our focus will remain on these emotions, limiting our ability to think logically and deal with the issue. This is one of the reasons why our best intentions to help someone solve their problems is often unsuccessful – the individual needs to be ready to deal with the issue.

"If we feel upset, angry or afraid, our focus will remain on these emotions, limiting our ability to think logically and deal with the issue."

In leadership, time is often precious. This can create a conflict between giving a team member sufficient space to deal with their emotions, and getting the job done. Working in the area of accountancy also creates additional pressures due to the importance of meeting deadlines, client expectations and performance targets. This is why it is important to develop a good understanding of your team – how they perform when they are at their best, problems or concerns that they're dealing with, and notable changes in their behaviour. As a leader, the quicker you act and the more proactive you can be in helping your team, the easier it becomes to managing the future impact.

From a COVID perspective, challenge yourself as to how effectively you have continued to engage with your team members during the past couple of years. Many of us have now become accustomed to virtual meetings, sometimes with cameras switched off. COVID has impacted our ability to build and maintain relationships with our teams, an important pre-requisite to understanding how individuals are feeling.

Regardless of whether you have been effective in managing the relationship with your team during COVID, our emotions are an important driver of our behaviour. If we choose to ignore or dismiss them, it is unlikely that they we will achieve a high-performing team environment.

"Working in the area of accountancy also creates additional pressures due to the importance of meeting deadlines, client expectations and performance targets. This is why it is important to develop a good understanding of your team."

But I'm not feeling it?

I often work alongside leaders that ask how they can show empathy and understand how a member of their team is feeling, when they don't recognise their own emotions themselves.

Developing our own self-awareness is an important aspect of emotional growth, but is not necessarily essential for empathising with our team. You may be surprised to learn that empathy is a logical skill, and requires rational thinking to genuinely do it justice. This may appear odd, given that empathy focuses on the emotions of others, but your ability to understand someone else's feelings can be learned, practiced and recognised on a more regular basis.

The concept of Cognitive Empathy covers this ability to deduce how someone is feeling, based on a variety of observational factors – facial expressions, body language, changes in voice tone, and other behavioural nuances. As a leader, becoming an expert in emotion is not necessary, but becoming more observant about change is essential. This should be your minimum goal or position as an empathic leader – to logically understand what your observations mean from an emotional perspective.

At times of course, some individuals allow themselves to become emotionally attached to how others are feeling. In other words, we create a connection between our thoughts and our feelings, and may even experience some of the emotions that other individuals are dealing with. Known as

Emotional Empathy, it offers the most intuitive and representative perspective of how someone else is feeling. In a leadership role however, Emotional Empathy can be distracting or stressful for those in a senior position. The key point is to ensure that you can logically understand how someone feels without having to also carry the burden of their emotions.

Often identified as a suitable 'middle ground' between Cognitive and Emotional Empathy, is Compassionate Empathy. This combines the logical understanding of how someone is feeling, with the willingness to help based on the individual's readiness to receiving support.

"Ensure that you can logically understand how someone feels, without having to also carry the burden of their emotions."

The COVID conundrum

As our teams continue to return to the office, arguably there has never been a more important time for empathic leadership. Taking the time and making an effort to understand how your teams are feeling is an important first step, the impact of which should not be underestimated.

These efforts should not come at your own expense, of course – you will also have experienced your own unique journey during the past couple of years, that may still require a level of support. During these times, patience with yourself and others around you, may just be the most viable strategy for the future.

Ben Rawal,
BSc MBA FCCA

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

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Ben's top tips for self-reflection:

Top tips for Empathic Leadership

Understanding Others – Empathy begins by understanding others – how they behave, how they feel and what they think. We will often form judgements based on what we see or hear, without genuinely attempting to understand the individual. Invest time in understanding your team at a deeper (non-superficial) level, and remember that you don't always have to agree with how they see the world.

Are you ready?

Individuals aren't always searching for a solution to the problem they face – at least not in the short-term. At times, it can feel cathartic to 'unload' our woes, feelings and problems without being judged or searching for a viable solution. Problem solving is best attempted when individuals are ready for the journey ahead, sometimes involving emotional pain or acceptance on their part.

Observe the change

Be prepared to develop your observational skills as a leader, becoming more aware of what is happening around you. Learning more about your team's behaviours and communication preferences will offer an important insight into how they are feeling. The information is all around you as a leader – do you notice and act upon it?

Be compassionate, not emotional

Empathy involves an understanding of how someone is feeling. This doesn't mean you need to 'feel' these emotions too, but showing compassion in your approach indicates that you have listened and understand the difficulties that exist.

