CPA IRELAND | CERTIFIED PUBLIC ACCOUNTANTS

# ACCOUNTANCY plus

The Official Journal of The Institute of Certified Public Accountants in Ireland

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## INTERVIEW WITH EAMONN O'REILLY, CEO OF DUBLIN PORT

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Editorial

Accountancy Plus September 2017

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# President's Message

Welcome to the September edition of Accountancy Plus.

The summer months have been particularly busy in CPA with significant activity across the development of the CPD programme, collaboration with professional bodies and the introduction of the inaugural MSc in Applied Accountancy. Innovation and the drive to ensure that CPAs remain at the forefront of the accountancy profession have driven this recent activity.

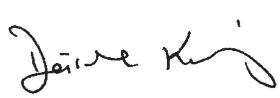
I was delighted to launch the new MSc in Applied Accountancy with Margaret Fitzsimons, Head of the School of Accounting and Finance, DIT College of Business which starts this month. An innovative collaboration that, for the first time in Ireland, offers students wishing to pursue a career in accountancy the opportunity to study for a Masters Degree and their Professional qualification at the same time. With the inclusion of modules in 'Communications and Professional Development' and 'Information Systems' as well as providing both classroom based learning and work experience based learning, the programme has been designed specifically to equip students with the exact skills sought by employers. We would like to thank the team especially Margaret Fitzsimons and Evelyn Murphy in DIT College of Business for their hard work and commitment in designing and implementing this Joint Masters and Qualification.

Following a successful EGM on the 23rd June 2017, the 1st of this month saw CPA Ireland formally admit members of IIPA into the new FIPA/AIPA categories of membership of CPA Ireland. As President I am delighted to welcome over 200 new accountants through this collaboration and we look forward to supporting IIPA accountants and welcoming our new cohort of members as we continue to operate as a strong independent professional body supporting business needs.

In the international arena CPA Ireland recently signed a Memorandum of Understanding with the Chartered Institute of Management Accountants (CIMA). This enables CPA Ireland Members to obtain preferential access to the internationally recognised Chartered Global Management Accountant (CGMA) designation which is owned by CIMA and the American Institute of CPAs.

As our summer comes to an end I would like to remind you of the CPA Ireland Autumn/Winter CPD programme which was developed with the goal of connecting your learning to your future. The programme, while focussing on the key areas of Tax, Law and Regulation, Auditing and Financial Reporting also brings a wide variety of business, development and strategy sessions. The Industry Matters Conferences will focus on building for the future and ensuring accountants are provided with the skills to compete in today's rapidly changing world of accountancy. With over 40 webinars taking place before Christmas the Institute certainly is bringing CPD right to your doorstep and ensuring ease of access to CPD for our global membership.

In the three short months since the last edition of Accountancy Plus, CPA Ireland has shown innovation in education, leadership in the national profession and partnership in the international profession.



**Deirdre Kiely**
**President CPA Ireland**

ACCOUNTANCY plus

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## STUDENT

# Practical steps to take in advance of Brexit

This article sets out practical steps that could be actioned in preparation for Brexit

John Finn is Managing Director of Treasury Solutions Limited, a Cork-based Treasury Risk and Corporate Finance Management practice. John has almost 27 years experience in Treasury and Financial Management, working for a number of companies including a US multinational, a UK plc, an Irish Treasury Consultancy. Prior to establishing the Company, he was Group Treasurer of Musgrave Group

I spoke at an event in June where the turnout was lower than expected as the organisers felt that people were already "tired with Brexit". However, it is equally fair to say that companies can only be tired of listening about it and/or of the related uncertainty. For the most part, few if any Irish firms are tired of Brexit-related preparatory work as they haven't done much to date. This article sets out practical steps that could be actioned in the near-term.

The areas for immediate consideration are:

- Financial Plans
- Banking
- Tariffs
- Employment/employee issues
- Macroeconomic outlook.

## Financial plans

The core aspect of this is to have one: to the end of 2019 at least. I would strongly advocate a two-year budgetary process to commence in the coming weeks. The objective is simple: have a detailed plan to bring you through the UK exit from the EU. Even if (hopefully?) there is a transition period, that period will be defined in its length and content in the coming 12

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months or so. This will also need to be flexed for key variables such as foreign exchange ("FX") rates, WTO tariffs and any other identified key variables. Such a plan should also include one-off Brexit-related costs/budgets.

## Banking

All aspects of banking and financial service relationships will require some due diligence including:

- Borrowing facilities (similar to the previous point on financial planning, borrowing facilities should now be established until at least March 2020)
- FX and debt hedging facilities (could be impacted by failure of UK banks to successfully passport/provide services to non-UK entities and/or at a higher cost – who currently provides these services to your UK operations and how might this change?)
- Cash management and clearing (again needs to be assessed if, for example, your clearing in the UK is currently performed by one of the Irish banks)
- FX and debt hedging should also be addressed from the perspective of possible market disruption and subsequent adverse trends
- Please also be very aware of the material effect of relatively small moves in interest rates (as they are currently very low so a 1% increase could result in a material jump in the cost of debt) and foreign exchange rates. Both, in turn, have an adverse effect on financial covenant compliance.

## Tariffs

This is probably stating the obvious but do you know (a) if your products are subject to World Trade Organisation (WTO) tariffs, (b) if yes, what are those levels and (c) can your business sustain them? My guess is that WTO tariffs, if imposed, will have strategic implications for Irish companies that may entail consideration of UK acquisitions or mergers. A recent paper from the UK government cited a desire to maintain tariffs similar to those already in place. One suspects that the status quo will be sought by the UK in this regard for a transition period of 2-3 years post March 2019. Time will tell if the EU is facilitating in this regard.

## Employment

Free movement of people between Ireland and the UK is, apparently, being sought by both governments. Were it to be achieved, it would reduce the complexity of using Irish employees in the UK and vice versa. In addition it would ease travel between both jurisdictions. However, consideration ought to be given to the following by both Irish government and businesses. Firstly, open borders increase the terrorist threat – most of the UK "problems" are "home-grown". So free movement of UK citizens increases this risk. And making and maintaining Ireland as a safe place to live and work could be a very important strategy for Ireland Inc. in attracting investment in a volatile world in the coming years. Secondly, we could become the de facto source of resources for UK shortages in certain professions e.g. nurses, doctors, teachers. This could be an issue, for example, in the private healthcare or nursing home sectors.

## Macroeconomic outlook

The threats are obvious: slower economic growth, sectoral risk for the food and agri sectors, higher one-off and ongoing costs for Brexit-related regulations. Weak sterling won't help, throw in gradually rising EUR interest rates and the macro effect of a general financial markets correction (which this author believes to be inevitable and likely to be material) and there are a lot of external factors at play. Opportunities? Import substitution of goods subject to higher tariffs, Irish joint ventures with UK partners or franchisers (EUR income should be worth more to UK corporations) and even the possible filling of gaps in the UK markets left by departing companies all spring to mind. For every risk, there is an opportunity – it just needs to be identified early and acted upon quickly.

# Profile John McCarrick

**John McCarrick**

**TITLE:**
**Principal Partner**

**COMPANY:**
**John McCarrick & Associates**

**QUALIFICATIONS:**
**IIPA**

### What made you want to enter the accounting profession?

During my studies, I was always intrigued by the accounting profession's practical applications: effective financial advice and expertise have the ability to shape people's, businesses' and an economy's success. A good accountant combines academic rigour and practicality, applying these skills in the real world. From a young age, I knew that this mixture of scholarly pursuits and personal know-how was a space in which I could succeed.

### What advice would you give to someone considering entering the accountancy profession?

Accountancy is a profession that offers the dilligent student many rewards: our skills are in high-demand from an infinite and growing range of sectors. Following qualification, it is worth thinking laterally about one's career. Accountants are needed not only to advise on matters of taxation, but are at the forefront of shaping new businesses. For example, while the technology sector has expanded enormously in Dublin in recent years, accountants will be needed to guide these businesses into financial and structural maturity.

### Why is Corporate Responsibility important to you and your business?

As accountants, we can shape people's lives with sound financial and strategic advice. These skills are in great need everywhere, especially in highly-disadvantaged regions of Ireland and abroad. I believe that we have the responsibility to contribute as much as possible to society, not solely in a business-oriented perspective. By freely giving of our time and expertise, most notably with the Kenyan Child Foundation, we have seen that we can give opportunities in our practice to many trainee accountants from all over the world and to those who would have never dreamt of such.

### What is The Kenyan Child Foundation and how did you become involved?

The Kenyan Child Foundation CLG is a registered charity with Charites Regulator that I founded in 2014. On a previous outreach trip to Kenya in 2013, myself and my son became acquainted with a local schoolteacher, who asked me for our help and vision. We focus on fundraising and providing first-class educational facilities for highly-disadvantaged children in rural Kenya. In 2015, we opened our first school, St. Patrick's Primary School, in a village called Kawese. This is located about 150km south of Nairobi. Since then, the school has grown exponentially, and 180 children enter its doors each day.

We are extremely ambitious and are looking forward to seeing the foundation, and schools growing in the coming years. Earlier this year, we were enormously honoured to win Irish Accountancy Awards 2017 in the category of Corporate & Social Responsibility (CSR) Initiative for our endeavours in reaching out.

### What is your biggest career achievement to date?

I am extremely proud of building a successful accountancy firm over the last 26 years, John McCarrick & Associates. Not only has this offered me a wide variety of opportunities, but it is also rewarding to see my team alongside our clients grow and succeed in their careers.

I also thoroughly enjoyed a consultancy project I led with the World Bank in Beijing & Fuzhou, China. The project involved developing corporate governance in large number of state-owned banks & organisations in advance of listing publically-traded entities on the stock market. I worked closely with the executive board of the Industrial Bank Company of China to prepare for its initial public offering. While this included establishing a wide range of financial instruments, it also required a shift in corporate culture. Seeing the success that the Chinese Economy and the bank enjoys over the years today brings me a great deal of satisfaction.

### What traits to you admire most in others?

Working with a team that is passionate about their work and driven to succeed is always a pleasure. Finding this combination of dedication and intelligence can be a challenge, but when I collaborate with professionals who possess these two abilities, it is hard not to admire clients, colleagues and team members such as these.

### What inspires you most in business?

I am inspired by seeing my clients' businesses succeed. As an accountant, we have the unique opportunity to visibly impact our clients' business. By implementing new financial systems, streamlining processes and partnering with business, I am inspired by cutting through financial and legal complexity for my clients and unlocking their potential to grow.

### How do you motivate the team you work with?

I am very lucky to work with a very talented team, at John McCarrick and Associates, at the Kenyan Child Foundation, at the IIPA previously and now with the CPA Ireland. I am confident that the key to successfully motivating a team is by partnering with my colleagues and giving them the opportunity to gain ownership of their work. This offers them space to grow, build their business acumen and confidence, and ultimately shape their own careers and be part of CPA Ireland an organisation that can make a real difference.

### What do you do to unwind?

I have always thoroughly enjoyed athletics. From a young age, I have represented my local athletics club Dundrum South Dublin AC and Ireland in cross country, and track events. In recent years, I have still managed to have travelled to Belgium, Spain, Germany & Poland with the Irish Masters Athletic team to represent the country in 200m and 400m track indoor & outdoor events in European and World Athletic Championships.

I am also very passionate about cooking. When I return home from work, I enjoy experimenting in the kitchen to with new recipes for my family. I gain a great deal of inspiration from my travels around Asia, Africa and Europe. My wife & children are always pleased when I try something new for them to enjoy!

## Geraldine O'Leary

**TITLE:**
**Off Premise Commercial Analyst**

**COMPANY:**
**Heineken**

**QUALIFICATIONS:**
**Qualified as CPA in 2003**

## Your Career

**Why did you become a CPA?**

From my early days in secondary school I always loved accountancy and maths and decided then that I wanted to become an accountant. CPA was my preferred qualification as it offered so many opportunities in different industries and transferrable skills.

**What route did you take to become a CPA?**

I commenced my studies with the Institute of Accounting Technicians in CIT whilst working in finance and progressed to pursue my goal to become an accountant by following through with the CPA qualification. I initially studied with CIT and then moved to Griffith College where I attended weekend classes, which suited better whilst working full time.

**What Advice would you have for someone consider becoming a CPA?**

CPA is a fantastic qualification which opens up so many opportunities within a multitude of business sectors whether it be Practice, SME's, Multinational and Shared Services as well as the qualification being internationally recognised. The qualification spans all aspects of business be it financial, commercial, management accountancy, tax or advisory/legal areas. CPA's knowledge base covers a multitude, which can be applied in both business and personal situations.

# CPA Profile Geraldine O'Leary

**Describe your working life?**

My working life is busy, challenging and rewarding at the same time. No two days are the same working in Commercial Finance especially where the market place can dictate what will land on my desk. Within my role as Off Premise Commercial Analyst in Heineken- Business Partnering has become a critical part of my day to day. Not alone does my role require that I provide financial data and support to my stakeholders, but also to deliver outstanding business partnering to them. Business partnering is evolving so that we as finance providers can also deliver our information in the right format and our communication styles are tailored to our stakeholders requirements.

My role involves such tasks as performing month end close, Variance analysis & commentary, latest estimates on business unit performance, Annual Budgets, support in Business scenarios for innovation, Customer, Brand and Sku profitability P&Ls and to support the commercial team with their decision making. My role is quite varied and involves interaction with several departments within the business from Commercial, Marketing to Customer Service & Logistics. This in turn allows a huge bank of knowledge to be gained from individuals across the business making my job so interesting. It also involves going out into Trade with our internal stakeholders to experience their roles and the challenges they face with our external customers so that we can get a view of the bigger picture of what we do as a company.

We also participate in "MIT" (mission in trade) days where we get away from our desk jobs and help merchandising etc., especially around new product launches. As Heineken professionals we are also required to complete specific courses within our Heineken Finance online training academy such as refresher courses in financial practices, Business partnering, Anti-bribery & best practices within our OpCos worldwide, CPI-Lean processes and Health and safety to name but a few.

**What is your biggest career achievement to date?**

Biggest achievement to date would be on receipt of my CPA Qualification I was made Company Financial Accountant with Cork Bonded Warehouses where I started out as an accounts assistant some years prior to this.

On commencing my first role in Heineken I was part of a team which oversaw the transition of the PtP process from Heineken Ireland to Our shared service Centre "HGSS" in Krakow. This was a completely different experience which involved overseeing the training of our shared service personnel and implementing "going live" of this stream in Krakow and the following ramp down and full transition of the process. Being classified as "Best in class" for the whole process start to finish of all the Heineken OpCos which transitioned to Krakow shared services. This was a fantastic experience for me, which involved building new relationships with our Polish colleagues in Krakow and ensuring the success of this new way of working to the Heineken Ireland entity and ensure the development of relationships between Heineken Ireland and our new Finance department in Krakow.

**How has being a CPA helped you in your career?**

It has opened many doors of opportunity for me allowing me to hold different roles from Financial Accountant roles in SME businesses to my current role of Off Premise Commercial Analyst in Commercial Finance within a multinational.

## Life

**How do you unwind?**

Being a mum to two young boys and working full time makes for a busy life so to unwind I like to take my boys swimming or they also like to cycle alongside me while I get to enjoy my run. For some real "me time" I chill out by practising yoga, which provides complete relaxation and a guaranteed good night's slept after a busy day at work.

**What traits do you admire most in others?**

No matter where we land in life, respect, honesty and politeness are the most important traits that I admire in a person. They don't cost anything, but are such great traits to have as they have a positive impact on those that they come in contact with. At the end of the day we are all equal as beings!

# Financial Reporting News

## New Reporting Standard Options for Micro and Small Companies

The Companies (Accounting) Act 2017 introduced a new micro category of company and the small companies regime which now allows application of FRS 105 The Financial Reporting Standard applicable to Micro-entities Regime and Section 1A Small Entities of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland to financial years beginning 1st January 2015.

***Micro Companies***

To be eligible to use FRS 105 a company must first fulfil two or more of the following size criteria for current and previous year

- Turnover does not exceed €700,000
- Balance sheet total does not exceed €350,000
- Average number of employees does not exceed 10

Regardless of size the following entities cannot apply FRS 105, Public Limited or Public Unlimited companies. The company must not come within any of the 18 classes of companies listed in the Fifth Schedule CA 2014 .It will not apply to a company if it is (a) an investment undertaking, (b) a financial holding undertaking, (c) a holding company that prepares group financial statements or (d) a subsidiary that is included in the consolidated financial statements of a higher holding undertaking.

There are further requirements to be met and details are available on the Companies Act 2014 Resource webpage along with a sample set of financial statements for a Micro Company.

***Small Companies***

Another option for companies to now consider post the commencement of the Companies (Accounting) Act 2017 is Section 1A of FRS 102. This section sets out the information that shall be presented and disclosed in the financial statements of an entity that qualifies for the small entities regime and chooses to do so. It should be noted that the recognition and measurement requirements of FRS 102 apply.

To be eligible to use Section 1A of FRS 102 a company must first fulfil two or more of the following size criteria for current and previous year

- Turnover of the company does not exceed **€12m**
- Balance sheet does not exceed **€6m**
- Average number of employees does not exceed **50**

Once again there are further requirements to be met and details are available on the Companies Act 2014 Resource webpage along with a sample set of financial statements for a Small Company.

## Interpretation on IAS 12 Income Taxes

The International Accounting Standards Board (IASB) has issued IFRIC 23 Uncertainty over Income Tax Treatments, to specify how to reflect uncertainty in accounting for income taxes.

IFRIC Interpretations form part of the authoritative IFRS requirements. They are developed by the IFRS Interpretations Committee to provide requirements on specific application issues and are ratified by the Board.

It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The Interpretation is effective from 1 January 2019

**Source: www.ifrs.org**

BY
Robert Kirk

# The New Small Companies Accounting Regime

This article summarises the key changes for small companies that opt to use the small companies' regime

**Robert Kirk CPA is Professor of Financial Reporting at the University of Ulster. Robert is also author of the CPA Ireland Skillnet's publication** ***A New Era for Irish & UK GAAP – A Quick Reference Guide to FRS 102*** **which is available free to CPA Members on www.cpaireland.ie.**

The Companies (Accounting) Act 2017 was finally signed into Irish law on 17 May 2017, albeit two years behind schedule, and it implements the EU Accounting

Directive 2013/34/EU into Irish Law. It amends Part 6 of the Companies Act 2014 to incorporate the provisions in the Directive that relate to the annual financial statements of companies, including the introduction of optional simplified regimes for small and micro companies.

Section 15 of the 2017 Act has introduced a simpler financial reporting regime for small companies through the insertion of a new Chapter 1A into the 2014 Act and the insertion of new Schedules 3A and 4A specifically designed for small companies.

This article is intended to summarise the key changes for small companies that opt to use the small companies' regime. It must be remembered that a small entity can always report at a higher level of reporting using the full version of FRS 102 or even FRS 101 if they are a subsidiary company of a listed company.

