March Issue 2019

Accountancy Plus

The Official Journal of CPA Ireland

Ireland's role in the EU post Brexit

Also in this issue:

How to be a valuable board member

PAYE modernisation

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CPA IRELAND

Editorial

Accountancy Plus
March 2019

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Printed by
Persona

Distribution
Lettershop Services Ltd.

President's Message

Welcome to the March 2019 Edition of Accountancy Plus.

In a recent global research report 'The SMP of the Future in a Changing World' commissioned by the Edinburgh Group it was recommended that small to medium sized practitioners and Professional Accountancy Organisations (PAOs) must work together to adapt to change for an evolving future. Eamonn Siggins, Chair of the Edinburgh Group and CEO, CPA Ireland, said: 'In the face of a volatile and uncertain environment, our extensive global research provides a series of informed recommendations for SMPs and PAOs alike. There are many opportunities ahead for both groups, coming at a time when collaboration is a must.' Mr Siggins concluded: 'The alliance between SMPs and PAOs is a powerful one, but it's also one that needs to be nurtured.'

CPA Ireland believes in the importance of supporting our SMPs and will continue to support them overcome the challenges identified in the report. In doing so, we are supporting SMEs and Irish indigenous businesses who rely on CPA SMPs as their trusted business advisers.

Trust is a the most powerful currency in business and trust is supported by ethical behaviour. During 2018, CPA Ireland along with Chartered Accountants Ireland participated in the research on an Ethics Report which was released by the Chartered Accountants Ireland Educational Trust (CAIET), an independent body registered under the Charities Act. There were a number of key findings and recommendations published in the report which is available to download from our website https://www.cpaireland.ie/Latest-News/News/News-2019/CPA-Welcome-Ethics-Research-Report

Although it is encouraging that 87% of accountants responding to this research felt their employers were strongly supportive of ethical behaviour, 94% of accountants say they have encountered some level of unethical behaviour. Therefore, providing accountants with the tools and guidance for how to react to any unethical behaviour they observe must be a priority of the profession. CPA Ireland will ensure that it is providing a diverse range of ethical supports to our members. One of the key supports to members, as part of the CPA Ireland technical query service, is that they can call in confidence to discuss any ethical concerns or dilemmas that might arise and be provided with advice and best practice guidelines.

2018 has been a year of some significant achievements in CPA Ireland.

In late 2018, CPA Ireland launched a new brand identity and thank you to all members and stakeholders for the very positive feedback we have received. Going forward, to enhance the new brand, CPA Ireland will be carrying out a number of initiatives to build on the brand values of "open, forward thinking, credible and assured".

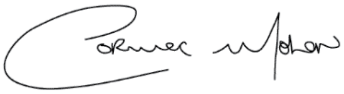
We were delighted with the success of our online further learning courses in 2018.The launch of our learning management system, Canvas, in September 2018 was instrumental in delivering a much more engaging CPD experience and education support for our members.

In December 2018, I was delighted to formally admit the new conferees into membership and I would like to wish them every success in their future careers and look forward to them becoming involved with the Institute on many levels. 2019 has started well!

In January, we welcomed the President of ICA India, Naveen N.D. Gupta and Central Council Member, Sanjay Kumar Agarwal as well as H.E Mr. Sandeep Kumar, Honourable Ambassador of India in Ireland to the launch of the newly established Dublin Chapter of the Institute of Chartered Accountants India at our Harcourt Street Offices. I wish them all happy and successful lives in Ireland and offer the support of CPA Ireland as they continue their learning journey.

We are looking forward to a busy year ahead with over 180 CPD events and webinars currently scheduled. In support of members, we are in the process of launching two new further learning courses: Future Proofing your Practice and Future Proofing the Finance Function. Both courses will commence in May 2019 and will run for one day per month over five months. Further details on these courses can be found on the further learning page of the CPA Ireland website.

As this is my last message as President of CPA Ireland, I would like to thank CPA members, students and staff for your ongoing support. I will pass over the office of the President to Gearóid O'Driscoll at the AGM and I wish Gearóid a very successful and enjoyable term.



Cormac Mohan
President CPA Ireland

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Pictured L – R: Ciarsha Moore, Cormac Mohan, President of CPA Ireland, Sunil Appat Sukumaran, Emma Flanagan, Liam Lucey, Geraldine Leahy

Ireland's Role in the EU Post Brexit

by Senator Neale Richmond

In this article, Senator Neale Richmond considers Ireland's role in the EU post Brexit and whether Ireland needs to reshape relations.

In recent weeks, we have seen the European Commission launch a public consultation on the future of Qualified Majority Voting at European Council level in relation to taxation policies. What this effectively means, is the Commission is very keen to remove what has become known as a veto that every single EU Member State has over taxation policy. This is not a surprise and it is indeed consistent with the long-held opinion of the Commission, an opinion strengthened by the term of Jean Claude Juncker as Commission President; it is a position that has also heretofore received strong support from larger Member States like France and Germany as well as a wealthy Member State like Luxembourg, Juncker's home.

Such a move is of course vociferously opposed by Ireland and on previous occasions when this idea was mooted, the United Kingdom were also strongly opposed to such a move as it could lead to tax harmonisation, removing the competitive edge that exists between Member States in this area, an edge that allows smaller Member States to compete on a more even scale. However, with the UK set to leave the EU, this raises the question of who will be Ireland's key allies within an EU of 27 rather than 28?

Within the EU, Ireland and the UK co-operate and co-operated on a range of key issues, while there are a number of other existing alliances on key policy areas that interest Ireland as well as a number that are proactively being developed.

There are also a number of other obvious alliances in existence within the EU based on policy as well as geography. The Nordic countries regularly coalesce on a range of issues as do the three Baltic states and in recent years, the Visegrád or V4 group of Member States, made up of the Czech Republic, Hungary, Poland and Slovakia have been prominent even though the alliance has been in operation at EU and NATO levels for a long time, tracing it's routes back to pre-accession summits in 1991.

But back to Ireland, what will be our new alliances?

The New Hanseatic League, or the Hansa, was established in February 2018 by EU finance ministers from Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden through the signing of a two-page foundational document which set out the countries' "shared views and values in the discussion on the architecture of the Economic and Monetary Union of the European Union (EMU)." The name is derived from the Hanseatic League, a Northern European commercial and defensive league which lasted until the 16th century.

The New Hanseatic League developed from an informal cooperation among like-minded fiscally conservative northern European states that has also been referred to at various points as 'The Vikings', and the 'Bad Weather coalition'. The grouping sees clubbing together as a way to make up for the loss of the like-minded UK in the European political arena after Brexit. The countries involved want a more developed European single market, particularly in the services sector (i.e. a so-called 'Capital Markets Union'). They also want to develop the European Stability Mechanism into a full European Monetary Fund that would redistribute wealth from trade surplus to trade deficit EU member states.

When it comes more specifically to taxation, Ireland's corporation tax rate of 12.5% is regularly cited as a target to be addressed through the removal of the supposed veto over taxation policy, to allow for a move towards tax harmonisation within the EU. It is worth remembering though that the average corporation tax rate within the EU is 21%, and 16 Member States have corporate tax rates below this. Furthermore, a number of Member States have much lower corporate tax rates than Ireland, including Hungary with a corporate tax rate of 9%. In this regard, our Finance Minister, Paschal Donohoe, has been proactive in deepening alliances with Member States from Central and Eastern Europe as well as the Baltic states to oppose any moves towards removing the veto. A series of dinners prior to Ecofin meetings have seen this approach become more formal.

In relation to Agriculture and Food policy, Ireland has always had a very special alliance with France. Both Ireland and France are massive supporters and beneficiaries of the Common Agricultural Policy or CAP. Other Member States are less enthusiastic, particularly those with a different approach to their rural or agrarian economies, many of whom want further cuts to the CAP. Ahead of the negotiation of the next European budget known as the Multiannual Financial Framework, of which the CAP is the largest line item of expenditure, a series of meetings and discussions have been held between Ministers and officials from like minded Member States. In March of 2018, our Agriculture Minister, Michael Creed, met with counterparts from France, Spain, Portugal, Greece and Finland in Madrid where they signed a joint memorandum requesting that the CAP budget be increased to bring it back to current levels. This gathering has been followed by a series of bilateral meetings in Paris and Cork between Minister Creed and his French counterpart.

Along with Austria, Finland and Sweden; Ireland is a neutral country and unlike many other Member States, none of these countries are members of NATO. However, all four are strongly committed to co-operation in defence, security and peace keeping. Ireland has a proud tradition of over 60 years commitment to United Nations' peace keeping missions. That said, the changing nature of global security and defence policies will mean that Ireland will also need to adapt. With this in mind, in 2017 Ireland joined PESO, an EU body that aims to boost military cooperation. A number of critics have instantly balked at this, dismissing PESCO as an EU army as opposed to its true role as a new approach to new security challenges. Ireland is one of 25 Member States to sign up to PESCO, albeit with a range of opt outs. PESCO will have a budget of €1.5 billion for a number of projects from now until 2020. These projects include a centre of excellence for EU military training and work to allow for new approaches to cybersecurity. The future of defence will as much be about the engagements online as well as on the battlefields.

On a personal level, there are also a number of key alliances and friendships. It was no secret that Enda Kenny enjoyed a genuine friendship with German Chancellor, Angela Merkel, a long-standing friendship developed through their leadership of their respective parties for over a decade where they would regularly meet at EU level, the European People's Party. Since taking over as Taoiseach, this is a relationship that Leo Varadkar has also been keen to maintain, and he has already met Merkel's successor as CDU Leader, Annegret Kramp-Karrenbauer. Within the EPP family, Austrian Chancellor, Sebastian Kurz and Varadkar have also grown close, helped by their common involvement in European youth politics. Throughout the Brexit negotiating process, Ireland has received absolute support from the Netherlands, another country that is exposed to the fall out of a bad Brexit and a genuine friendship has been developed between Varadkar and Dutch Prime Minister, Mark Rutte.

There are many other formal and informal alliances within the EU that Ireland is not a part of. For example, there is the Three Seas Initiative of 12 Member States belonging to a north-south axis from the Baltic Sea to the Adriatic Sea and the Black Sea made up of Austria, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia or the Craiova Group that includes Romania, Bulgaria, Greece and non-EU Member State, Serbia.

Above all else, the most important alliance for Ireland post Brexit is the European Union itself. As a small, outward looking, country; Ireland cannot be insular or shut itself off from the rest of the world. Ireland's membership of what is now the EU has been overwhelmingly beneficial in both social and economic terms. When Ireland joined the EEC in 1973 with the UK and Denmark it was a much poorer nation wholly reliant on its near neighbour for everything; independent in name only. In 1973, 60% of Ireland's exports went to the UK, today this figure is much closer to 12% while the EU clearly stands out as Ireland's most important export market, taking in multiples of the amount of goods that the UK does from Ireland.

Staying in the EU post Brexit, strengthening our commitment to the EU and becoming true champions of European integration is of key strategic interest to Ireland in the post Brexit context. For many years, it was very easy for politicians, including from my own party, to simply blame Brussels for anything negative while simultaneously claiming responsibility for all the benefits. If we are to survive and indeed prosper after Brexit we must give credit where it's due as well.

Senator Neale Richmond

Chairman of the Seanad's Brexit Committee and Fine Gael spokesperson on European Affairs.

CPA Profile
Deirdre Savage

Title:
Director of Financial Planning & Risk Management
Company:
Trinity College Dublin
Qualifications:
M.A., F.C.P.A., M.I.A.T.I.,

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

I joined Trinity in 1983 with a career path in mind. An accounting qualification was crucial to advancement within an organisation where professional and academic standards are championed. My own view is that learning is lifelong and, in this environment, that's very much the lived experience. I am currently exploring a new qualification that will support my continued career development.

Why did you choose CPA Ireland as your qualification route?

Being unsure of my future in an Ireland that was struggling economically at the time, I recognised that CPA was an international qualification if travel for work became necessary. Fortunately, that need never arose. I was also conscious that as I was in full-time employment, the CPA route suited my schedule and allowed the flexibility to attend lectures and study at night.

Please provide a brief history your career.

Working in a renowned University, the ethos of ongoing learning and development has become deep rooted and has benefited my career path. I began my journey as a junior accounts clerk, progressing in time to the role of Projects Accounting Manager, with responsibility for the University's Research Portfolio. Following an opportunity to work on a strategic project within the University, I was appointed to the role of Director of Financial Planning & Risk Management in 2014, and since then, have also undertaken the role of Deputy Chief Financial Officer for a 12-month period.

How do you find your CPA qualification has helped you in your role?

A world-recognised qualification is a great platform, as are the membership benefits, which includes access to superb CPD opportunities and an extensive network of accountants across a broad spectrum of industries, services and sectors.

What has been your biggest career achievement?

A significant part of my role over the past 10 years has been the development of our working environment and our team, ensuring our skills meet the changing needs of the University (and other stakeholders) and that our business culture is responsive and customer-facing. I've led-out on significant organisational change within the University and the Financial Services Division respectively, where, since 2012, we have undergone a structural overhaul and implemented a state-of-art financial information system (ERP). During this challenging transition period, among other oversight duties, I ensured that our focus on our mission, vision and values was maintained.

For this reason, it was a career high point for me when we were announced as 'Irish Finance Team of the Year' at the Irish Accountancy Awards in April 2018. To receive an award that publicly recognises the high performing finance team we have become makes me immensely proud. The icing on the cake followed in September 2018, when we also won 'Finance Team of the Year' at the British Accountancy Awards, which surpassed all my expectations! We were ecstatic.

What or who inspires you most?

I think the "what" and the "who" are actually inter-related as personal integrity is the foundation of everything. I've met many people over the years from inspirational students and academics to business and political leaders along with some famous actors and popstars (Trinity is a pretty vibrant place!) but for me, our former President, Mary Robinson is the one that defines the term integrity. It was really meaningful to me that, as Chancellor of the University, she conferred me with my M.A. in 2010.

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

I would begin by saying that no journey is smooth! Working full-time and studying at night is a hard graft but it certainly helped shape my mind-set and attitude to life. As a junior accounts clerk beginning my studies, I knew that if I eventually wanted to 'fly the plane', I had to be the best at loading the bags first. I also believe your "mind-set" is the most important choice you can make. Having interviewed a significant number of candidates in my career, I can tell you that the right mind-set/attitude will often trump skill.

What traits do you admire most in others?

Truthfulness. It's the kernel of everything. Truth leads to trust and trust is the foundation of all successful relationships. I believe it's even more important in our current climate of non-evidence-based "information" and of course it works for audits too!

CPA Profile
Sunil Appat Sukumaran

Title:
Financial Accountant

Company:
Canyon CTS Shannon

Qualifications:
CPA, MBA

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

My basic qualifications are a Bachelor of Commerce and a Masters in Business Administration specialising in Finance. A career in accountancy gives you an opportunity to use and develop your leadership and analytical skills. I was always interested in learning new skills and traveling, and I felt accountancy was the best career choice to satisfy this.

Why did you choose CPA Ireland as your qualification route?

The CPA qualification is recognized worldwide, and CPA Ireland has many mutual recognition agreements. This definitely gives mobility and one can be proud to have this title.

Please provide a brief history your career.

Before joining CPA most of my previous work experience revolved around the hotel industry in various roles such as HR management, front office management and general manager at the Hydro Hotel, Lisdoonvarna, Co. Clare. Here I worked closely with the managing director, Marcus White, and the financial controller, Robert Hurley, managing the hotel business and promoting the "Matchmaking Festival". They were aware of my interest in accounting and motivated me in pursuing an accounting qualification even though they knew it would mean leaving my position at the hotel.

How do you find your CPA qualification has helped you in your role?

In order to attain a CPA qualification, I worked through from Formation 1 to the Professional exams in the past 3 years. This gave me a thorough understanding of all the accounting concepts and standards. The CPA Ireland syllabus covers a wide range of topics which gave me confidence to deal with any work situation.

What has been your biggest achievement?

The biggest achievement for me is being awarded the "Liam Donnelly medal" for achieving the highest combined result in the professional 2 exams in 2018.

What or who inspires you the most in business?

There are many people in business who inspire me, but Warren Buffet and Bill Gates are at the top of my list not just because of their achievements in business but also their philanthropist actions.

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

I would advise anybody starting out on their CPA qualification to enjoy what they are studying and learn the concepts rather than rote learning. Use the CPA Ireland website, the past exam papers and to approach the tuition providers whenever help is required. I studied by attending lectures in Griffith College and also using the study online option.

What do you think are the most pressing issues for accountants?

Accounting is a lifelong learning profession. You need to always be proactive and up to date on the new laws and regulations, both domestically and internationally.

How do you unwind?

Studying towards a professional qualification and working side by side can be quite stressful at times. I normally choose to go for a walk in the Burren which is a 15-minute drive for me. I strongly believe that one should find some time to enjoy the free gifts of the nature, which are plentiful in Ireland, and take small steps to preserve them for our future generation.

What traits do you admire most in others?

Respecting and recognizing each other's ability/disability, and honesty are the traits which I admire the most.

Financial Reporting News

FRC proposes amendments to FRS 101 and FRS 102

The FRC has issued FRED 70 Draft amendments to FRS 101 – 2018/19 cycle and FRED 71 Draft amendments to FRS 102 – Multi-employer defined benefit plans.

FRED 70 arises from the annual review of FRS 101 Reduced Disclosure Framework. FRS 101 requires the application of the recognition and measurement requirements of EU-adopted IFRS with reduced disclosures. Unlike accounts that apply IFRS in full, those prepared in accordance with FRS 101 must comply with detailed accounting requirements set out in company law. Some of these requirements conflict with the requirements of IFRS 17 Insurance Contracts. Consequently, FRED 70 proposes that insurance entities shall not be permitted to apply FRS 101 if IFRS 17 Insurance Contracts is part of EU-adopted IFRS. The comment period for FRED 70 closes on 30 April 2019.

FRED 71 responds to a current financial reporting issue by proposing new requirements in FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland for presenting the impact of transition from defined contribution accounting to defined benefit accounting. Such a transition is required by FRS 102 when sufficient information becomes available for an employer participating in a multi-employer defined benefit plan to apply defined benefit accounting. The comment period for FRED 71 closes on 31 March 2019.

Source: www.frc.org.uk

Consultation into improvements to the reporting of intangibles launched

Possible improvements to the reporting of factors that are important to a business' generation of value are discussed in a consultation launched by the Financial Reporting Council (FRC) on 6th February 2019.

There are frequent calls to reform the accounting for intangible assets, partly in response to the move to a knowledge-based economy. This paper considers the case for radical change to the accounting for intangible assets and the likelihood of such change being made in the near future.

It suggests that:

- relevant and useful information could be provided without the need to recognise more intangible assets in companies' balance sheets;
- such information could cover a range of factors, broader than the definition of intangible assets in accounting standards, that are relevant to the generation of value;
- improvements could be made on a voluntary basis within current reporting frameworks (such as the strategic report); and
- participants in the reporting supply chain could collaborate to bring about improvements.