Digitalising the process of RD&I

by David Byrne

R&D and Innovation (RD&I) needs to accelerate in today's world. Climate constraints, social shortfalls, sustainable practices and the rise of "digital" are unprecedented changes and challenges that business are facing today, that require design-thinking, problem-solving, collaboration and strong leadership to overcome.

In years to come, trillions will be invested by governments across the globe to stimulate businesses innovating in their products, processes, technology, organisational structures and business models. By our calculations in ReaDI-Watch, some 80,000 companies across Ireland, UK, Canada & the USA are investing over $450 billion per annum into RD&I, supported by over $30 billion in R&D Tax relief, billions in RD&I grant funding and growing at a Compound Annual Growth Rate (CAGR) of 10% each year.

This huge, unprecedented volume of RD&I investment needs to be directed and managed in industry, in order to meet these demanding and essential changes. As a financial stakeholder in your company, you need to ensure that your team, your organisation, is given the best chance possible to be innovating, evolving and disrupting norms. This can be achieved by establishing a lean & well-structured RD&I function in your business.

Even if managed on a part-time basis, a real-time RD&I function is key to establishing your company's RD&I direction, which is then used to inform and implement the company's commercial objectives. Having a streamlined RD&I function and process enables a company to develop a culture and capability to innovate. It helps with traceability, avoidance of loss of knowledge and duplication of work and improves a company's position for claiming R&D tax credits, drawing down RD&I grant funding and offers potential to use the Knowledge Development Box mechanism.

In this short article, we will offer some introductory insights about directing and managing RD&I investments, winning RD&I supports and ensuring your company is given the best chance possible to sustain its competitive advantage.

How to prepare and submit an R&D Tax Credit Claim

The Irish government provides many supports to Irish SMEs to encourage economic growth, job growth and export development. One of these supports is the R&D Tax Credit Claim. Companies investing in R&D activities may quality for tax incentives under the R&D Tax Credit Scheme and the Knowledge Development Box which are managed by revenue. Full details of the R&D Tax Credit scheme can be found here https://www.revenue.ie/en/companies-and-charities/reliefs-and-exemptions/research-and-development-rd-tax-credit/index.aspx

A company may qualify for the R&D Tax Credit if:

- It is within the charge of CT in Ireland.
- It carries out qualifying R&D activities in Ireland or the European Economic Area (EEA).
- expenditure does not qualify for a tax deduction in another country.

What does it mean for a company in financial terms?

Qualifying R&D expenditure will generate a 25% tax credit for offset against corporate taxes in addition to a tax deduction at 12.5%. This means that companies undertaking qualifying R&D can claim a refund from the Revenue of €37.50 for every €100 worth of R&D expenditure. This is hugely valuable for companies who often use this credit to fund future R&D investment.

What are qualifying R&D activities?

To qualify for the R&D Tax Credit, a company's research and development activities must:

- Involve systemic, investigative or experimental activities.
- Be in the field of science or technology.
- Involve one or more of these categories of R&D:
  - basic research
  - applied research
  - experimental development
- Seek to make scientific or technological advancement.
- Involve the resolution of scientific or technological uncertainty.

We will go through each of the above areas in turn but let us first start with some definitions.

What is R&D?

Research and development comprises creative and systematic work undertaken in order to increase the stock of knowledge of humankind, culture and society and to devise new applications of available knowledge (OECD Frascati Manual, 2015).

An example of R&D is UNICEF and Lego Group have joined forces to form the Responsible Innovation in Technology for Children (RITEC) project, an international research project to explore how businesses and policymakers can create a digital world that prioritises the well-being of children.

What is Innovation?

Stephen Shapiro, founder of Accenture and keynote speaker on Innovation defines it as "innovation is about staying relevant. We are in a time of unprecedented change. As a result, what may have helped an organization be successful in the past could potentially be the cause of their failure in the future. Companies need to adapt and evolve to meet the ever-changing needs of their constituents".

An example of product Innovation is where Lego have been changing the materials of its famous bricks to biodegradable oil-based plastics.

What is Experimental Development?

Experimental Development is systematic work, drawing on knowledge gained from research and practical experience producing additional knowledge, which is directed to producing new products and processes or to improving existing products and processes (OECD Frascati Manual, 2015).