The legislation permits the small companies regime to be available for early adoption to financial statements relating to financial years beginning on or after 1 January 2015. Unfortunately most of these will already have been filed so realistically it will probably first be applied to 2016 year ends as those financial

statements may not yet have been approved and the law becomes mandatory for financial statements of financial years beginning on or after 1 January 2017.

The legislation enables small companies to apply Section 1A of FRS 102 which essentially was designed to reduce the volume of disclosure required by those companies.

## Qualification as a small company, including a small group

The small companies regime is available to a private company (or holding company of a private group) in relation to a financial year in which it fulfils **two or more** of

the qualifying conditions set out in the table below, for at least two consecutive financial years:

| | Qualifying condition Company | Qualifying condition Group |
|---|---|---|
| Turnover | €12m | €12m net (€14.4m gross) |
| Balance Sheet totals | € 6m | € 6m net (€7.2m gross) |
| Average number of employees | 50 | 50 |

However, there are a number of exceptions to the size criteria above. These 'Ineligible entities' include undertakings that are:

(a) Listed Securities
(b) Credit institutions
(c) Insurance undertakings
(d) Various other undertakings, most of which are regulated by the Central Bank of Ireland and
(e) Public interest entities (PIEs)

Even companies that meet the criteria will have to decide carefully whether or not they wish to opt for the small companies regime or instead apply the full requirements of FRS 102 or, in some circumstances, FRS 101.

## The main features in FRS 102 Section 1A

FRS 102 Section 1A contains 22 paragraphs and a number of appendices detailing out guidance on how to prepare the primary statements under the Section as well as a list of both mandatory and optional disclosures.

The principle applied is that there should **not be recognition and measurement differences** from the requirements applicable to larger entities. This reinstates the principle of consistency in accounting policies between those entities that are smaller and those that are larger that applied when the FRSSE was originally developed.

A possible drawback of the new regime is that the financial statements of small companies must, under company law, present a true and fair view. Therefore, despite the fact that only a limited number of notes to the financial statements are mandated by company law under the small companies' regime, there is still an important onus on directors to apply judgement when considering whether further disclosures may also be required in order for the financial statements to give a true and fair view. That may reduce the attractiveness of opting for this option.

The main features of the small companies' regime are:

- A directors' report is still required but small companies are exempt from the requirement to provide a business review and to describe its use of financial instruments
- The formats of the financial statements are the same as those required for larger companies. They may also be adapted in the same manner as for larger companies (for example, the balance sheet can be adapted to distinguish between current / noncurrent items as is currently required under IFRS)

- A small entity is not required to comply with the requirements of paras 3.3, PBE3.3A, 3.9, 3.17, 3.18, 3.19 and 3.24(b) of FRS 102 which relate to presentation and disclosure requirements that are not required of small companies by the Companies Act, Section 4 Statement of Financial Position, Section 5 Statement of Comprehensive Income and Income Statement, Section 6 Statement of Changes in Equity, Statement of Income and Retained Earnings and Section 7 Statement of Cash Flows.

  Instead a complete set of financial statements of a small entity should include all of the following:

  (a) a **statement of financial position** as at the reporting date in accordance with para1A.12;
  (b) an **income statement** for the reporting period in accordance with para 1A.14; and
  (c) **notes** in accordance with paras 1A.16 to 1A.20.

  Entities must present **comparative** information in respect of the preceding period for all amounts presented in the current period's financial statements, except when the FRS permits or requires otherwise.

- A small entity may also use titles for the financial statements other than those used in FRS 102 Section 1A as long as they are **not misleading.**

- A limited number of notes to the financial statements are mandated by company law for small companies but these are subject to providing a true and fair view (see above). The mandatory notes are summarised below:

| Note Disclosures | 2014 Act as amended by 2017 Act |
|---|---|
| Particulars of company / holding company | s291(3a) *[s17(b) Act of 2017]* Sch 3A, 58 |
| Accounting principles and policies, and changes to accounting policies, general rules and formats | s321 *[s37 Act of 2017];*<br>Sch 3A, 12-19; Sch 3A, 3(2); s291(6); s291(7) |
| Directors' remuneration | s305 *[s26 Act of 2017]*<br>s305A *[s27 Act of 2017]*<br>s306 *[s28 Act of 2017]* |
| Directors' and Officers' (non-director) transactions: loans, quasi-loans, credit transactions and guarantees | s307-s308 *[s29 Act of 2017]* s309 *[s30 Act of 2017]* |
| Number of employees | s317(1)(a) *[s33 Act of 2017]* |
| Exceptional items | Sch 3A, 53 |
| Appropriation of profit (if not presented in the profit and loss account or balance sheet) and movement in revaluation reserves | Sch 3A, 48<br>Sch 3A, 49 |
| Value adjustments for impairment or diminution in value of fixed assets | Sch 3A, 23 |
| Movements in fixed assets (no comparatives are<br>required) | Sch 3A, 45<br>Sch 3A, 5(2) |
| Financial commitments, guarantees and contingencies | Sch 3A, 51 |
| Assets pledged / liabilities secured | Sch 3A, 50(2) |
| Creditors: Amounts owed over five years | Sch 3A, 50(1) |
| Related party transactions with directors, subsidiaries, holding companies, associates, joint ventures and key shareholders | Sch 3A, 55 |
| Off-balance sheet arrangements | s323 *[s39 Act of 2017]* |
| Holding of own shares or shares in holding undertaking | s320 *[s36 Act of 2017]* |
| Events after the end of the reporting period | Sch 3A, 56 |
| Explanation of amortisation period of goodwill | Sch 3A, 25(4) |
| Interest on borrowing costs capitalised | Sch 3A, 29(3)(b) |
| Development costs capitalised | Sch 3A, 24(2) |
| Revalued fixed assets (under alternative accounting rules) | Sch 3A, 33(3), 34(3),<br>35(2) and (3) |
| Financial instruments, investment property, living animals and plants,<br>at fair value | Sch 3A, 46-47<br>Sch 3A, 38(1) |
| Tax treatment of amounts credited or debited to revaluation reserve | Sch 3A, 36(6) |
| Particulars of assets and liabilities that are linked to each other or that<br>have been offset | Sch 3A-4(7)<br>Sch 3A-7 |

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However, Sections 1AA.2 and 1AB.2 of FRS 102 cannot be applied by Republic of Ireland companies as the option to further abridge balance sheets and profit and loss accounts in the statutory financial statements of small companies is not available under Irish law and there are other differences from the United Kingdom due to the various options available in applying the Directive. Directors' remuneration disclosures, for example, are required for small Irish companies and there is no provision under Irish law for stock to be carried at fair value (and therefore paragraph 13.3 of FRS 102 cannot be applied without a true and fair view override).

The balance sheet should contain in a prominent position above the signature(s) of the director(s), a statement that the statutory financial statements have been prepared in accordance with the small companies' regime. An example of this is provided below by the Institute in its pro forma sample financial statements for small entities:

We as Directors of Whatsnue Limited, state that:

(a) the company is availing itself of the audit exemption (and the exemption shall be expressed to be "the exemption provided for by *Chapter 15* of *Part 6* of the *Companies Act 2014*"),

(b) the company is availing itself of the exemption on the grounds that *section 358* is complied with,

(c) no notice under *subsection (1)* of *section 334* has, in accordance with *subsection (2)* of that section, been served on the company, and

(d) the company qualifies for the small companies regime on the grounds that *section 280C of the Companies Act 2014* is complied with and the statutory financial statements have been prepared in accordance with the small companies regime.

(e) the directors acknowledge the obligations of the company, under this Act, to

(i) keep adequate accounting records and prepare statutory financial statements which give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year, and

(ii) otherwise comply with the provisions of this Act relating to statutory financial statements so far as they are applicable to the company.

On behalf of the board

| | |
|---|---|
| [Signature] | [Signature] |
| James Hogan [Block Capitals] | Daniel O'Shea [Block Capitals] |
| Director | Director |
| **DATE** | **DATE** |

## Abridged financial statements for small companies

The statutory financial statements prepared under the small companies' regime and approved by the directors may, for filing purposes, be abridged. The full statutory financial statements, however, must still be prepared and approved by the directors, and the abridged financial statements should be drawn from these statutory financial statements.

The good news is that there is still no requirement for these abridged financial statements to include a profit and loss account but the full statutory balance sheet and all notes to the statutory financial statements, including any notes that relate to profit and loss account items, must be retained. It should be noted that this represents a change from the abridged filing requirements for small companies set out previously in the Companies Act 2014 as, aside from having to file the full statutory balance sheet, only certain limited note disclosures were previously required from small companies.

Where a company has opted in its full statutory financial statements to include the appropriation of profit (as permitted by Schedule 3A, paragraph 48 introduced by the Act of 2017), on the face of its profit and loss account, it must provide this information in a note to its abridged financial statements.

As was the case under the Act of 2014, a holding company of a small group that elects to prepare group financial statements cannot file abridged financial statements.

## Audit implications for small companies

Small companies / groups that qualify for the small companies' regime may be able to avail of the audit exemption. However, when assessing the size thresholds for audit exemption purposes, the wider group including all higher holding undertakings and fellow subsidiaries must be included, irrespective of the country of incorporation of all such higher holding undertakings. Various additional criteria (that already exist under current law) must also be met.

These other criteria include:

- ensuring that a notice requesting an audit (under Section 334 of the Act of 2014), has not been served by members holding 10% or more of the voting rights in the company / holding company, and
- that the company's / holding company's (and the other members of the group) annual return(s) with financial statements attached (as required by Section
- 363 of the Act of 2014, amended by Section 60 of the Act of 2017) is (are) filed on time (in accordance with Section 343 of the Act of 2014) in respect of the financial year in question and the preceding financial year.

## Conclusion

It will be interesting to see how many companies opt for the new small companies regime. Clearly the advantages of being audit exempt will be a key consideration but there are issues in deciding what additional information should be required to provide a true and fair view as Directors will have to carefully consider all 300 disclosures contained in FRS 102 to decide which of these are necessary. In addition Section 1A encourages the inclusion of a Statement of Changes in Equity and a Statement of Cash Flows if it was felt that these primary statements would help provide a true and fair view.

BY
Maureen Kelly CPA

Maureen Kelly CPA,
is Knowledge Manager
with CPA Ireland

# Is size all that matters?

In this article Maureen Kelly explores the new small entity reporting options and what you should consider when deciding which to adopt

Recent articles in this journal have examined new reporting options in advance of them becoming available to users of Irish GAAP pending the enactment of the Companies (Accounting) Act 2017. As detailed in the News sections of this edition the Act has commenced and *FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime* and *Section 1A Small Entities FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland* are now available for use in the Republic of Ireland. The titles of these new reporting standards may have lead members to think purely in terms of size for which of the standards they should use. But is there more to it than size?

## Micro and Small Options

In Robert Kirk's excellent article in our December 2016 edition of this journal he explored the options and requirements of FRS 105 and the differences between it and FRS 102 and although written before the enactment of the legislation all of that information is still valid.

In the June 2017 edition of this journal we informed members of the new reporting option soon to be available (also pending the enactment of the 2017 Act) to Small Entities on the measurement of Director's loans.

So now might be the time to bring all of that information together and consider the advantages and pitfalls of each choice.

## Points to consider

If you have established that a company is eligible to apply one or both of these standards what else should you consider before making the choice? Any company can always choose a higher level standard than the one that they are eligible for.

### *Workload*

If considering the choice purely from the position of workload for the accountant in the short term you might consider Section 1A. After all it will not cause much disruption on transition as the recognition and measurement requirements of FRS 102 still apply. Essentially the difference between full FRS 102 and Small Entities Section 1A is reduced disclosure and the option for a specific type of directors' loan not to be measured using the effective interest rate. This type is a loan from a director who is a natural person and a shareholder in the small entity or a close member of the family of that person. Unless further amendments are made to FRS 102, all other directors' loans and intercompany loans under FRS 102 still require the calculation of the effective interest rate unless they are repayable on demand.

### *Reduction in the volume of reporting*

But if an overall reduction in the volume of reporting going forward is more important then FRS 105 should be considered. In the short term there will be an increase in workload as FRS105 is a different standard and therefore there is a transition process which must be gone through in much the same way as we transitioned from old Irish GAAP to FRS102. Once again we must:

- Recognise assets and/or liabilities previously not recognised
- Not recognise items as assets or liabilities if FRS 105 does not permit their recognition
- Restate certain assets and liabilities at a different value – eg revaluations must be reversed
- Reclassify items

Also comparative information presented in accordance with FRS 105 in respect of the preceding period for all amounts presented in the financial statements will be required. The details of the requirements and options on transition are provided in Section 28 of FRS 105.

***Who are the users and what are their needs?***

One of the most important considerations when choosing which standard to use is who the users of the financial statements are and what are their needs. If the company is a small one with no external funders their main concern may be to fulfil their CRO filing requirements without disclosing too much information to competitors. In this case FRS 105 may be their best choice with the most attractive aspect of it being that it is the only Irish GAAP reporting standard that does not require disclosure of directors' remuneration. Small companies, even in their abridged accounts, require disclosure of directors' remuneration.

If the company is dependent on external finance and credit they may find that the information provided by FRS 105 accounts is insufficient for those finance providers. As outlined in Robert Kirks' article if a micro-entity chooses to disclose information in addition to the minimum legal disclosure notes it must, in respect of that item, follow the full disclosure requirements of FRS 102. Whilst it has been suggested that the voluntary provision of this information in addition to the statutory accounts prepared under FRS 105 may be sufficient this may not provide the assurance that many fund providers require.

The company may also need to consider whether the restrictions on capitalisation of development and borrowing costs, revaluation of property and deferred tax are something which meets the reporting needs of their organisation or restricts their activities.

## Conclusion

In conclusion is size all that matters? No. Each entity should reflect on the full scope of the reporting standard that they are considering adopting and based on their own requirements select the one that suits them.

# Law & Regulation News

## Companies (Accounting) Act 2017 commenced

The Companies (Accounting) Act 2017 ('CA 2017') which transposes the EU Accounting Directive was commenced on 9th June, 2017.

The provisions relating to the preparation of financial statements of a company commence by reference to financial years commencing on or after 1 January 2017. There is an exception with regard to the 'specified provisions' in section 14 of CA 2017, including the small companies regime and the micro companies regime.

The small companies regime ('SCR') and the micro companies regime ('MCR') may be adopted early in accordance with section 14 of CA 2017. Early adoption is available for financial years commencing on or after 1 January 2015.

Provisions relating to other requirements such as the preparation of directors' reports, auditors' reports and 'Payments to Governments' reports also commence by reference to financial years commencing on or after 1 January 2017.

## Small and micro company financial statements

Small companies adopting the SCR will prepare financial statements in accordance with the relevant requirements of Part 6 of the Act, Schedule 3A (and Schedule 4A where the company opts to prepare consolidated financial statements), and applicable accounting standards (i.e. small companies can now use Section 1A of FRS 102).

Micro companies adopting the MCR will prepare financial statements in accordance with the relevant requirements of Part 6 of the Act, Schedule 3B, and applicable accounting standards (i.e. micro companies can now use FRS 105).

The Institute has created a presentation providing a brief overview of the Companies (Accounting) Act 2017 and how it will impact your financial statements which can be accessed on the Companies Act 2014 Resource page.

## Companies (Amendment) Act 2017 commenced

The Companies (Amendment) Act 2017 was commenced on 18th July, 2017. This Act amends Section 279 of the Companies Act 2014 which allows certain companies to prepare and file their financial statements in Ireland using US GAAP. The exemption was first introduced in 2009, is time bound and was due to end on 31 December 2020. The Act extends the deadline for existing companies to 31 December 2030 and provides that the facility will not be available to any new companies incorporated in the State from the date of commencement, 18th July, 2017.

The Act and Commencement Order can be found in the Latest Updates section of the Law and Regulation Technical Resource section of our website www.cpaireland.ie/members/technical-resource/law-and-regulation

## CRO electronic filing

As the sole means of filing a B1 and financial statements and paying for an annual return is in electronic form since 1 June 2017 the CRO are advising companies to prepare for the October filing deadline now.

The return may be digitally signed using Revenue Online Service (ROS), otherwise, the signature page must still be printed off, signed and delivered to the CRO.

Further details on Mandatory E-filing are available on the CRO website at www.cro.ie/2017-Changes/Electronic-Filing-Mandatory

**source: www.cro.ie**

BY
Triona Cody

# Social Media in the Workplace

In this article Triona Cody examines the significant impact Social media has on the employment relationship from the recruitment stage right through to termination of employment and beyond

Triona Cody is an associate in Beauchamps' employment & benefits team. Triona works with SMEs, corporates, public bodies, not for profit organisations and individual private clients, advising across a range of employment related issues

## Social media and recruitment

It is becoming common practice for employers to check the social media profile of prospective employees during the recruitment process before making a decision on their job application. However, employers should think twice before accessing a candidate's social media profile, as information obtained and held by employers from social media profile screening is subject to data protection rules.

Employers should have a clear policy on the use of social media profile screening in recruitment. Best practice is for employers to inform prospective employees that social media profile screening is a part of the recruitment process. Any information obtained should be provided to the candidate for their comments prior to a decision being made on their job application. Employers should not ask prospective employees to "*friend*" the employer or to give the employer access to their social media profile.

Employment equality legislation applies to the recruitment process. A claim of discrimination is a real possibility if the information obtained from social media profiling is used to reject a prospective employee's job application.

## Monitoring social media usage

Monitoring social media usage in the workplace is a delicate balancing act. On the one hand, employers have a legitimate interest to protect their business, reputation, resources and equipment. On the other hand, individuals should not lose their privacy and data protection rights simply because they are employees. An outright ban on access to social media on the employer's equipment during working hours may not be practical, in particular for employers with a strong social media presence. A more achievable solution may be to limit access to social networking sites (or limit access to certain employees) on the employer's equipment during working hours.

In any event, employers should have a clear policy on the use of social media in the workplace and that policy should be communicated to all employees. If employers allow access to social media on the employer's equipment during working hours, the policy should be very clear on what is (and is not) acceptable use. The existence of monitoring should be notified to employees and the purposes of any such monitoring should be specified in the policy. There should be no indiscriminate monitoring and any monitoring should be limited to that which is necessary and appropriate.

## Liability for employees' social media usage

Employers are liable for the acts and/or omissions of their employees which occur in the course of the employee's employment. This includes liability for any act of discrimination or harassment by an employee unless the employer can prove that they took reasonable steps to prevent the discrimination or harassment. The best defence for employers is to have a social media policy in place which explicitly prohibits the inappropriate use of social media by employees and social media being used as an instrument of harassment in the workplace. Employers should also have a Dignity At Work Policy which includes a provision specifically for the purpose of preventing harassment through social media.