Paul George, Executive Director for Corporate Governance and Reporting at the FRC, said,

"It is unrealistic to expect the value of a business to be fully represented in its balance sheet; there is always likely to be a gap between the balance sheet total and the market capitalisation of a company.

The paper suggests several ideas for expanding the information provided, both quantitative and qualitative, to improve users' assessment of corporate value."

The deadline for responses to the consultation is 30 April 2019.

IASB proposes clarifications for companies assessing whether contracts will be loss-making

The International Accounting Standards Board (Board) has published for public comment proposed amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs a company should include when assessing whether a contract will be loss-making.

The proposed amendments originate from a request to the IFRS Interpretations Committee for clarification of which costs to include in this assessment.

A company determines that a contract will be loss-making—and describes it as onerous—if the costs the company expects to incur to fulfil the contract are higher than the economic benefits it expects to receive from it.

The Board has proposed to amend IAS 37 to specify that the costs of fulfilling a contract include both incremental costs, such as the costs of materials, and an allocation of other costs directly related to the contract, such as the depreciation charge for equipment the company uses to fulfil contracts.

The amendments will provide greater clarity to companies and help ensure the Standard is applied consistently. The changes are most relevant for companies in the manufacturing, construction and services sectors, and may result in some companies recognising costs earlier than previously.

The deadline for commenting on the proposals is 15 April 2019.

FRS 102 Financial Instruments
Factsheet 4

by Robert Kirk

Robert Kirk reviews Factsheet 4 on how to account for financial instruments.

In December 2013, the Financial Reporting Council (FRC) published 16 Staff Education Notes (SENs) to aid users implement FRS 102. The SENs were not part of FRS 102. They were simply aimed at helping preparers apply certain requirements of FRS 102 but they were not to be relied upon as definitive statements on how to apply the standard.

In December 2018, the FRC decided to publish further guidance in the form of Factsheets which should be treated in the same vein as the SENs. One of these (Number 4) is on the topic of how to account for financial instruments which is much broader in scope than two of the SENs i.e. SEN 16 Financing Transactions and SEN 2 Debt instruments – amortised cost. This short article will look at some of the issues raised in the guidance.

Classification of financial instruments

The factsheet lists cash and investments in most ordinary and some preference shares as 'basic' as well as debt instruments as long as the criteria in paragraph 11.9 of FRS 102 are met. However, there have been issues with this restrictive definition and, as a result, a number of instruments have been classified as 'other' although their substance was 'basic'. To solve this an additional paragraph, 11.9A, has been introduced into FRS 102 which the Factsheet emphasizes introduces an additional principles-based description which should be applied if an instrument fails the detailed 11.9 criteria to identify if it could be classified as 'basic'.

Directors' loans can meet the paragraph 11.9 (a) criteria as the contractual return to the holder is a fixed amount of €nil i.e. the interest free element is irrelevant to its classification. However, the other criteria in paragraph 11.9 may be failed and thus there must still be reasonable compensation for the time value of money, credit risk and other basic lending risks which is unlikely to be the case for an interest free loan.

Measurement of basic financial instruments

Normally basic instruments are recorded initially at transaction price as adjusted for transaction costs. There is one exception – financing transactions - as follows:

Financing transactions

Where goods or services are sold on credit there are two components to the transaction – a sale and a financing arrangement. These must be accounted for separately as follows:

Facts: ABC Ltd sells a motor vehicle to a customer for €15,000 on 1st January 2019, payment due in two years' time. Normally if sold for immediate cash the sale would be €13,500			
Solution			
Dr Trade receivables	€13,500		1.1.19
Cr Sales		€13,500	
Dr Trade receivables	€1,500		Use amortised cost method to spread income over 2 years
Cr Interest income		€1,500	

The Factsheet also gives an example of how the customer should apply the transaction under Section 17 Property, plant and equipment by recording the motor vehicle initially at €13,500 with a subsequent interest expense being recorded using the same amortised cost methodology as the seller. That provides symmetry of accounting treatment between the two parties to the transaction.

However, there are two exceptions to that general rule:

1. Directors loans – small entities only under Section 1A FRS 102 Loans to the entity not at market rate from a person who is a member of a director's group of close family and the group includes at least one shareholder in the entity – can measure at transaction price.

2. Public benefit entity concessionary loans – can measure at the amount paid or received.

There are a number of examples in the Appendix to Factsheet 4 which are identical to those provided by SEN 16 covering interest free loans between a parent and a subsidiary, between fellow subsidiaries and between entities owned by the same person. It also includes fixed term interest free loans between entities and their directors and an example of how to treat subsequent measurement of interest free loans.

The accounting treatment of a fixed term interest free loan between entities owned by the same person is similar in that the lending entity should record the difference as a distribution and the borrowing entity as a capital contribution. Another similar example provided in the Factsheet is that of a fixed term interest free loan between an entity and its directors. If the director lends money the difference is treated as a capital contribution in the entity's financial statements and if the entity lends money to the director it is treated as a distribution.

Basic financial instruments – subsequent measurement

These should be measured at amortised cost using the effective rate method. This ensures that the interest and transaction costs are allocated at a constant rate on the carrying amount over the life of the instrument.

However short-term payables and receivables due within one year, which are not discounted, are measured at their invoiced amount until paid or received. In addition, as long as a market rate of interest is charged and there are no transaction costs then the effective rate is equal to the market rate of interest.

Subsequent measurement of interest free loans

Facts

On 1st January a subsidiary obtains a two-year interest free loan of €50,000 from its parent. Assume market rate of interest is 5.4%.

Solution:

Subsidiary's books			
	Debit €	Credit €	Notes
Bank	50,000		
Loan		45,000	Initial
Capital Expenditure		5,000	
Interest Expense – Yr 1	2,450		
Interest Expense – Yr 2	2,550		Spread using effective interest rate over 2 years
Loan		5,000	
Loan	50,000		
Bank		50,000	Repayment

Parent's books			
	Debit €	Credit €	Notes
Loan Receivable	45,000		
Distribution	5,000		Initial
Bank		50,000	
Loan Receivable	5,000		
Interest Income – Yr 1		2,450	Spread using effective interest rate over 2 years
Interest Income – Yr 2		2,550	
Bank	50,000		
Loan Receivable		50,000	Repayment

Impairment

Each reporting entity must assess at the end of each reporting period whether or not an impairment has occurred which needs to be written off against the financial asset. FRS 102 still uses the incurred loss model so there must be objective evidence of impairment. Possible future events is not a basis for recognising an impairment. Significant financial assets should be assessed individually but others can be grouped based on similar risk characteristics.

Derecognition

A financial asset should only be derecognised when it is settled or the contractual rights to its associated cash flows have expired. In addition, if a financial asset is transferred to another party i.e. factored, then it is only derecognised if the entity believes that substantially all the risks and rewards of ownership has been transferred. Otherwise the asset should be retained and any cash received treated as a loan.

Similarly, a financial liability is only derecognised if it is discharged, cancelled or the rights to future cash flows have expired. However, where an existing loan has been renegotiated with the result that it is substantially modified then the original liability is said to be extinguished and a new loan set up in its place. This will normally result in a gain/loss being created on the difference and this should be reported in profit and loss.

Disclosure

The factsheet points out that there are substantial reductions in disclosure for both small entities under Section 1A as well as to subsidiaries and parent companies of groups reporting their consolidated accounts under FRS 102.

It then goes on to briefly outline the key disclosures under the standard including the significant accounting policies adopted for financial instruments, their measurement bases as well as the carrying amounts measured at fair value through profit and loss. It also mentions the key performance items such as interest income and expenses and changes in fair value.

However, it specifically highlights paragraph 11.42:

An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance.

It emphasizes that this is a principles-based disclosure requirement and provides some examples of possible disclosures for a debt instrument including – the interest rate, maturity, repayment schedule and any restrictions. It points out, however, that entities will have to consider carefully what information would be required by users.

Financial instruments at fair value through profit and loss

Company law sets out which financial instruments can be measured at fair value together with disclosures. In the Republic of Ireland (ROI) all financial instruments can be measured at fair value if permitted by IFRS but this requires additional disclosure which has been incorporated into Section 11 of FRS 102.

Financial institutions and retirement benefit plans

Both of these types of entity are required to provide additional disclosure and this is contained in Section 34 Specialised activities of the standard.

Other (non-basic) instrument issues

All financial instruments within the scope of Section 12 of FRS 102 should subsequently measure them at fair value with gains and losses being reported in profit and loss.

However, there are a few exceptions particularly in certain hedge accounting situations and if fair value is not permitted by company law. However, this is not expected to occur very often.

Typical derivatives such as interest rate swaps and foreign exchange contracts will have to be measured at fair value each year with changes reported in profit and loss. The only exception to that would be if an entity adopted hedge accounting.

Summary

Accountants who are involved in the preparation of financial statements under FRS 102 will find the content, presentation and layout of the Factsheet on financial instruments to be a very useful supplementary tool. However, it will still be essential to read the actual standard itself to ensure full compliance with FRS 102

Robert Kirk

Robert Kirk CPA is Professor of Financial Reporting at the University of Ulster. Robert is also author of the CPA Ireland Skillnet publication, A New Era for Irish and UK GAAP – A Quick Reference Guide to FRS 102

Law & Regulation News

Alternative to bond - form B67

If, following incorporation, a company applies for and is granted a certificate from the registrar of companies that the company has a real and continuous link with one or more economic activities that are in carried on in the State, that company will be exempted from the requirement to have at least one EEA resident director from the date of the certificate, as long as the certificate remains in force.

Application for this certificate is made on Form B67 and must be accompanied by a statement from the Revenue Commissioners made within two months of the date of the application by a statement that the Revenue Commissioners have reasonable grounds to believe that the company has such a link.

What happens if the UK leaves the European Union without a deal in place?

If the UK leaves the European Union without any deal in place, companies which have only UK resident directors will be required to comply with section 137 Companies Act 2014. This is the requirement to have at least one EEA-resident director. This requirement does not apply to any company which for the time being holds a bond, in the prescribed form, in force to the value of €25,000 and which provides that in the event of a failure by the company to pay the whole or part of a fine imposed on the company in respect of an offence under the Companies Act 2014 or under the Taxes Consolidation Act 1997, there shall become payable under the bond a sum of money for the purpose of same being applied in discharge of the whole or part of the company's liability in respect of any such fine or penalty.

The bond must have a minimum period of validity of two years, commencing no earlier than the occurrence of the event giving rise to the requirement for the bond. The surety under the bond must be a bank, building society, insurance company or credit institution. Leaflet 17 on the cro website has further details **https://www.cro.ie/Publications/Publications/Information-Leaflets**

EU Fifth Anti-Money Laundering Directive (5AMLD)

EU Directive 2018/843, the EU's Fifth Anti-Money Laundering Directive (5AMLD), was adopted by the Council of the EU on 14 May 2018 and came into force on 9 July 2018 with an 18-month transposition period. The Department of Finance has advised that it is considering the implications of 5AMLD for the RBO and will provide a further update in the near future.

Queries in relation to 5AMLD can be sent to aml@finance.gov.ie

Source: www.cro.ie

ESMA Q&As clarify Prospectus Directive and Transparency Directive rules in case of no-deal Brexit

The Q&As clarify the application of certain provisions in these Directives in case the UK withdraws from the European Union (EU) on 29 March 2019 with no withdrawal agreement in place (no-deal Brexit). These Q&As will only apply in case of a no-deal Brexit.

The Q&As provide the following clarifications in the event of a no-deal Brexit:

- When issuers of equity securities and non-equity securities below €1,000 who currently have the UK as their PD home Member State choose a new home Member State, they should choose between the EU27 Member States / EEA EFTA States in which they have activities after 29 March 2019 (either offers/admissions made after the withdrawal or admissions made before the withdrawal which continue after the withdrawal).
- Issuers admitted to trading on a regulated market within EU27 / EEA EFTA who currently have the UK as their TD home Member State should choose and disclose their new home Member State without delay following 29 March 2019.
- As the UK will be a third country, prospectuses and supplements approved by the UK FCA before 29 March 2019 cannot be used in EU27 / EEA EFTA after a no-deal Brexit.

The purpose of the Q&As is to promote common supervisory approaches and practices in the application of the PD and TD in case of a no-deal Brexit.

Protecting your organisation even after an employment contract comes to an end

by Derek McKay

In the final of our three-part series of articles on the Lifecycle of the Employee, Derek McKay, Managing Director of Adare Human Resource Management provides expert advice on how to effectively manage the termination of employment contracts, whether it's voluntary, compulsory or required.

In most instances, the end of an employee/ employer relationship is amicable; people need references after all so tend to see out their contract in a very professional manner. However, there are times that this isn't always the case and, at Adare Human Resource Management, we've worked with organisations who have found themselves in the Workplace Relations Commission (WRC) or Labour Court defending cases that could have been avoided.

How the relationship between an employer and employee comes to an end is very much in the control of the employer as much as the employee but organisations need to be mindful of the potential risks associated with the termination of employment and how to protect themselves.

In general, there are four main ways to terminate employment; ***Resignation, Retirement, Redundancy and Dismissal.***

Resignation

Resigning from a position is the most common form of ending an employment arrangement but is not without its risks. There may be some unresolved issue in the employee's decision-making process such as perceived bullying or harassment that led them to terminate their employment. Despite there being no explicit legal requirement to do so, we always advise organisations to ensure that they have robust grievance procedures in place; it is a good form of protection against claims of constructive dismissal.

Generally speaking, there is a misunderstanding about what constitutes constructive dismissal and how it is assessed. It is the responsibility of the employee to provide the proof that the termination of their employment is one of constructive dismissal under the Unfair Dismissals Act. This is gauged against two specific tests; The Contract Test and The Reasonableness Test.

Initially the employee is required to demonstrate a breach against these tests, which is a high bar, before the burden falls on the employer to defend the case. This is the opposite to an unfair dismissal case where the burden is automatically on the organisation to prove that the dismissal was fair. In this situation, it is automatically considered "unfair" under the legislation, which is where the confusion lies.

Under **The Contract Test**, the employee argues the entitlement to terminate the contract as the employer has breached a fundamental condition of the contract. What this means is that the actions of the employer show or prove to the employee that they no longer intend to be bound by the terms of the contract.

Within the realm of **The Reasonableness Test**, the employee argues that while the employer may have acted in the terms outlined in the employment contract, the conduct or actions of the employer are so unreasonable that it then entitles the employee to treat the contract as being at an end. So, while the actions of the employer may not have actually breached any of the conditions of the contract per se, those actions can still be classified as being so unreasonable that there is justification to the involuntary resignation of the employee.

Dignity at work

Given the increased reporting of cases of harassment and bullying in the workplace, it is essential for employers to have a Dignity at Work Policy. Demonstrating that an organisation has taken appropriate steps to protect an employee is a very effective way of protecting against complaints, particularly constructive dismissals.

Retirement

There is no fixed retirement age set out in legislation in Ireland for private sector employees, however, most organisations will have a retirement policy in place, which is set out in the terms and conditions of their employment. In our 2018 HR Barometer, three quarters of organisations stated that they did have a set retirement age with the majority setting that age at 65.

However, this isn't the case in the public service, with civil servants having the option of working up to 70 if they so wish.

The issue of retirement has become topical recently with the WRC issuing a specific Code of Practice in early 2018 on longer working, which sets out best practice for managing retirements, as part of the Industrial Relations Act 1990. The code outlines best practice for handling retirements under certain headings including 'Utilising the skills and experience of older workers', 'Objective justification of retirement', 'Standard retirement arrangements' and 'Requests to work'.

The Employment Equality Acts 1998-2015 also references age as one of the nine grounds that defines discrimination against an employee. There have been a number of high-profile cases, such as Valerie Cox v RTE, where the WRC has ruled that the employee was discriminated against because of their age and has proved costly for an organisation; €50,000 in RTE's case.

Our advice to organisations is to ensure all contracts of employment include a clause that states a normal retirement age, that there is an agreed internal process for managing retirements or requests from employees to remain on past the contractual retirement age and that organisations utilise the Code of Practice on Longer Working to guide their decisions.

Redundancy

While the country is now close to full employment there is still quite a bit of organisation restructuring going on and redundancies can form part of this process. For a redundancy to be considered genuine, it should satisfy the appropriate legislation and fall within the definition of redundancy:

- The organisation ceases to operate the business for which the employee was employed to do,
- The work the employee was contracted to do has ceased or the requirement for that work has reduced,
- The organisation has decided to carry on the business with fewer, or no, employees,
- The work the employee was contracted to do is to be performed in a different way and/or the employee is no longer qualified to carry out that work,
- The employee's work is to be done by a different employee who is sufficiently qualified and capable.

Navigating a redundancy process is complex and requires a lot of preparatory work. It is also an area that Adare Human Resource Management has vast experience in given the work we do on behalf of client organisations, defending cases of unfair dismissal arising out of a redundancy situation. It is important to point out that the burden of proof in a claim for unfair dismissal is on the employer. While an organisation may believe they are justified in making an employee redundant, they risk leaving themselves open to claims if they don't follow correct policies and procedures.

Key legislation alongside the Redundancy Payments Acts 1967 – 2014 that needs to be considered when dealing with redundancies and potential dismissals includes the Unfair Dismissals Acts 1977 – 2015, Minimum Notice and Terms of Employment Acts 1973 – 2005 and the Employment Equality Acts 1998 – 2015.

Dismissal

In its most recent Annual Report, the WRC states that cases involving Unfair Dismissals are the second most common types of complaints they are dealing with. Based on the figures supplied in the report, Unfair Dismissals accounted for nearly 2,000 complaints in 2017 alone[1]; not an insignificant number!

To protect against claims of unfair dismissal, organisations should ensure the termination of an employee's contract is as a direct result of one or more of the "Three Cs"; Conduct, Competence (or qualification to perform the job) and Capability or arising from a genuine redundancy or that fact that it would contravene another statutory requirement.

[1] Workplace Relations Commission Annual Report 2017. Total number of complaints received – 14,001, 14% of which related to Unfair Dismissal.

Our experience representing organisations in the WRC has shown time and again that it will find in favour of the complainant due to poor processes and procedures being followed by the organisation. A recent example that was highlighted widely in the media was the case of a bus driver who shared a photograph of a faulty wheel on social media.

The WRC found that it was inappropriate for the driver to post negatively about his employer on social media, but he had been unfairly dismissed as the organisation had not adequately communicated its social media policy.

Another WRC finding from last year that demonstrates the importance of following correct procedure was a case where an employee had been dismissed based on an allegation made by a colleague. However, the organisation did not investigate the allegation and, therefore, could not show that the dismissal was in fact fair.

Regularly review policies and procedures

When we work with client organisations reviewing their practices and policies, we often identify shortcomings that can leave them vulnerable to potential issues. Not only is it important to have robust policies in place, it is equally important that they are adhered to and reviewed on a regular basis given the changes in employment legislation. Our team of experts can provide the necessary experience and expertise to support your organisation.