So, to recap with the definitions in mind, to qualify for the R&D tax credit, a company's R&D activities must encompass each of the 5 areas in Fig.1

Software Sector

The software sector has a specific section in the Revenue guidelines (Page 20 and 21) in the link above. For software engineering teams it can be challenging to articulate the technology developed as "qualifying R&D" and distinguish it from the various feature requests, bugs and user stories and other activities that take place. The guidelines state that Software developments using known methodologies in standard development environments using the standard features and functions of existing tools would not typically advance technology and would not address or resolve technological uncertainty. Undertaking routine analysis, copying, upgrading or adaptation of an existing product, process, service or material would not be considered to be R&D activities. Therefore, much software development does not qualify as R&D activity. Qualifying activity pertaining to software can include

- Development of mathematical models or algorithms to achieve a desired functionality goal(s).
- Translating such models or algorithms into code and ensuring that the desired goal(s) can be achieved.
- Ensuring that the application/process/tool developed will continue to function in different scale environments.
- Ensuring that the application/process/tool developed will function across a range of Platforms.
- Ensuring that the application/process/tool developed will integrate as intended with other applications/systems.

1. Systematic, Investigative or Experimental Activities

- Logical sequence of events
- Structured documentation of work
- Clear start & end date
- Contenmporanous documentation

2. In a field of science or technology

- Natural Sciences
- Engineering & Technology
- Medical Sciences
- Agricultural Sciences

3. One of the following categories of R&D

- Basic Research
- Applied Research
- Experimental Development

4. Scientific Technological Advancement

- Seeks to achieve an advance in science or technology

5. Scientific Technological Uncertainty

- The solution, ot the process to get to the solution is not readily forrseen by an appropriate, skilled ceompetent professional

Fig. 1 The "Science Test" Requirements

Complementing R&D Tax Credits with RD&I Grant Funding

There is a rich ecosystem in Ireland to support companies at every stage of their Innovation journey, whether it is an Innovation voucher if you are just starting out and want to test an idea with third level support (Value €5000) all the way up to a strategic collaborative disruptive technology project which can be funded up to a scale of €5-€7 million euro, there is an option to fit your needs. The most relevant supports for you will vary depending on a number of factors such as the size of your company or the type of research you are considering.

The Knowledge Transfer Ireland (KTI) RD&I funding tool https://www.knowledgetransferireland.com/Research_in_Ireland/Find-RD-I-Funding/ is a starting point to help you identify the right support.

This information in Figure 2 is a useful slide from the IRDG Irish Research and Development Group) that summarises succinctly the different supports you can avail of in Ireland and Europe depending on your specific interest at a point in time

This example in Figure 3shows how the cost of an R&D project can be supported by both grant funding and tax incentives.

Example R&D Project and Net Cost to the Business

Disruptive Technologies Innovation Fund- Call 5 - Potential Funding for Advanced Manufacturing Sector

Overview

The Disruptive Technologies Innovation Fund (DTIF) is a €500 million challenge-based fund established under Project Ireland 2040.

Example of how to read R&D Tax Credits & Grant Funding can support a R&D Project

Qualifying R&D project with 20% Grant Aid		
R&D spend of		100
Grant Aid		20
Net Grant Aid		**80**
CT Reduction of 12.5%		(10)
R&D Credit of 25%	(20)	(30)
Net Cost of Performing R&D in Ireland		**50**

Note: Can account for R&D Tax Credit above the profit line

Impact for SME's:

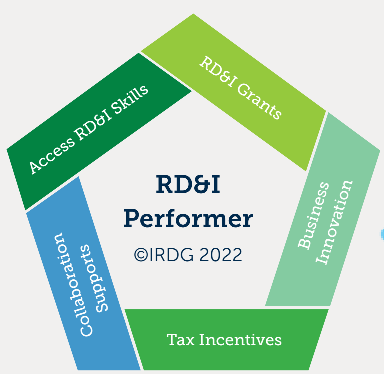
- Boost EBITDA
- Company Valuation

Impact for MNC's:

- Make Irish Site more competitive

Fig.3 How funding supports can support a project cost

Fig. 2 IRDG RD&I Performer



EI/IDA/Údarás na Gaeltachta

- Disruptive Technologies Innovation Fund
- RD&I Grant
- Technical Feasibility/ Exploring Innovation Grant

EU

- Eurostars
- The Green Deal
- EIC Accelerator
- EI Business Innovaton Grant
- EI Capital Investment Initiative
- IDA Business Asset Grant
- EI Small Business Innovation Grant

- R&D Tax Credits
- Knowledge Development Box
- Capital Allowance for Intangible Assets

- Disruptive Technologies Innovation Fund
- Innovation Vouchers
- Innovation Partnerships
- Science Foundation Ireland Spokes Programme
- Science Foundation Ireland Strategic Partnerships
- EU Eurostarts
- Horizon Europe Collaboration Projects
- EU EIC Accelerator
- Inter Trade Ireland Impact

- Enterprise Ireland GradStarts
- Inter Trade Ireland Fusion Programme
- Irish Research Council Employment Based Programme
- Irish Research Council Enterprise Partnership Scheme
- Science Foundation Ireland Industry Fellowship
- Horizion Europe Marie Sklodowska-Curie Actions

It is one of four funds set up under the National Development Plan (NDP) 2018-2027. It is managed by the Department of Enterprise, Trade and Employment and administered by Enterprise Ireland.