Where an employee alleges harassment by another employee online, there is no requirement to show that the alleged wrongdoer was acting in the course of employment. It does not matter if the alleged wrongdoer was in work at the time of the alleged incident or if it occurred outside the workplace. However, the alleged victim must have suffered the harassment in the course of employment whilst he or she was engaged in an activity authorised by the employer. This includes attending a conference or training outside the workplace and may even extend to work-related social events.

## Social media and disciplinary matters

There have been a number of Irish cases on the inappropriate use of social media by employees. One of the very first cases involved an employee of a retail store[1]. The employee made disparaging and vulgar comments about her manager on the social networking website Bebo but did not directly name her manager. The offending conduct took place outside of the workplace. A customer drew the attention of a member of staff to the comments. The employee was suspended pending a disciplinary hearing which resulted in her dismissal. The employee challenged her dismissal and the Employment Appeals Tribunal found that the employer acted disproportionately in dismissing the employee.

In a more recent case, an employee of a Dublin restaurant sent a Snapchat to a group of his friends and work colleagues which showed a video of him taking cocaine in a bathroom whilst wearing his work t-shirt with the restaurant's logo on it[2]. The employee was called to a meeting with his employer but was not told the purpose of the meeting or that he could have a work colleague accompany him. At the meeting, the employee was advised that he could go down the investigation and disciplinary route and lose his job or he could resign and obtain a reference. The employer did not follow normal practices and fair procedures. The employee challenged the fairness of his dismissal in the Employment Appeals Tribunal. The Tribunal found that the employer was justified in the summary dismissal and could apply a modified procedure because of the gross misconduct of the employee. It is important to note that this case is fact specific and, as a general rule, employers should not modify their normal practices and procedures.

A social media policy should explicitly state that any breach of the policy could result in disciplinary action up to and including, dismissal from employment. An employee should only be disciplined for breach of clearly understandable rules of what constitutes misconduct.

## Ownership of social media accounts

Employers and employees should consider what happens to work related contacts on social media accounts when employees leave their employment. An express term in the employment contract or social media policy should specify who owns online accounts and contacts. There is no case law in Ireland on ownership of social media accounts and contacts. However, UK case law provides useful guidance on the ownership of LinkedIn accounts and contacts. Ownership is determined by a number of factors, including: (1) if there is a contractual clause or a social media policy; (2) who created the account and why; (3) was the account created prior to the employee commencing employment with the employer; (4) has the employee included the brand or logo of the employer; and (5) are the account contacts professional or personal.

## Social Media Policy

The importance of a social media policy in the workplace cannot be overstated. The policy should specify what is acceptable use, what constitutes misconduct and address the consequences of improper use of social media by employees both during and outside working hours. Employers should ensure that the policy is properly communicated to employees and should obtain written confirmation from employees that they have read and understood the policy, including their obligations under the policy. Employers should also make sure that they reserve the right to vary and review the policy to take account of future developments in internet capability and social media usage.

Employees should apply a common sense approach to their use of social media both during and outside working hours. Increasing numbers of employees work from home or bring their own devices to work which, in turn, blurs the lines between personal and work-related social media use. Employees should at all times adhere to their employers' social media policy.

1. **Kiernan v A-Wear Limited – Employment Appeals Tribunal UD 643/2007**
2. **Boyle v Portalon trading as Wagamama – Employment Appeals Tribunal UD 1735/2014**

BY
Ruairi Mulrean

# Non-filing structures – extinct or on the verge?

Ruairi Mulrean examines the impact of the Companies (Accounting) Act 2017 on existing non filing structures

Ruairi is a corporate and commercial partner with LK Shields and practises in the areas of corporate law, mergers and acquisitions, corporate restructuring and insolvency.

With the commencement of the Companies (Accounting) Act 2017 a major change has been introduced which has negated the effectiveness of so-called "non-filing structures" for financial years commencing 1 January 2017. These structures had been previously used to limit the amount of financial information Irish unlimited companies had to publicly file while at the same time preserving effective limited liability status for the shareholders.

## So what has changed?

Section 78 of the 2017 Act inserted a new section 1274 into the Companies Act 2014

As before, Section 1274 provides that Irish unlimited companies must file financial statements in the Companies Registration Office (**CRO**) where the relevant unlimited company is of a designated type i.e the **Designated ULC**.

Under the old legislation an Irish unlimited company with at least one member being an unlimited company incorporated outside the EEA was not a Designated ULC and therefore was not required to publicly file financial statements in the CRO. However Section 78 significantly expands the categories of unlimited companies treated as Designated ULCs, including those of the sort referred to, and in so doing negates the effectiveness of non-filing structures utilising such companies.

## What does this mean?

In short, unlimited companies forming part of a group of companies, all of whose ultimate shareholders, at any time during the financial year in question, have the benefit of limited liability for its liabilities are Designated ULCs. As such they will have to file financial statements with their annual return. This new obligation will apply for financial years starting on or after 1 January 2017.

Unlimited holding companies with limited subsidiaries are also treated as Designated ULCs however, the obligation for them will only apply for periods commencing 1 January 2022.

## Why the need for change?

The change in law has been implemented to give effect to EU Law and to transpose the Directive – a directive intended to result in greater transparency as to the financial health of companies throughout the EU.

The long standing obligation on limited companies to file financial statements in the CRO was seen as affording those doing business with a limited company with a level of protection. With the financial statements being available in the CRO for inspection, those thinking about doing business with them could ensure that they were dealing with a solvent company where there was no recourse to the shareholders. When dealing with unlimited companies it was thought that this protection was not needed; however, with the development of non-filing structures designed to preserve limited liability as well as availing of the lesser financial reporting obligations, the legislature has seen fit to extend the scope of the obligation.

## What now?

Directors of non-filing unlimited companies should evaluate their corporate structure to assess whether they will be treated as a Designated ULC and if so, the impact of the new rules on the company. In particular they should consider the potential impact to their business of the requirement to publicly disclose the company's future financial statements, particularly sensitive financial information.

Having done so such companies should speak with their advisers to identify any alternate corporate structures that might be of interest and implement arrangements that are appropriate to each group to address these changes.

BY
Helen Dixon

Helen Dixon was appointed as Data Protection Commissioner for Ireland in September 2014. Responsible for upholding the rights of individuals regarding how data about them is used, the role, among other things, requires regulation of a large number of US internet multinationals with European bases in Ireland

# GDPR – the time to prepare is now

The General Data Protection Regulation (GDPR) is effective from 25 May 2018. All organisations should be preparing for compliance now, says Data Protection Commissioner Helen Dixon

The GDPR is a once-in-a-generation overhaul of Europe's Data Protection laws that will strengthen the rights of individuals and create a regulatory environment fit for purpose in the digital age.

Personal data is any data that can identify an individual – this includes names, contact details, health records, bank statements and so on, or indeed new types of data emerging alongside new technologies, such as your smartphone's location data or an IP address.

The GDPR will bring new responsibilities to organisations that use personal data and tough new penalties for non-compliance. Now is the time to get ready and review your handling of personal data.

## Why GDPR?

The ways in which personal data are used have changed fundamentally since existing data protection laws were created. The Data Protection Acts were last amended in 2003 – at that time Google was in its infancy; Facebook not yet invented; and smartphones unheard of.

As society moves increasingly into the digital sphere, data protection and privacy concerns are coming to the fore.

For these reasons, the European Union has agreed a far-reaching reform of data protection laws effective from May 2018: the General Data Protection Regulation or GDPR.

It brings a set of clear, harmonised data protection rules that put the individual firmly in control. It benefits businesses and promotes growth and innovation by providing a safe, legal basis for using data, boosting consumer confidence in the digital economy, and replacing 28 differing sets of EU laws with a single EU-wide regulation.

## Changes

The GDPR retains all of the familiar principles of data protection with which you are already acquainted. Namely, that information should be obtained fairly; used for one or more specific purposes; kept safe and secure; not excessive, out of date or irrelevant; retained for only as long as is necessary; and a copy of his or her data given to anyone that requests it.

However, it also adds two new principles of data integrity and accountability, reinforced by a number of new responsibilities.

Meanwhile, individuals will be empowered through new and more clearly defined personal data protection rights. The new law also introduces heavy new sanctions for non-compliance. The Irish data protection authority (DPC) will be responsible for driving compliance and enforcing the new law.

A new one-stop-shop provision allows multinational businesses to deal with a single lead supervisory authority in whichever country they are mainly established. This provision is particularly relevant in an Irish context – Ireland's Data Protection Commissioner will be lead regulator in Europe for many of the world's leading internet multinationals.

It's important to remember that there is no grace period after the 25th May 2018 – the new law will have direct, immediate effect, so the time to prepare is now.

## How to prepare

Preparing for compliance with the GDPR can seem like an intimidating task, and it will certainly demand focus, resources and attention.

As a first step, organisations can consult the DPC's *12 steps to being prepared* document available on our new microsite, GDPRAndYou.ie. As May 2018 approaches, this site will be continuously updated with more in depth and sector-specific guidance.

The foundation underpinning any preparations should be an awareness of what data you hold. Can you identify all of the data that you hold? For what purpose do you hold that data? What is your legal basis for processing? What measures do you take to secure it? Keeping these records is both a requirement of the GDPR and an essential first step in preparing for compliance.

## A role for Accountants

Certified Public Accountants are well suited to data protection. Your expertise in record keeping and processing sensitive information and commitment to ethics in the public interest, are highly compatible with the principles behind data protection and the GDPR. The DPC will be expecting high standards of compliance from the accountancy sector.

Indeed, there are many similarities between the role of an accountant and a Data Protection Officer, so a data protection qualification is something a certified public accountant might consider as the GDPR drives demand for appropriately skilled and qualified data protection practitioners.

## Summing up

The digital economy is here to stay and Data Protection will become an ever more crucial element of how we safeguard people's rights. The GDPR is designed to facilitate this shift in our society, and provide a safe environment for the use of personal data.

The key message here is that by preparing now for the GDPR, you can be in a position not only to navigate the challenges ahead but also to prosper and thrive in the digital age as you retain the trust of your clients.

# Finance & Management News

**Article published by IFAC on 31/07/2017**

## Putting Finance at the Heart of Decision Making

This article from IFAC examines the effectiveness of the UK's Financial Management Reform (FMR) program which was implemented in the UK public service in 2014. It aims to better understand the reforms' impact, and help finance functions in other complex organisational settings learn from the findings.

Solid management information can help governments manage resources and make decisions that deliver value for money. However, historically there has been little demand for management information from government decision makers, as highlighted in the 2012 report Improving Decision Making in Whitehall from the Chartered Institute of Management Accountants (CIMA) and the Institute for Government. This presents a challenge for the finance function: even the most accurate, timely, and consistent management information loses relevance if it is not used by leaders to support better decision making.

In order to address this issue and "put finance at the heart of decision making," the UK's Financial Management Reform (FMR) program was launched by Her Majesty's Treasury in 2014, following consultation with CIMA and other accountancy institutes. Finance leaders and those tasked with delivering the reforms consider the cross-departmental program a success. But in a world where electioneering politicians appear to have no grasp of what their policy promises will actually cost, or indeed how they will be paid for, have the changes really made a difference?

Working with our partners at the Institute for Government think tank, CIMA has published Getting to the Heart of Decision Making, a review of the FMR two years after its launch. Our aim is to better understand the reforms' impact, and help finance functions in other complex organizational settings learn from our findings. We talked to FMR leaders, departmental finance directors, and civil servants from a range of government departments. We also held workshops with the staff responsible for delivering three key reform initiatives: value maps, costing projects, and management information.

From our research, we identified that the FMR has delivered many positive outcomes in a relatively short period of time. A committed, ambitious, and collaborative senior leadership team was instrumental in driving and championing change. As a result, the sense of community across the government finance profession has been strengthened. In addition, new activities focusing on better understanding and reporting of departmental spend have had significant impact.

Source: The full report can be accessed on the IFAC website at www.ifac.org/global-knowledge-gateway/business-reporting/discussion/financial-management-reform-uk-government

## Brexit and EU agency relocation

The competition has commenced between post Brexit EU countries to host the two London-based EU agencies the European Medicines Agency (EMA) and the European Banking Authority (EBA) with Ireland in the mix. The Euobserver examines which countries have applied for each agency, what their chances are and gives an overview of the complexities of the decision procedure.

**Source: www.euobserver.com**

# Leadership Insight Eamonn O'Reilly

Eamonn O'Reilly, CEO, Dublin Port in conversation with Trish O'Neill, Director, Member Services, CPA Ireland

**Eamonn O'Reilly, CEO, Dublin Port**

## Your Career

**You started your working life as an engineer, what brought you to the world of shipping?**

I am originally an electrical engineer, I worked initially with Irish Cement and then I went overseas to a company called Shanahan Engineering. So I worked in Egypt for a couple of years, Saudi Arabia, and the Congo. I had 4 years good years away, came back then into SKC as it was then or KPMG as it now is, as a consultant.

Initially I worked on a job for the Department of Transport, and subsequently for the Port directly. That was a job on dock labour which was a real problem at the time – on the restructuring of dock labour. Following directly on from that I joined Imari and worked on the reopening of Dublin Port. It shut for the bulk of 9 months and opened up the new operation of marine terminals. I worked on my own for about 5 years, spent some time with Securicor and then worked for Doyle Shipping Group before taking on the job here as Chief Executive of the Port in 2010.

**And what, to date, has been your Career highlight?**

Career highlight - I think it was the time with Ted O'Neill at Imari, and the transition from consultancy to getting directly involved on the docks in Dublin. So I went from consultant to the Port, to working with Imari and the reopening of the Port, to negotiations with dock labour, very difficult restructuring and then to running a company in the new environment. All within about 18 months!

I would have never planned a career, and I am not sure you can. Maybe some people try to plan careers, but I certainly didn't. You just go with the flow, that was a particularly strong current to be flowing in at the time. You kind of grab opportunities if they arise

## Business

**Can you tell me something about the growth of Dublin Port?**

Dublin Port has grown 25% in 4 years. It's extraordinary, the development of the docklands is incredible, as is the pace of development of the last few years. We've got 260 hectares but we think around 2040 the Port will max out.

When we first did our Masterplan which we published in 2012 we assumed 2.5% growth pa up to 2040. We now think we need to increase that planning assumption to 3.3% pa. But 3.3% is pretty much in line with what we've seen - every single year from '93 to 2007 was a record year.

It's part of the long history of the Port, so the only basis we can plan on is that it's going to happen, going to continue, because it has always happened.

The National Planning Framework is talking about an extra million people living in Ireland by 2040. Dublin Port is the gateway for everything that happens in the country so you know that that many extra people means a lot of extra stuff. The Port is import led so maybe 60% of the commodities are imported, 40% are exported. The headline figure last year was 35 million gross tonnes, 4m of that for example was petroleum products, - petrol and diesel, aviation fuel, etc - that's all straight import… as are a lot of consumer goods in the shops that all comes in containers and trailers. What we export from Ireland tends to be high value, low volume.

So in the economic accounts exports are much bigger that imports. Import volumes are much higher than exports which tend to be lower volume but higher value commodities.

**What impact do you believe Brexit will have on the Port?**

I need to differentiate between the effect of the economy on Dublin Port and looking at the Dublin Port company alone. There's two whole years of lead in that's going to happen so for Dublin Port that means direct and indirect impacts. The indirect impact is what effect would Brexit have on the general economy.

It will likely cause some economic contraction, therefore less imports. To the extent that it's a negative effect on the economy, it will impact on Port volumes.

I'm certain the effect won't be positive but I'm not sure that the negative economic impact of Brexit will be discernible from other effects such as interest rates and energy prices, so on the business of Dublin Port Company I don't think there's going to be a great impact.

The other direct effect then is on customs controls. The last time there were customs controls between Ireland and Britain, there were about 150,000 freight units a year. Now the equivalent number is 850,000 so something else is going to have to happen. Technology has changed so I think there will be solutions found so that Irish Customs can meet the requirements of the EU, of the Customs Union Code and I think

► Continued on Page 22

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they will find ways to do that efficiently. I'd be optimistic that over the two years Irish Customs are going to find ways of meeting Ireland's obligations on customs examinations which won't bring the Port to a standstill by any means.

**Can you tell me about some of the projects that are included in the Masterplan for the development of Dublin Port?**

We have a 10 year capital programme starting in 2016. The price tag of that at the moment is €600 million over 10 years. This year we budgeted to spend about 90 million so there is a lot of work and it is expensive.

Included in the programme is the Alexandra Basin Redevelopment Project, we will build berths large enough to allow the biggest cruise ships in the world to come up as far as East Link bridge, two at a time. The cruise ships could be up to 350 metres long.

So, the ship is full, everyone gets off, goes up town, they do what they do as tourists, get back on the ship and sail away to the next port. We think as we build these facilities you'll increasingly get turn-arounds. People will fly into Dublin Airport, spend a couple of nights in a hotel and board the cruise ship in Dublin.

The Port is too big to simply put the head down and say we're going to build more and we're going to intensify and not think about the consequences of that for the city - the city is right on our doorstep.

We also have the natural environment of Dublin Bay, a lot of protected areas which are protected by European law. So we can't ignore the impact we have on the city or the impact that we have on the environment and our nature so we are doing a lot of work to try to reintegrate the Port and the city. The Port used to be very integrated with the local communities because they provided huge workforces. But the increase in the power of machinery, the increased security of 4 meter high fences and all of that, means that the societal link with the docks has kind of broken down. So it is now an industrial area and now we're trying to open it up.

For example, around the Dublin Port office building there is a project to turn it into public area. There will be a marine park, there'll be a beautiful architecturally designed turnstile gates and a great big old crane beside the building. So that's one project we're doing to try to work in this physical integration. Those are industrial heritage projects, boundary softening projects.

Later this year we will start work to redevelop the road network in the Port and as part of that we're going to put in a 4km walkway and cycleway.

**As CEO of Dublin Port what is your biggest leadership challenge?**

I think the biggest single challenge is the time needed to do big projects. It's trying to get people to understand what the Port is about, what it needs to do. All of us travel through the airport, and we think we know the airline industry inside out as we go through airports so much. Most people never come near the Port and don't understand what the Port is.

So the big challenge, the single biggest leadership challenge is to get the message out, what is the Port about, what are the Port's requirements for development, what's it doing for development. And who are the people who need to understand that? Clearly the staff of the Port need to understand it. Then there are a lot of customers going to be affected by what we do, because we're going to have to move some customers out to Dublin Inland Port. We want to move activity out there which doesn't absolutely need to be in the Port, so they will be affected. Local authorities and planning authorities and local communities need to understand why are we doing these great big projects that will have environmental impacts.

So if everybody understands what we're trying to do and why we're trying to do it then the negative impacts can be addressed much more objectively. And maybe if we understand the local communities better and the environment better we'll produce projects that don't have negative impacts. So that's the big challenge.

**The community obviously plays a big role in the Port so, given the large scale development work you have planned, how have you engaged with the community and Dublin as a whole?**

There was a structured public consultation process and we generated a lot of publicity around this and we have also had a lot of engagement with the local communities through our CSR programme.