Adare Human Resource Management are leading experts in Employment Law, Industrial Relations and best practice Human Resource Management. www.adarehrm.ie

Derek McKay,

Managing Director, Adare Human Resource Management,

Derek is one of Ireland's leading providers of Employment Law, Industrial Relations and best practice Human Resource Management Support Services.

The FRC:
"It is time to build a new house"

by Michael Kavanagh

The UK Financial Reporting Council (FRC) is a multi-faceted organisation that many of us in Ireland are familiar with. Its tasks include setting the UK's Corporate Governance Code, financial reporting standards, auditing standards, being the UK's financial reporting enforcer, and audit quality inspector.

From the Irish perspective, we use FRC accounting standards (UK/Irish GAAP), companies listed on the Main Securities Market of Euronext Dublin are required to comply with the FRC Corporate Governance Code and, up to recently, we used FRC auditing standards for Irish audits. Therefore, it is more than noteworthy that the recent UK government commissioned review of the FRC (the 'Kingman review') is damning in its findings and recommends the abolition of the organisation.

Before going into some of the detail of the findings contained in the 76-page review which contains 83 recommendations, let me declare an interest. The FRC is an organisation that I knew very well. For 12 years, I was the Irish observer at the meetings of its Corporate Reporting Council which sets the financial reporting standards for the UK and Ireland (for those not using IFRS). This included giving the Irish perspective and input when the new standards were introduced in 2015. I attended, for one year, their Audit and Assurance Council which produced auditing standards for the UK and Ireland and also worked closely with their financial reporting enforcement and audit quality division as part of European initiatives. As CEO of IAASA, I negotiated the transition from the FRC, being the auditing standard setter for Ireland, to IAASA taking over that function in 2016. In fact I was so familiar with their HQ in London that they gave me an access card normally provided to staff and council members! In light of that, I don't feel it is appropriate for me to comment on the inner workings of the FRC but suffice to say that I found FRC staff and councils to be of the highest quality. However, to paraphrase a song title - they did it their way - and tended to conduct their business differently to how others in Europe did. While the extremely blunt and almost cutting language used in the Kingman review came as a surprise to me, the overall nature of the recommendations did not.

Abolition of the FRC

The main recommendation is that the FRC be replaced as soon as possible with a new independent regulator which has clear statutory powers and objectives. The language used in describing the FRC is forthright and unambiguous. The FRC is a 'hangover from a different era'. It is, according to Kingman, a 'ramshackle house cobbled together with all sorts of extensions over time'. Using the same analogy the Review continues, 'the house is just serviceable up to a point but it leaks and creaks sometimes badly. The inhabitants in the house sort of patch and mend but in the end the house is built on weak foundations and we need to build a new house.'

Compared to other regulatory bodies, the FRC is seen as unusual. Indeed, Kingman even finds its name strange in that it is still titled a 'Council', not an 'Authority' or 'Regulator' like European counterparts. He therefore recommends that the new organisation should be named the Audit, Reporting and Governance Authority (ARGA). This new organisation should have new leadership, a new mission, new powers and new funding.

Interestingly Kingman also strongly criticised the FRC's propensity for media leaks, which have led to several of its decisions appearing in the press ahead of their official announcement.

Funding and remit of the new body

The Review finds that the FRC has 'no meaningful statutory basis' which is extremely unusual for a regulator. For most of its history it has been a private company and not a public regulator and it has taken 'an excessively consensual approach to its work'. The new regulator should have an overarching duty to promote the interests of consumers of financial information, not producers. It should also have a duty to promote competition, a duty to promote innovation, and a duty to apply proportionality to all its work. Kingman called for the new body to maintain its remit around improving corporate reporting, but said it needed to have an expanded role in addressing and discussing audit quality, and said current arrangements which give the FRC oversight of the actuarial profession should cease.

Kingman also found the fact that it is funded partly through a voluntary levy from audit firms 'a very odd thing' and could reduce its willingness to 'bite the hand that feeds'.

Audit regulation

Kingman described the FRC as 'almost powerless' to take action against audit firms as opposed to actions against individual partners and auditors. Currently, if the FRC become concerned that problems of quality or compliance exist throughout an audit firm or its associated local offices, it cannot formally intervene, require improvement, or mandate changes at the firm but can, and has, reported on such matters publicly. The review says that the new regulator should work towards a position where individual audit quality inspection reports, including gradings, are published in full upon completion of Audit Quality Reviews (AQRs). The approval and registration of certain audit firms should shift from accountancy bodies ('their trade association') to the new body.

Kingman also says that the UK government should introduce a 'duty of alert' for auditors to report concerns about a company's viability or other serious matters similar to the system in place in France.

Interestingly he suggests that the new body could be given more power of oversight on public audits conducted by the National Audit Office. The equivalent here is the Office of the Comptroller & Auditor General which, up to now, has managed to avoid the regulatory remit of the Irish regulator, IAASA.

New body – new powers

Kingman was supportive of the current fining system which the FRC has in place, noting that there are no limits on the fines it could levy. 'The biggest issue is not the size of the fines but how long some of these enforcement cases have taken' he said. He recommended the new body be given certain expanded powers. For example, the regulator's corporate reporting enforcement remit should be extended from its current limited scope to cover the entire annual report. It should be given stronger powers to require documents and other relevant information in order to conduct that review work. The regulator should be given the power to require restatements promptly (rather than requiring a Court Order). From

Michael Kavanagh,

BComm, CPA, ACA, Dip IFRS, BFP is a Director in the Department of Professional Practice of KPMG.

Any opinions expressed in this article are his own.

my own involvement in European fora, this is an enforcement power brought in by an EU Directive that all EU financial reporting enforcers are supposed to have in place, but the UK decided not to implement that aspect of the Directive. Kingman also reported that the new regulator should have the power to make recommendations to a company's shareholders that they take action such as cutting dividends or firing senior staff, in 'serious cases' where 'the severity of the facts' merited an intervention.

Criticism of how FRC recruited staff and councils

The Review recommends that the FRC board and staffing needed an overhaul, describing its approach to board and council recruitment as 'surprisingly, and inappropriately, informal'.

Kingman concluded that the FRC was 'often not employing open advertising or using headhunters, and sometimes even relying on the alumni networks of the largest audit firms'. He found that 'of the 21 vacancies in relevant positions between 2016 and 2018 only one role was advertised in the national press, and just six involved external search consultancies'.

He suggested that, though many members of the FRC would transfer to the new body, a new board should be appointed. This should have some, but limited, continuity with the existing board. The new board would be much smaller and should not seek to be representative of stakeholder interests.

Conclusion

In light of persistent criticism of the FRC at political level there is a momentum for change in the UK. Many of Kingman's recommendations could be implemented straight away, such as shifting the FRC's mission and purpose, reshaping the board, and developing a new focus and plan. Others, however, would need primary legislation. This is unlikely to happen in the short term, given the current focus on Brexit.

From an Irish perspective, the Kingman review together with the current UK Competition and Markets Authority (CMA) work in relation to competition in the UK audit market, are being watched with interest. This is understandable given the number of Irish accountants that are members of UK accountancy bodies operating here and historical links to the FRC. However, regardless of which body is producing financial reporting and governance standards in the UK, the appropriateness of, what will be, a non-EU body producing standards for Ireland was always going to come under scrutiny in the future. The abolition of the FRC, as we know it, may hasten that review in Ireland.

Criminal Justice

(Money Laundering and Terrorist Financing) (Amendment) Act 2018

by Patrick D'Arcy

In this article, Patrick D'Arcy gives an overview of some of the changes introduced in the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018 that may affect professional accountants.

"The important thing is not to stop questioning"

Albert Einstein

The adage of Albert Einstein could be a very simplified way of summarising a key element of the Fourth Money Laundering Directive (MLD4) following its transposition into law under the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018 in November 2018.

The 2018 Act amends existing AML/CTF legislation (i.e. the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and requires accountants, and other designated persons under the Act to implement business risk assessments. To include a record of the risk assessment undertaken and further enhanced customer due diligence to include an understanding of the services, transaction types, delivery and operating channels, etc, and more importantly the nature and source of a customer's funds as well as identifying risks inherent in the sector or market within which the customer trades.

Report of Financial Action Task Force

In September 2017, the Financial Action Task Force (FATF) published their evaluation of the anti-money laundering and counter-terrorist financing ("AML/CFT") measures in place in Ireland arising from their on-site visit during the period 3 to 17 November 2016. The findings contained in the executive summary of the FATF Report in relation to preventative measures of designated non-financial businesses and professionals (DNFBP) and Trust or Company Service Providers (TCPS) are outlined in Chapter 5 of the FATF Report state as follows:

> **24.** DNFBPs' understanding of their ML/TF risks are largely domestically focused. Accountants

who perform auditing services and some of the larger TCSPs have shown a better understanding of their ML/TF risks including cross-border ML/TF risks. Overall, the AML/CFT controls and process in place for DNFBPs were less sophisticated in nature and in many cases, the CDD and monitoring process are manual (although this could be appropriate in some cases where the business and customer profile are less complex).

25. The implementation of CDD (e.g. collection of beneficial ownership information and existing clients) measures by FIs and DNFBPs could be further strengthened. There are also concerns on their ability to identify, in a timely and accurate manner, relationships/transactions in relation to PEPs and designated entities in relation to TFS.

26. For some FIs and DNFBPs, there is indication that there is strong reliance on local community networks and knowledge. While this is a useful source, and could enrich customer understanding when used appropriately, it could also be subject to preconceived notions, and not always adequately supported by objective analysis. Further, such strong reliance may reduce the incentive to give adequate focus to external and cross-border factors.

27. The level of STR reporting, particularly by DNFBPs (e.g. TCSPs, PSMDs etc.), is also low.[1]

The FATF Report acknowledges in the case of Ireland the understanding that designated non-financial businesses and professionals (e.g. accountants) have knowledge of a customer's business through local community networks, but this knowledge may not necessarily facilitate a similar understanding of cross-border money laundering and terrorist financing risks.

Introduction of Business Risk Assessment

One of the main aims of MLD4 is to eliminate some of this inherent risk with the introduction of a "Business Risk Assessment", which reflects the "risk-based approach" of MLD4 for Member States and designated persons to better understand and identify the type of risks that are in existence nationally and internationally.

In addition, to conducting a Business Risk Assessment, the business risk assessment must be fully documented and available to the relevant competent authority, upon request. The business risk assessment is managed and controlled by a designated person within the organisation, at pre-defined periods, and must be approved by senior management. The business risk assessment processes are in addition to the normal take-on and identification requirements and are required to assess the potential level of risk of money laundering and/ or terrorist financing that may be involved in the customer's business or sector.

A designated person may be required to demonstrate compliance with the regulations as set out in the Act, and where necessary, this may include consultation with the Department of Finance's National Risk Assessment (NRA) or other guidelines issued by the European Central Bank in the case of credit and financial institutions.

Customer Due Diligence

Designated persons can carry out simplified Customer Due Diligence (CDD) where a customer or business carries a lower degree of risk of money laundering and/or terrorist financing. The litmus test for applying simplified CDD is whether a "reasonable person" would make a similar assessment of the risk. The designated person must, if requested by a competent authority, set out its reason(s) for applying a simplified CDD to its customer or its business operations. Where necessary, the appended schedules to the 2010 Act setting out potential risk factors, the National Risk Assessment and in the case of case of credit and financial institutions, the guidelines issued by the relevant European Supervisory Authorities (i.e. EBA, EIOPA and ESMA - ESAs) should be consulted to ensure a proper assessment of potential risk(s) are understood.

There is now an obligation to carry out enhanced CDD in the case of politically exposed persons (PEPs) that are resident in Ireland as well as PEPs that are outside of Ireland. In addition, specific steps are required to be undertaken where the PEP is also a beneficiary of a life assurance policy. The threshold for making such an assessment is whether a "reasonable person" would make a similar assessment of the risk.

A designated person is required to conduct enhanced CDD when dealing with a customer or business residing in a high-risk third country, or where a relationship or transaction presents a higher degree of risk.

Monitoring and Reporting

The 2018 Act requires a designated person to monitor on an ongoing basis and to review transactions and the source of funds of such transactions in order to determine whether transactions are consistent with the designated person's knowledge of its:

- customer;
- customer's business/pattern of transactions; and
- customer's risk profile as determined by the business risk assessment.

The Act also requires the designated person to examine all unusually large or complex transactions, and unusual pattern of transactions for which

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[1] FATF Mutual Evaluation Report - Anti-money laundering and counter-terrorist financing measures in Ireland – 2017, page 8

there appears to be no apparent lawful, business or economic purpose. Where such transactions are identified the designated person must increase the degree and level of monitoring to determine whether such transactions appear suspicious. A failure to do so is an offence under the Act.

The level of suspicious transaction reports (STRs) received from designated non-financial businesses and professionals is identified in the September 2017 FATF Report (extract above) as low. The Central Bank of Ireland has also identified the low level of reporting as one of its key AML/CFT priorities for 2019 and has advised firms that it would like greater importance placed on recognising the need to file STRs promptly with both An Garda Síochána's Financial Intelligence Unit (FIU) and the Irish Revenue Commissioners.

In Summary

The requirements introduced by the 2018 Act clearly enhance the existing risk-based approach to AML & CFT. The new additional requirements do not represent a significant change to the existing framework and the Central Bank of Ireland has stated that it expects firms to reflect the changes in their risk management frameworks and bring their risk assessments and policies and procedures in line with the requirements, as outlined in the 2018 Act.

All professional accountants and designated persons should:

- review their existing AML/CFT policy to ensure it is updated to meet the requirements of the 2018 Act;
- establish and conduct business risk assessment processes with a focus and regard for published guidelines, including the NRA for Ireland;
- fully document any decision to use simplified CDD;
- introduce internal processes to assist with monitoring customer and business relationships on an ongoing basis; and
- undertake an assessment of the revised AML & CFT policies and procedures to ensure alignment with the requirements.

As stated at the beginning of this article, the important thing is not to stop questioning and this appears to be the one of the key mantras contained in the MLD4 in relation to the requirement of a designated person to monitor on an ongoing basis and to review transactions and the source of funds of its customers and of their businesses.

Footnote: This article is merely a general overview of some of the changes introduced in the 2018 Act that may affect professional accountants and should not be interpreted as legal advice. Readers of this article should consult the 2018 Act to identify the key changes introduced for all regulated financial service providers and other designated persons operating in the financial services industry.

Patrick D'Arcy,

Forensic Accountant and Director with Grant Thornton Corporate Finance Limited,

With significant experience, having led and conducted a number of high profile and complex money laundering investigations with both a national and international dimension to them.

Finance & Management News

Enabling the Accountant's Role in Effective Enterprise Risk Management

Enterprise risk management (ERM) needs to be part of the professional accountant mindset and makeup. A new report by the International Federation of Accountants (IFAC) explores the contribution of professional accountants to effective ERM in their roles as chief financial officers (CFO) and within finance functions.

To add value, accountants must be seen as risk experts who are outward-looking and provide valuable insights to help organizations manage risk, respond to uncertainty, and achieve their objectives.

As businesses face rapid change and increasing uncertainty, the report identifies three ways in which CFOs and finance functions can enhance their contribution to ERM:

- Align risk management with value creation and preservation;
- Drive insights and enable decisions through provision of risk modeling and analytics, data governance and identification of organizational risk appetite; and
- Enable integration and interconnectivity by breaking down siloes across the organization to share information.

The report can be accessed at www.ifac.org/publications-resources/enabling-accountants-role-effective-enterprise-risk-management

Leadership Insight

by Catherine Moroney

Can you provide a brief history of your career?

I started my career with AIB and have worked in very different roles and environments across my career which involved a few pivots. I started in retail banking and after this I took a significant pivot into treasury. My experience with treasury clients then led me into a 15-year career spell in corporate banking, where my role involved structuring and funding management buy-outs, project finance and companies going public and private across Ireland, the UK and the USA. This was the longest spell in any one role in my career to date. Most other roles were for 3 to 5 years and included leading out our product development function, running our Dublin region for both the personal and business market and leading our analytics function. I have also been very active in the external market at all times in my career, which I consider key to staying informed, connected to your customers and innovative in your thinking.

You were recently awarded International Leader of the Decade in Financial Services 2018 at the WEF, New Delhi, India and Irish Business Woman of the Year 2018 by In-Business which you must be extremely proud of. In your role at AIB, what is your biggest leadership challenge?

I genuinely believe leadership starts with leading yourself, when you have the privilege of leading others they expect that clarity of vision, the determination to achieve, and willingness to let others have 'their head and their area of accountability' within the goal framework you have agreed. For me personally that's more a privilege than it is a challenge. I learned more about leadership, about myself and about others in challenging times, than I ever did in the 'good times'. Leadership is, in my view, all about realising you don't have all the answers and its vital to involve the whole team. You are ultimately accountable for the outcomes and this I feel is a key factor to your teams' engagement levels. Creating an environment where the team have time to think and contribute at their best is a key responsibility of people leaders. That and looking after yourself so that you stay energised, motivated and resilient is key.

You have excelled in a male dominated workplace. To what do you attribute your success to?

I have never experienced my work environment to be 'male dominated' as such. Yes, there were more men than women in the teams I worked in and my bosses were always male, however my personal experience was always the right person got the job. I know I was lucky in that respect, as that is an environment in which everyone can thrive (and not everyone has that experience) The key is to pay that forward and ensure an environment that everyone can thrive in becomes 'the norm'. That is more commonplace now across most sectors, however we are not there yet. AIB have achieved 37.8% of women in management roles now and it is our intention to achieve 40% in the near term.

For me success is all about being clear on what your vision and strategy is for your business. Ideally you co-create that with the team and ensure teams across the business have the opportunity to internalise what that means for them in their role regardless of gender. Getting that focus and purpose razor sharp is key to knowing exactly what you are expending the business energy on and knowing why it's a prize worth going after. That coupled with creating an open and direct atmosphere where everyone can thrive and contribute is key. The success happens then. I did have coaching early in my career, which I would highly recommend.

Coaching helped me to make sure I play the ball and not the man (or woman)! This is hugely empowering, and it means you will respect and listen to different perspectives and keep bringing the focus back to the opportunity or issue without personalising or internalising stress points.

You are Vice President of Dublin Chamber of Commerce. What do you feel is important about such membership organisations?

I am a firm advocate of community involvement and being a member of an organisation that serves your business, serves the community and your personal objectives of being involved and connected is a 'triple whammy benefit' so to speak. I could not recommend involvement with Dublin Chamber highly enough. Being a member of any organisation that can align those three critical elements of your inner and outer game so well is highly rewarding personally and professionally. If you are not in business, it may be a sporting project, charity or other community project that you can immerse yourself in. It is also a good way to meet great people who are willing to give their personal time and expertise and no matter how much you give, you always get back more than you give.

What are you most proud of in your career to date?

I have had many high points and a few scary moments throughout my career. Those times when you say to yourself 'have I stretched myself too far' are, in the end, the most rewarding and you learn from those times the most. During my career I have enjoyed moving into new and challenging roles a number of times and a stand out for me was when I took on the role in analytics in the early 2000s. It was a very new field and different to any of my previous roles, but the challenge is something I really enjoyed, and I learned a lot about very different aspects of our business in this role, including the power of challenging your held beliefs with compelling data. Being part of the diversity and inclusion programme in AIB, which has seen a dramatic change over the past five years for the better across the many facets of diversity, has been a very rewarding engagement. Above all, being involved in delivering for customers with my colleagues is my favourite ongoing career high.