The Disruptive Technologies Innovation Fund is seeing investment in the development and deployment of disruptive innovative technologies, on a commercial basis, targeted at tackling national and global challenges. The fund is driving collaboration between our world class research base and industry as well as facilitating enterprises to compete directly for funding in support of the development and adoption of these technologies and seeding a new wave of start-ups.

Call 5

Call 5 is slightly different to previous Calls 1-4 as it is targeting the Advanced and Smart Manufacturing sector and the development of novel and disruptive innovation in conventional manufacturing operations. This is the first time the fund will focus on a specific sector with the aim of delivering radical enhancement in manufacturing systems or supply chains.

There are several changes to the Fund for this call which are aimed at encouraging applications from this highly important sector in the Irish economy, including:

- Each project must have at least one established manufacturing company in a consortium of three or more project partners, one of which must be an SME and one other enterprise partner.
- All partners must be based in Ireland and be a client of Enterprise Ireland, IDA Ireland, Údarás na Gaeltachta or an eligible Research Performing Organisation (RPO) at the application deadline.
- The type of eligible research is broadened from "industrial research" to include "experimental development", that is, within Technology Readiness Levels 3-9. Industrial Research is planned research and investigation aimed at discovering brand new knowledge. Experimental development is developing and applying research to produce new products and services.
- The aid intensity for a large company is reduced to a flat rate of 40% (down from 50%), while the rate applicable to an SME remains unchanged at 50%.

The deadline for receipt of applications is Thursday, 14 July 2022 (15.00 Irish time).

Please see the DTIF Call 5 Guide for Applicants to learn more about applying for the Fund.

Aligned with this IDA Ireland in partnership with Enterprise Ireland has developed a new national online searchable database to profile Irish based companies and multinational companies that have capacity in disruptive and sustainable technologies. It will allow companies to identify collaborators, partners and providers to help them integrate new technologies into their businesses to address their key challenges and digitalisation agenda. The portal will also allow companies and end users to raise challenges, ask questions, message each other and define collective challenges and opportunities. This portal is potentially a vehicle to find a collaborative partner in relation to a "disruptive" technology idea for a future DTIF fund application

Digitalising the process of RD&I

As we mentioned at the outset of this article, R&D and Innovation (RD&I) needs to accelerate in today's world. A huge, unprecedented volume of RD&I investment today needs to be directed and managed in industry, in order to meet these demanding and essential changes.

We hope that this article has offered some introductory insights about directing and managing RD&I investments, winning RD&I supports and ensuring your company is given the best chance possible to sustain its competitive advantage.

There are not many playbooks that exist which help companies establish & manage and get the best return from RD&I. That's why we built the ReaDI-Watch Platform, which has been described as a company's "Google Maps" for R&D and Innovation by setting companies in the right direction. On ReaDI-Watch, supported by our team of experts, you can digitally establish your R&D and Innovation as a management function in your business. Auto-reports for R&D tax credits, team & time management, grant funding draw-down supports, and RD&I strategy templates & guidance are just some of the features ReaDI-Watch has to offer, which saves time & headaches for teams building a lean & traceable RD&I function. Get in touch today with our team to learn more. https://readi-watch.com

David Byrne
ReaDI-Watch CEO

Founder of ReaDI-Watch, a SaaS solution to assist companies to manage and create value from RD&I.

Institute News

Coming in 2022 – CPA Ireland Sustainability Hub

In keeping with our aim of Leading the Way in Digitalisation, Well-Being & Sustainability and following the success of our Digitalisation Hub and Well-being Platform, we are excited to announce that later this year, we will be launching a Sustainability Hub.

This hub will show members how they can become more sustainable and lower their carbon footprint. It will cover areas such as Audit, Financial Reporting, Strategy, Sustainable Lending, Carbon Footprint, Employee Health & Wellbeing as well as offering live sessions with key industry experts' in sustainability and case studies of those who have managed a sustainable journey. The hub will also offer members the chance to gain stackable micro-credentials in different aspects of sustainability.

Further details on this exciting development will be communicated over the coming months.

2021 Annual Report Now Available

Leading the Way in Digitalisation, Well-Being & Sustainability

The CPA Ireland 2021 Annual Report – Leading the Way was published on the 5th of April. The 2021 report highlights the key achievements in positioning CPA Ireland as an industry leader in the areas of digitalisation, well-being and sustainability.

The 2021 report reveals how CPA Ireland has implemented these key areas in each of its strategic priorities: brand, product, people, customer centricity and global through several innovative initiatives.