We support education initiatives in local communities, as well as supporting sporting activities and community activities. We also encourage and support all of the local users of the river - Poolbeg Yacht Club, St. Patrick's Rowing Club, Stella Maris Rowing Club, the private boat owners have moorings on the river so we encourage use of the river and more activity on the river including the annual Riverfest.

All of this is about trying to engage with people in an area that means something to them.

This year we're doing a festival called Port Perspectives which is aimed at strengthening the bond between Dublin Port and the City and bringing Dublin Port to new audiences through the arts. In 2016 we commissioned a song cycle called Starboard Home which consisted of two concerts in the National Concert Hall and an album.

The Port is multi-faceted in the impacts that it has. So we could put the head down and focus on building quay walls. However, we, as an organisation, spent 31 years from 1979 to 2010 trying to get permission to win the 21 hectares from the north side of the Port – fighting local communities, fighting Dublin City Council, fighting Government...But guess what...we lost! So there is a better way, and the better way is recognising that the place has a big role, a big impact and trying to explain to people what the role and the impact are and what the position of the Port is in heritage and culture and other aspects.

Local communities get it, so the more we can open up the Port to people through whatever means – through visits, through songs, painting, industrial heritage, or whatever, the more we open up the Port to them, the more people get it.

BY
Dr Wayne Bartlett CPA

**Dr Wayne Bartlett CPA is an experienced public financial management specialist with experience of working in over thirty countries. He is heavily involved in CPA Ireland's IPSAS work and has participated in several joint training initiatives on IPSAS recently in Nigeria and Bangladesh. He is also Chairman of CPA Ireland's IPSAS Advisory Board.**

# Football finance and FRS102: the fall and rise of a small-town football club

Dr Wayne Bartlett CPA examines the relationship between the financial fortunes of a football club and the division in which they are playing

A confession: like many others I am a bit of a football addict. So when my local team, AFC Bournemouth, was promoted to the English Premier League for the first time ever in 2015, I was as happy as anyone. I could remember the days, less than ten years before, when Bournemouth was strapped for cash and second from bottom of the entire Football League of 92 clubs. The 2008 season had started with a 17-point deduction for financial irregularities and a real danger that the club would fold completely. When a young and totally inexperienced youth team coach was appointed manager because no one else was affordable it seemed that the end was nigh. Instead the same young coach would be the man who less than a decade later would guide the club to the Premier League for the first time in its history. In the process, he would be voted the Football League Manager of the Decade.

What perhaps I didn't consider in anything other than a general sense was quite how much difference these events would make to the club financially. But the recent release of the accounts for the year ended 31 July 2016 brought matters into stark contrast. With fortuitous coincidence, the year then ended included Bournemouth's first year in the Premier League and also the comparatives for the previous year when they had been in the Championship (in effect, the Second Division of the English Football League). By looking at the numbers, a fascinating and in its own way scary, picture emerged of just how much difference the club's promotion to the top league made financially.

| Description | 2015/16 | 2014/15 | Inc/(Dec) £ | Inc(Dec) % |
|---|---|---|---|---|
| Turnover | 87,875 | 12,867 | +75,008 | +583% |
| Of which League income... | 75,179 | 4,652 | +70,527 | +1,516% |
| Of which matchday income .... | 5,417 | 4,088 | +1,329 | +33% |
| Staff costs | (59,557) | (29,606) | +29,951 | +101% |
| Depreciation and amortisation | (14,223) | (4,231) | +9,992 | +236% |
| Profit/loss for the year | 3,395 | (38,634) | +42,029 | +109% |

**Key elements of the AFC Bournemouth statement of comprehensive income (all figs. In UK £'000)**

The 2016 financial statements were the first time that the accounts had been prepared on the basis of FRS 102 though the notes suggest that the effect of the change from the previous basis was not hugely significant. What was striking though was the difference in income when comparing the current year to the previous one. Turnover rose from about £12.9 million for the year ended 31/7/2015 to £87.9 million a year later, a staggering increase. This was almost entirely due to a rise in TV income from the Football League, from £4.7million to £75.2million, a 15-fold increase. The difference in matchday receipts was almost negligible in comparison, rising from £4.1million to £5.4 million. With a ground capacity of less than 12,000, by far the smallest in the Premier League, this situation is unlikely to change materially in the near future.

BY
Dr Wayne Bartlett CPA

What was this extra money spent on? Unsurprisingly perhaps staff were a substantial beneficiary. Wages and other staff costs rose from £29.6 million to £59.6 million, over double in one season. There are around 150 staff in total plus those employed specifically for matchdays only, but it would not be unreasonable to assume that playing staff were the group that benefited most from this increase. This was despite the fact that the club's spending on new players was comparatively restrained compared to other clubs in the Premier League (well, everything is relative…). In other words, it looks as if the existing playing staff saw sizeable pay increases based on their part in the club's success. Other expenses also rocketed from £7.5 million to £20.5 million though it is a bit frustrating that the notes do not give us further information to explain in more detail what is behind this.

There are some very positive overall results emanating from this. The earnings position moved from a terrifying loss of £38.6 million in 2015 (over 300% of turnover) to a small profit (but a profit nevertheless) of £3.3 million in 2016. The cash flow position also improved substantially, from cash at bank and in hand of £1.3 million to a healthy £33.5 million.

All this is very good news on the surface but scratch it and you will quickly see some indications of the rather bizarre world of football finance not far below it. I have already mentioned the proportionally huge loss in 2015 and there are other concerning indicators from the previous year that stand out. For example, the accounts reveal that the club was fined a whopping £7.6 million for breaching rules on what is known as Financial Fair Play. These rules, very simplistically summarised, do not allow a club to have losses of above a certain level and if they do, they will be financially sanctioned.

The fine would take effect whether or not Bournemouth were promoted and therefore represents potentially a huge gamble on the part of the club. The club were promoted and a fine of £7.6 million seems a small enough price to pay given a £75 million increase in turnover in just one year - especially given the fact that the club has just secured its place in the Premier League for a third successive season which will see an accumulated increase in turnover equating to the thick end of £250 million so far. In other words, the gamble has paid off. If it had not, then the club would have had to pay the fine from a turnover of around £12 million: if promotion had not been achieved, over half of annual income would have gone just to pay it off. It is not difficult to see how easy it is for some clubs to find themselves in financial trouble when gambles like this do not work.

| Description | 2015/16 | 2014/15 | Inc/(Dec) £ | Inc(Dec) % |
|---|---|---|---|---|
| Intangible assets | 70,900 | 16,912 | +53,988 | +319% |
| Debtors | 14,615 | 7,529 | +7,086 | +94% |
| Cash at bank and in hand | 33,506 | 1,363 | +32,143 | +2,358% |
| Creditors due in one year | (153,546) | (44,467) | +109,079 | +245% |
| Creditors due in more than one year | (16,427) | (30,754) | (14,327) | (47%) |

**Key elements of the AFC Bournemouth statement of financial position (all figs. In UK £'000)**

Another significant factor concerning the club's financing can be found in the statement of financial position for 2016. Creditors for amounts falling due within one year have also sky-rocketed from £44.6 million in 2015 to £153.6 million in 2016. A significant part of this relates to interest free loans from the club's shareholders. The club has a combination of Russian and US-based shareholders who are effectively underwriting the club. The risk is of course that this commitment might not be continued indefinitely in the future, especially if the club were to be relegated to a lower division, for then its real value would deteriorate quickly and alarmingly. Hardly unique in the football world but to a supporter a cause of potential concern nevertheless. On the positive side though there has been a massive increase in cash resources available due to the financial improvement brought about by promotion to the Premier League and at least a good proportion of these remain untouched at the end of the year.

This is a fascinating and in some ways mesmerising financial as well as a football story. There are some other more technical insights we can get into football accounting from the financial statements. One intriguing aspect is the way in which players are valued. They are treated as intangible assets and are valued at £70.9 million in the 2016 accounts. The value is calculated as the cost of player registrations based on the fair value of purchase consideration. These costs are amortised over the life of player contracts. Players who are produced by the club's youth academy do not have a value on the statement of financial position as they are not purchased. A profit or loss on disposal is calculated based on the written-down value of any player sold and the consideration received (which could include a player in part exchange whose value will be calculated based on a fair value assessment).

Other interesting insights we can take from the accounts relate to how transfer fees for players bought in are paid. We are told in the accounts that some players are purchased through a deal that requires further payments to be made when certain milestones, such as the number of appearances, are met. In such cases, the extra payments are treated as contingent liabilities and become provisions when it seems probable that the future event generating extra payments will occur. There have even been suggestions in some such cases involving other clubs that players have not been picked to play when the event that will trigger such payments is coming close.

So all in all a fascinating glimpse of the rather whacky world of football finance. As a supporter I of course am 'enjoying the ride' as they say and long may it continue. As an accountant, I am fearful of the potential financial fall-out should the club ever lose its position at the top table. I am keeping my fingers crossed.

BY
Joe Aherne

**Joe Aherne is Managing Director of the Leading Edge Group, a company specialising in the development and application of Lean Techniques. He may be contacted at jaherne@leadingedgegroup.com**

# Applying lean techniques to dairy farming

Joe Aherne discusses the experience and benefits gained from the application of Lean Techniques to a Dairy Farm

## Background

This article outlines how dairy farming in Ireland can build resilience to fluctuations in earnings through adopting the Lean operations approach. It will address how standard Lean techniques used on a large dairy farm in Co. Waterford resulted in cash savings as well as freeing up time for the owner to work on growing the farm business.

Milk price volatility and the increased frequency in *boom-bust* cycles has driven farmers to seek opportunities to stabilise farm earnings and spend. The influence of global factors such as removal of milk quotas, lower oil prices, weather events, & political volatility has seen milk prices vary from 24c/Lt to 36c/Lt, which for large farms or farm groups can see a difference in earnings of €120,000 per 1 million litres produced.

Lean includes a set of techniques and a way of doing business originally developed by the automotive industry, but evolved over the last 30 years to meet the needs of almost all sectors. If you have people, processes or problems, you can reap the benefits of Lean.

The approach advocated in Lean, challenges farm owners and employees to carry out their day-to-day work easier, better, faster and safer. Lean seeks to identify and eliminate unnecessary activities so that work requires less effort, less capital and less time, but with excellent milk quality.

In late 2016, Leading Edge Group collaborated with the Captal Group to pioneer the application of Lean on the dairy farm of Pat & Pauline Ryan at Cappagh, Co. Waterford Ireland. Captal farms milks 1,500 cows on four farms, with a quantity of 450 cows on the home farm in Cappagh.

Analysis of labour cost at Cappagh farm for 2016 showed that labour carried throughout the summer/autumn period and unplanned daily work resulted in cost overruns at the Cappagh farm. The goal of the collaboration was to "*Implement a sustainable labour cost structure that work's within the constraints of the land and infrastructure, both of which cap the volume of milk produced"* that would improve resilience to impact of milk price volatility, improve productivity and reduce operating costs.

## Complication

The busy nature of dairy farming and the desire to get the job done means that labour planning and communication can sometimes take a back seat which results in labour cost overruns. This has the knock on impact of drawing the farm owner into micromanaging the day to day activities of the farm, thus distracting the owner from growing the overall business.

The dairy farm demand for labour varies throughout the year and although this demand is predictable, there is no detailed budget plan to flex labour capacity to demand in the most efficient way. A high level plan is available to use additional labour when it is required, but this labour can be carried into subsequent periods where it is not needed.

Cappagh, like many large farms, uses non-English speaking workers that may not have a background in farming but still rely on verbal communication to roster jobs. The result of this is that day-to-day, hour-to-hour roles, responsibilities, goals &

objectives are not clearly understood. The upshot is that the farm owner or manager has to micro-direct basic tasks throughout the day. Ultimately jobs are not always done right first time with resulting labour cost over-runs.

In Ireland, dairy farming takes a scientific approach towards herdsmanship and care of the land. The standard day to day processes such as milking are well refined and therefore have limited scope for waste removal without significant innovation and investment in new milking techniques. In reality, it is the accumulation of a frequent number of small issues that can have an impact on daily productivity e.g. broken gate posts, dung wash down and clean up, broken milk cluster, etc.

The aim of Lean is that employees can do more of the valuable good work and less unnecessary work.

## The Resolution

In order to run to budget, a labour demand/capacity plan was created to hire labour only when it is needed. To do this, the year was divided into farm work periods based on milking once or twice per day, calving season and winter period. For each period a workload chart was created to understand where the work is to be done and the labour required to do it. The result was a labour 'grass' plan that set out the quantity of labour required throughout the year, and a labour budget plan to track the monthly cost of direct labour.

To ensure that everyone was working on the right jobs (whilst meeting the labour plan) a daily farm management process was put in place. Daily management is the process for ensuring that everyone knows what to do and are working on the right task. A daily stand up meeting process (DSUM) was set up with the labour force and manager to plan the work of the day, review performance and communicate key information.


To address the frequent small issues, daily *2-Minute Lean* was introduced. The review of the previous days performance at the DSUM highlights areas of work that may not run as planned. Managers and labour are encouraged to *'Go See & thoroughly understand'* the real situation and to work together to implement simple ideas that might only save 2 minutes. However, practicing *2-Minute Lean* everyday will see significant improvements over time.

To ensure that everyone was focused on supporting the farm group to reach its true potential, a Lean technique called 'Leader standard work' was introduced, the benefits of which include:

- Consistent practice across different farms
- Highlighting of managers that are overloaded
- Freeing up time to work on the business
- Clear accountabilities, roles, responsibilities & expectations

Leader standard work is built from the bottom up so that everyone is aligned to supporting the farm:

- Manager is focused on planned and supporting day to day farm jobs
- Owner is focused on supporting the managers & driving the business
- Board is focused on supporting strategic work of the owner

## CONCLUSION

This case study shows that by utilising the Lean operations approach to the day-to-day running of a farm, dairy farming in Ireland can build resilience to earnings fluctuation. It shows how simple Lean techniques used on a large dairy farm saved money and freed up time for the farm owner to work on growing the farm business.

The benefits of the collaboration included:

- Certainty and control over labour costs for farm owners, with significant cost saving
- Increase cash available to plough back into the business
- Job and earnings certainty for labour
- Team work and the *power of many*
- Clarity that everyone knows they are working on the right thing
- Owner and managers' time freed up
- Reduced frustration as work is done right first time
- Problems are solved quickly without any fuss
- Clear communication for all employees

Lean techniques will work on Irish dairy farms, but to engage the appropriate experts and training, financial support will be required.

BY
Ed Heffernan

Ed Heffernan is Managing Partner, Ireland with Barden, an expert recruitment practice dedicated to accounting, finance & tax community in Ireland

# What is the market looking for in an accountant these days?

Ed Heffernan exams the 5 key areas that companies are looking for in an accountant these days

## Everything. Well almost everything.

Fundamental accounting knowledge is assumed. If you have completed your accountancy qualification, been signed off by your institute and keep your CPD up to date, then there is at least an assumption that you know the basics. The basics, however, are not good enough these days.

It's beyond the basics that makes the difference. Beyond the basics there are 5 key areas that companies are looking for in an accountant these days. However, we need to keep in mind that every company is different, every team is different and every hiring manager is different – there is no black and white answer here but there are some consistencies, consistencies that we have seen crop up over and over again out there this year. Let's have a look at these 5 areas, in no particular order, a little more closely:

## #1 MS Excel experience

A running joke for accountants: *"What is the most used feature in any ERP or accounting system? It's the export to Excel button."*

Nearly every single job description for an accountant in Ireland will cite "advanced Excel skills". According to a study by Deloitte, 70% of companies use Microsoft Excel for sensitive and critical data and? processes. Excel is omnipresent, used by companies big and small and in every type of role imaginable. As an accountant you need to be Excel fluent. Being able to use Pivot tables and look ups does not qualify as advanced Excel skills – they are intermediate at best. Companies are looking for accountants to be able to interrogate financial and non-financial numerical data (KPI's, headcount etc...) every day, to build financial models, to get behind the numbers, tell the story and help key stakeholders really understand their business. Attempts to replace Ms Excel will of course continue, but for the foreseeable future Excel will continue to sit at the heart of finance teams worldwide. The market is looking for accountants with advanced excel skills.

## #2 Statutory accounting experience:

Share Service Centers, Strategic Business Units and similar structures employ enormous numbers of accountants in Ireland, across financial services, industry and practice. Companies with these structures in Ireland (or consulting into these structures) typically have specific statutory accounting requirements. US HQ companies (of which there are many) will often cite a US GAAP requirement, companies operating across multiple jurisdictions in Europe will typically look for experience dealing with local statutory filings. Sometimes this is part of the day job, sometimes it's the entire day job and sometimes it is not the specific statutory knowledge but the ability to co-ordinate statutory filings (with 3rd party support) that is important. Regardless however, US companies will regularly look for US GAAP experience, while companies that look after reporting across Europe (be they US companies or otherwise) will look for local statutory experience or experience in co-ordinating 3rd party providers. If you have this experience you are more likely to get to the interview table. **The market is looking for accountants with strong US GAAP and local statutory accounting experience.**

## #3 People management experience.

Companies have been struggling this year to find accountants with good people management experience – accountants that can delegate/manage tasks but who can also build and retain accounting teams (that's the really hard bit!). Companies are not looking for dotted line reports or project management experience, they are looking for full performance management experience (from hiring to exit). Good people managers are hard to come by and in high demand. However, it's not good enough to want to manage people, you need to have managed people to match market expectations. The market is looking for accountants with proven leadership experience.

### #4 Business partnering ability/ experience

What good are the numbers unless you can use them to encourage better decisions? It's one thing to spot a variance, but another thing to understand why it happened, communicate this to a non-financial person and to make convincing recommendations that effect key business decisions. It's this space, between the numbers and real business decisions, which companies are looking for accountants to own. Over the coming years AI and Automation will erode the need for accountants to perform traditional accounting tasks – this is already happening. It's the ability to use the numbers in the context of a living, breathing, competitive business that will become more important and we're seeing strong evidence of this already in 2017. The market is looking for accountants that can partner with the business.

### #5 Human experience...

Finally, but most importantly, the human factor. This one is best explained with a story. A friend of mine works with a well-known Irish airline – he flies a plane but he's also involved in pilot recruitment. I asked him one evening what he looked for in a candidate at interview. He replied *"When someone comes in for an interview with me I kinda assume they can fly the plane – they have passed the exams, done the flight hours and been signed off – they would not be in front of me otherwise. When I meet them I'm not interested in their technical skills, what I am interested in is –* ***Do I want to spend 10 hours in a cockpit with this person?"*** People, not companies, hire people. The market is a group of hiring managers looking for people to spend time with. This is one of the most overlooked factors in the recruitment market today and one that holds for pilots and accountants alike. **The market is looking for people they want to spend time with.**

### Summary:

This is not an exhaustive list – there are too many variables in the market to be fully comprehensive. However these 5 factors broadly cover a large % of the requests we get from the market every day in Barden.