What have you been involved in outside your day job and how has this benefited you?

I have been involved in a variety of organisations and activities outside of my day job which have been very beneficial to me personally and to our business. In the early days I would have regularly volunteered for projects that were 'outside' of my job description, sometimes within AIB (for example our first 'Dublin Development Project' many years ago), and volunteering to be Secretary to the Institute of Bankers in my very early years, working on their academic training programme content with them. I have been a Board Director in a number of external businesses which I would highly recommend. Bringing your skillset into a different sector at board level is the ideal fit because you learn hugely from other business sectors and from people with very diverse backgrounds and ways of thinking. I have previously been on the board of a health insurance business, a charity, two educational advisory boards and a local housing community project. I currently chair AIB's corporate finance business and am a non-executive Director of Dublin Chamber. I also think being involved in sport (or any activity that takes you away from your day job) is important for overall well-being.

What has been your greatest learning in your career to date?

There have been many. Probably the most insightful learning for me would be to focus on yourself first, before you try to teach others. You have to continuously lift your own leadership lid and your own continuous learning to stay relevant and vibrant. An approach that I try to live both in my life as well as my career is what I call the Inch by Inch process which very simply means focusing on your goal and taking the next step intentionally. That constant practise of achieving the next step, or the next inch is what ultimately leads to achieving great outcomes.

This process has taught me that you should never focus on one big end game goal of success as it's too far away and it's too big. Focus on the next step to achieve that goal and on being the very best you can be in achieving that. It also means there isn't one big success or fail point as you can constantly recalibrate, improve and reset. In essence, you are your most important coach, the coach encourages you to train and develop skills, sets out the game strategy, you play the first half, review performance at half time, adapt and then after the game you watch the playback and keep improving your game-plan and your outcomes. This means you are constantly learning and improving your outcomes, inch by inch, game by game, each team member recalibrating their performance while enjoying playing the game – which is vital to the journey. If you don't like the game, that's ok, play a different game, in a different jersey.

What advice would you have for young people looking to make it to boardroom level?

Firstly focus on your strengths. Too often there is a focus on 'development gaps' and whilst these are important if they are people skills that you need to hone and develop over time, when it comes to leveraging your abilities, the critical thing is to work in a field that you love. Then you will thrive and have the time and energy to develop the general management and interpersonal skills you need to perform at board level.

Secondly, in order to perform well at board level, you must continuously work on developing your knowledge and wisdom – again that inch by inch process – decide what area of strength you are developing now and work on it, an inch a day, don't put it off, stay curious, keep learning. Thirdly, keep taking on opportunities to grow, step forward and stretch yourself. Ask for help from those whom you know are more experienced.

Most important of all, build strong and trusting relationships as you go. If you want to operate at board level, others keep score of the type of person that you are to deal with, there are no short cuts to building your reputation.

You were the driving force behind AIB's Women in Enterprise initiative. Why did you feel this was an important initiative for AIB to be involved in?

The programme was designed based on independent research we commissioned to understand what women business owners want from AIB. Their answers surprised us. They told us that in addition to banking, they want AIB to help them to connect with like-minded business owners across our business and to help them as leaders to grow their businesses. We worked with expert partners in the Entrepreneurs Academy who provided the content and expertise in the 'classroom' element of our Programme which includes both an afternoon immersive masterclass, and a separate six full day programme over six months (the 'Academy' element).

We have also built an ecosystem of supports for their businesses, including a €100million loan fund and access to a Discovery Equity Fund as well as advice and linkages to our own teams. It's a great opportunity for business owners to develop a peer group of business owners and to focus on working on their business, not just in their businesses.

Through the initiative we have seen an increase in new lending to women owned businesses from 27% to 50% of our new business base. We are really pleased with this outcome and we recognised the participants with an award ceremony to celebrate their achievements in business. The winners shared in a prize fund of €40,000 at the event. The AIB Women in Enterprise programme has been a huge success and we will be repeating it again this year nationally.

How do you unwind?

My favourite endeavour is just spending time with family and friends doing as little as possible. I do enjoy cycling too, it's great to get outdoors and clear the mind, but I don't do this often enough. I also love to read, I would read almost anything once it isn't fiction. I also enjoy cooking but mastering that skill still evades me.

Catherine Moroney,

Head of Business Banking at AIB Bank, Chairman & Non-Executive Director of AIB Corporate Finance and is a Board Member and Vice President of Dublin Chamber of Commerce.

She is also a Non-Executive Director of the Board of DCU Centre for Family Business and a former Non-Executive Director of Aviva Health.

Optimising Finance in the Public Sector

by Shane Mohan

Shane Mohan outlines how government financial managers can deliver the future of finance to their organisations.

Financial management in the public sector is complex. Multiple, sometimes conflicting, short- and long-term priorities must be addressed. Budgets, borrowings and taxation need to be balanced against support for economic growth, investment in infrastructure and increasing demands for public services.

Over the last decade, Government has had to manage these tensions in the face of great financial turmoil, globalisation, demographic change, technological disruption, and in more recent years an economic upturn accompanied by an uncertain policy environment (with Brexit currently the dominant issue).

In our recently published 'Future Finance' report, Deloitte examines how the public sector finance function is evolving against this background. We have identified key priorities for government financial managers and the key enablers we believe will help in driving a future-orientated finance function.

We've spoken to the people at the coalface in this regard – insights for this report were generated through interviews with senior government finance specialists in nine European countries (Ireland, Austria, Denmark, Finland, Germany, Luxembourg, Netherlands, Norway, and the UK), as well as through input from Deloitte experts.

The financial backdrop

The financial context for public sector managers has evolved significantly since the economic crisis.

A decade on, European economies are in a healthier position. The EU as a whole has experienced moderate GDP growth, averaging 1.8 per cent from 2012 to 2017.

Government budget deficits, which increased substantially to an average of 6.6 per cent of GDP in 2009 for the EU-28, have largely been brought back in check, and averaged 1 per cent of GDP in 2017. These changes reflect not only the recovery in GDP growth but also public spending restraint and prioritisation.

According to OECD data, social spending across Europe has risen over the last decade in response to growing health care and age-related expenditure demands. While significant cuts were made in an effort to balance the books – for example, in operating expenditure (notably public sector wages) and in capital investment - average public sector debt in the EU nonetheless rose substantially from 58 per cent of GDP in 2007 to 81.6 per cent in 2017.

Ireland is clearly an outlier in Europe in terms of our own growth trajectory, with average GDP growth of 11.5 per cent/modified GNI growth of 7.5 per cent in the five years to 2017. Our government debt and deficit, which spiked following the crisis, have shrunk significantly relative to both GDP and GNI.

Persistent and emerging challenges

The financial crisis might have receded, but European governments, including our own, continue to face a range of external and internal challenges, and persistent budget pressures.

A modest upward trend in interest rates (in the UK and US at least) may present new challenges to fiscal sustainability, given high levels of public sector debt. There are also threats to tax bases, for example from globalisation, an ageing workforce, new technology (e.g. sharing economy business models) and regulatory changes (e.g. international tax reforms). Meanwhile, governments are experiencing shifts in requirements for social and infrastructure expenditure, related to population changes (most notably, due to care for the elderly and migration flows).

At an organisational level, interviewees commented on challenges in:

- Connecting financial managers with the broader administration and with political leaders
- Obtaining an accurate view of the public sector cost base, returns on investment and forecasts
- Balancing the financial demands of short-term priorities against "big ticket" investments to deliver efficiency in the long-term
- Balancing requirements for central financial supervision and control with delegating more autonomy to line ministries, agencies and local government
- Recruiting and developing a workforce with the required skills for 21st century financial management. Tax and legal, data science and digital skills were listed as key gaps.

While the external pressures on public finances are being mitigated to some extent through fiscal policy – for example, through taxation or pension reform – there is pressure on financial managers to do more with less. They must also operate in a much more flexible and insightful manner to respond to their dynamic operating environment.

Priorities and trends for the 'Future Finance' function

Our research identified a number of priorities and trends for public sector financial managers:

- Generating further efficiencies – moving beyond rationalisation and consolidation, and leveraging technology to drive efficiencies. Suggested measures to support this agenda include ongoing efficiency reviews and exploring the use of technologies such as robotic process automation, cognitive and cloud computing.
- Balancing oversight with operational autonomy, including preserving reputation with creditors and providing operational flexibility to budget holders. Measures that can help with these include performance-based budgeting and blockchain for audit.
- Improving decision support – how to best evaluate proposed investments, accessing and using the best data for decision making and connecting with the rest of government. Measures that can support improved decision making include data analytics for modelling, planning and forecasting, and accrual accounting.

Delivering performance improvements

A range of initiatives are under way to improve decision support, balancing financial oversight with operational autonomy, and supporting efficiency in the finance function. Government finance teams are reforming accounting and budgeting practices and are moving towards using a wide range of emerging technologies to record, analyse, and transact government business.

At Deloitte, we have identified three key enablers that can support finance teams in their efforts and that will allow performance improvements in the finance function. These are as applicable in the Irish context as they are elsewhere in Europe.

Enabler 1 – People

One of the biggest gaps to fill to enable finance transformation is on the people side – replacing retirees and addressing years of under-recruitment, and at the same time acquiring a whole new set of skills and capabilities. Finance teams in the public sector need professionals with a range of strategic and technical abilities to support the effective implementation of ambitious programmes for change.

Connecting the finance function with the rest of government business is important, and developing the concept of business partnering is a means of doing this. Business partners are finance professionals who work with policy-makers and operational parts of government to support and inform management decision-making. Such structures will allow finance professionals to help policy-makers manage performance, plan the business, provide insights and support decisions.

Along with the appropriate structures to support business partnering, strategic skills and capabilities are required in areas across planning, budget forecasting, data analytics and financial reporting, combined with knowledge on topics as diverse as regulation, taxation and international business. In addition, finance business partners require strong interpersonal, negotiating and influencing skills, and a good understanding of the business area they support.

Professionals at the operational end of finance will need to understand how to optimise processes using digital technology and understand how finance operating models can evolve across policy areas, business support and shared services.

Unlocking this potential will of course require investment – the value of channelling resources into training and recruitment cannot be underestimated.

Finally, embedding a culture of adaptability and innovation is vital to supporting transformation within a rapidly evolving environment. Embracing practical, yet novel, approaches to service design and delivery, such as design-thinking, can help foster a more positive and creative view on change within organisations.

Enabler 2 – Digital

Digital tools such as RPA, cognitive computing and analytics, are allowing finance managers to move from routine manual processing tasks, and affording them more time to interpret, analyse and add value from a strategic perspective.

As digital technologies are evolving rapidly, finance managers need to make continuous efforts to identify and assess potential technologies, in order to boost internal capabilities within the function, as well as to respond to external challenges, such as tax fraud. Embedding routine digital foresight activities, such as horizon scanning, into finance function activities can help teams anticipate digital challenges and opportunities arising for new technologies.

In turn, responding to the pace of disruptive change requires investment in IT systems and solutions which afford flexibility. For example, core systems which can support cloud technologies and software as a service can provide for more responsive, low-risk, low-cost investments in the long run.

Enabler 3 – The Business Case

Government finance teams are becoming more analytical in their investment decisions. As with any change initiative, securing buy-in and sponsorship from the highest levels in government is crucial. Strong leadership is needed to promote a clear vision and culture of innovation, highlighting the benefits of change initiatives and instilling confidence in those undertaking change and those impacted by it.

Business cases to support change in the finance function need to reflect the level of external disruption and the pace of technological change. Budget holders expect swift proof of concepts and faster returns on investment. Short pilots and proofs of concepts which highlight tangible benefits upfront can help secure buy-in.

Over the course of our interviews for the Future Finance report, we noted that few interviewees were tracking benefits. However, where this was done, it was viewed as highly beneficial. Benefits tracking should be applied in the widest sense. For example, the return on investment for robotic processing does not need to be about cost-cutting. It should relate to the broader organisational agenda – for example, removing employees from tedious tasks, making task planning more flexible, and achieving performance and quality improvements. Identifying and quantifying such measures and tracking their outcome will help maintain the momentum required for any performance improvement initiative.

Yes, public financial management is complex. However, by implementing the measures and using the enablers identified, government finance teams can navigate this complexity to deliver a stronger, future-proof finance function for their organisations.

For more information, please see our report at deloitte.ie/futurefinance.

Shane Mohan,

Partner and Head of Government and Public Services at Deloitte.

How to be a valuable board member

by Eileen Cole

The compelling value and experience you as an accountant can bring to a board team.

Accountants in Ireland are much in demand as non-executive board members of large companies, SMEs, and non-profit organisations with the latter ranging from charities to the local credit union. It's easy to see why – accountants typically have a wide range of skills that are fundamental to creating and maintaining a high performing board team.

Based on our experiences of supporting board teams across different sectors in different countries we have found consistent **key characteristics in high performing board teams:**

- The highest levels of trust and performance culture – every single board member "bringing their A-game" to every meeting, making a very strong contribution as part of a genuine board team;
- An outstanding partnership between executives and non-executive directors – balancing high levels of robust quality challenge, debate, oversight with significant value being added by the non-executive directors;
- A high level of engagement between the board and the CEO and executive team, demanding high-levels of accountability, openness and engagement with the board. Working with the CEO to leverage the expertise and independence of the non-executive directors;
- Concentration on "high-gear mode" focused on strategic areas, capable of identifying and grasping strategic transformational opportunities and not prone to diving into the weeds; and
- Every board member supporting the chair in enabling a high-performing board team.

So, what transferable skills do you as an accountant bring to the board table and high-performing board team?

Accountants are seen as professional, ethical, trustworthy individuals who add-value through your professional knowledge. You are seen as strategic advisors who provide direction and advice based on your knowledge and experience. Let's explore how these skills can support a high-performing board team.

The highest levels of trust and performance culture – every single board member "bringing their A-game" making a very strong contribution as part of a genuine board team.

Mutual trust and respect around the board table are key to a fully functioning board team. Every board member should show up to each meeting fully prepared and ready to contribute constructively to the challenge and debate during the meeting (and in between board meetings as required). Respect for the contributions of the other board members and the executive team promotes a strong culture of active participation. As an accountant you either manage a team or are part of a team and you will appreciate that a weak or lazy team member impacts on the performance of the entire team. You can set an example by bringing your A-game to each meeting and demanding the same from other board members if they do not make a full contribution at the board meetings. Generally, this is achieved by your performance at the meeting combined with the chair demanding the same level of contribution and performance from any board member who is not fully engaged.

You are also skilled at identifying and managing conflicts of interest which is a critical area demanding openness

and trust amongst board members. Your professional expertise in this area would be a useful addition to many boards, especially those in the non-profit sector.

An outstanding partnership between executives and non-executive directors – balancing high levels of robust quality challenge, debate, oversight with significant value being added by the non-executive directors.

It takes time to build up a partnership of trust and respect between executives and non-executive directors, but you are likely to be already part of a team and can see the benefits of a strong bond of trust amongst team members. This trust partnership at board level will be built on the preparation for and the openness and honesty during the debate and challenge around the board table where each will push the other to ensure that the board has all the information it requires to make the best decisions for the organisation.

The very nature of your work as an accountant means that you are used to dealing with large volumes of confidential information. You can process information and focus on what's important to enable the board to reach a well-reasoned decision by contributing actively to the debate around the board table.

There are two main areas where the board can add significant value for the organisation:

- Strategy
- Crisis management

Many boards have difficulty in limiting their focus on operational matters to the level needed to discharge their critical oversight responsibilities. Your professional training has equipped you to clearly distinguish between operational and strategic levels of thinking and debate. This is a skill you can bring to the board table but in practice some accountants struggle with this area as they are very comfortable 'down in the detail'. It is essential that the board team develops the capability to understand the operational and financial performance of the organisation while at the same time developing a strong understanding of the factors outside the organisation that could impact on its long-term success.

It is key that the board is involved in the development of the organisation's strategic plan from an early stage rather than simply rubber stamping the final draft plan when presented to the board by the CEO and the executive team. Good management of the board's time allocated to operational and strategic matters goes a long way to ensuring early involvement in the development of the organisation's strategy.

The strength and support of the partnership in times of crisis can be a significant asset to the CEO and management team. We have seen in practice that boards tend to be immediately engaged and of practical support where they have had a strong role in the development of the strategic plan which can also help to avoid a 'blame game' response.

A high level of engagement between the board and the CEO and executive team, demanding high-levels of accountability, openness and engagement with the board. Working with the CEO to leverage the expertise and independence of the non-executive directors.

A strong, open relationship between the CEO and executive team and the board is a solid foundation on which to build a high-performing board team. Such a relationship is based on high levels of accountability and integrity shown by the CEO and management team with the board members alerted to early warnings of serious issues. The board for its part focusses on discharging their oversight responsibilities and on the future direction of the organisation.

As a professional accountant you have forged strong relationships with your team members/ employees and employers/clients. These relationships are based on trust, openness and accountability and are fundamental to your success as a trustworthy professional. You are familiar with focussing not just on the financial matters that impact on the organisation but also on outside events that should be considered at board level. You have a strong sense of independence and an ability to identify matters of material importance. These are skills that you can bring to the board team to add significant value to the organisation in good times and in times of crisis.

Concentration on "high-gear mode" focused on strategic areas, capable of identifying and grasping strategic transformational opportunities and not prone to diving into the weeds.

A key differentiator between high-performing and average boards is the focus the former place on strategic areas and identifying strategic opportunities to "move the needle for the organisation". The openness of the CEO and executive team and the quality of the board information model and information flows is critical to assisting the board in efficiently discharging their oversight obligations.

We have found that accountants tend to improve the information flows between the executive team and the board by ensuring that reports are relevant, timely and focussed on the areas that need board attention, thus allowing more time on the board agenda for consideration of strategic matters and avoiding spending time diving into the weeds.

The focus of the board's attention on strategic transformational opportunities means that time is spent on researching and assessing how the organisation can identify opportunities that position it to adapt and thrive in a constantly changing environment. This focus demands that the CEO and executive team also look up and consider the opportunities and indeed the risks that could impact on the organisation.

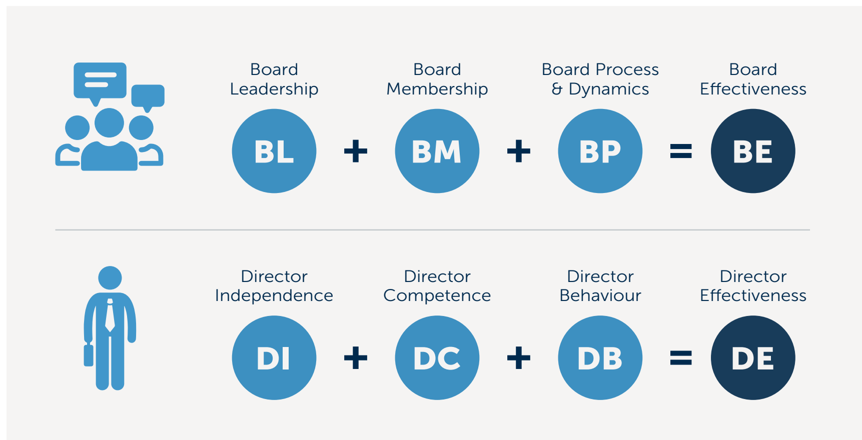
Every board member supporting the chair in enabling a high-performing board team.