The full report can be accessed at https://www.cpaireland.ie/Latest-News/News/News-2022/CPA-Ireland-Annual-Report-2021

Áine Collins reappointed President of CPA Ireland

Áine Collins, CPA, has been re-elected 50th President and the 5th female President of CPA Ireland. The election was announced at the 79th Annual General Meeting of Members which was held virtually on 27th April 2022.

The Council of CPA Ireland made the decision that, in the interest of governance stability and continuity, they would reappoint Áine Collins as President, Clodagh Henehan and Mark Gargan 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.

Áine qualified as a CPA Accountant in 1996 and has been company principal of Blueprint Consultancy since July 2016. Áine has more than 18 years' experience and has held a variety of roles prior to her election at CPA Ireland. She has a strong interest in and track record of supporting businesses to meet the challenges of developing new markets and expanding their operations.

Clodagh Henehan, Vice President, CPA Ireland

Clodagh Henehan has been re-elected

as Vice-President of CPA Ireland. Clodagh was elected to the Council of CPA Ireland in February 2018.

Clodagh trained with Clibborn & Co. Ltd in Cork and qualified as a Certified Public Accountant in 1990. Clodagh has previously worked for the Office of the Comptroller and Auditor General and the Local Government Audit Service and was the Head of Finance for South Dublin County Council from 2004 to 2015.

Clodagh is currently employed as a Divisional Manager for Cork County Council. She has been an active member of the Institute's Finance and Audit Committee since October 2012.

Mark Gargan, Vice President, CPA Ireland

Mark Gargan has been re-elected as Vice-President of CPA Ireland. Mark was elected to the Council of CPA Ireland in April 2016.

He will support elected President Áine Collins, alongside fellow Vice-President, Clodagh Henehan.

Mark graduated in Accounting & Finance from Dublin Business School in 1995. A CPA since 1999, he has spent over 20 years in practice and is currently a Partner in Niall Byrne & Company. The practice has been in existence since 1984 and carries out all aspects of general practice work.

He has also represented CPA Ireland on the CCAB-I Business Law committee since September 2007.

New Council Appointment at CPA Ireland

CPA Ireland is delighted to announce the election of a new Council Member in Dr. Ruth Lynch. Ruth was elected to Council of CPA Ireland at the AGM on 27th April 2022.

Dr. Ruth Lynch, Ph.D, CPA

Ruth Lynch is a lecturer in Accounting & Finance in the University of Limerick. She completed her PhD in 2021. Her PhD thesis is entitled 'Professional perceptions of how trust and power impact on tax client relationships'. Her research interests are focused on the accountancy profession, auditing and corporate governance.

Ruth became a member of CPA Ireland in 2009. Ruth has worked in public accounting practice in both Ireland and Australia. Ruth qualified as a Certified Tax Advisor (CTax) in 2015. She holds a Master of Arts in Advanced Language Skills (Italian) from NUI, Galway and a Bachelor of Commerce (Italian) from NUI, Galway.

Accountancy Plus Going Fully Digital from September 2022

As highlighted in the March edition of Accountancy Plus, from September 2022 onwards, the Accountancy Plus journal will be published as a digital-only publication, with this edition being the last printed edition.

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 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, which will be developed using a platform called Vertiqul, 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 include hyperlinks, the ability to bookmark, share, and download content, and an option to click through to additional resources on relevant topics.

We look forward to your support in relation to the changes necessary to make CPA Ireland a sustainable organisation.

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. You can find details of the journey of CPA Irelands journal on pages 30 and 31 from its initial conception to where we are today.

Membership Changes

Member ID	First name	Last name	Date
Resignations:			
001808	Anthony	McCarthy	16/02/2022
000205	Noel Martin	Connolly	07/03/2022
004733	Joyce	Green	09/03/2022
000976	Mary	Windrum	10/03/2022
Deaths:			
004310	Hazel	Kelly	11/03/2022

CPA Ireland signs MRA with the American Institute of CPAs

NASBA/AICPA U.S. International Qualifications Appraisal Board (IQAB) Signs Mutual Recognition Agreement with CPA Ireland

Back Row: Eamonn Siggins, CEO, CPA Ireland and Mike Fritz, Chairman of the Board, NASBA

Front Row: Barry Melancon, President & CEO, AICPA; Aine Collins, President, CPA Ireland and Ken Bishop, President and CEO, NASBA

The National Association of State Boards of Accountancy (NASBA)/American Institute of CPAs (AICPA) U.S. International Qualifications Appraisal Board (IQAB) and CPA Ireland, have signed a mutual recognition agreement (MRA) that came into effect on June 1, 2022. The MRA provides an abbreviated qualification pathway for eligible accounting professionals in the U.S. and Ireland to practice in the partner countries.