Interestingly, this list contains 2 hard skills (#1 & #2) and 3 soft skills (#3, #4 & #5). Hard skills you can learn from a book; soft skills you cannot. Hard skills can be automated out of existence or embraced by artificial intelligence; soft skills cannot.

What do you think will become more important and less important for the accounting profession in the future? What do you think the market will look for in an accountant in 2018 and beyond?

I'm pretty sure you know what I think.

# Taxation News

## Budget 2018 & Pre Budget Submission

The date for Budget 2018 has been confirmed as Tuesday 10th October, 2017. Getting tax ready for the challenges and opportunities of Brexit is the theme of this year's Consultative Committee of Accountancy Bodies in Ireland (CCAB-I) pre-budget submission which is currently available on the CPA website.

## Brexit and the Postponed Method of accounting for VAT

The Consultative Committee of Accountancy Bodies in Ireland (CCAB-I) has made a submission to the Minister for Finance asking that the postponed method of accounting for VAT is introduced in Ireland in order to ease the cash-flow burden on Irish importers of goods from the UK on Brexit. The submission can be read on the latest tax updates page on the CPA website.

## Revenue Deadlines October – December 2017

### OCTOBER

| DATE | Type of return and the period of the payment cover for each tax type |
|---|---|
| 14 | PAYE/PRSI/USC/LPT:<br>P30 monthly return and payment for September 2017<br>P30 quarterly return and payment for July - September 2017<br>DWT: Return and payment of DWT for September 2017<br>PSWT: F30 monthly return and payment for September 2017 |
| 19 | VAT: Monthly VAT 3 return and payment (if due) for the period September together with a Return of Trading Details where the accounting period ends in September<br>VAT: Annual VAT 3 return and payment (if due) for the period October - September together with a Return of Trading Details where the accounting period ends in September |
| 20 | VAT: MOSS VAT return and payment (if due) for the period July – September 2017 |
| 1-23* | Corporation Tax: PT for APs ending between 1-30 November 2017<br>Corporation Tax: Returns for APs ending between 1-31 January 2017<br>Corporation Tax: Pay balance due on APs ending between 1-31 January 2017 |
| 23 | RCT: RCT monthly return and payment (if due) for September 2017<br>RCT: RCT quarterly return and payment (if due) for period July - September 2017 |
| 1-31 | Corporation Tax: Returns of Third Party Information for APs ending between 1-31 January 2017 |
| 31 | Income Tax: Preliminary Tax 2017<br>Income Tax: Pay balance of 2016 tax liability<br>Income Tax: Return of income for 2016<br>Capital Gains Tax: Return of Capital Gains for 2016<br>Capital Acquisitions Tax: Return and payment of CAT due in respect of gifts / inheritances where the valuation date arises between 1 September 2016 and 31 August 2017 |

## NOVEMBER

| DATE | Type of return and the period of the payment cover for each tax type |
|---|---|
| 1 | LPT: Liability (Ownership) date for 2018 |
| 14 | PAYE/PRSI/USC/LPT:<br>P30 monthly return and payment for October 2017<br>DWT: Return and payment of DWT for October 2017<br>PSWT: F30 monthly return and payment for October 2017 |
| 19 | VAT: Monthly VAT 3 return and payment (if due) for the period October together with a Return of Trading Details where the accounting period ends in October<br>VAT: Bi-Monthly VAT 3 return and payment (if due) for period September - October 2017 together with the Return of Trading Details where the accounting period ends between the 1st September and the 31st October<br>VAT: Annual VAT 3 return and payment (if due) for the period November - October together with a Return of Trading Details where the accounting period ends in October |
| 1-23* | Corporation Tax: PT for APs ending between 1-31 December 2017<br>Corporation Tax: Returns for APs ending between 1-29 February 2017<br>Corporation Tax: Pay balance due on APs ending between 1-28 February 2017 |
| 23 | RCT: RCT monthly return and payment (if due) for October 2017 |
| 25 | LPT: Deadline for confirming payment method to Revenue if spreading payments over 2018 (making phased payments). **Note:** This date is provisional. |
| 1-30 | Corporation Tax: Returns of Third Party Information for APs ending between 1-28 February 2017 |

## DECEMBER

| DATE | Type of return and the period of the payment cover for each tax type |
|---|---|
| 14 | PAYE/PRSI/USC/LPT:<br>P30 monthly return and payment for November 2017<br>DWT: Return and payment of DWT for November 2017<br>PSWT: F30 monthly return and payment for November 2017 |
| 15 | Capital Gains Tax: Payment due on gains arising between 1 January 2017 - 30 November 2017 inclusive |
| 19 | VAT: Monthly VAT 3 return and payment (if due) for the period November together with a Return of Trading Details where the accounting period ends in November<br>VAT: Annual VAT 3 return and payment (if due) for the period December - November together with a Return of Trading Details where the accounting period ends in November |
| 1-23* | Corporation Tax: PT for APs ending between 1-31 January 2018<br>Corporation Tax: Returns for APs ending between 1-31 March 2017<br>Corporation Tax: Pay balance due on APs ending between 1-31 March 2017 |
| 23 | RCT: RCT monthly return and payment (if due) for November 2017 |
| 1-31 | Corporation Tax: Returns of Third Party Information for APs ending between 1-31 March 2017 |

** Where the return and payments are not received electronically, the return and payments filing date is 1-21 of the relevant month.*

BY
Peter Reilly

**Peter Reilly is PwC's Tax Policy Leader**

# EU Tax Reform and its Impact on Ireland

In this article Peter Reilly examines EU tax policies and what they mean for Ireland

## How did we end up here?

In the not too distant past, international tax reform moved at a glacial pace, inching forward but all the while melting around the edges to ensure that consensus was reached. However in recent years the international landscape has shifted and that glacier is rapidly becoming a river of change.
During the global economic downturn austerity inevitably led to the question of "fair share" and importantly who wasn't paying theirs. The tax bills of multinational companies came quickly into focus. This chain of events led to the establishment of the BEPS project at the OECD in 2013. This ambitious plan sought to snuff out aggressive tax planning by multinationals through a 15 point action plan. Two years (and much skepticism) later, the OECD did indeed come good on their promise of delivering final reports and while, in some instances, they fell short of their lofty goals, they far exceeded general expectations and the blueprint for reform was drawn.

With discussion and compromise happening in Paris (at the OECD's HQ), down the road in Brussels the EU felt a little left behind. Indeed were they not the ones who could, for their members at any rate, enforce laws rather than just agree on non-binding reports? Hence in an effort to wrestle back control the EU has acted swiftly.

## The Anti Tax Avoidance directive – blink and you would have missed it

In an effort to wrestle back supremacy from Paris, the EU commission brought forward a directive designed to implement a number of BEPS initiatives across EU member states. Incredibly this directive, the Anti-Tax Avoidance Directive ("ATAD"), was debated, amended and agreed upon in under 6 months. To put this in context, if we substitute years for months in the previous sentence we would be more in the vicinity of the norm for EU tax directives. The ATAD incorporates five rules (three borne out of the BEPS project) which cover interest deductibility, controlled foreign companies ("CFC"s), hybrid mismatches, exit taxation and a general anti abuse rule.

The date of implementation varies from 2019 for some elements to potentially 2024 for interest deductibility (more on these below). But irrespective of the date that the directive must be transposed there is no doubt that the speed at which consensus was achieved has emboldened the EU for future ventures.

## Other EU moves

In autumn 2016 the EU relaunched the Common Consolidated Corporate Tax Base CCCTB, a directive designed to agree a common base for taxation in the Union in the first instance followed by a consolidated tax return for the Union (or formula apportionment methodology of determining where a company should pay tax). CCCTB is the Holy Grail which policy makers in Brussels believe would right the wrongs of the world of taxation. In this author's opinion that Holy Grail would be more akin to a poisoned chalice (and not just from an Irish perspective). However sleepless nights are not the order of the day as it appears that reality is dawning on even the most ardent supporters that gaining agreement on this could be very difficult if not impossible. Hence while this is one that the EU might crave and even with the ATAD wind at their backs, CCTB/CCCTB is unlikely to succeed (in its current form at any rate).

The EU will however remain emboldened in their mission to bring about reform and to stamp out perceived avoidance schemes by multinationals. New items on the agenda include a directive on mandatory disclosure rules, requiring "promoters" (read tax advisors) to disclose certain structures, further work on the EU's "blacklist" and of course ongoing state aid investigations by the competition arm of the Commission.

## What does all of this mean for Ireland?

The agreement in mid-June of 2016 of the ATAD will mean that a number of changes are on the way for Ireland's tax code. The direct results of this directive are that Ireland will need to amend our exit tax legislation to ensure that all companies are taxed on exit, introduce anti-hybrid rules to curb abusive transactions involving hybrid mismatch arrangements, introduce CFC rules and amend our interest deductibility rules. It is the latter two items which are most likely to have the biggest impact on Irish companies and as such a brief summary of these are provided below.

### *Controlled Foreign Company Legislation*

By 1 January 2019 Ireland will have to introduce CFC for the first time. The introduction of these rules, which in general terms seek to tax "passive" income of low tax foreign subsidiaries on a current year basis (rather than when remitted as is currently the case), will be a significant change for groups operating in Ireland.

The impact will depend on a number of factors including the type of entity involved, the income earned, the distributions made and the effective rate of tax. However if we break it down simply, CFC legislation could result in Irish tax being applied to low/no-tax profits of subsidiaries such as low tax financing vehicles. Options chosen by Ireland on certain carve-outs contained in the directive will be key to understanding the impact at an individual company level.

There may be one silver lining which could soften the blow of CFC legislation and that would be the potential introduction of some form of participation exemption for dividends and branches. Ireland is one of the very few countries that does not operate such a "territorial" system. In the past, the policy argument provided for a lack of such an exemption regime was that the introduction of same would necessitate CFC legislation, hence would the (now mandatory) introduction of CFC legislation not prompt the introduction of such an exemption?

### *Interest Deductibility*

While we know that CFC legislation must be enacted by 31 December 2018, the deadline for the introduction of the interest deductibility rules is not as clear. Per the Directive the rules must also be implemented by 31 December 2018, however a derogation is offered for countries whose rules are equally effective at targeting BEPS. Such countries can delay implementation until final agreement is reached by the OECD on a minimum standard for Action 4 (interest deductibility) of the BEPS project or until 2024 at the latest. Given the complex nature and the various layers of anti-avoidance embedded in Ireland's rules relating to interest deductibility, I would expect that Ireland has a strong case in this regard and would expect Ireland to apply the derogation and delay implementation.

The interest rule seeks to cap "exceeding borrowing costs" to a maximum of 30% of EBITDA. The definition for excess borrowing costs is broad as it pits deductible borrowing costs of a taxpayer against taxable interest revenues and other economically equivalent taxable revenues. Essentially though the directive is trying to cap net borrowing costs (e.g. interest) to 30% of EBITDA with a number of exclusions and carve outs on offer for member states to implement as they see fit (e.g. a de-minimis rules, a group wide carve-out etc).

### *A Time of Change*

When the ATAD is taken together with the wider changes proposed by the OECD through the BEPS project and any recommendations coming out of the Coffey Report on Ireland's tax code (which will likely be released by date of publication of this article), it appears that the officials on Merrion Street have a busy few years ahead. What will become increasingly important for Ireland though is the absolute need to remain competitive and consistent in our approach to corporate tax policy. The Department of Finance's mantra that our tax code is built upon rate, regime and reputation has sound foundations given our steadfast commitment to the 12.5% rate in the darkest days of the recession, however we cannot rest on our laurels as international investment decisions (by both Irish and foreign groups) can be swayed by subjective factors such as perceived stability and the assurance that significant change won't be brought in without consultation and transitionary measures.

The decision and subsequent reinforcement by successive Irish Governments, for more than 50 years, to prioritise and incentivise substance based investment and the later resolution to centre our tax regime on a low rate/broad base approach gives Ireland a significant leg-up on some of our competitors. However in a time where scrutiny on regimes is increasing and where international efforts (either at an EU or OECD level) are often swayed by larger countries' vested interests, Ireland must ensure that our competitiveness is not mistaken for aggressiveness. It is also crucial that Ireland signals its intentions to stakeholders in relation to the course of action it will take on directives, such as the ATAD, to ensure that stability and consistency is maintained. Finally, Ireland must continue to push back where necessary, as they have done in relation to the Apple state aid case, where they believe the EU are overstepping their mark.

# In Practice News

## Representations to the Department regarding loss of audit exemption due to late filing

In May, CPA Ireland, in conjunction with the other CCAB-I bodies, made a submission to the Department of Jobs, Enterprise and Innovation objecting to the proposal in the General Scheme of Companies (Statutory Audits) Bill 2017 to amend section 343(5) of the Companies Act 2014 such that there would be an automatic loss of audit exemption for companies applying to the Court for an extension of the filing deadline. As a follow up to that submission CPA Ireland together with the other members of CCAB-I recently attended a meeting with the Department of Jobs, Enterprise and Innovation to further pursue this issue. This is an ongoing campaign and we will continue to make representations on this matter and as always we will keep you updated via the usual channels.

## New Sample Audit Reports

With the commencement of the Companies (Accounting) Act 2017 we now have two new company formats, Small Companies and Micro Companies. To support our members in practice CPA has developed Sample Audit Reports for these two new small company formats. In the Leaflets and Guidance Material section of our Technical Resources Audit page on the CPA Ireland website we have downloadable sample audit reports for Section 1A Small Company for financial periods commencing before 17th June 2016 and FRS 105 Micro Company.

## Reminder on which Auditing Standards to use

It should be noted as previously advised that 17th June 2016 is an important date for auditing in Ireland.

For the audit of financial statements for periods beginning on or after 17th June 2016 for which audit opinions are signed after 1st February 2017 the Auditing Standards as issued by IAASA should be used.

For the audit of financial statements with periods commencing before 17th June 2016 the FRC's Ethical Standards ES1-5 and ISAs (UK and Ireland) continue to be the appropriate standards.

Both of these sets of standards are available on our website in the Auditing Standards for Ireland section of our Technical Resources Audit page.

## Updated Guidance on Availing of the Audit Exemption

The Companies (Accounting) Act 2017 has impacted on many areas of financial reporting and CPA is endeavouring to provide its members with updated guidance on these areas as promptly as possible. With this in mind the CPA Audit Exemption Guidance document has been updated to reflect the Companies (Accounting) Act 2017 and is available on the website to download from either our Companies Act 2014 Resource page or our Audit Exemption Resource.

## Irish Company Law Requirements: Audit Committees

CCAB-I has published guidance for Audit Committees complying with the requirements of the Companies Act 2014. This Technical Release "Irish Company Law Requirements: Audit Committees" is available for download from the Companies Act 2014 Resource page on our website.

# Nursing Homes Support Scheme

Noel Mulvihill discusses the Fair Deal (Nursing Home Support Scheme), the first financial scheme introduced in this country where an individual is directly funded towards the cost of long stay care.

This allows the person to choose any registered long stay facility in the country, supporting the concept of "The money follows the patient"

## Introduction

The Nursing Homes Support Scheme (often referred to as the 'fair deal scheme') was introduced on 27th October 2009 - it is a Scheme of financial support for people who need long-term nursing home care. It replaced the Subvention Scheme which had been in existence since 1993.

Under the Nursing Homes Support Scheme, people make a contribution towards the cost of their care and the State pays the balance.

The purpose of the Scheme is to provide financial support for people assessed as needing long-term nursing home care. It aims to render long-term care affordable and ensure that no-one has to sell their home during their lifetime to pay for their care. In order to apply for the scheme a person must be ordinarily resident in the State.

## Care Needs Assessment

The Care Needs Assessment identifies whether or not the person needs long-term nursing home care. The assessment, which is carried out by appropriate healthcare professionals, considers whether the person can be supported to continue living at home or whether long-term nursing home care is more appropriate.

The results of the Care Needs Assessment is submitted to the HSE who will then decide whether or not long-term nursing home care is the most appropriate option.

A person must be assessed as needing nursing home care in order to be eligible for either State Support or the Nursing Home Loan. The Nursing Home Loan (this is termed "Ancillary State Support" in the legislation), where approved, means that the HSE will pay the money directly to the nursing home on behalf of the applicant. This will then be collected from the estate after death.

▶ Continued on Page 36

**Noel Mulvihill is currently the CEO of TLC Nursing Home Group since April 2014. He previously worked as Assistant National Director for Older Persons with the HSE where he led out nationally the introduction of Fair Deal and also on the implementation of standards of care. He has a long history of both hospital and community management in the public health sector.**

BY
Noel Mulvihill

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## Financial Assessment

The Financial Assessment examines the person's income and assets in order to work out what his/her contribution to care will be. The HSE then pays the balance of the cost of care.

### *Income and assets*

Income includes any earnings, pension income, social welfare benefits/allowances, rental income, income from holding an office or directorship, income from fees, commissions, dividends or interest, or any income which the person has deprived themselves of in the 5 years leading up to their application. The IFA is currently lobbying for this to be reduced to 3 years for farm assets.

Broadly speaking, an asset is any material property or wealth, including property or wealth outside of the State. Within the legislation, assets are divided into two distinct categories, namely Cash Assets and Non-Cash Assets.

- **Cash assets** include savings, stocks, shares and securities.
- **Non-Cash assets** include all forms of property other than cash assets, for example a person's principal residence or land.

In both cases, the assessment will also look at assets which the person may have deprived themselves of in the 5 years leading up to the application.

If the person is a member of a couple, the assessment will be based on half of the couple's combined income and assets.

### *Contribution to Care*

Having assessed a person's income and assets, the Financial Assessment calculates the person's contribution to care. The person contributes 80% (proposed to be reduced to 70% in Budget 2018)of his/her assessable income and 7.5% of the value of any assets per annum (5% of assets if the application was made prior to the 25th July 2013). However, the first €36,000 of the person's assets, or €72,000 for a couple, will not be counted at all in the financial assessment.

Where a person's assets include land and property in the State, the 7.5% contribution based on such assets may be deferred and collected from your estate. This is an optional Nursing Home Loan element of the scheme which is legally referred to as "Ancillary State Support".

A person's principal residence will only be included in the financial assessment for the first 3 years of their time in care. This is known as the 22.5% or 'three year' cap (15% if application was made prior to the 25th July 2013). It means that a person pays a 7.5% contribution based on their principal residence for a maximum of three years regardless of the time he/she spends in nursing home care. After 3 years, even if the person is still getting long-term nursing home care, the person will not pay any further contribution based on the principal residence. This 'three year' cap applies regardless of whether the person chooses to opt for the loan or not.

In the case of a couple, the contribution based on the principal residence is capped at 11.25% (7.5% if the application was made prior to the 25th July 2013) where one member of the couple remains in the home while the other enters long term nursing home care, i.e. the 'three year' cap applies. Where a person opts for the nursing home loan in respect of the principal residence, their spouse or partner can also apply to have the repayment of the loan deferred for their lifetime.