We in Board Excellence believe that the quality of the board chair's leadership of the board team is the biggest single factor which impacts on a board's effectiveness and performance. However, the chair needs the support of each board member to achieve a high-performing board team.

As a professional you are used to working to the highest standards and either leading a team or being part of a team. You appreciate the value of the team working together to support the long-term growth of the organisation and can bring this professionalism and experience to the board table.

Our board effectiveness and performance model below illustrates the ideal blend of director and board effectiveness to lead to a high-performing board.

Board Effectiveness and Performance Model



Summary

Excellence is not the default position of a board of directors, irrespective of the stature and CVs of board members around the table. One of the hallmarks of high-performing board teams is an ability for the board team to demonstrate consistently strong levels of high-quality challenge and debate which not only optimises the core functioning and decision-making capability of the board but builds sustainable high levels of respect and trust between the executive and non-executive board members.

As a professional accountant, you possess the skills to bring an outstanding work ethic, challenge, oversight and strategic thinking to any board you are part of and to assist the chair and the entire team on the path to excellence.

Board Excellence is a specialist board consultancy practice that enables boards, working as teams, and individual directors to excel in effectiveness, performance and corporate governance. In this article, Eileen Cole, Partner in Board Excellence, considers the key characteristics in high performing board teams.

Eileen Cole,

Partner in Board Excellence

Eileen is a highly experienced executive, board director and management consultant with an excellent track record over her 25-year career. She supports boards in companies, organisations and non-profits in Ireland.

Taxation News

Charities VAT Compensation Scheme - Guidelines

The Government has introduced a VAT Compensation Scheme for Charities. Claims for compensation under the scheme can be submitted to Revenue from 1 January 2019 in respect of VAT paid on qualifying expenditure on or after 1 January 2018.

A new Tax and Duty Manual, VAT Compensation Scheme Guidelines has been created and provides an overview of the scheme, including issues such as eligibility criteria, eligible tax and the application process.

Source: www.revenue.ie

Ireland would lose key tax controls under new EU tax policy

The European Commission's latest proposal to change the manner in which direct tax policy is decided to a qualified majority vote system would benefit large Member States but would put small Member States like Ireland at a distinct disadvantage, according to The Consultative Committee of Accountancy Bodies Ireland (CCAB-I).

President of member body Chartered Accountants Ireland, Feargal McCormack said:

"Irish tax sovereignty is inextricably linked to the right of this country to veto an EU tax policy measure which is not in our national interests. The matter of Irish tax sovereignty was a core factor in the referendum in Ireland for the ratification of the Lisbon Treaty in 2009."

"Many citizens in Ireland voted to support the Lisbon Treaty on the understanding that tax sovereignty is protected by the system of unanimous vote on tax matters and the basis on which the Irish ratified that Treaty cannot now be disregarded by the EU. This understanding is expressed in the Protocol on the concerns of the Irish people on the Treaty of Lisbon, signed at Brussels on 13 June 2012."

Any attempts by the EU to change to a qualified majority vote system on tax matters will create distrust among small states like Ireland, given the fact that national tax sovereignty has been publicly debated during EU Treaty referendums.

It is unacceptable that the European Commission would put forward such a divisive proposal at a time when unity is essential among Member States as we lose one of our largest members, the UK.

It is also unacceptable that the European Commission would seek to change the manner in which tax policy is agreed when time and time again small countries like Ireland have stated their opposition to measures such as the CCCTB and EU digital tax. Ireland and similar states should be afforded the right to veto these proposals if they are not in the national interest of the State.

The CCAB-I believes that the integrity of the European Union is damaged each time a measure which seeks to diminish the rights of smaller Member States is even considered. This is the wrong direction to take European tax policy. The Commission's plans, published yesterday, are set out in this link.

Source: CCAB-I

Brexit planning and VAT

As the next step in the Brexit Contingency Action Plan, the Government has agreed a measure in relation to VAT, to mitigate the cash-flow burden on businesses post Brexit.

When the UK withdraws from the EU they will become a third country for VAT purposes. This will impact on the tax treatment of goods sold between businesses in Ireland and the UK post withdrawal date.

In order to mitigate against this cash-flow burden on businesses, Minister Donohoe proposes to introduce a legislative change to introduce a system of postponed accounting.

The purpose of this measure is to alleviate the cash flow impact on business as a result of the UK's status as a third country and, as a consequence, the requirement for business to pay VAT at the point of import rather than at the time of filing their bi-monthly VAT returns.

While the introduction of the scheme will be provided to all traders for a period to alleviate the immediate cash flow issues arising from Brexit, continued qualification for postponed accounting will depend on Revenue authorisation from a later date to be agreed.

Source: www.merrionstreet.ie

PAYE Modernisation

by Sinead Sweeney

From 1 January 2019, all payments to employees must be reported to Revenue in real time. Here Sinead Sweeney looks at how the move to real time PAYE has brought about significant improvements for users.

The move to real time PAYE is transforming the administration and collection of payroll taxes and is bringing about very significant efficiencies and improvements in accuracy and transparency for Revenue, employers and employees. The new arrangements apply to emoluments (salary, wages, perquisites, expenses) paid to employees, pension recipients and company directors on or after 1st January 2019.

Background

Revenue's Public Consultation Document on PAYE Modernisation, published on 11th October 2016, explained the rationale for its introduction. PAYE was introduced in 1960 and the nature and complexity of employment has significantly changed since then. Additionally, modern information and communication technologies present opportunities for electronic payroll and associated real time tax reporting, and for modernisation of the administration of PAYE.

Since the then Minister for Finance launched the project in his 2017 Budget speech, Revenue has worked extensively with all relevant stakeholders in a co-design approach, to ensure the new PAYE Modernisation reporting system operates as effectively as possible for all involved in the PAYE system.

The objective is that real time PAYE reporting seamlessly integrates into the payroll system, bringing significant streamlining of business processes and a reduction in administrative burden and costs. Employers now report to Revenue in real time; Revenue has the most up to date information possible to determine that each employee is subject to the right tax deduction; and employees will have full visibility of the data reported to Revenue, bringing increased transparency and allowing the quick resolution of errors.

The Finance Act 2017 gave legal effect to the move to real time PAYE reporting and the new PAYE system was launched when Revenue made available the 2019 Revenue Payroll Notifications (RPNs) to employers on the 5th December 2018.

Changes for employers

As an employer, real time PAYE reduces your administrative burden by eliminating the need to file forms P30, P35, P45, P46 and your obligation to produce a P60 for every employee each year. Revenue has undertaken extensive stakeholder engagement to assist employers in preparing for the change to real time reporting. From 1st January 2019, you must now report to Revenue all the pay, tax and other statutory deductions, with details of any employees leaving your employment and new employees joining, at the same time as you run your payroll. Every month, Revenue will provide you with a statement reflecting the total deductions made on behalf of all your employees in that month. This will become your monthly return. If you disagree with the statement, you must update the associated payroll records and Revenue will issue an amended statement. You no longer have an end of year compliance requirement; instead, there are twelve returns based on the payroll data you submit throughout each month. Therefore, it is important to focus on the quality and accuracy of the data you provide to Revenue each pay day.

Integrating and simplifying PAYE processes will provide increased confidence in the accuracy of the data, preventing costly and time-consuming errors and reducing unnecessary contacts to you from your employees.

Changes for employees

As an employee, the new PAYE system allows you to quickly and easily manage your tax affairs. You will no longer get a P60 from your employer each year. Your 2018 P60 is the final P60 you will receive from your employer. Revenue will now make an end of year statement available to you showing your pay and statutory deductions. With real time PAYE, Revenue's regular reconciliations will be based on your actual pay and tax details. This will ensure that you get the full benefit of your tax credits and rate bands across employments throughout the year, even if you have more than one employment. This is in contrast with the previous system, where there was an end of year reconciliation and you, potentially, waited until after year-end for any refund, or perhaps be faced with a tax underpayment at year end.

You will have up to date information on the calculation of your tax deductions and the option to make any necessary changes online, in real time, using Revenue's myAccount service. The new PAYE system will also provide transparency. You will be able to confirm, through myAccount, that your deductions have been reported to Revenue by your employer.

Revenue strongly encourages all employees to register for myAccount.

Changes for Revenue

We have expanded and developed our National Employer Helpline to provide support and assistance to employers and agents in the transition to the new reporting arrangements.

We are operating extended opening hours on both the National Employer Helpline and the ROS Helpdesk. We have also extended our ICT infrastructure to handle the scale and volume of data that we will receive on a continuous basis. We continue to engage extensively with payroll software developers, payroll agents, taxation and accountancy bodies, small employer representative bodies, large employers and relevant Government Departments.

We have worked closely with payroll software providers to ensure that their software packages enable employers to meet the new reporting requirements. We have also considered the needs of smaller employers. We have developed additional functions in ROS, the Revenue Online Service, to allow you to record your payroll information and send it to Revenue. This means that even if you do not use a payroll package to operate your payroll, you can meet the new reporting requirements by using ROS.

Progress to Date

The new arrangements are now live and compliance with the new system to date by all sizes of employer has been very strong. From when we first made Revenue Payroll Notifications (RPNs) available to employers around 5th December 2018, we have seen significant engagement with the new system. The first payroll submission was made on 7th December and we now have submissions from around 137,000 unique employers relating to around 2.4m employees. €9.1bn in gross pay has been reported through the system so far. The vast bulk of submissions (91%) have been made using the direct connection from employers' payroll software to Revenue systems, only 1% using the file upload facility and 8% has been via manual entry in ROS.

Statements

Statements of Account are now available to view through ROS. You should log onto ROS to reconcile your statement with the details you submitted. If you identify errors, you should correct the original payroll information and an updated statement will be made available. If you take no action, the statement will be deemed to be your return on the 14th of the following month.

Payment Options

There are various payment options available to employers to pay liability due to Revenue. Through ROS, you have the option of paying by

- credit card,
- debit card,
- ROS debit Instruction, or
- direct debit.

Variable Direct Debit

Under the new variable direct debit scheme, Revenue will obtain permission to request the value of your actual monthly liability. You can apply to set up a variable direct debit for Employers' Income Tax through ROS.

If you are currently on a fixed direct debit you need to cancel this before setting up a new variable direct debit. This will ensure that Revenue only requests one payment from your bank.

If you are a group remitter and want to remain on direct debit you will have to change to a variable direct debit. Group remitters will have to cancel their current fixed direct debit arrangement for Employers' Income Tax.

Common Pitfalls

We have identified some pitfalls encountered by employers in the initial weeks since PAYE Modernisation has 'gone live.'

Emergency Basis

A small percentage of employees were incorrectly taxed on the emergency basis in the first payroll of 2019. When running payroll, you should look up the RPN for your employees. Where no RPN is returned, a new RPN should be requested and the details returned on the RPN should be used to calculate the statutory deductions. It is important that you ensure your software is updated with the correct RPN details. Emergency basis should only be operated where there is no RPN available for an employee or no PPSN has been provided by an employee.

Duplicate Line Items in Payroll Submissions

Where corrections or deletions are made to a payroll submission, you should review your payroll summary and ensure no duplicate information has been reported.

Employment ID

A new field for a unique employment identifier is now included on the payroll submission and RPN. The employment ID is a unique identifier which is assigned to an employee for each separate employment with a given employer. Your payroll software will assign the employment identifier, but you must make sure that this is not changed once assigned. If an employee has more than one employment with you, a separate unique identifier should be assigned to each employment. It is important that those processing payrolls are familiar with the employment ID to ensure employees get the full benefit of their entitlements.

The feedback we have received to date from the majority of employers suggests that the transition to real time reporting has been seamless, particularly where they have followed Revenue guidelines.

Communications

Revenue has been actively engaged in communicating the message to all employers. Since January 2017 to date, Revenue teams have presented at over 225 PAYE focused events for a variety of stakeholders and representative bodies.

Revenue has written twice to every registered employer in the country and engaged in a significant number of Regional customer service visits to assist employers with preparations for PAYE Modernisation. Revenue also hosted 113 seminars nationally with attendance of over 20,000.

Revenue will continue to provide support to any employers experiencing difficulties in the early phases of PAYE modernisation.

This includes:

- increasing our resources for the National Employer Helpline to meet customer demand,
- contacting employers who appear to be having implementation issues, and
- providing customer service visit to employers should the need arise.

As we progress through 2019, our customer engagement will expand to include a comprehensive communications programme for employees to ensure they understand how the changes will benefit them.

Support

The transition to real time PAYE represents an important step in the process of continuous improvement in service, compliance and efficiency in our administration of the tax system.

Our website contains a wide range of additional information, covering all aspects of compliance with PAYE Modernisation requirements, common issues reported by employers and the recently published Employer's Guide to PAYE.

If you have any queries or have encountered any difficulties with the change to real time PAYE, please contact the National Employer Helpline at Ph: 01 7383638.

Finally, Revenue acknowledges all the work that has been done by employers, payroll software providers, tax agents, payroll service providers and others in ensuring that there is very strong compliance with the new reporting requirements under PAYE Modernisation.

Sinead Sweeney,

Change and Communications manager for the PAYE modernisation project.

Sinead is a qualified Revenue professional with over 20 years tax experience. Prior to this role Sinead was the PREM audit manager for LCD with responsibility for audit and compliance across the division. She has extensive experience across diverse functions within the Revenue organisation.

Personal Insolvency:
I am drowning in debt – what can I do?

by Mark Ryan

Mark Ryan discusses the questions he regularly gets asked as a Personal Insolvency Practitioner and how a debtor can avail of the personal insolvency legislation to help resolve their debts

This would reflect the mood of the people who I have met over the last few years since I became a licensed Personal Insolvency Practitioner (PIP) in August 2013. It still surprises me that following our meeting they almost always tell me how much better they feel after sharing their problems and how they now understand that there are solutions to dealing with their debts. This meeting is the first big step on their journey to returning themselves to solvency. I have to admire the people that I meet as it must be tough opening up to a complete stranger about their problems and then telling the story about how they got to where they now find themselves. I would like to think that after they meet with me, they feel that someone is finally in their corner.

Under the personal insolvency legislation, the PIP effectively steps into the person's shoes and starts dealing directly with their creditors on their behalf. This means the letters; phone calls and any legal proceedings will stop to allow time (70 days) for the PIP to make a proposal to their creditors to resolve their debts. In most cases this will involve a substantial write down of debt.

One important statistic from the recent report to Q4 2018 which was issued by the Insolvency Service of Ireland (ISI), was that 95% of those who avail of the Personal Insolvency legislation retain their family home whilst also returning to solvency. Although the number of people who have availed of the new personal insolvency legislation is still quite low (just over 5,300 to date), we would estimate that there are a couple of hundred thousand people out there who need help and advice on how to resolve their indebtedness.

There are over 500 personal insolvency arrangements (PIA) that were rejected by creditors that are currently being appealed to the insolvency courts. The appeals process is very slow but a number of the PIAs that were initially rejected by creditors have been subsequently approved by courts. I have had a number of successful appeals approved in the last 12 months.

It is important to note that although there are currently over 100 licensed PIPs nationwide, the ISI confirmed less than half of these licenced PIPs are active and as such have the relevant experience of how the personal insolvency legislation works. As you only get one shot at availing of the legislation to resolve your debts, it is extremely important to choose an advisor carefully, and it is advisable to ask a PIP how many cases they have dealt with and how long they have been operating as a PIP.

The Government launched a debtor's support scheme in 2016 called 'Abhaile'. This is a government funded scheme that allows a debtor to meet with a PIP for a 'free' consultation to assess their case and provide advice to the debtor in writing on how they can avail of the personal insolvency legislation to resolve their debts.

I have set out below a number of questions that I get asked regularly by clients that I meet.

1. How does it work and what is the term for each arrangement?

PIA – Up to a 6-year term for secured and unsecured debts (extendable to 7 years in certain circumstances).

DSA – Up to a 5-year term for unsecured debts only (extendable to 6 years in certain circumstances).

DSN – 3-year term for debts less then €35,000.

Under the legislation there is also the option of an accelerated PIA or DSA.

This involves a lump sum payment (for example through family member support) payable normally within 3 to 12 months from the date the arrangement is court approved. For a DSA or PIA arrangement to be approved it must have 65% of creditors voting in favour of the proposal at a creditors meeting. In addition, for a PIA arrangement to be approved creditors representing more than 50% of the value of the secured debts, participating and voting at the meeting, must vote in favour of the proposal and creditors representing more than 50% of the value of the unsecured debts, participating and voting at the meeting, must vote in favour of the proposal for a PIA.

2. What are Reasonable Living Expenses (RLEs) and how are they calculated?

They are the cost of living expenses for the standard term of the arrangement (5/6 years). They would allow someone to live a basic standard of living but not a normal standard of living. In my experience these allowances would be 30%/40% lower than a person would normally live on outside of a PIA/DSA. These allowances are also used in bankruptcy for the assessment of a 3-year income payments order.

For example: a family of 2 adults and 2 children in secondary school, with a car in the household, would look like this:

Net income (take home pay after taxes)	€5,000
RLE's	
1. Total Set Costs	€2,240
2. Childcare	€500
3. Mortgage Payment	€1,250
4. Special Circumstances	€0
Total RLE Allowances	€3,990
Net Dividend available to creditors (per month)	€ 1,010

This is the maximum dividend a debtor can offer to their creditors over the 5/6-year term of the relevant arrangement regardless of whether their debts are € 50,000 or € 50m.

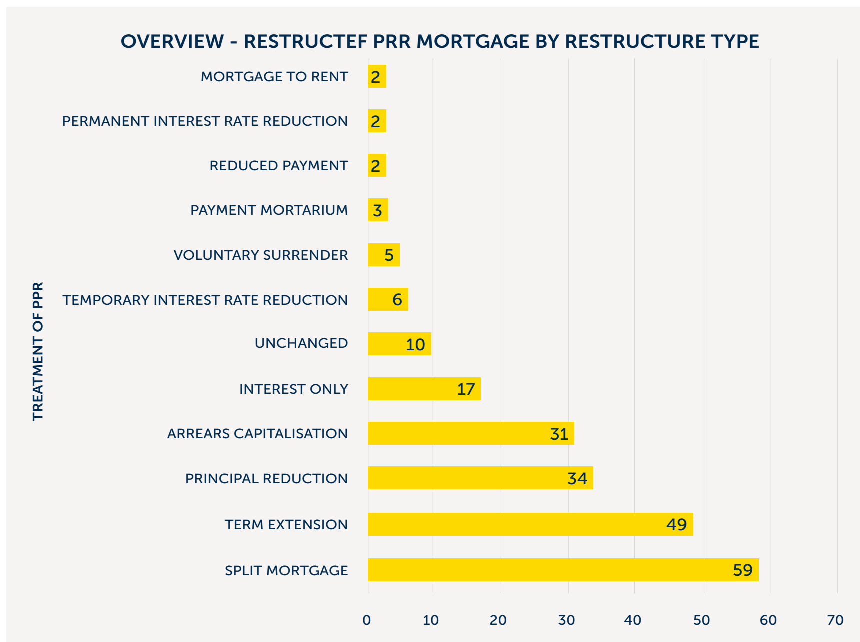
3. How is the family home is dealt with in a personal insolvency arrangement?