Under the agreement, qualified U.S. CPAs will be eligible to obtain the CPA Ireland credential, a pathway to obtaining audit rights in Ireland, if the holders meet eligibility requirements detailed in the appendices of the MRA. Similarly, CPA Ireland credential holders will be eligible to obtain the U.S. CPA credential if the holders meet the eligibility requirements outlined in the MRA's appendices.

Speaking on behalf of CPA Ireland, President Aine Collins stated "This agreement provides an exciting new opportunity to Irish CPAs, helping them to travel further and avail of new opportunities in the U.S. and is also a very strong endorsement of the CPA Ireland qualification. The U.S. and Ireland have a unique relationship based on historic cultural ties and now represented through a strong economic relationship. We are excited to be playing a part in enhancing this relationship by facilitating CPAs from both the U.S. and Ireland to form part of the next generation of that relationship."

Annual Subscriptions 2022

On behalf of Council, a sincere thanks to our members who have remitted their annual subscriptions for 2022. Reminder notices have issued by email to those members whose subscriptions remain outstanding.

CPD News

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!

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.

Designed around both keynote speakers and breakout sessions the conference gives members the opportunity to select the topics of most relevance to you and your business.

This year the conference will take place online on the 9th & 10th September.

Book here: https://portal.cpaireland.ie//showcourses.aspx?event_category=&event_type=&keyword=iac22&location=&start_date=10/05/2022&end_date=30/09/22&cpe_hours=0&event_categoryid=0&event_typeid=

Time	Topics
Friday	
9.30 - 9.40	President's welcome
9.40 - 10.30	Economic Update
10.30 - 11.15	Creating a sustainability strategy for your business
11.15 - 11.30	Tea Break
11.30 - 12.15	Tax for Industry
	Professional Standards Update
12.15 - 13.00	Corporate Governance
	Tax for Practice
13.00 - 13.45	Lunch
13.45 - 14.30	Negotiation Skills
	Audit Update
14.30 - 15.15	Supply Chain Opportunities
15.15 - 16.15	Employment Law

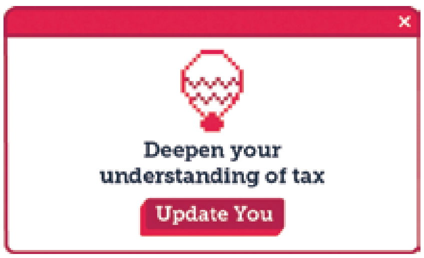
Time	Topics
Saturday	
9.30 - 10.15	Gain Clarity & Organisation - Clarify the way forward and get there quicker.
10.15 -11.00	AML & Whistleblowing
	Forensic Accounting for Practice
11.00 - 11.15	Tea Break
11.15 - 12.00	Cyber Security for SMEs & SMPs
12.00 - 12.45	Pension Investments Update

Post Qualification Specialisms

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

Certified Tax Adviser

10% Early Bird Discount before 30th June 2022



The Certified Tax Adviser (CTax) course offers a unique and exciting higher-level qualification in Tax for accounting and legal professionals.

We are delighted to announce that over the past year, we have undertaken a full review of the course and we are excited to launch a new and updated Certified Tax Adviser (CTax) course commencing in September 2022.

The new CTax course includes:

- New modules
- New content
- Introduction of new bitesize web-based learnings to complement each module
- New subject matter experts
- A new Client Advice lecture will be dedicated to case studies and exam questions to help bring the course together in preparation for the assessments.

Attend in class in Dublin, online via live streaming or a mixture of both options.

Book your place now at cpaireland.ie/cpd

We are delighted to offer a 10% Early Bird Discount off the cost of the course - enrol before 30th June 2022 to avail of this discount.

Key Details:

Method: Dublin & Online via Live Streaming

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

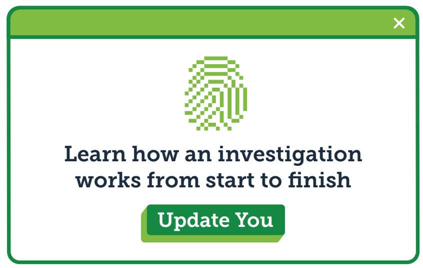
Cost: €1950

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

– Lisa Leonard, ACCA CTax

Diploma in Forensic Accounting

Book your place now for September 2022



Developed in conjunction with Grant Thornton, this Diploma provides a comprehensive understanding of the core Forensic Accounting skills for qualified accountants working in both industry and practice, particularly in the SME sector.

Attend in class in Dublin, online via live streaming or a mixture of both options. Please note that in class attendance will be extremely limited and will depend on Government advice at the time of commencement.