All other assets are taken into account for as long as the person is in care.

The 'three year' cap also extends to farms and businesses in circumstances where:

(i) the person has suffered a sudden illness or disability which causes them to need long-term nursing home care, and
(ii) the person or their partner was actively engaged in the daily management of the farm or business up until the time of the sudden illness or disability, and
(iii) a family successor certifies that he or she will continue the management of the farm or business.

This measure is intended to ensure the financial sustainability of family farms and businesses in cases where a person suffered a sudden illness and did not have an opportunity to put appropriate succession arrangements in place.

There are important safeguards built in to the Financial Assessment which are worth noting:

- Nobody will pay more than the actual cost of care.
- A person will keep a personal allowance of 20% of their income or 20% of the maximum rate of the State Pension (Non-Contributory), whichever is the greater.
- If a person has a spouse/partner remaining at home, he/she will be left with 50% of the couple's income or the maximum rate of the State Pension (Non-Contributory), whichever is the greater.
- If both members of a couple enter nursing home care, they each retain at least 20% of their income, or 20% of the maximum rate of the State Pension (Non-Contributory), whichever is the greater.

## Nursing Home Loan ("Ancillary State Support")

As outlined above, where a person's assets include land and property in the State, the contribution based on such assets may be deferred. This means that the person does not have to find the money to pay the contribution during their lifetime. Instead, if approved, the HSE will pay the money to the nursing home on their behalf and it will be collected after their death or if the property is sold.

In order to apply for the Nursing Home Loan a person must provide written consent to having a Charging Order registered against their asset. If the person is part of a couple, their spouse/partner must also request the payment of the loan and they must both consent to having the Charging Order registered against their interest in the asset. The Charging Order is a simple type of mortgage which secures the money loaned by the HSE. Subject to the person's consent, the HSE is responsible for making the Charging Order, registering it against their asset and making Nursing Home Loan payments to the nursing home on their behalf.
This is an optional benefit of the scheme. It is effectively a loan advanced by the State which can be repaid at any time but will ultimately fall due for repayment upon a person's death. A person may choose to apply for this element of the scheme at the date of initial application or at any stage while resident in the nursing home.

## Repayment of the Nursing Home Loan

The purpose of the Nursing Home Loan is to ensure that a person doesn't have to sell assets such as their home during their lifetime. If the person opts for the Nursing Home Loan, it will become repayable:

- after the person's death,
- if the person sells or transfers their property (if this occurs before your death),
- if the person or their partner are deemed to be bankrupt, or
- if the HSE determines that it has been given false/misleading information relating to an application for the loan.

However, where the loan becomes repayable on a person's death, the repayment of monies based on the principal residence only can be further deferred or postponed in certain cases. This is called 'Further Deferral'.

### *Further Deferral*

There are some people who may qualify for a further deferral of the repayment of the loan. This means that the money provided under the Nursing Home Loan will not have to be repaid during their lifetime. These are:

a) A person's spouse or partner,
b) A person's child (or their spouse/partner's child) if they are under the age of 21 years or if their assets do not exceed the asset disregard
c) A person's sibling if their assets do not exceed the asset disregard,
d) A relative in receipt of a disability or similar allowance, blind person's pension, or the State pension (non-contributory), or whose income doesn't exceed the State pension (contributory),
e) A relative who is in receipt of a foreign pension or allowance similar to those outlined in (d) above,
f) A relative who owns a building to which the principal residence is attached (e.g. 'a granny flat'), or
g) Any person who cared for an applicant prior to the latter entering the nursing home (this is defined by reference to relevant social welfare payments).

The individuals at (b)-(g) above are termed "connected persons" and they must also satisfy the following conditions:

- The asset in question must be their only residence, and
- They must have lived there for not less than 3 years preceding the original application for the Nursing Home Loan, and
- They must not have an interest in any other property.

### *Repayment of Loan to the Revenue Commissioners (Revenue)*

When the Nursing Home Loan falls due for repayment, the HSE writes to the person responsible for the repayment ("relevant accountable person"). It notifies them that the loan must now be repaid and advise them of the amount due. In doing this, the HSE applies the Consumer Price Index to the loan to take account of the time value of money (i.e. inflation or deflation) since the loan was made.

The relevant accountable person is responsible for the repayment and may be a different person depending on the circumstances. For example, if a person sells or transfers their property during their lifetime, the person and their spouse/partner are the relevant accountable persons. On the other hand, where the loan is repayable after a person's death, the person's personal representative is the relevant accountable person. A person who inherits the property or any part of it can also be held accountable for repayment of the loan.

Money owed under the Nursing Home Loan must be repaid to the Revenue Commissioners. It should be repaid as soon as possible after notice is received from the HSE. Once payment is made within the legal time limits, interest will not be levied by the Revenue Commissioners.

BY
Paula Guilfoyle

**Paula Guilfoyle CPA has been an online Excel and Power BI instructor with TheExcelClub.com since 2010. During this time over 18,000 learners across 166 countries have taken her courses.**

# Excel's BI Tools: An Introduction to Power View

In the previous two editions of Accountancy Plus you were introduced to the use of Excel for Business Intelligence. We saw how you can use Power Query to get and transform data and how you can use Power Pivot to transform and Model that data. But once we have the data ready for reporting, what is the best way to show it?

## Data Visualisation and Power View

The way the human brain processes information, using charts or graphs to visualize large amounts of complex data, is easier than poring over spreadsheets or reports. Data visualization is a quick, easy way to convey concepts in a universal manner – and you can experiment with different scenarios by making slight adjustments.

Power View is part of Excel BI tools, along with Power query, to get and transform data and power pivot to model the data. Power View is available in Excel 2016, 2013 and SharePoint Server 2010.

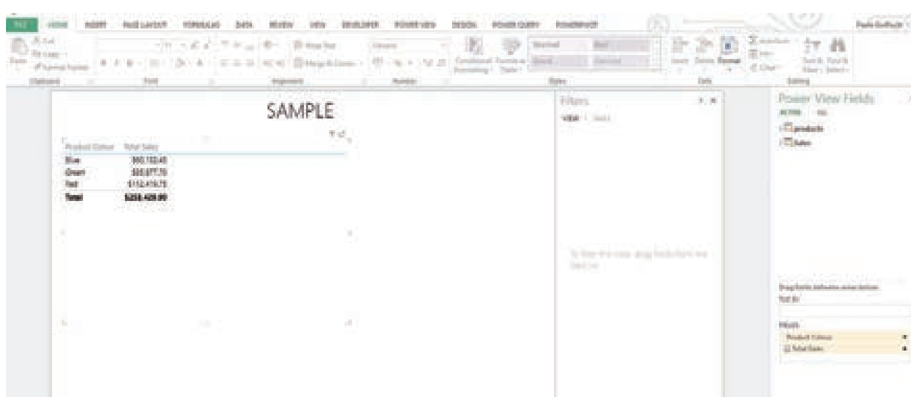
In Power View, you can quickly create a variety of visualizations, from tables and matrices to bubble charts and sets of small multiple charts. For every visualization you want to create, you start with a table, which you can then easily convert to other visualizations, to determine which one best illustrates your data.

If you are using Excel 2013 you will need to activate Power View. To do this, go to File > Options > Add ins. Then select Coms Add ins and select Power View. You will then find a new icon in the Insert Ribbon for Power View.

## Working with Power View

When you open a new Power View canvas, you will find on the right a list of tables and columns that you have in your data model. This data can be straight from Power Query or modelled data from Power Pivot.

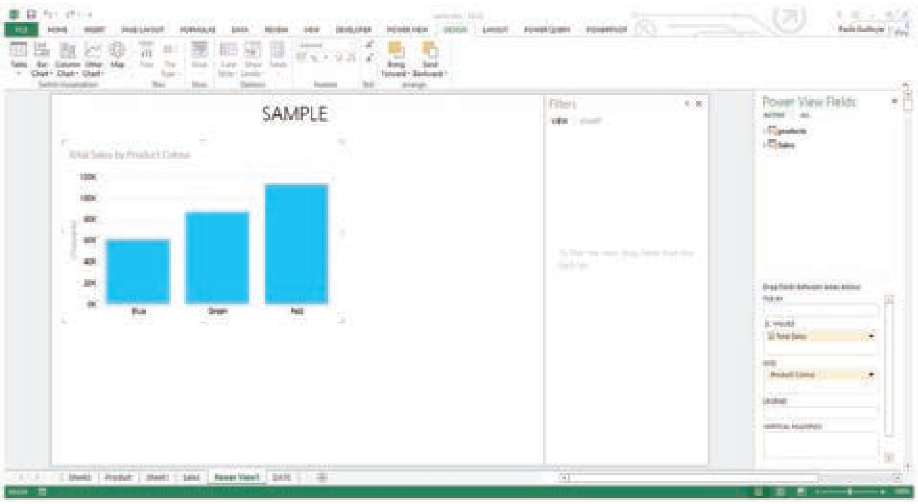
Looking at the image below we have selected Products Colour from the products table as the first field and we have selected a measure of Total sales as our second field.




The table format shown here works the very same as a pivot table created with Power Pivot. Once a table has been created in Power View, a new Design ribbon becomes available. It is from this design ribbon that you can select your chart type.

There are many charts to select from. There are Bar and Column charts, Pie Charts, Line Charts, Scatter Plots, Bubble visualisations and Maps. There are also other visualisation such as Tiles and Cards.

## Common Chart Types

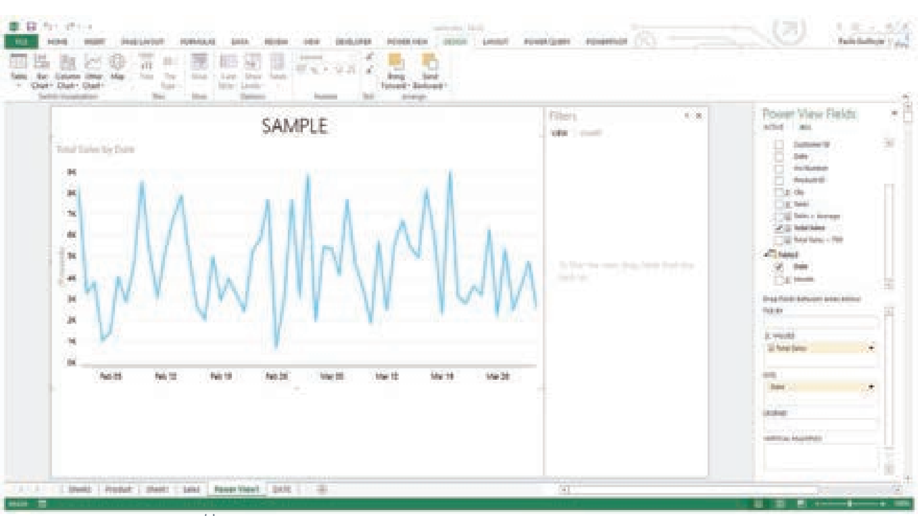



### *Column Chart*

Column charts are typically used to compare several items in a specific range of values. Column charts are ideal if you need to compare a single category of data between individual sub-items, for example, when comparing revenue between regions. A clustered column chart can be used if you need to compare multiple categories of data within individual sub-items as well as between sub-items. For instance, you can use a clustered column chart to compare revenue for each year within each region, as well as between regions.


### *Pie Chart*

Pie charts are shaped like a pie and are best used when you need to show the amount of a much larger category that's taken up by smaller sub-categories. Pie charts are best used for one data set that's broken down into categories. If you want to compare multiple data sets, it's best to stick with bar or column charts.




### *Line Graphs*

Line graphs are particularly useful for identifying patterns and trends in the data such as seasonal effects, large changes and turning points. In this article we will look at how power view, with the aid of line charts can help identify opportunities and make some business decisions based on the visualisations

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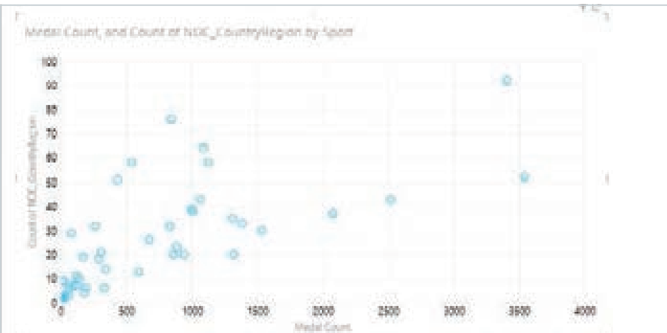
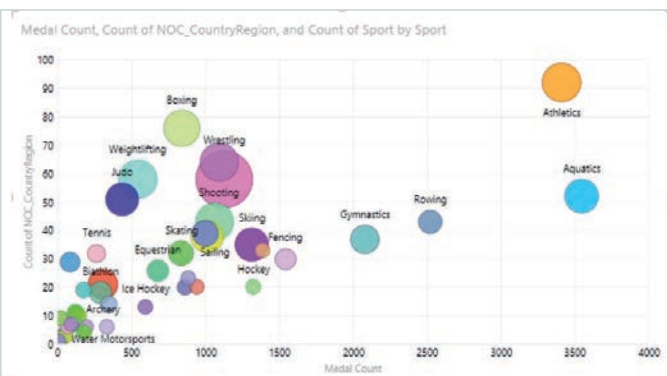
### *Scatter Plots*

Scatter Plots are used to show the correlation or the relationship between two sets of variable. In essence it is used to show how much one variable affects another. Scatter plots work best when you are looking at large number of data points without worrying about time.



### *Bubble Chart*

A bubble chart can be used instead of a Scatter Plot when you have three sets of data. One of which can be time. In fact with Power View you can create a Moving Bubble Chart played against time periods.

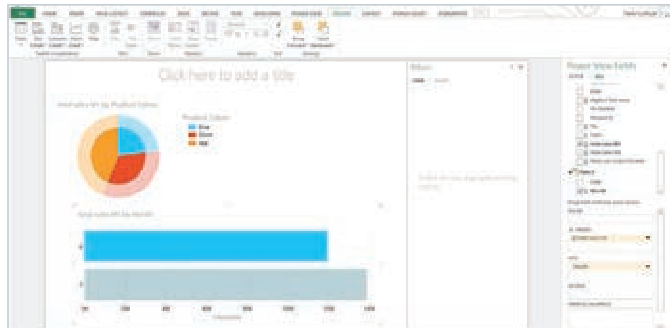



### *Power View Maps*

In Power View you can visualise your data by geographical locations. Power View uses Bing Maps


### Interactivity and Filters

When you create multiple charts on a Power View you have the ability to cross filter. This is very simple to achieve. Just click on one of the visualisations and the others will automatically filter as long as relationships are set up and DAX measures don't clash.



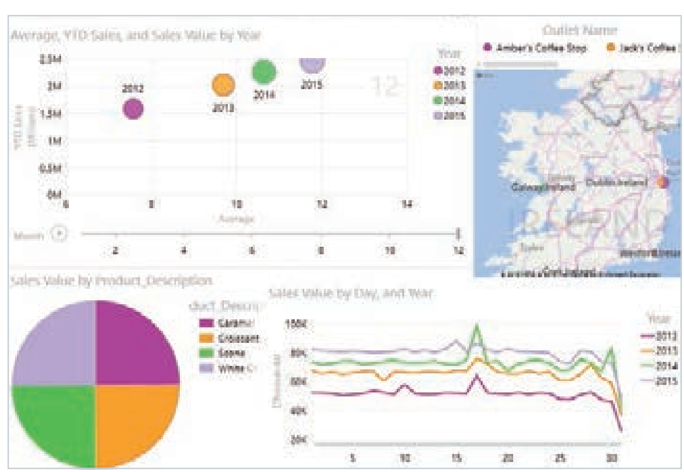
You will also notice a Filter section on the right of the canvas. This can be used to further filter the visualisations.

### Conclusion

Excel's Power View is an awesome addition to the power tools we have looked at in previous articles. It allows you quickly visualise your data, which is easier to understand than searching through tables of data.

With Power Query, Power Pivot and Power View Excel has become a self-service business intelligence tool. A tool that all Excel users can use to gain insights into data like never before.

Would you believe that this is not the end of the story? I love Excel, I will always love Excel. But Microsoft have pulled another rabbit out of the hat when it comes to self-service business Intelligence.



Stay tuned for the next article in the December edition of Accountancy Plus.

# Insights on Blockchain & Accounting

Lory Kehoe and Niamh O'Connell from Deloitte explain what Blockchain technology is and what it means for accounting practices

## What is Blockchain?

Blockchain technology is a peer to peer shared online ledger where transactions are recorded, validated, stored and accessible to anyone who is part of the computer network (Source 1). All transactions are timestamped and stored in chronological order, providing users with a complete audit trail of the transactions on the blockchain. The combination of cryptography along with its decentralised structure makes it very difficult for any party to tamper with the data in comparison to a traditional database[1]. There are two types of blockchains today; private and public platforms. Private

Blockchains are permission based platforms established by individuals or firms. Whilst public blockchains are permission-less i.e. data is publically available to anyone who is part of that network.

**Source 1: Deloitte. Disrupting the Financial Services Industry, 2016**

The technology has gained a lot of traction as a disruptive technology given its huge potential to revolutionize the way in which we exchange and record value today. In 2016 more than $1 billion was invested by financial service and IT firms and according to Will Bible, partner at Deloitte U.S., it is only a matter of time before we begin to see businesses moving aspects of their business onto a blockchain. The adoption of blockchains globally will transform the way in which businesses are audited and this will likely have a significant impact on the role of accountants and auditors. Therefore, it is important that these professions educate themselves on the technology and its capabilities in order to understand the possible impacts it can have across industries.

Blockchain has the potential to revolutionize financial accounting as did the double entry booking system post the renaissance period. Rather than accountants managing and maintaining separate financial records using blockchain, they could instead write their transactions directly into a shared repository, creating an interlocking system of accounting records[2]. All entries would be distributed and encrypted on the immutable platform making it highly improbable for an unauthorized party to access the secured data. Accountants could use this either as a back-up / shadow system or effectively monitor the decentralised database system themselves, replacing the existing bookkeeping system, saving time and shifting focus areas to more complex accounting related activities.