A core part of the legislation is the protection and retention of the family home.

As stated above 95% of debtors who avail of the legislation retain their family home.

The Principal Private Residence (PPR) loan can be restructured in a number of ways as outlined below. It will give certainty to the debtor as regards their financial position in the future, once the arrangement has been completed.

In most cases it will involve a write off of the mortgage on the family home. Below is a list of how 128 cases which involved a family home mortgage were resolved under successful PIA applications.



4. What do you think of Vulture Funds in the context of recent announcements made by the main banks to sell on non-performing loans?

They are a necessary evil and they are not new. They are investment funds that buy 'bad loans' from banks at substantial discounts and their goal is then to recover as much as possible from the borrower.

They have a very commercial attitude, but you need a good advisor to assist you with the negotiations.

They don't want a long-term relationship with borrowers unless they must. They will honour contracts they have purchased if they are being complied with or you can show that it's in their interest to support a long-term restructure.

It can get very personal if the debt is a family home.

Based on recent news announcements the main banks are considering selling on a further 25,000 to 30,000 'bad loans' in early 2019. Borrowers would still be entitled to court protection through the Personal Insolvency legislation.

5. Split loans have been in the news recently – can you explain what they are?

The easiest way is with an example.

A property was purchased in 2008 for € 500,000 with a 100% mortgage. This property is now worth € 250,000 and the outstanding debt now stands at € 460,000 with arrears. Under the Code of Conduct on Mortgage Arrears, the bank could propose to split this loan as follows:

Loan A € 250,000 repaid under an affordable mortgage term and monthly repayment.

Loan B: € 210,000 parked at 0% interest charged on the loan; but it will be repaid from the sale of the property or a lump sum payment at the end of the mortgage term.

This obviously would leave the individuals homeless at one of the most vulnerable times of their lives should they not be in a position to pay the lump sum at the end of the term. It would likely lead to them having to rely on the State to provide them with housing. I would estimate that there are over 100,000 split loans in the country.

Based on recent Central Bank statistics there were over 70,000 loans (10% of the total loans) in arrears at the end of 2017. 48,000 loans were in arrears by more than 90 days.

6. How are Revenue dealt with under the personal insolvency legislation?

Under the legislation Revenue are a Preferential Creditor but they can opt into an arrangement to be treated as an unsecured creditor. In most cases Revenue partially opt into an arrangement and they are treated partly as a preferential creditor and the balance is treated as an unsecured creditor.

In the case of the preferential debt, it is repaid over the 5/6-year term. The unsecured debt portion will allow Revenue to share a dividend pro rata with the other unsecured creditors and the balance of the debt is then written off at the end of the 5/6-year term. No further interest or penalties are applied to the Revenue debt that is included in the arrangement.

This would be in stark contrast to a Phased Payment Arrangement which we as accountants would frequently assist our clients with in dealing with Revenue tax arrears on behalf of our clients. I have set out a case study below that includes Revenue debt and which shows how I would resolve a case using the personal insolvency legislation.

PIA Case Study – Fred and Wilma Flintstone

The scenario below is based on all their assets and debts being held jointly. I have included notes below on how we would deal with the hardcore debts.

Step 1 - Overview

Assets	Values	Liabilities	Notes
PPR	€250,000	€400,000	Includes Arrears of € 25,000
Buy-To -Let (BTL)	€235,000	€475,000	Property is in Receivership
Car	€3,500	€0	
Savings	€1,500	€0	
Credit Union	€2,500	€25,000	
Credit Card	N/A	€7,798	
Business Debts	N/A	€52,500	Loans and Overdraft
Judgment Mortgage	N/A	€150,000	BTL sold 2 years ago
Personal Overdrafts	N/A	€7,500	
Revenue Debts	N/A	€50,000	I.T., VAT and PAYE/PRSI
Personal Guarantees (PG)	N/A	€250,000	Business PG
Total:	€492,500	€1,417,798	

Step 2 – How the debts are treated and restructured in a PIA

Note 1: PPR – It is proposed the PPR loan will be reduced to € 250,000 in line with the CMV. The Tracker Rate will be retained and repayments of € 1,250 p/m over 20 years to clear this restructured debt in full.

Note 2: BTL – This asset will be surrendered, and the residual debt will form part of the unsecured debts.

Note 3: Credit Union – Set off will be applied and the net balance of € 22,500 will be included as an unsecured debt.

Note 4: Judgment Mortgage – This debt has been charged against the PPR and BTL. As there is no equity in either the PPR or BTL this debt will be treated as an unsecured debt.

Note 5: Revenue Debts – Revenue agreed to Opt in to treat 25% of the debt as preferential and the balance of 75% will be treated as an unsecured debt. The preferential debts will be repaid over the 6-year PIA term.

Note 6: The legislation includes an annual review clause whereby if the debtors combined net monthly income (after taxes) increases above € 100 this will be shared on a 50/50 basis with the unsecured creditors.

Step 3 – Resolution of Residual Debts

Assets	NRDs	Notes
PPR	€150,000	Residual Debt on PPR loan above CMV
BTL	€275,250	CMV less Costs for Sale of Asset (15%)
Credit Union	€22,500	Set off applied
Credit Card	€7,798	
Business Debts	€52,500	
Judgment Mortgage	€150,000	
Personal Overdrafts	€7,500	
Revenue Debts	€37,500	Revenue Opt in at 75%
Personal Guarantees	€250,000	
Total:	€953,048	

Step 4 – Monthly Dividends available to Creditors in PIA

Assets	NRDs
	During PIA (6 years)
Net Income	€5,000
Total Set Costs (based on note above)	(€2,740)
PPR Loan	(€1,250)
Preferential Debts – Revenue	(€174)
PIP Mgt Fees	(€200)
Total Allowances	(€4,364)
Net Surplus/Dividend (p/m)	**€636**

Step 5 – % Return to Unsecured Creditors in PIA

Assets	NRDs
Net Dividend (72 months)	€45,792
Total Unsecured Creditors	€ 953,048
% Total Dividend (72 months)	4.8%

Step 6 – Debtors Monthly Financial Circumstances Post PIA (this is for the years after they exit their PIA)

Assets	NRDs
	Post PIA
Net Income	€5,000
RLEs (Increased post PIA by 30% to reflect a normal living expense allowance)	(€ 3,600)
PPR Loan	(€1,250)
Preferential Debts – Revenue	(€0)
PIP Mgt Fees	(€0)
Total Allowances	(€4,850)
Net Surplus/(Deficit) (p/m)	**€ 150**

Note:
As can be seen from the above after the 6-year term of the PIA in which the debtors have offered the maximum of their income less allowances and they have fully complied with the terms of the legislation, this effectively returns them to solvency and to what would just be considered a normal standard of living.

Mark Ryan,

Director at Quintas.

Mark has worked in practice since 1998 and has experience in all aspects of an accountancy firm. Mark is responsible for providing debt resolution, personal insolvency and bankruptcy services. He also provides business advisory services to a wide variety of clients in different business sectors.

Are accountants ethically aware?

by Dr Eleanor Higgins and Matt Kavanagh

This article looks at the findings of a new research project uncovering the extent to which professional accountants are exposed to unethical activity. This article first appeared in the February 2019 issue of Accountancy Ireland.

The question of ethical or moral awareness of professionals is an important one, given that such awareness opens the door to ethical decision-making. Decisions made by accountants and other professionals are frequently made on a morally blind basis as the decision-maker is not aware that the choice harbours an inherent moral judgement. High standards of integrity are expected of professionals, who are also presumed to apply their specialised knowledge for the public good and to follow a code of ethics.

The significance of moral awareness is among the matters that prompted our research into the ethical world of professional accountants in Ireland. In this article, we will discuss the significance and challenges around ethical awareness. We will then describe our research and findings on the subject and conclude with some proposals for optimising ethical awareness, which can subsequently lead to more ethical decisions and actions.

What is moral awareness?

A morally or ethically aware individual recognises the moral nature of an ethically ambiguous situation, that his/her potential decision or action may conflict with one or more ethical standards or values. An interpretative process by the person to incoming information determines whether they have factored in and recognised the moral values dimension to the dilemma they must address. This is important because moral awareness represents a first step, which ultimately leads to moral action.

What leads to ethical awareness?

There are various causes of awareness. One is context, the organisational culture in which the individual finds him or herself, with its moral values and reward systems. Another is individual differences. For example, research has found that accountants' ethical orientation – idealism with a focus on principles, duties, obligations and personal integrity versus relativism, which eschews any absolute moral principles – influences ethical sensitivity in favour of the former.

The other factor that promotes ethical awareness is the moral intensity of a given situation. This encompasses the magnitude of consequences from an ethical violation, social consensus on right and wrong, the temporal immediacy of consequences, the probability and proximity of beneficial or especially damaging effects on the public or the victim, and the concentration of effect.

Why is moral awareness so difficult to establish?

The nature of everyday routine in contemporary business organisations can foster insensitivity to the ethical aspect of decisions. The bureaucratic principle by which modern corporations are organised espouses impersonality in decision-making. It can lead to automaton-like behaviour, devoid of ethical considerations. We have routines of behaviour or scripts to follow in given situations, founded on unquestioned assumptions (for example, a script of how to prepare financial statements so we hardly think about it while doing it). Information inconsistent with the plot of the script may be filtered out (i.e. ethical considerations in the interests of efficiency).

Overview of the ethics research

Our research was part of a broad project examining ethical awareness, challenges and concerns of professional accountants with a view to creating guiding recommendations in support of ethical practice. Having conducted secondary research as background to steer the primary research, an online survey was completed by 2,137 members of Chartered Accountants Ireland and CPA Ireland in proportion to their membership numbers. This was followed by one-to-one interviews and focus groups to try to understand the thinking behind the survey responses.

Online survey

In the survey, respondents were asked to evaluate the extent to which they consider the need for ethical conduct in business decisions. Their responses were:

- 54% stated a "very large extent";
- 34% stated a "large extent"; and
- 12% stated "some or small extent or not at all".

Respondents were asked how frequently, if at all, they observed or encountered particular categories of unethical behaviour (unethical HR practice, undue pressure or influence, dishonesty, bullying and harassment, misrepresentation and/or manipulation of information) in their career.

90% of respondents have "observed or encountered" a range of unethical conduct during their professional career, although this does not mean that they have partaken in such wrongdoing. Rather, it can illustrate circumstances where an individual has clear awareness of what constitutes unethical conduct. Accountants in business generally observe or encounter more unethical conduct than their colleagues in practice.

Specifically, accountants in business are twice as likely as accountants in practice to have observed or encountered bullying and harassment. Conversely, 42% of accountants in practice have never observed or encountered bullying/harassment compared with only 23% in business. A partial explanation for this finding may be the fact that almost one third (32%) of respondents within the 'accountants in practice' cohort are sole practitioners, 46% of whom have never encountered or observed this behaviour.

Further analysis of the online survey shows that at 23%, accountants in business are more likely than accountants in practices with more than 20 partners (11%) to have observed or encountered inappropriate responses to conflicts of interest. An explanation for this difference may be that accountants in practice have a regulatory obligation to formally address conflicts of interests before undertaking audit work with new clients and in reviewing long-standing relationships with existing clients.

Accountants in business are more likely to have observed or encountered dishonesty (saying things that are not true). Also, 27% of accountants in practice have never observed or encountered dishonesty, compared with 21% of accountants in business. Again, the explanation may be the greater regulatory oversight over accountants in practice.

Accountants in practices with more than 20 partners are one third more likely than accountants in practice generally to have observed or encountered manipulation of information. Such differences may be explained by the fact that accountants in practice, as auditors, are more exposed to clear examples of manipulation, for example, the overstatement of accruals. Furthermore, 32% of accountants in business and 27% of accountants in practice report that they have never encountered or experienced manipulation of information. This phenomenon of never having encountered this type of unethical conduct could be a factor of length of career, given that 51% of respondents' with five years or less experience report having never experienced or encountered manipulation of information.

The survey shows that 32% of accountants in business and 26% of accountants in practice report that they encountered or experienced misrepresentation of information either often or occasionally. Conversely, accountants in business at 29%, and those in practice at 32%, report that they have never encountered this type of misconduct. Again, this could be a factor of length of career as 50% of respondents with five years or less experience report having never experienced or encountered misrepresentation of information.

Likewise, accountants in business (43%) are twice as likely as accountants in practice (22%) to have observed or encountered unethical human resources (HR) practice. Of the accountants in practice, 47% have never observed or encountered unethical HR practice, compared with only 23% of accountants in business. Accountants in business are more likely to have observed or encountered unethical HR practice (such as lack of transparency in selection and promotions), since their career and promotional paths may be less formalised or structured when compared with their colleagues in practice.

Interviews and focus groups

Focus group participants suggested that there is greater awareness of ethical issues in the accounting profession, perhaps as a reaction to reported high-profile wrongdoing by professional bodies and regulators in the media. However, this is as yet insufficient to guarantee ethical behaviour. One interviewee in practice emphasised that ethics is fundamental, inherently doing the right thing – not just in response to professional regulations. Behaviour should be based on the correct values. This view was echoed in focus groups where there was a belief that behaviour should be based on principles rather than compliance. The concept of culture came up again and again, that ethics needs to be part-and-parcel of the everyday life of an organisation. This is consistent with culture as an antecedent of awareness in the ethics literature.

The focus groups stressed that there should be an awareness of the accountant's obligation to society, especially in larger firms which are involved with public interest entities and many stakeholders. There was general agreement that ethics should be an intrinsic part of organisational culture in both business and practice. In particular, partners in practice have a huge responsibility to do the right thing and lead by example. One interviewee made the point that being a qualified accountant is a very privileged position, as it is difficult to achieve and the examinations are not easy. So, why would you want to jeopardise that with misbehaviour? In similar vein, personal pride and safeguarding one's own reputation was emphasised in the recently qualified accountants' focus group.

The difference between regulatory compliance and ethics, meaning 'doing the right thing', was discussed in the focus groups. A particular issue in this regard is tax planning, where participants voiced their unease about highly sophisticated tax avoidance schemes.

Accountants in business are more isolated with respect to their professional obligations and ethics than those in practice, where professional duties as an accountant are foremost in their jobs. This is even more apparent in smaller organisations, as larger organisations usually have guidelines or code of ethics.

Overall, when questioned in person about the notion of acting in the public interest as part of being a professional, the study participants found it a nebulous concept. When it comes to decision-making, "you act for your client". The recently qualified accountants we interviewed were of the view that more recently qualified accountants may be more 'switched on' about ethics compared to those who have been in the profession longer. They took the view that more experienced professional accountants are more influenced by loyalty and familiarity to the client and this may take precedence in decision-making. They believe that recently qualified accountants are more conscious of accountability for their actions and the consequences of wrongdoing.

Enhancing ethical awareness

Among the study's participants, there was a high level of awareness about ethical issues and challenges in business and practice alike. Moreover, conducting this research in itself engaged professional accountants with the essential and relevant subject matter of professional and business ethics. Interview and focus group participants expressed an appetite for more such activity.

This suggests that ethics education and training based on real-life issues and dilemmas and in-depth discussions should form a key part of both initial formation and continuing professional development (CPD) of professional accountants to create and advance ethical awareness, embracing principles. Where this is not practical, online discussion groups should be considered. The professional bodies are well-placed to play a significant role in making available such practical supports, training and CPD to their members. Cognisance of moral intensity factors such as magnitude of consequences for society of wrongdoing should form part of the discussion. A more principled ethical orientation of individuals who are relativists can itself be cultivated through such discussions.

The challenge for us all is to create more ethically aware organisations. There is an opportunity for professional accountants in business and in practice to take a leadership role in fostering a positive ethical culture in their organisations. Such an approach could produce a virtuous process between culture, awareness and ethical action.

The full report on the recent ethics research, which was carried out with the support of Chartered Accountants Ireland Education Trust, is available online from CPA Ireland website www.cpaireland.ie Resources section on Ethics

Chartered Accountants Ireland Educational Trust (CAIET), an independent body registered under the Charities Act, released an Ethics Research Report. CPA Ireland and Chartered Accountants Ireland participated in the research.

Pictured at the launch (l-r) are Feargal McCormack President, Chartered Accountants Ireland, Minister for Business, Enterprise and Innovation, Heather Humphreys T.D and CPA Ireland President, Cormac Mohan.

Dr Eleanor O'Higgins,

Eleanor is Adjunct Associate Professor at UCD Smurfit Graduate Business School.

Matt Kavanagh,

Matt is a human resources consultant and part-time lecturer at the Centre for Corporate Governance in UCD.

Major Pitfalls in Charity Governance

by Niamh Ryan

Ireland has been a historically generous country in terms of its charities in both donations and volunteered time. According to the Charities Aid Foundation World Giving Index 2018[1] Ireland ranks as the most generous country in Europe and the fifth most generous in the world.

However recently charities have faced criticism over exorbitant expenses and mismanagement of funds. This has had a direct and negative impact on donations and the ultimate service users of these entities. The public has become sceptical and is paying closer attention to the manner in which charities are managed.

The public is demanding answers on how these recent scandals have occurred. It would appear that substandard governance codes, procedures and policies are to blame.

The public expect greater transparency and accountability. Donors expect their money to be directly attributed to the beneficiaries of these charities. In the absence of clarity and transparency, donors are unable to see how their money impacts those in need.

Charity governance policies originate at board or trust level and are then filtered down to inform management's decision. There was uncertainty by trustees as to the extent of the onerous common law and statutory duties. Many trustees who became involved in charities out of altruistic means were not aware of their potential for personal liability if issues arose at a future date.

Recruitment of the inappropriate charity trustees can lead to poor administration and management issues. Some boards or trusts may have failed to implement transparent roles for individual charity trustees and failed to execute a clear terms of reference for the trust. Charity trustees can become unclear as to their function resulting in overlap, lack of diversity in skillsets and similar personal experiences.

Another pitfall for charities is the failure to adopt a conflict of interest policy or manage potential conflict of interests within the governance document. Conflicts of Interest can lead to devastating effects at an organisational level and individual level. They can result in reputational damage, regulatory breaches and possible prosecutions. In recognising the difficulties that may arise, the Charities Regulator issued a guidance note in May 2018, *Managing Conflicts of Interest,* pursuant to section 14(1)(i) of the Charities Act 2009.[2] The guidance note identifies a procedure for assessing and coping with conflicts of interest and templates for policies and register of interest.