Book your place now at cpaireland.ie/cpd

Key Details:

Method: 5 full days & assessment

Location: Dublin & online via live streaming

Date: September 2022 – March 2023

CPD Credit: 40 hours (8 hours per day)

Cost: €1550 (non-members: €1750)

"A must for any accountant involved in investigative work. The real-life examples encourage one's enthusiasm; the material is relevant; the delivery is to a very high standard and the support from the CPA team makes doing this course a joy".

– Nano Brennan, CPA

Diploma in Forensic Accounting

Book your place now for October 2022

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

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

Book your place now at cpaireland.ie/cpd

Key Details:

Method: 5 full days & assessment

Location: Dublin & online via live streaming

Date: September 2022 – March 2023

CPD Credit: 40 hours (8 hours per day)

Cost: €1550 (non-members: €1750)

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

– Gabriel Oguntuase, CPA

AnalyticsInstitute
PROBLEMS WORTH SOLVING

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.

CPD Toolkit

To assist with the achievement of these requirements 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.

Audit CPD confirmed for 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 insightful and topical webinars on a wide range of interesting and relevant topics including, Brexit, succession planning, tax, the economy, audit and leadership.

We also provide a rage of online courses to keep you up to date and informed on a range of topics from VAT, FRS 102, US GAAP, Python and Governance for the Charitable Sector.

Further details on what we have to offer can be found at cpaireland.ie/cpd

Location	Dates	Title	Price	NM Price	CPD Credit
Online	Monday, June 27, 2022	Local Market Update	€18.00	€25.00	1.5 hours
Webinar	Wednesday August 31, 2022	Introduction to R&D Tax Credits and Grants	€20.00	€25.00	1 hour
Online	Friday, September 09, 2022	Irish Accountancy Conference 2022 - Livestreaming	€295.00	€345.00	12 hours
Online	Friday, September 09, 2022	Irish Accountancy Conference 2022 - Friday Only	€200.00	€250.00	8 hours
Online	Tuesday, September 06, 2022	Irish Accountancy Conference 2022 - Saturday Only	€120.00	€160.00	4 hours
Online	Thursday, September 15, 2022	Succession Planning for a Practice	€75.00	€100.00	3 hours
Athlone	Tuesday, September 20, 2022	Breakfast Briefing AIB	€18.00	€25.00	1.5 hours
Webinar	Tuesday, September 20, 2022	e-briefing 3	€29.00	€36.00	1 hour
Dublin	Wednesday, September 21, 2022	Breakfast Briefing AIB	€18.00	€25.00	1.5 hours
Webinar	Thursday, September 22, 2022	Economic Update Q3	€29.00	€36.00	1 hour
Cork	Tuesday, September 27, 2022	Breakfast Briefing AIB	€18.00	€25.00	1.5 hours
Limerick	Thursday, September 29, 2022	Breakfast Briefing AIB	€18.00	€25.00	1.5 hours

CPA Ireland Annual Conference 2022

On Thursday 26th May, CPA Ireland hosted our 2022 Annual Conference. Opening the conference Aine Collins, CPA Ireland President, spoke about the importance of empathy in the workplace. Returning to the office, even in a hybrid capacity, can be unsettling for some people and leaders need to take account of the fact that people react differently to the same situations. During his session Professor Jim Lucey reminded us to be patient with how people behave as we often don't know or understand what thoughts and issues are consuming them.

Professor Lucey helped us to envision A Whole New Plan for Living, a way to respond to modern life and find a way of loving ourselves, loving each other, and loving the world. Founder of the sustainable business Reuzi, Pat Kane, is an example of how a small business can influence change. In the four years since Reuzi launched she has proven that it IS possible to build businesses based on strong ethics + values and to empower positive change through consumer demand.

Henry Duggan and Madhur Mishra from Ankura Consulting offered their perspectives on the opportunity's technology can offer finance and supply chains and key considerations for their use in the future. Mark Henry, Director of Central Marketing at Tourism Ireland discussed how the tourism industry adapted and displayed resilience in the face of the pandemic and shared his insights on the challenges and opportunities that will emerge in the coming months. We welcomed Tony Connelly fresh from his time at the World Economic Forum's Annual Meeting in Davos who provided fascinating insights into the current geopolitical instability.

During a panel discussion Jim O'Keeffe, MD of AIB Retail Banking; Che McGann, Director of ESG and Responsible Business Strategy, Clearstream Solutions; Catherine Guy, CEO of Autolease Fleet Management, (trading as NiftiBusiness & Nifti Personal Leasing) talked about implementing ESG strategies and the upcoming requirements for non-financial reporting.