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1 https://techcrunch.com/2016/12/05/how-blockchain-can-help-fight-cyberattacks/

2 https://www2.deloitte.com/content/dam/Deloitte/de/Documents/Innovation/Blockchain_A%20game-changer%20in%20accounting.pdf

**Lory is a Director within Deloitte Ireland's Financial Services Strategy & Operations consulting practice and has over 10 years management consulting experience primarily in financial services but also in public and private organisations. More recently, Lory has been heavily involved in blockchain technology and innovation in the FinTech and RegTech areas and is Deloitte's Europe Middle East and Africa (EMEA) Grid Financial Services blockchain lab lead.**

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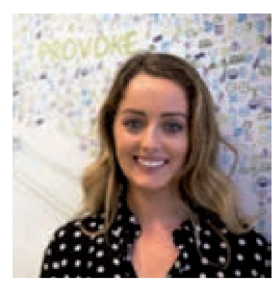

**Niamh is a consultant within Deloitte Ireland's Service Operations Consulting practice.**

**She has been working on Deloitte EMEA's blockchain lab team since it was set up in May 2016 identifying and developing blockchain enabled solutions for clients across all industries.**

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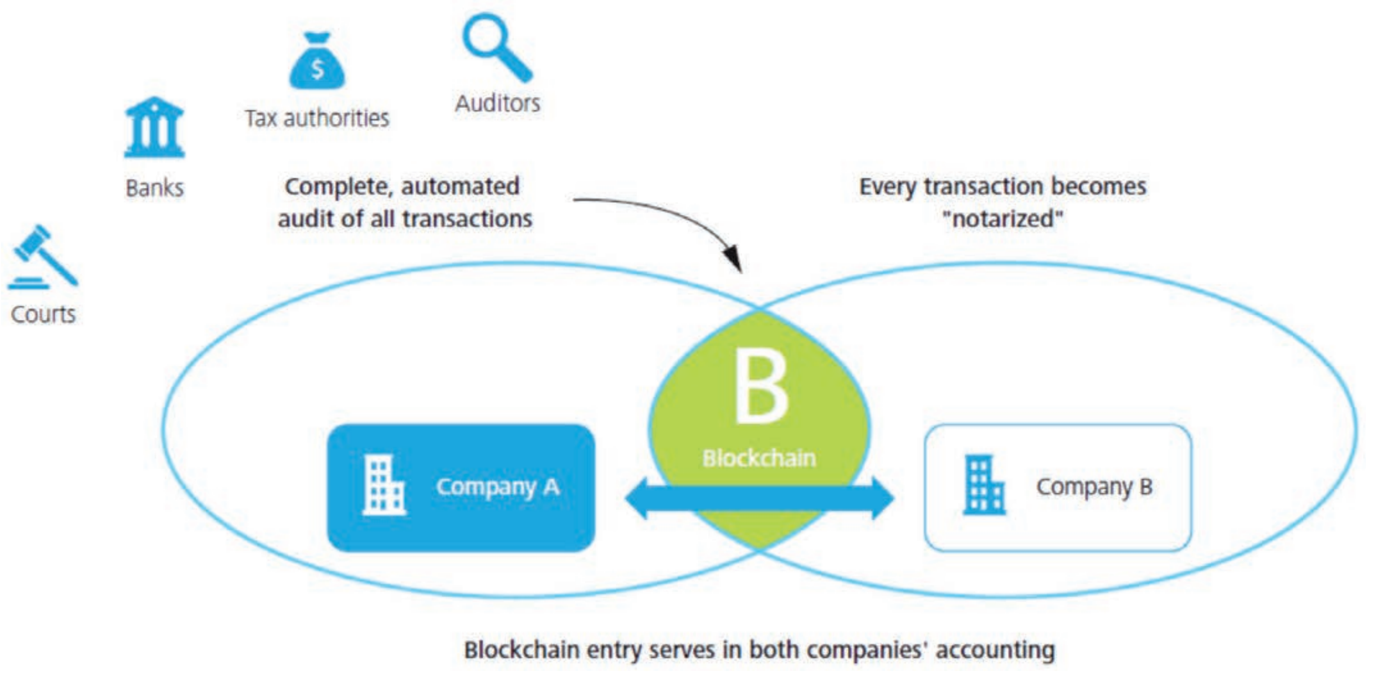
### What does it mean for the accounting practice?

From an auditor's perspective, blockchains real time access capabilities could create efficiencies and enhance the audit approach with respect to testing and sampling processes therefore reducing time and costs associated with an audit. Once granted permission to the platform by the client, auditors could directly examine the transactions, extract and download the financial statements from the platform itself. The data encryption, hash comparison (examining each records uniquely generated hash value which is a numeric number of fixed size) capabilities associated with blockchains could offer evidence of the integrity of the financial records, providing auditors with a level of assurance.

What this means is that at any point in time, auditors can assess and validate any record by generating a hash value and comparing this with the hash value that is timestamped and stored on the blockchain. The auditor could search the unique hash value of any transaction recorded on the blockchain and if the hash value is a match the auditor can trust the record has not been modified since it was inputted onto the Blockchain. Although the sampling and assessment of financial statements would become more automated the requirements of the auditor would still remain but the way data is extracted, tested and analysed will change. The combination of using blockchain technology along with analytics would result in more targeted sampling and analysis of data i.e. heat maps could be created quarterly to pinpoint where the sample testing should focus.

Before auditors and accountants can deploy such a platform, there are a few barriers to overcome. The regulator, legal and accounting bodies will need to be on-board and update the technical and accounting standards required for the use of blockchains within the accounting practice. The skillset of professional accountants will also likely change becoming more digitized and analytics focused which will impact the training, examination and employment of such professionals. Educating clients will need to be a priority for professional accounting firms to ensure clients are satisfied with the new auditing process. Digitization is the way of the future, and in order to stay relevant all industries including professional accountants will need to understand and prepare for this change, whether it is blockchain or another disruptive technology that is adopted and impacts the marketplace.




**Source 2: Deloitte, Blockchain Technology, A game-changer in accounting? 2016**

# Institute News

## MSc in Applied Accounting


In June 2017, CPA Ireland and the DIT College of Business launched the new MSc in Applied Accountancy. This new qualification combines a Level 9 Masters and the Professional 2 syllabus to create the only combined Masters and accountancy qualification in one.

**Pictured above: Margaret Fitzsimons, Head of the School of Accounting and Finance- DIT College of Business and Deirdre Kiely, President, CPA Ireland**

## What makes this qualification different?

Employers identified the need for critical thinking and improved professional and personal development skills such as communication and presentation skills in new entrants to the profession. With the inclusion of modules in 'Communications and Professional Development' and 'Information Systems' as well as providing both classroom based learning and work experience based learning, the programme has been designed specifically to equip students with the exact skills sought by employers.

Margaret Fitzsimons, Head of the School of Accounting and Finance- DIT College of Business "we are honoured to collaborate with CPA Ireland in developing this unique Masters in Applied Accounting. CPA Ireland is renowned for supporting business needs through its internationally recognised qualification and we are delighted to partner with them in creating this innovative masters which will give students the opportunity to work and study whilst ultimately obtaining a masters and admission to CPA Ireland as members".

## Are you interested in attaining the Chartered Global Management Accountant (CGMA) Designation?

Through the CPA Ireland Memorandum of understanding with CIMA, qualified CPA Ireland members can avail of a fast track route to the CGMA designation.

### What's next?

In order to qualify CPA Ireland members must first pass two case study exams; the management case study and the strategic case study.

CPA Ireland members will then need to fulfil the Professional Experience Requirements (PER) in order to attain membership and then the CGMA designation. CPA Ireland members must also demonstrate a minimum of 5 years appropriate management work experience.

### The Exams

Each calendar year CPA members will be provided with four opportunities to sit the case study exams - February, May, August and November. This flexible approach offers CPA members the capacity to fit the exam process into their busy schedules.

The next Management case study exam is taking place in **November 2017** with the **application deadline of 31 October 2017 at 5pm.** The pre-seen material for the exam available from the 29 September 2017.

The full details on the pathways for completing the CIMA case study exams are available on the CPA Ireland website.

### How much does it cost?

Registration for the CPA Ireland Gateway: £600
Application to membership: £149
Annual membership subscription: £249

For any queries relating to your study and access to the CIMAconnect area please contact Fiona Arnold Fiona.Arnold@aicpa-cima.com

## Memorandum of Understanding – Institute of Certified Public Accountants in Ireland (CPA Ireland) and the Chartered Institute of Management Accountants (CIMA).

The Institute of Certified Public Accountants in Ireland (CPA Ireland) and The Chartered Institute of Management Accountants (CIMA) have announced a collaboration which will give CPA Ireland Members preferential access to the Chartered Global Management Accountant (CGMA) designation which is owned by CIMA and the American Institute of CPAs.

This memorandum of understanding has been established for the purpose of combining expertise and resources to offer qualified CPA Ireland members a fast track route so that they can acquire the CGMA designation.


*Caption: Roger Acton, Associate Director – Management Accounting, AICPA CIMA; Deirdre Kiely, President, CPA Ireland and Eamonn Siggins, Chief Executive, CPA Ireland.*

## Collaboration between CPA Ireland and IIPA

**John McCarrick, President, IIPA; Deirdre Kiely, President, CPA Ireland and Eamonn Siggins, CEO, CPA Ireland**

On the 01 September 2017 CPA Ireland formally admitted members of IIPA into the new FIPA/AIPA categories of membership of CPA Ireland. With effect from this date IIPA audit and non-audit firms will also be authorised and regulated by CPA Ireland.

CPA welcomes over 200 new accountants through this collaboration and look forward to integrating them into our service and support structures.

Deirdre Kiely, President, CPA Ireland has stated 'In global terms, the Irish accountancy profession is relatively small, but also has a relatively large number of distinct industry bodies. Therefore collaboration and resource sharing is a sensible pursuit. We look forward to supporting IIPA accountants and welcoming our new cohort of members as we continue to operate as strong independent professional body supporting business needs.

John McCarrick, President, IIPA comments that 'This collaboration provides a positive future for the members of IIPA. We are joining CPA Ireland, a professional body of over 90 years standing with international recognition. From the outset, our discussions on collaboration were conducted with mutual respect and confidentiality. I am very proud of what IIPA has achieved since its foundation in 1981 and I am also proud of the manner in which IIPA members embraced this opportunity for closer collaboration with CPA Ireland.'

# CPA Annual Conference – Global Economy, Irish Business Crowne Plaza Blanchardstown – 26th May 2017

The 2017 Annual Conference explored how business leaders in Ireland plan to steer their respective companies during these changing and challenging economic times. With the certainty of Brexit and the uncertainty of Trump, speakers provided attendees with thought provoking and inspirational ideas to lead Irish Businesses going forward.

Led by Chairperson, Pat Leahy of the Irish Times, the expert panel of speakers included, John McGrane, Director General, British Irish Chamber of Commerce, Damian McDonald, Director General, Irish Farmers Association, Kevin Toland, former Chief Executive, daa, Marie Bourke, Head of the National Competitiveness Council, Eugene Kiernan, Head of Investment Strategy, Appian Asset Management and Michael McLoughlin, CEO Amárach Research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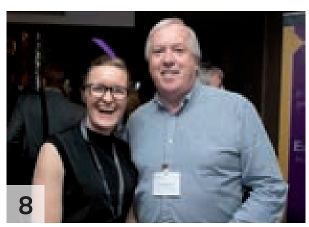
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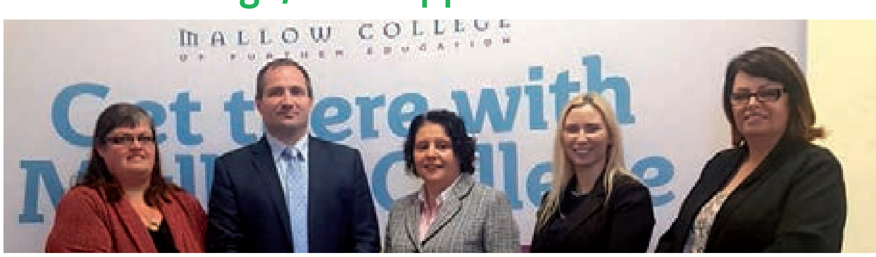
1. **Delegates at the 2017 CPA Annual Conference**
2. **Deirdre Kiely, President, CPA Ireland; John McGrane, British Irish Chamber of Commerce & Aine Collins, Former Fine Gael TD**
3. **Denis Ryan, Denis Ryan & Associates & Damien Owens, Engineers Ireland**
4. **Paul Heaney, CPA Ireland & Pat Leahy, Irish Times.**
5. **Marion Cullen-Bruce & Raphael Nwafor**
6. **Michael McLoughlin, Amárach; Pat Leahy, Irish Times, Kevin Toland, formerly daa, Damien McDonald, IFA**
7. **Emer Kelly, John Galligan & Cait Carmody, CPA Ireland**
8. **Elaine Wilson, Arachas Corporation & Gearoid O'Driscoll, Vice President, CPA Ireland**
9. **Kevin Toland, former CEO, daa**
10. **John McCarrick, President, IIPA & Tom Gallagher, Conpress International**

## Mallow College, New Approved Educator for CPA Ireland



**L-R: Catherine McCarthy (CPA), course coordinator Mallow College of Further Education; Paul Murphy, Deputy Principal, Mallow College of Further Education; Deirdre Kiely CPA Ireland President; Rachel Hogan (CPA), Mallow College of Further Education and Marie Buckley, Assistant Director of Adult Education & Mallow College of Further Education**

Mallow College has been announced as a CPA Ireland approved educator. The College joins a panel of four face to face learning educators and 2 online line learning educators throughout Ireland, who have been selected to educate CPA students because of the strength of their tuition credentials and their demonstrated commitment to providing student support.

Speaking about this announcement Ms Kiely said: "We are delighted to partner with Mallow College of Further Education to reinforce CPA links in the region. The Institute has a community of CPA members, students and approved employers in Cork and neighbouring counties, who will be well served by the centre's long standing reputation for education excellence. The CPA designation is the most commonly used designation worldwide for professional accountants. This new accreditation will allow students the opportunity to work towards a CPA qualification that will provide excellent opportunities both in Ireland and internationally."

John Healy, Director of Adult Education at Mallow of Mallow College of Further Education said "We are delighted to have been granted CPA Approved Educator status. This recognises the high standards of tuition delivered by our team of experienced lecturers. For our students, the versatility of the CPA qualification will allow them the opportunity to broaden their career prospects in many sectors."

## Women in Business Events 2017 Fluency For Women in Business

CPA IRELAND SKILLNET    MASON ALEXANDER

CPA Ireland hosted its 9th Women in Business Events in Dublin and Cork in July of this year. The theme for the event was 'Digital Fluency for Women in Business', and through an excellent panel of speakers, Emma Walls of Glenisk, Deirdre Waldron, Fuzion PR, Sarah Martin of Mamabud and Kate Hyde from henparty.ie, we discovered how we can best use technology to advance ourselves, our careers and how we continue to work towards closing the gender gap in the workplace.

Speaking at the event Deirdre Kiely, CPA Ireland President said "Technology can be a great leveller and a source of empowerment to women working to excel in the world of business. Research shows that Irish men continue to use technology more frequently than women. Too many of us dismiss digital media as somewhere to post social photos but used appropriately digital platforms can be extremely effective tools for progressing our careers and promoting our companies. Developing the skills to do this effectively is therefore invaluable to all women, at every career stage".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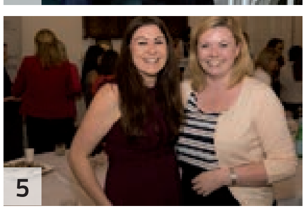
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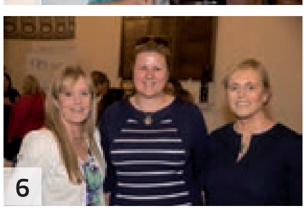
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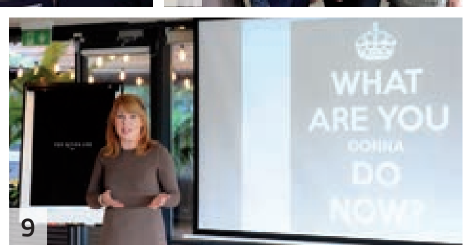

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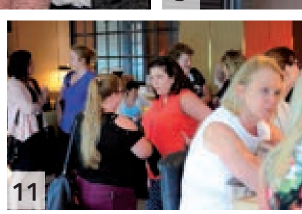
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1. Front L-R: Sarah Martin, Mamabud, Deirdre Kiely, President, CPA Ireland, Back L-R: Deirdre Waldron, Fuzion PR and Emma Walls, Glenisk 2. Emma Walls, Marketing Director, Glenisk 3. Nano Brennan, Past President, CPA Ireland & Isabella Robello 4. Deirdre Mangaoang & Karen Byrne 5. Emer Corcoran & Karen Byrne 6. Dearbhla Carmody, CPA Ireland, Becci Harrison, President, Network Ireland & Deirdre Waldron, Fuzion PR 7. Kate Hyde, henparty.ie, Deirdre Kiely, President, CPA Ireland, Emma Walls, Glenisk & Deirdre Waldron, Fuzion PR 8. Susan Dwyer & Andrea O'Caoimh, Mason Alexander, Deirdre Kiely, President, CPA Ireland & Grainne Clinch, Mason Alexander 9. Kate Hyde, Founder, henparty.ie 0-12. Guests at the CPA Ireland Skillnet Women in Business event 2017.

## Leinster CPA Regional Society Upcoming Events

### Pensions and Pensioner Trustees

Date: Thursday 28th September
Time: 7pm
Location: Elm Park Golf Club

This seminar will focus on Pensions and in particular Pensioner Trustees. This area of Pensions has become a very important part of the whole pension's area. Company and a lot of personal individual pension contracts now require a Pensioner Trustee (PT) and the responsibilities of a PT are quite onerous, but not understood by those taking on this task.

John McDonnell, Managing Director, Bespoke Trustees, will provide his insight into to this area of Pensions. He is acutely aware of the role accountants play with their clients in financial planning including Pensions and having a working knowledge of the Trustee in Pensions will assist you in directing your clients in the right direction.

### Save the Date!

Annual Leinster CPA Society Christmas Lunch
Date: 1st September
Location: Hilton Hotel, Charlemont Place, Dublin

## CPA Ireland Membership Changes

**Resignations:**

**May**
Linda Hartigan (Member 006473)
Paul Wai Keung Au (Member 006391)
Claire Doyle (Member 015630)
Kathleen Dooley (Member 005583)
Mark Burke (Member 000096)

**July**
Monica McNamara (Member 004778)
Maureen O'Dea (Member 005531)
Lesley Doran (Member 002192)
Derek Whelan (Member 002105)
Brendan Meehan (Member 006638)

**August**
Jacinta Ryan (Member 001948)
Pat Dalton (Member 001516)
Patrick Holly (Member 001666)

**Member Deceased:**
Andrew Finn (Member 001579)

### Correction

In the June edition of Accountancy Plus it was mistakenly printed that Norman Adams had resigned his membership. This was incorrect. Norman Adams has retired from practice but is still a member of CPA Ireland.

# CPD News & Events

## Industry Matters Conference

**Industry Matters - Accountant, Business Adviser, Strategic Partner**
***'Change is inevitable, growth is optional'***

Technology is changing the work of the professional accountant and with it the expectation of employers. The modern-day industry accountant is rapidly evolving to that of business partner with many organisations turning to their accountants for advice far beyond the numbers. Accountants are being asked to demonstrate their broad business acumen and understanding.