Historically, Irish charities governance has been developed in a piece meal fashion. There was no centralised governance code or statement of practice until November 2018. There were a number of voluntary codes and voluntary statements of practice utilised. These included, the Irish Charities Tax Reform in 2008, *"Statement of Guiding Principles for fundraising"* which has since been replaced, codes developed by Irish NGO's and in 2012, the *"Code of Practice for Good Governance of Community, Voluntary and Charitable organisations in Ireland"* was launched. In comparison, the English and Welsh charity sector created a governance code in 2005 which was endorsed and supported by the Charity Commission. A third edition of the code was published in 2017.

In the wake of the scandals, the Charities Regulatory Authority established a consultative panel in March 2017 pursuant to section 36 of the Charities Act 2009. The Consultative Panel were tasked with making recommendations to the Charities regulator on; the Minister's power to create regulations with respect to governance, how the Charity Regulator may achieve this regulation and how to promote compliance with charity trustee's duties.

The panel conducted extensive research and received public submissions with respect to the above terms of reference. The Report of the Consultative Panel on the Governance of Charitable Organisations was published on the 5th April 2018.

[1] Charities Aid Foundation, World Giving Index 2018 – A global view of giving trends, October 2018

[2] https://www.charitiesregulator.ie/media/1417/managing-conflicts-of-interest-may-2018.pdf

Findings

The panel focused on the importance of governance in the management of charities. Governance ensures that the appropriate processes and controls are implanted within a charity. These controls will lead to greater transparency and accountability and as a result, charity trustees would be able to meet their statutory duties under the Charities Act 2009. The report stated that *"good governance is the foundation stone of a well-managed charity"*[3] and it is hoped that if better governance were implanted it would hopefully lead to restoring the public's trust and confidence in the charity sector.

The report defined good governance as "the duties and responsibilities of the charity trustees to put in place systems and processes to ensure that the charity achieves and sustains its charitable objectives with integrity and is managed in an effective, efficient, accountable and transparent manner."[4]

The panel made a number of recommendations as to how good governance could be achieved through effective management such as; regular board meetings, the composition of the board should be diverse, and the skillsets of members should be varied and the introduction of procedures to focus on a charity's succession planning. It was proposed that the Charities Regulator could provide guidance to charity trustees on the following; due diligence an individual should take before becoming a charity trustee, process of becoming and acting as a charity trustee and online material to support and education for charity trustees.

The panel made ten proposals within their report. The core recommendation was that the regulator should create a Governance code for charities which is proportionate to the size, revenue and complexity of charities. This code should be principle based and operate on a "comply or explain basis". In addition, it suggested that the regulator should promote a streamline approach to compliance and reporting obligations to minimize the overlap between government agencies.

The panel made recommendations with respect to charity trustees and their roles. It proposed that the governance code should advise as to the maximum limit of the office of charity trustee, former senior management acting as a charity trustee and that further research should be conducted on charity trustees in Ireland. They found the main obstacle to good governance was lack of knowledge and understanding by charity trustees of what constituted good governance.

Charities Regulator's response

In November 2018, the Charities Regulator launched the Charities Governance Code[5] which reflected the consultative panel's proposals. The Interim Chief Executive, Helen Martin, commented that;

"This is a landmark document for Irish charities as it sets out basic standards, which charity trustees should meet when it comes to managing their organisations ... When fully implement, we envisage that the Charities Governance Code will play a key role in building public trust and confidence in Irish charities."

It is expected that all charities will comply with the new governance code by 2020. From 2021, Charities will be obliged to complete a Compliance Record Form which is to be included in their annual reports.

This new governance code can be distilled into six core standards;

1. Advancing charitable purpose;
2. Behaving with integrity;
3. Leading people;
4. Exercising control;
5. Working effectively;
6. Being accountable and transparent.

A charitable purpose is as defined pursuant to section 3 of the Charities Act 2009 meaning that the charitable activities fall within one of four categories. These categories are *"the prevention of relief of poverty or economic hardship, the advancement of education, the advancement of religion or any other purpose that is of the benefit to the community."* A charitable purpose must also benefit the public. The charity's governance document should outline their main charitable object and as to how this will be achieved.

The behaving with integrity standard is concerned with ethical standards of the organisation and the individual charity trustee. The Charities Regulator proposes that this can be achieved through establishing an agreed set of core values which will inform how the organisation is run and inform individual's behaviour. This should include clear conflict of interest policies and the expected standard of behaviour from their charity trustees in particular managing gifts, hospitality and expenses.

The leading people standard discusses how charity trustees have a duty of care towards volunteers, employees and contractors. This can be implemented through defined roles for both volunteers and staff. Charities should be cognisant of their employer obligations to paid staff.

Charity trustees must exercise control and be responsible for the charities legal and regulatory obligations. They have a duty to manage the charity's funds and property and or assets in an appropriate manner and to

[3] https://www.charitiesregulator.ie/media/1389/report-of-the-consultative-panel-may-2018.pdf

[4] P. 15, Report of the Consultative Panel on the Governance of Charitable Organisations, April 2018

[5] https://www.charitiesregulator.ie/media/1609/charities-governance-code.pdf

reduce risk when exposed. This can be achieved by reviewing a governing document to ascertain whether it is fit for purpose or should be updated to comply with the legal and regulatory duties. A charity should have the appropriate insurance cover and adhere to funding guidelines.

The working effectively standard is concerned with how the board or trust is operated. It advises as to how the board should exercise its authority and what should be contained in a board agenda. It touches upon recruitment of charity trustees, their roles and resolving issues. It also recommends a maximum term for charity trustees of nine years.

The last standards of accountability and transparency is not solely concerned with finances. The code hopes to foster accountability in a charity's actions to its stakeholders.

All charities are expected to meet these principles unless a particular standard does not apply. If a particular standard does not apply, the charity must submit an explanation and the supporting evidence of such a claim in their Compliance Record form. Once this has been completed, it should be reviewed and agreed by the charity trustees. The trustees must declare their compliance with the code in their annual report to the Regulator.

Conclusion

This legislation has been introduced in a staggered manner with the limited provisions implemented in 2009. The Charities Regulator was established in October 2014 followed by commencement of the governance and regulatory provisions in 2016.

The Charities Regulator is now in its fifth year and has now for the first time established a central code for governance. It is intended to provide clarity to organisations and their boards and improve governance standards. It is hoped that this will restore faith in the charity sector. After the recent onslaught of scandals, the charity trustee should understand their role and their duties which should lead to improved compliance and transparency. A governance code is essential to restoring and safeguarding charities organisational reputations. The governance code will act as a yardstick for good governance.

Niamh Ryan,

Niamh Ryan is a barrister and certified tax advisor who specialises in commercial, probate and tax law.

In Practice News

ISA (Ireland) 540

IAASA has published ISA (Ireland) 540 (Revised December 2018) Auditing Accounting Estimates and Related Disclosures and related conforming amendments to other ISAs (Ireland).

In August 2018, IAASA published its consultation on the Proposal to Revise ISA (Ireland) 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures (Consultation Paper). The purpose of the consultation was to obtain the views of stakeholders with regard to IAASA's proposal to issue a revised version of ISA (Ireland) 540 to reflect recent revisions to the international standards on auditing issued by the International Auditing and Assurance Standards Board (IAASB).

Source: www.iaasa.ie

FRC prepares for a no-deal Brexit

The regulatory regime (in the UK) governing Third Country Auditors (TCA) is changing because of the UK leaving the EU. If there is no withdrawal agreement between the UK and the EU providing for an implementation period, the UK will apply the TCA regime to non-UK auditors that audit the accounts of companies from outside the UK that issue certain securities on a UK regulated market.

Section 1251 of the Companies Act 2006 provides the Secretary of State with a power to make regulations that require registered TCAs to pay periodical fees. This power has been delegated to the FRC and was most recently exercised by the Third Country Auditors (Fees) Instrument 2018. The Third Country Auditors (Fees) Instrument needs to be updated to reflect the legislative changes.

According to the FRC's calculations and estimates on the expected levels of work going forward, it has been decided not to change the level of fees required to be paid at this time. The FRC seeks stakeholder opinion on this position and any other comments regarding the drafting of the Instrument.

Source: www.frc.org.uk

The SMP of the Future in a Changing World

This Global report recommends that small to medium sized practitioners and professional accountancy bodies must work together to adapt to change for an evolving future.

The report 'The SMP of the Future in a Changing World' commissioned by the Edinburgh Group – a coalition of 16 accountancy bodies from across the world - examines the landscape ahead for the Accountancy Profession.

This report offers recommendations for small to medium sized practitioners (SMPs) and Professional Accountancy Organisations (PAOs) about how they can work better together and sustain great working relationships.

The report also states that SMPs and the PAOs that support them should prepare together for a rapidly evolving future that sees many changes on the horizon. Changes include digital technologies, regulation and deregulation, to the education and skills needed to sustain and develop in this changing environment.

Eamonn Siggins, Chair of the Edinburgh Group said: 'In the face of a volatile and uncertain environment, our extensive global research provides a series of informed recommendations for SMPs and PAOs alike. There are many opportunities ahead for both groups, coming at a time when collaboration is a must.'

'We know from our extensive research that SMPs expect and depend on their PAOs to offer tailored support. From guidelines, tools and networking opportunities, this support is vital for the future of SMPs success. The relationship is symbiotic and so demands proactivity on both sides.'

For SMPs, top of the list is the need to be proactive in seeking out new markets for their services and considering growth and diversification of their service offerings. They must also be cognizant of training requirements, recruitment and retention of accountancy-qualified and non-accountancy expertise and / or collaborations with other accountancy firms and service providers.

Key recommendations for PAOs include the need to be proactive in anticipating and understanding evolutions in the accountancy profession, while also ensuring training and development is available to SMP members to help them to adapt to a changing world.

Mr Siggins concludes: 'The alliance between SMPs and PAOs is a powerful one, but it's also one that needs to be nurtured.'

'PAOs need to sustain close contact with their SMP members to understand their challenges and needs better, via roundtables, focus groups, surveys and case studies – and we know that many already do so. There is always more to be done and improvements can always be made. The foundations of the relationship between SMPs and PAOs are strong. But in the face of volatility, neither party can be complacent.'

The report is based on an SMP survey, which gave 1,906 responses in 11 languages from 52 countries, alongside interviews with key staff in Edinburgh Group professional accountancy organisations and a series of SMP case studies. It also includes a review of other academic research into SMPs.

The report is available to view in the Resources Section of the CPA website

About the Edinburgh Group

The Edinburgh Group (EG) is a coalition of 16 accountancy bodies from across the world, representing over 900,000 professional accountants in countries from Africa, North America, Asia, Australia, Europe and Latin America.

The mission of the EG, which was formed in 2000, is to ensure that the development of the international accountancy profession meets the needs of its diverse stakeholders, reflecting progress in the global economy and society at large.

EDINBURGH GROUP

Moving from Industry to Practice

by Aideen Murphy

Here Aideen Murphy, Partner with Barden Cork and an expert in practice and tax careers, zones in on the trends we are seeing in recruitment and, in particular, why people are moving back from industry to practice.

2019 is already proving to be a year of opportunity and is presenting a unique market, where demand for finance talent has reached a peak never before seen. On top of this, over the last 12 months we have noticed an increase in the number of accountants and tax professionals, who have worked in industry but are now moving back into practice roles.

Trends for 2019

The business and accounting world has undergone a significant transformation over the past decade. Led by factors such as globalisation, digitisation and general economic and trading conditions, the role of the accountant has had to evolve rapidly, be it in practice or industry.

2019 continues to be no different and will be defined by future economic disturbances, emerging technologies and changes to supply chains, that will substantially alter the way business is done and the way in which accounting professionals will do their jobs.

Every finance team is shaped like a pyramid with transactional finance (AP/AR), payroll and p-art qualified accountants outnumbering qualified accountants in many teams. More roles = more demand = more options. It's a really great time to be a professional in this space.

Key trends that will influence and shape the business market in 2019 and will provide plenty of career opportunities for accounting professionals, include:

- A shift of focus to business partnering roles.
- Data, technology and AI will continue to transform business.
- Brexit will stir up demand for new skills.
- More accounting professionals will return to practice.

Intrinsic Rewards

The market will continue to be candidate driven; however, there will be a big shift in focus from monetary rewards to intrinsic rewards.

How people feel about the work they do and how they are valued as an employee will become an increasingly important differentiator.

Companies and firms who can demonstrate a great working environment, positive culture and a place of work which has a meaningful purpose will be the winners in a candidate driven market.

Cork...Bucking the Trend

On a more regional basis, 2019 has really started with a bang in Cork. Numerous existing multinationals and some new players have begun the year with a firm commitment to significantly increase head count across financial reporting, financial

analysis and planning and finance operations (AP/AR/Payroll) at all levels.

Demand outstripping supply is putting pressure on salaries. Traditionally, salaries in Cork have been 10-15% lower than the equivalent in Dublin and a little lower again versus London or Sydney. In addition, generally managers and senior managers have had to take a cut on salaries when moving to industry. It's just the way things have always been....until now.

A small number of Cork tech firms are bucking the trend and, in some instances, are prepared to pay near equivalent salaries that are paid in bigger markets. They are also adapting to the changing landscape by offering Big 4 managers and senior managers an easier path into industry; maintaining their base salaries. The beauty about some of these roles is that not only do they offer equivalent salaries, some will even allow you to build yourself up in the business over time before taking on people management responsibilities. This approach is breaking the mould.

Shifting the Focus to Practice

We know that for lots of people three to four years in a training contract with an accounting firm is more than enough, and often the immediate reaction is "I want a change, I want something different". For those who think this, industry is generally the obvious choice.

However, after making the move to industry some people realise that the grass isn't always greener and the option of going back to where it all started, in practice, can make a lot of sense.

Why Do People Return to Practice?

Here are some of the main reasons we have come across as to why people return to practice:

- *Progression* – Particularly in the larger firms, there is a very clear and transparent career path.

- *Flexibility* – Accounting firms have spent a lot of time improving work life balance policies and options to work from home and/or remotely in recent years.

- *Team of Experts / Technical Knowledge* – Companies depend on accounting firms for advice because they are the experts. Many candidates want to improve thexir technical knowledge and want to be the expert in their field. Where better to do this than in a firm where you will be surrounded by a team of experts in your particular area, e.g. tax, audit, corporate finance.

- *Variety of Work / Exposure to Different Industries* – Every day is different in practice. While you may specialise in a particular industry (e.g. FS Audit) there are always opportunities to work on different clients, or even to go on secondment, to see how different organisations work, etc.

- *Be a Consultant / Add Value* – Many candidates feel that the first-hand experience they have gained in industry would be best utilised in a forum where they can advise similar companies. They understand client needs and want to add value to other organisations.

- *Entrepreneurial Aspect / Build Your Business and Brand* – As you progress in practice there can be the opportunity to build up relationships with clients, bring in your own business, build your brand and essentially be responsible for your own book of business. For some, being client facing and involved in the service being provided to clients, rather than being in a support function, is more rewarding.

Of course, with making such a move there are challenges too and it is a big decision. A move to, or back to, practice can dramatically change the direction of your long-term career. But if it is something that you have been thinking about the above reasons might give you a little nudge in the right direction. At Barden, we regularly assist people who have made or are making such a move. We've dealt with people who have already made the move back to all areas of practice including audit, corporate finance, advisory, consulting and tax. We'll give you all the practical, real, impartial and important information you need to help you make the decision that's right for you.

Aideen Murphy,

Partner with Barden Cork.

She joined Barden in December 2017 and is an expert in tax and practice careers. Aideen specialises in the recruitment of tax and practice professionals in Cork.

Using technology as an enabler for good works:

Moyee Coffee

by Killian Stokes

Our global food supply chains are incredibly unfair and broken but BlockChain technology has the potential to help fix this.

Today on our planet there are 7.5 billion 'eaters', 1.5 billion farmers but just 300 large food companies who control our food supply system. These food companies are earning billions in profits each year while 500 million of the worlds farmers, farmers working in the supply chains of these companies who provide us with our everyday products like tea, coffee, chocolate, fruit and cotton, struggle to survive on less than two dollars a day.

In 2018, Oxfam's "Ripe for Change" report noted that in South Africa, over 90% of surveyed women workers on grape farms stated that they did not have enough to eat in the previous month and nearly a third said they or a family member had gone to bed hungry at least once in that time.

These are the people who grow our food but cannot afford to feed their own children and many earn so little they resort to recruiting child labour to help bring in their harvest.

At Moyee we're involved in coffee. It's the world's favourite drink. Each day we consume 2 billion cups of the tasty drink and annually coffee is an industry worth $100 billion dollars. Yet 90% of the world's coffee farmers and their families (that's 90 million people) earn less than $2 a day. While 100% of all coffee is grown in and around the equator, 99.99% of the coffee we drink is roasted, bagged and branded in Europe and the US so that all of the value adding activities such as the jobs, the profits and the income are exported out of the coffee belt.

We're still small but Moyee Coffee is creating a new business model. We believe simply paying farmers a few cents more is not enough. The French don't export green grapes, instead they sell bottles of wine so why should the Ethiopians export green beans when they could be roasting their own coffee? By harnessing the power of craftsmanship and technology we aim to overhaul the sector and see 50% of what you pay for your coffee stay in the country of origin. We call this FairChain Coffee.

Right now we roast, bag and brand the bulk of our coffee in Ethiopia to create five times more impact in terms of local jobs and incomes created, to cultivate a local coffee roasting industry. We're also working to reform the value chain, to remove middle men and inefficiencies, to promote land reform and forest protection, to upskill farmers and shift ownership of resources and value adding activities back into farming communities. At a practical level we are training our farmers in sustainable organic agricultural practices to help them improve the quality of their coffee and double their yields while protecting the forests where they live. Our goal is to move our farmers from $400 a year to more than $1,000, to help them earn a living wage.

Ok so where does BlockChain fit into all this? We talk about using BlockChain to create a "shared value coffee chain with positive externalities" and by this we mean three things:

1. Providing 100% Transparency

Well everything we claim in the paragraph above sounds great but how can we prove it? At Moyee Coffee right now we are using BlockChain and other technologies to build an end to end digitalised coffee value chain. To record and capture data on every transaction throughout our value chain from the farmer to your cup. BlockChain can provide 100% transparency on every transaction and at every stage.

The hardest part is the first mile (farmers) and the last mile (consumers). We're giving our farmers mobile wallets, tap cards, unique ID numbers and barcodes so we can pay them digitally and we're geo tagging their farms and our washing station to prove location. This means we can put every stage of production and payment on the BlockChain. Meanwhile were putting QR codes onto the side of our coffee bags so that consumers can pull out their mobile phones while still in the shop and check out a website and see exactly who gets paid what for the coffee they're about to buy – from the farmer, the women at the washing station to the team at the roastery, the bagger, the transport

guy, Killian and Shane at Moyee Coffee Ireland down to the store or supermarket. 100% transparency.