Thank you to all of our members and colleagues who attended the 2022 Annual Conference. Thank you to our Conference Partner AIB, conference chair Sarah Freeman, editor Business & Finance and the wonderful speakers who provided valuable insights on how to remain innovative in a challenging business landscape

Pictured Left to Right:

Che McGann, Director of ESG and Responsible Business Strategy, Clearstream Solutions; Catherine Moroney, Head of Business Banking AIB; Jim O'Keeffe, MD of AIB Retail Banking; Eamonn Siggins, CEO, CPA Ireland, Áine Collins CPA, IOD, President CPA Ireland; Catherine Guy, CEO of Autolease Fleet Management, (trading as NiftiBusiness & Nifti Personal Leasing) and Lorraine Greene, Head of Market Engagement, Retail SME.

Accountingcpd.net – Accountant's Update Programme 2022 (Ireland)

Stay informed in 2022

CPA Ireland has partnered with accountingcpd to help you successfully navigate 2022 with the online Accountant's Update Programme 2022 (Ireland).

Keep up to date and confidently face everything the year ahead might throw at you.

Throughout the year, stay informed on the latest developments and regulation changes in the accounting world, all accompanied by expert analysis.

Enrol and get NEW CPD content every month through to December, including technical accounting updates, the latest topical news and what our experts think about the future of the profession.

Stay informed & confident in the advice you give your organisation and gain 22 CPD hours online.

Enrol today!

Was: €380
Now: €342+vat **SAVE 10%**

Code: CPA101

22 CPD hours online:
All-year round

Sign up now

Programme Features

- 22 CPD hours across the year
- Updates on technical accounting
- Topical news impacting accounting
- Audit-proof CPD certificate
- New content every month
- Facilitator to keep you on track

How it works

Learn through a combination of articles, videos, bite-size news and quizzes.

Complete your CPD reflection after each module.

Your CPD Certificate is stored securely until you need it.

accountingcpd

Student News

Examination Notice

April 2022 Examinations

The CPA Ireland April 2022 Examination diet was completed using Cirrus online examination software and Proctorio Artificial Intelligence remote invigilation. The results of these examinations were published on Friday 10 June 2022.

August 2022 Examinations

The August 2022 examinations will be held between 25 August and 2 September. These examinations will also be online and remotely invigilated. Registration for these exams will be through the MyCPA portal and will open in early July and close on 3 August 2022.

The detailed timetable for the August 2022 examination can be found on the CPA Ireland website, along with information about the online exam platform (Cirrus/ Proctorio).

Application to Membership Notice

This year's conferring ceremony will be held on Saturday 3 December, and the admission to membership process for 2022 is now underway.

Cohort 1 – students who completed their P2/Strategic Level exams between 2019 and April 2022

Invitations to apply for membership were issued after the results of the April 2022 were released on 10 June 2022. Closing date for Application to Membership for students in Cohort 1 will be 3 August 2022. If you are eligible to apply for membership but did not receive an invitation, please contact the Institute immediately.

Please note, in order to be eligible to apply for membership, in addition to passing all required examinations, students must have submitted training records verifying at least three years of relevant, supervised training. The Institute will confirm if the training requirements have been met.

Cohort 2 – students who complete their Strategic Level exams in the August 2022 examinations

Invitations to apply for membership will be issued after the results of the August 2022 have been released on 14 October 2022. Closing date for Application to Membership for students in Cohort 2 will be 4 November 2022.

The following must be submitted as part of the Application to Membership:

1. Application Form (online)
2. Two Employer References on headed paper
3. Four Competency Statements (online)
4. Three Behavioural Attribute Statements (online)
5. Admission Fee: €650

Students who are eligible to apply for membership are encouraged to begin the process as early as possible. Applicants must have submitted all required Training Records to the Institute prior to applying for membership.

If you have any questions regarding completing the process, particularly in relation to the completing the Competency and Behavioural Statements the Institute is more than happy to discuss and offer guidance on any aspect with you.

For queries regarding the admission to membership process, please contact Réidín Ní Aonghusa at rniaonghusa@cpaireland.ie or 01 425 1022.

Student Webinar Series

Welcome to all our newly registered CPA Ireland students. We recently held an introductory webinar for new students which outlined our examination system, study supports, training requirements and all other information of relevance to new students.

This webinar can be accessed through the CPA Ireland website as part of our Student Webinar Series (https://www.cpaireland.ie/Current-Students/Student-Requirements/CPA-Student-Webinar-Series) which also includes webinars covering:

- **How to maximise your exam performance**
- **The Online Examination Platform**
- **Examination Progression Rules**
- **Practising Certificates**
- **Training Records**
- **Admission to Membership**

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.