This year's *Industry Matters Conference – Accountant, Business Adviser, Strategic Partner* offers CPA accountants employed in industry, not just an opportunity to get up to date on technical issues, but also to hear from and engage with top business leaders providing interesting content and new ideas enabling them to adapt to the changing needs of their business environment.

The conference also provides a unique networking opportunity with colleagues, peers and leading subject matter experts from across the spectrum, and the chance to discuss the issues and challenges you face with fellow professionals

**Dublin**
6th & 7th October 2017
Crowne Plaza Hotel
The Blanchardstown Centre,
Blanchardstown, Dublin 15

**Cork**
13th & 14th October 2017
Radisson Hotel
Ditchley House, Little Island, Cork

Visit our website
www.cpaireland.ie for more details
and booking information

## Corporate Finance for SME's – Strategies, Finance & Funding

In Ireland the success of the SME sector is vital to the success of the whole economic climate. SME's are essential to job creation and the development of the private sector.

This one day conference for CPA accountants will open with a keynote address by Simon McKeever of the Irish Exporters Association on the importance of SME's to the Irish economy. Other expert speakers will consider the critical aspects of buying and selling companies including the legal issues.

For the SME itself, ongoing access to finance is crucial to its survival and growth. There is an abundance of new arrivals entering the business funding market. Much attention will be given to what options exist for the SME when looking for new or additional funding opportunities.

The day will wrap up with a panel discuss by the speakers providing attendees an opportunity to engage with them.

**Dublin**
17th November 2017
Crowne Plaza Hotel
The Blanchardstown Centre,
Blanchardstown, Dublin 15

**Cork**
24th November 2017
The Clayton Hotel Silver Springs
Dublin Road, Cork

Visit our website
www.cpaireland.ie for more details
and booking information

## Careers & Learning Events

Over the Autumn and Winter months CPA Ireland will be running a series of Careers & Learning seminars designed to help you advance in your professional lives. Improving productivity levels within your team isn't easy but it's an important part of a manager's job. CPA Ireland will provide seminars on some of the crucial skills needed to develop as a manager including Managing the Team, Coaching the Team and Managing Performance.

Want to accelerate your career? Take a look at our Career Briefings where leading experts will talk about *Negotiating your way to career success*, the need to *Be Work Skills Smart*, the *Value of Team work* and its contribution to your success and wrapping up with a lively discussion around *Health and Wellbeing* and its contribution to career success.

Following the success of the Women in Business events in July, CPA is inviting our female members to our Women's Career Event: Women in Finance; Can women have it all? This event will run in both Dublin and Cork later in the year so keep an eye on the website for details.

# Webinar

The 2017 webinar Series will continue with over 45 webinars available to attend before the end of the year. Webinars provide a flexible approach to learning allowing you the freedom to choose where you attend your classes, at home, at your desk or even in bed!

Our webinars are live and interactive so you can engage fully with the lecture throughout the session.

*For a full list of all webinars please visit www cpaireland.ie/cpd*

## CPA Webinar Bundles

### Governance
- Recent Trends in Governance
- Directors Duties
- Governance in a Family Business Context
- Whistleblowing

### Audit
- New audit Reporting Requirements
- Practical Challenges in auditing Family-run SMEs
- Audit Requirements on Fraud under ISA (Ireland) 240
- Audit Quality – revisiting the requirements for your audit files under ISQC1 and ISA (Ireland)

### Winter Taxation VAT on Property Update
- General VAT Update
- Farming Tax Update
- The Knowledge Development Box

### Insolvency
- Personal Insolvency Review
- Company Insolvency Review

## Upcoming Webinar Courses September - December 2017

| Location | Date | Course | Member Price | Non Member Price | CPD Credit |
|---|---|---|---|---|---|
| **Webinar** | 26/09/2017 | Revenue – Pensions Manual Update | €28.00 | €35.00 | 1 hour |
| | 28/09/2017 | Management Skills - Time Management | €28.00 | €35.00 | 1 hours |
| | 03/10/2017 | Governance Webinar Series | €100.00 | €125.00 | 1 hour |
| | 03/10/2017 | Recent Trends in Governance | €28.00 | €35.00 | 1 hour |
| | 10/10/2017 | Director Duties | €28.00 | €35.00 | 1 hour |
| | 12/10/2017 | Budget 2018 | €0.00 | €35.00 | 1 hour |
| | 17/10/2017 | Governance in a family business context | €28.00 | €35.00 | 1 hour |
| | 18/10/2017 | Protecting Corporation Reputation Online | €28.00 | €35.00 | 1 hour |
| | 24/10/2017 | Whistleblowing | €28.00 | €35.00 | 1 hour |
| | 22/11/2017 | Audit Webinar Series - No 2 | €100.00 | €125.00 | 4 hours |
| | 22/11/2017 | New audit Reporting Requirements | €28.00 | €35.00 | 1 hour |
| | 28/11/2017 | Practical Challenges in auditing Family-run SMEs | €28.00 | €35.00 | 1 hour |
| | 29/11/2017 | VAT on Property Update | €28.00 | €35.00 | 1 hour |
| | 29/11/2017 | Winter Taxation Webinar Series | €100.00 | €125.00 | 1 hour |
| | 04/12/2017 | Audit Requirements on Fraud under ISA (Ireland) 240 | €28.00 | €35.00 | 1 hour |
| | 05/12/2017 | Science of Compliance | €28.00 | €35.00 | 1 hour |
| | 07/12/2017 | General VAT Update | €28.00 | €35.00 | 1 hour |
| | 12/12/2017 | Audit Quality – revisiting the requirements for your audit files under ISQC1 and ISA (Ireland) 220 | €28.00 | €35.00 | 1 hour |
| | 13/12/2017 | Farming Tax Update | €28.00 | €35.00 | 1 hour |
| | 14/12/2017 | Personal Insolvency Review | €28.00 | €35.00 | 1 hour |
| | 18/12/2017 | Economic Update – Q4 | €28.00 | €35.00 | 1 hour |
| | 19/12/2017 | e-Briefing 4 | €28.00 | €35.00 | 1 hour |
| | 20/12/2017 | The Knowledge Development Box | €28.00 | €35.00 | 1 hour |
| | 21/12/2017 | Company Insolvency Review | €28.00 | €35.00 | 1 hour |

# Continued Upcoming Courses September - December 2017

| Location | Date | Course | Member Price | Non Member Price | CPD Credit |
|---|---|---|---|---|---|
| **Athlone** | 07/12/2017 | Essential Professional Briefing | €250.00 | €300.00 | 8 hours |
| **Cork** | 13/10/2017 | Industry Matters Conference | €295.00 | €345.00 | 12 hours |
| | 27/10/2017 | Management Accounting Update | €120.00 | €150.00 | 4 hours |
| | 23/11/2017 | Essential Professional Briefing | €250.00 | €300.00 | 8 hours |
| | 24/11/2017 | Corporate Finance Conference | €250.00 | €300.00 | 8 hours |
| | 13/12/2017 | CPD Wrap Up 2017 | €340.00 | €390.00 | 16 hours |
| **Dublin** | 25/09/2017 | Project Management for Accountants | €195.00 | €245.00 | 8 hours |
| | 26/09/2017 | Anti-Money Laundering Seminar | €45.00 | €65.00 | 2 hours |
| | 27/09/2017 | Advising Beyond Numbers - IT | €195.00 | €195.00 | 8 hours |
| | 04/10/2017 | Advising Beyond Numbers - Preparing to Export | €195.00 | €195.00 | 8 hours |
| | 06/10/2017 | Industry Matters Conference | €295.00 | €345.00 | 12 hours |
| | 20/10/2017 | Management Accounting Update | €120.00 | €150.00 | 4 hours |
| | 17/11/2017 | Corporate Finance Conference | €250.00 | €300.00 | 8 hours |
| | 21/11/2017 | New Manager - Managing the Team | €120.00 | €120.00 | 3 hours |
| | 21/11/2017 | New Manager Seminar Bundle | €320.00 | €320.00 | 9 hours |
| | 28/11/2017 | New Manager - Managing performance | €120.00 | €120.00 | 3 hours |
| | 06/12/2017 | Essential Professional Briefing | €250.00 | €300.00 | 8 hours |
| | 11/12/2017 | The Audit Day | €225.00 | €275.00 | 8 hours |
| | 12/12/2017 | New Manager – Coaching the team | €120.00 | €120.00 | 3 hours |
| | 13/12/2017 | CPD Wrap Up 2017 | €340.00 | €390.00 | 16 hours |
| **Kildare** | 08/12/2017 | Essential Professional Briefing | €250.00 | €300.00 | 8 hours |
| **Killarney** | 30/11/2017 | Essential Professional Briefing | €250.00 | €300.00 | 8 hours |
| **Limerick** | 29/11/2017 | Essential Professional Briefing | €250.00 | €300.00 | 8 hours |
| **Live Streaming** | 27/09/2017 | Advising Beyond Numbers - IT | €195.00 | €195.00 | 8 hours |
| | 04/10/2017 | Advising Beyond Numbers - Preparing to Export | €195.00 | €195.00 | 8 hours |
| | 20/10/2017 | Management Accounting Update | €120.00 | €150.00 | 4 hours |
| | 11/12/2017 | The Audit Day | €225.00 | €275.00 | 8 hours |

# Student News

## Examinations Notice – August 2017

The results of the August 2017 examinations, which were held in four venues in Ireland and six overseas, will be available online on Friday 13 October 2017, six weeks after the final examination. To access results, students should log on to their 'MyCPA' profile online. Good luck to all students who sat examinations in August and are awaiting results and congratulations to those students who have already achieved exam success in 2017!

## Professional 2 Students: Application to Membership Notice

The following information will be of particular interest to Professional 2 (P2) students who are aiming to successfully complete and pass their P2 examinations in August 2017 and who intend to apply for membership of the Institute in 2017. Students that had passed the P2 examinations previously were invited in June to apply for membership.

The Institute will issue an "Application to Membership Pack" to all students who successfully completed and passed their P2 examinations in August 2017. There is less than three weeks between when the results are issued and when the applications are due for submission. Due to the short timeframe we strongly encourage all students to gather, as soon as possible, the relevant information so as to be able to submit their application documentation on time.

The following documents, if not previously submitted to the Institute, should be submitted with each application to membership.

1. Application Form.
2. Two Employer References on headed paper.
3. Training Records (evidencing 3 years relevant supervised training, if not previously submitted to the Institute).
4. Competency Guide & Return (evidencing four in-depth competence records and all the behavioral attributes).
5. ECDL Certificate or Certificate of IT Competence (if not previously submitted to the Institute).
6. Admission Fee: €731 (submit cheque, debit card or credit card details).
7. Conferring Invitation Form.
8. Student ID Card.

Please also note:

This year's Conferring Ceremony is scheduled to take place on **Saturday 2 December 2017** in Croke Park, Jones Road, Dublin 1. Mandatory induction training will take place on the morning of the Conferring Ceremony.

Fully completed Application to Membership Packs must be received in the Institute by **Wednesday 1 November 2017**, from those students who are invited to apply for membership following the August 2017 examinations. There is no guarantee that any late application will be reviewed and processed.

Students who:

- Satisfy the entry requirements for admission to membership,
- Fully comply with the Application to Membership Process, and
- Pay the appropriate fees,

will receive written confirmation of their approval for admission to membership and a formal invitation to the Conferring Ceremony and induction training.

Please note, the above Application to Membership fee does not include the Annual Member Subscription for 2018, which, for members, falls due in January 2018. The Annual Member Subscription for 2017 is €587.

We greatly look forward to meeting with you in Croke Park and welcoming all successful applicants into membership.

If you have any queries regarding the Application to Membership Process, please contact Réidín at training@cpaireland.ie or 01 425 1022.

## Annual Student Subscription

The annual student subscription is now due for 2017/2018. Invoices have been sent by email to all students. In order to make payment, please log in to your MY CPA Profile.

## CPA Approved Educators Update 2017/2018

The list of CPA Approved Educators for 2017/2018 is available on the CPA website www.cpaireland.ie. They offer both class room and e-learning options. Many students value the flexibility offered by e-learning options as it means that you can study from home regardless of your location at a time that suits you! Students are advised to contact the individual CPA Approved Educator directly for further information regarding course times, fees, etc. Please be advised that classes are run subject to demand.

## Class Visits 2017/2018 Academic Year

The Institute will commence a series of class visits to each Approved Educator in the new academic year. The class visits provide new and existing students with an opportunity to meet with staff from the Education & Training Department. The class visits enable us to welcome new students as well as providing students with an overview of the CPA processes including examinations, training and competence development, etc. It is also an opportunity for students to discuss any queries they may have in a relaxed and friendly environment.

## Welcome to all of our new CPA students!

On behalf of CPA Ireland, the Education & Training Department would like to welcome all newly registered students! You may be aware of the Institute's 'open door policy' and you are encouraged to avail of this. Please feel free to contact us with any questions you may have regarding your study, examinations or training. Feedback from CPA Ireland students is essential to the Institute's continuous improvement processes and its 'open door' is one important channel. Others include class visits by representatives of the Institute, online surveys, regular meetings with Approved Educators, examView (feedback from students during examination diets), the annual Educators' Conference, social media and the more traditional channels such as e-mail, telephone and surface mail. We look forward to hearing from you while you train to become a Certified Public Accountant.

At the start of each month you will receive the monthly Student News e-bulletin so ensure to keep a close eye on your inbox. This is ***essential reading*** for any CPA Ireland student as it will keep you informed and up to date on Institute news, such as deadlines for applying for examinations, and also provide you with important insights into the areas of taxation, business and practice. Articles directly related to the CPA Ireland syllabus are also included on a regular basis and are very popular with students.

As a student it is imperative that you familiarise yourself with the CPA Study Support section of the Institute's website where you will find a wealth of resources. In addition to accessing the syllabus, here you will access past papers and suggested solutions, articles, webinars, briefing documents and other important information. Remember, articles published in previous academic years may still be relevant reading so you are encouraged to read all articles that have been published to date.

It is also important that you keep your 'MyCPA' online profile updated and accurate. If you change address, employer, phone number etc. update your online account to include the most recent details, otherwise you may miss out on important communications from the Institute. You will also use MyCPA to pay for your annual student subscription and to apply for examinations. Please note that a student may not apply for examinations if there are unpaid annual subscriptions or exemption fees in his / her account.

We look forward to meeting many of you during the academic year and to supporting you in realising your ambition to become Certified Public Accountant.

## Educators' Conference

The Annual Educators' Conference will take place on Saturday 7 October. This is an important element of the on-going communications between the Institute and its Approved Educators. Participants include lecturers and other representatives of Approved Educators, Examiners, Moderators, members of the Institute's Education and Training Committee, the Examinations Executive, Student Development Executive and the Director of Education and Training.

The focus of the conference will be the CPA Ireland syllabus and assessment standards, teaching and learning and related communications. The aim is to enhance, as appropriate, the synchronisation between each of these elements.

## New Employers & Supervisors

CPA would also like to extend our welcome to all of the new employers and supervisors who have joined the programme over the last year and we greatly look forward to working with you over the coming years. Many employers over the years have asked to become subscribers to our monthly student news e-bulletin communication in order for them to be informed of important news or developments relating to the training requirements of their trainees. If your employer would like to become a subscriber please email details to training@cpaireland.ie

INSTITUTE
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.

# Publication Notices

## Disciplinary Tribunal

### Case Ref. : Invest/11/16

On 28 June 2017 a Disciplinary Tribunal found the following charges of misconduct proven against Mr. Seán O'Reilly of Carrowcrin, Dromahair, Co. Leitrim.

1. Breach of Bye Law 7.3 – failure to co-operate fully with Quality Assurance Executive by failing to respond to a Quality Assurance Report issued and
2. Failure to respond to correspondence from the Secretary – Bye Law 6.5.2 (i)

And the following charges of misconduct proven against Seán B. O'Reilly & Co. of Carrowcrin, Dromahair, Co. Leitrim:-

1. Breach of Bye Law 7.4 – Failure to carry out work in accordance with accounting, auditing and ethical standards by the scoring of a Grade D on a Quality Assurance Review and
2. Acting in breach of authorisation by completing an audit report for a UK registered company

The Tribunal ordered that:-

- The Auditing Certificate issued to Seán B. O'Reilly & Co. be withdrawn with effect from 31 July 2017;
- Both Seán B. O'Reilly (Member) and Seán B. O'Reilly & Co. (Firm) be severely reprimanded;
- Imposition of a fine of €1,500

The Tribunal imposed a condition that a list of all audits currently in progress be disclosed to the Institute to facilitate an orderly wind down of audit activities.

The Tribunal also ordered that a €6,000 contribution towards costs be payable and that these findings and orders be published with reference to Seán O'Reilly and Seán B. O'Reilly & Co. by name

## Disciplinary Tribunal

### Case Ref. : Invest/13/16

On 16 May 2017, a Disciplinary Tribunal found the following charge of misconduct proven against a Member Firm:-

- Breach of Bye Law 7.4 – Failure to carry out work in accordance with accounting, auditing and ethical standards.

The Tribunal ordered that the Firm be:

- Severely reprimanded
- Fined €1,000

The Tribunal found the following charges of misconduct proven against a Member, who was Compliance Principal in the above referenced Member Firm:-

- Breach of Bye Law 7.3 – Failure to co-operate fully with Quality Assurance Executive by failing to respond to a Quality Assurance Report; and

- Breach of Bye Law 7.3 – Failure to make a file available for review

In respect of both of these charges the Tribunal ordered that the Member be:-

- Severely Reprimanded
- Fined €1,000 for each charge

The Tribunal imposed the following two conditions in accordance with Bye Law 6.32 (f) and (g):-

- Delivery of a specified audit file to the Institute for review, within 14 days
- Imposition of a "Hot File" review order in respect of 6 audit clients.

The Tribunal also ordered that a €5,000 contribution to costs be made and that these findings, orders and conditions be published without reference to the Member or Firm by name.

## Disciplinary Tribunal

### Case Ref. : Invest/21/14

On 30 May 2017, a Disciplinary Tribunal found the following charges of misconduct proven against a Member Firm:-

1. That the Firm acted in breach of Bye Law 7 by:-

   a) Failing to make available some audit files for review and

   b) Failing to carry out their work in accordance with approved auditing, accounting, ethical and quality control standards by scoring a Grade D on a Quality Assurance Review.

2. That the Firm acted in breach of ISA 230 by failing to provide for the safe keeping of some audit files.

In respect of these charges the Tribunal ordered that the Member Firm be:-

- Severely Reprimanded
- Fined €3,000

And that €5,900 contribution towards costs be made.

The Tribunal imposed the following condition:-

- That an undertaken be given not to apply for a Practising Certificate or Audit Certificate for a period of not less than three years.

The Tribunal also ordered that these findings, orders and conditions be published without reference to the Member Firm by name.