We're also going to note where the carbon and pollution is added so consumers can see how environmentally friendly our farming is (or not), while learning that it's actually our transport or our unrecyclable bag that is doing a lot of the damage. This means we can share our green intentions, our environmental roadmap, stay accountable and bring our customers on the journey with us.

2. Engaging the Ethical Consumer

Consumers are increasingly concerned about the ethics of their goods. They want to know that everyone involved is getting paid a fair wage so we're helping them to contribute towards changing our broken value chains. When consumers buy our coffee, they'll receive 50 cent back in an online token (like loyalty points that are actually monetised!) which they can either keep or share. Get money back off their next online purchase or send these funds back down the value chain to 'tip the farmer' – to support the farmer co-op, help fund a micro loan or pay for seeds, tools or farmer training.

3. Creating Positive Externalities

We know that economics alone won't lift our farmers out of poverty. Their families lack access to clean water, electricity, proper healthcare and good schools so we're partnering with NGO's operating in the region like Self Help Africa and empowering our consumers to channel their monies to fund these social projects. So rather than tipping the farmer or getting money off the next purchase, a Moyee customer might help fund the construction of a well at a local school, vaccines for kids or fund a women's community group.

Ultimately, we believe our brand has to be more than just the colour of our bag or our logo. Our supply chain is our brand and what we do at every stage of our supply chain reflects on the integrity of our brand. It's who we are, it's what we stand for and it's why our customers will want to support the brand or not. If a small profit driven company like ours can use BlockChain to share value fairly then so too can the giant supermarkets and food brands.

Killian Stokes,

Cofounder of Moyee Coffee Ireland.

Moyee Coffee Ireland, a speciality coffee company providing Ethiopian FairChain coffee to workplace environments across Ireland and the UK.

Institute News

20 years in CPA!

Congratulations to Cáit Carmody, Director of Professional Standards and Arran Feery, Examinations Executive, for celebrating 20 years in CPA Ireland.

Congratulations to our new members!

CPA would like to congratulate all the students who were conferred and officially became new CPA members on Saturday 1st December 2018 in Croke Park:

Osomade Anthony Chukwuemeka
Sunil Appat Sukumaran
Joe Barrett
Eoin Bradshaw
Seán Browne
Robert John Bulman
Kieran Chambers
Carol Connor
Lisa Maire Cooper
Christopher Corkery
Eileen Elizabeth Cronin
Randy B David
Frank Deane
Karina Diamond
Enda Dineen
Jason Dixon
Donal Enright
Emma Flanagan
Janice Foley
Seán Gaine
Aoife Geelan
Mairéad Gibbons
Lisa Griffin
Joanne Hennessy
Ultan Heverin
Marian Bridget Hogan
Carol Horan
Tracy Hynes
Oleg Iacubet
Patrick Kelly
Jenny Kiely Carroll
Claire Kirwan
Geraldine Leahy
Sinéad Lennon
Tracy Leogue
Marcella Logan
Liam Lucey
Aoife Ruth MacNally
Sidubangani Mathe
Katie McAndrew
Nicola Merrigan
Ciarsha Moore
Bernie Moran
Catherine Morton
Maurice O'Brien
James O'Brien
Cathy O'Brien
Michelle O'Connor
Emma O'Connor
Daniel O'Donovan
Natasha O'Driscoll
Edel O'Dwyer
Barry O'Halloran
Margaret O'Halloran
Frank O'Mahony
Rory O'Neill
Orla O'Rourke
Ann O'Shea
Damien Purcell
R Civaanea Devi Rajendran
Muhammad Kashif Raza
Paul Reilly
Ayelen Maria Judith Roger] Sharon Ruane
Kavitha Suresh
Michael Thompson
Sarah Waters
Bin Yang
Marielle Zeller

Liam Donnelly Award for Outstanding Accomplishment

The Liam Donnelly Award is presented to the 1st placed worldwide in the CPA Ireland Professional 2 Stage examinations. CPA Ireland were delighted to present this award to Sunil Appat Sukumaran.

Sunil Appat Sukumaran, winner of the Liam Donnelly medal of Excellence with Patricia O'Neill CPA Ireland, Eamonn Siggins, and Cormac Mohan, President CPA Ireland. The prize was sponsored by CPA Ireland Skillnet.

Conferring Ceremony 2018

Sponsored by JDM Insurance

Congratulations to all the 2018 conferees and prize-winners who come from diverse roles in both practice and industry.

CPA Ireland previously celebrated becoming the first accountancy body to achieve gender parity but the gender gap across the accounting profession still remains too high.

Speaking at the 2018 conferring of new CPA accountants, 58% of whom were female, Cormac Mohan, President of CPA Ireland said; "CPA Ireland has reached gender parity and we believe that across the profession there is a shared responsibility to encourage diversity. Closing the gender gap within five years is realistic and should be an industry wide goal".

"Today there are 5,000 more men in Ireland working in accountancy than there are women, this represents a gender gap of 14%. There has been considerable improvement over the past decade, in 2007 just a third of accountants were female, but the pace of change has not been nearly fast enough. In any modern business or workplace gender diversity is essential. Countless studies have shown that it is beneficial to both business performance and employee morale".

Cormac concluded the ceremony by congratulating this year's new CPA Members "I am delighted to welcome my new CPA colleagues to the profession and welcome the fact that once again newly qualified CPAs are benefiting from a 100% employment rate. I congratulate each of them for their dedication, commitment and achievement to date."

In conjunction with our sponsors, CPA Ireland each year presents an award to those students who have achieved the highest examination mark in each subject for the CPA examinations.

Pictured left to right, Liam Lucey, Emma Flanagan, Cormac Mohan, President of CPA Ireland, Geraldine Leahy, Sunil Appat Sukumaran and Ciarsha Moore at the annual CPA Ireland conferring ceremony, Croke Park, Dublin.

The Trinitones performing at the CPA Conferring Ceremony 2018. Photograph courtesy of Rock Photography in Croke Park on 1st December 2018.

Irish Accountancy Awards 2019

CPA Ireland is delighted to once again support the Irish Accountancy Awards. The awards seek entries from firms and individuals who have provided the highest quality of service and who can demonstrate they have added significant value and competitive advantage to their client organisations.

This year's awards will take place on Thursday May 16th in the Round Room at the Mansion House Dublin.

For further details on these awards please visit https://www.accountancyawards.ie/about

CPA Ireland Membership Changes

Resignations:

024126 Robert Patrick Gerald McCarthy 21/11/2018

016012 Jean Sadlier Dennis 21/11/2018

023971 Arthur Downer 21/11/2018

022220 Ankit Mittal 22/11/2018

015133 Amanda Hann 03/01/2019

000738 Denis M. Logan 22/01/2019

000924 Dermot Madden 23/01/2019

001834 Francis McKevitt 23/01/2019

024123 Patrick O'Donovan 30/01/2019

000520 Moira M. Hallissey 30/01/2019

Removals:

006548 Gregory Murphy 23/01/2019

Deaths:

001371 John G. Allen 13/01/2019

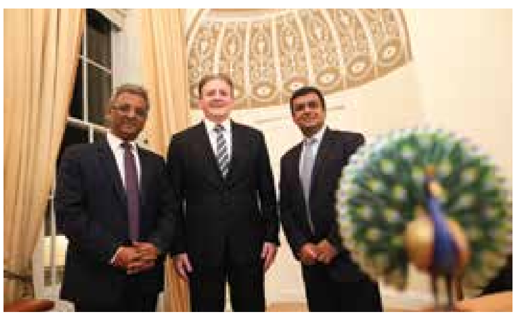
ICA India Chapter Launch

CPA Ireland was delighted to host the launch of the newly established Dublin Chapter of the Institute of Chartered Accountants India at our Harcourt Street Offices on the 17th January 2019. With over 300,000 members and 900,000 students, the Institute of Chartered Accountants India has a global reach with Chapters in many countries around the world.

Cormac Mohan, President, CPA Ireland, welcomed President of ICAI, Naveen N.D. Gupta and Central Council Member, Sanjay Kumar Agarwal as well as H.E Mr. Sandeep Kumar, Honourable Ambassador of India in Ireland to the launch. The chapter will be led by Sachin Gupta the Founder & Chairman of the Ireland (Dublin) Chapter of ICAI and Jay Patel, Vice Chairman of the Chapter.

In his remarks Cormac Mohan quoted Mahatma Gandhi "Live as if you were to die tomorrow. Learn as if you were to live forever". 'I wish you all happy and successful lives in Ireland and offer the support of CPA Ireland as you continue your learning journey. Thank you for allowing CPA Ireland share in this inauguration'.

CPA Ireland and the Institute of Chartered Accountants India (ICA India), entered into a mutual recognition agreement (MRA) in October 2010 and this agreement was renewed again on October 5th, 2018 at CPA Ireland headquarters in Dublin.



Pictured left to right on both pictures are CA. Naveen N.D. Gupta, President ICAI, Cormac Mohan, President CPA Ireland and CA Sachin Gupta, Founder & Chairman, Ireland (Dublin) Chapter of ICAI.

CPA Ireland Nexus networking evening event for Practitioners explored technology and innovation in practice.

On Wednesday 28th of November the third year of CPA Ireland Nexus, the forum for members in practice networking evening at CPA Ireland headquarters was held. The evening event saw a mixed panel session exploring a broad mix of themes that are topical to members in practice today.

We opened the session with a technology update from lawyer Brian Johnston of the law firm Mason Hayes Curran, followed by CPA practitioner Brendan Brady of Brady and Associates speaking on Artificial Intelligence in accounting and where the accountant of the future is heading. There were many views shared and exchanged on the opportunities and threats raised by the use of innovation and technology in practice.

Following a networking break for coffee and cake, members got insights from Marketing expert Mary Cloonan of Marketing Clever who discussed how to build a niche sector for practices and finally fitness coach and trainer, Amy Holmes of Fitness Aims wrapped up proceedings up with useful and practical strategies for incorporating exercise into the life of a busy accountant.

This event was funded by CPA Ireland Skillnet.

From left to right: Fitness Coach Amy Holmes of Fitness Aims, Principal Brendan Brady of Brady and Associates, Emer Kelly Professional Standards, CEO Eamonn Siggins, Fidelma McPhillips, Professional Standards, Lawyer Brian Johnston of Mason Hayes Curran and Mary Cloonan of Marketing Clever.

CPA Ireland Shortlisted for Excellence in Digital Learning IITD AWARD

We are delighted to announce that CPA Ireland has been shortlisted for an IITD National Training Awards 2019 in the Excellence in Digital Learning Category. The purpose of the IITD National Training Awards is to promote excellence, best practice and innovation in Training and Learning & Development, and to highlight the importance of this area in today's business climate.

Full details of the awards are available here: https://iitdawards.ie/

International News

CPA Ireland / ANAN Leadership Programme

CPA Ireland will once again host the CPA Ireland Leadership Programme consisting of leading members of the Association of National Accountants of Nigeria (ANAN). The dates of the CPA Ireland/ANAN Leadership Programme for 2019 have been announced as 11th August to 15th August. Up to 30 members of the Association of National Accountants of Nigeria (ANAN) will visit Dublin to participate in the programme.

CPA Ireland has collaborated with the Irish Management Institute to provide this gold standard programme in Leadership. The programme will consist of three days of lectures in the Irish Management Institute and a visit with an indigenous Irish business organisation.

International Agreements

CPA Ireland is part of an international community, with CPA members working in over 40 countries around the world. CPAs may be found working in a wide range of business sectors, multinationals, finance, government, public practice and more.

The CPA designation is the most recognised professional designation globally - over 1 million accountants worldwide recognise themselves as CPAs. We have a number of Mutual Recognition Agreements in place with accountancy bodies around the world. The Mutual Recognition Agreements allow our members to become members of other bodies and vice versa, subject to certain conditions. These include:

- Australia – CPA Australia
- India – Institute of Chartered Accountants India
- Canada – Certified General Accountants Association of Canada
- Nigeria – Association of National Accountants of Nigeria (ANAN)
- South Africa – South African Institute of Professional Accountants (SAIPA)
- Pakistan – ICMA Pakistan

CPA Ireland also has Memoranda of Understanding with:

- CIMA Global
- Bulgaria - CPA Bulgaria
- Russia - CPA Russia
- Belarus - CPA Belarus
- Lithuania – Lithuanian Chamber of Auditors (LCA)
- IRAQ - ARICPA Iraq

There are a host of benefits to becoming a Member of CPA Ireland through the MRA programme including:

- **Dedicated Member Services and Professional Standards Departments** supporting Members in Industry and Practice.
- Access to over **100, competitively priced Continuing Professional Development (CPD) courses, seminars, webinars, online diplomas and conferences.**
- Access to a **dedicated team of technical executives** available 5 days a week to answer technical queries. CPA Ireland receive over 75 technical queries a month from Members and 90% of queries are responded to over the phone within 24 hours – as such this is a unique service offered by CPA Ireland.
- **High quality, expert publications** including CPA Ireland's quarterly journal Accountancy Plus, Monthly Members eBulletin, A New Era for Irish & UK GAAP – A quick reference guide to FRS 102 - all available free of charge to CPA Ireland Members.
- Posting of job vacancies and/ or personal CVs via our online **Jobsearch facility**.
- An array of **exclusive Member Benefits** including discounts on Professional Indemnity, Home, Car Insurance.
- Exclusive access as a member of CPA to a range of **technical materials and guidance booklets on essential auditing, financial reporting, ethical and legal issues**.

For further information please contact Milena Delany on mdelany@cpaireland.ie

CPA Profile
Alan Cosgrave

Title:
Partner

Company:
Enterprise Risk Services

Qualifications:
LLP, FCPA, CPA (Canada), CRICP, CPSCP

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

I have always been interested in business, numbers and people interaction and when you put those three together, accounting seemed like the most appropriate fit for me and my personality.

Why did you choose CPA Ireland as your qualification route?

My father Mario is an FCPA and has operated his own firm FM Cosgrave & Associates and O'Gorman Cosgrave & Associates for over 30 years. I spent many weekends and summers working in my dad's practice. Seeing first-hand how interesting my dad's day to day working life was definitely confirmed that a career in accounting was right for me. I chose CPA as my preferred designation of choice as I liked the flexibility of the training program and the fact that I could attend classes in the evenings as opposed to weekends.

Please provide a brief history your career?

I started my career informally at my Dad's firm over many summers where I honed my accounts preparation and reconciliation skills but after I completed my Degree in Corporate Finance from Maynooth University, I articled with Farrelly Dawe White and Duignan Carthy O'Neill in Dublin. After I qualified, I worked for Deloitte Ireland in their Consumer Business Practice for 2 years, followed by 3 years in their Bermuda office. During my time in Bermuda I transitioned away from external audit and started focusing more on Internal audit and risk management. I moved to Vancouver, Canada in late 2012 and took a job as Manager, Internal Audit for Central 1. C1 is the primary liquidity manager for the Credit Union system in British Columbia and Ontario and manages several billion in Credit Union assets. The work was very interesting, but I missed public practice and the variety so in 2014 I joined PRA Canada as Director, Internal Audit & Assurance Services. At PRA I was the outsourced Director of internal audit for 10 organizations with responsibility for the development of annual risk based internal audit plans, execution of plans and quarterly audit committee reporting. In July 2018, I was approached by MNP LLP, Canada's largest Firm outside the Big 4, to join their Enterprise Risk Services Team as a Partner. At MNP, my practice provides Internal audit, risk management, IT consulting and cyber security services to Financial Institutions, Government Agencies, Crown Corporations, private and public companies and Universities.

How do you find your CPA qualification has helped you in your role?

Having my CPA is a huge reason I am in my current role. My CPA has allowed me to gain experiences across multiple sectors and various continents, all of which has led me to where I am today.

What has been your biggest career achievement?

I would say achieving my CPA has been my biggest career achievement. I doubt I would have had the opportunities to live overseas and work for large firms such as Deloitte and MNP if it were not for my CPA.

What or who inspires you most in business?

My dad has had a huge influence on my career and is someone who inspired me throughout my childhood, I'm not sure if I would have become a CPA if it wasn't for him.

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

Stick with it, it's definitely a big commitment but the long-term benefits certainly outweigh the short term sacrifices you have to make while studying. One thing I wish I would have done was to have a study buddy. I'm an awful studier so that would have helped me a lot.

What do you think are the most pressing issues for accountants?

There's many, increasing regulation, ever changing standards and the introduction of new technology. I think accountants will always have a part to play but Technology will change the way we work so we need to embrace it and prepare ourselves for that change.

How do you unwind?

I have a young daughter that keeps my wife and I very busy on the weekends, spending time with them is my biggest priority outside the office. I am also a big sports fan; Liverpool and the New England Patriots are usually on my TV at the weekends. I also enjoy skiing in the winter.

What traits do you admire most in others?

Strong Work ethic and passion for what you do, no matter what that may be. I'm a strong believer that if you find something you are passionate about and work hard, you will have success.

CPD News

Review of Professional Issues

As a membership body we need the input of our members to ensure we provide a strong, independent professional body supporting business needs through its internationally recognised qualification.

CPA Ireland hosts an annual series of events, the Review of Professional Issues, in multiple locations around the country to provide members with an update on the latest technical issues and what is happening in the accounting profession. This year's series of events in nine locations nationally will include a technical update, Institute news and an opportunity to network.

www.cpaireland.ie/cpd

Earn up to 40 CPD hours online at your own pace!

CPA Ireland's further learning suite offers a range of Certificate, Diploma & Online courses to develop your skills and professional knowledge. Plan your 2019 CPD now by booking our online courses which can be accessed at a time and place that suits you.

Our new Learning Management System, Canvas enhances your learning experience and organises all of your eLearning into one location that can be accessed from your computer or smart device.

What further learning courses can I do online?

- Diploma in US GAAP
- Diploma in Governance for the Charitable Sector
- Online course in FRS102

https://www.cpaireland.ie/CPD/Further-Learning-Courses

Dates for your diary

2019 is the last year of the current CPA Ireland CPD cycle and the calendar of events for the first half of the year has lots of opportunities to get your CPD off to a great start.

Practice Matters Conference 2019

Our two-day Practice Matters Conferences in Dublin (5th & 6th April) and Cork (12th & 13th) will look at practical updates on key areas of accounting such as an update on CRO activities with Conor Sweeney from CLS Chartered Secretaries, financial reporting updates with CPA's Technical Knowledge Manager Maureen Kelly, and setting your practice up for growth with Neil Hughes, Managing Partner of Baler Tilly Ireland. Other topics include recent changes in AML, audit updates and branding. Full details are available on the CPA Ireland website. CPA is delighted to partner with KBC Bank on both Practice Matters Conferences 2019.

Webinars 2019

Our range of webinars this year will look at a range of new topics, including corporate social responsibility, leadership as well as recurring topics of interest including insolvency, financial reporting and quarterly economic updates and regular tax updates.

Annual Conference 2019

Our Annual Conference is the highlight of the CPA Ireland event calendar and is a premier opportunity to network with peers and thought leaders across industry and practice. This years' theme is 'On the Frontier of Accounting' and speakers will include Garry Moroney, founder of Clavis Insight which was one of Ireland's largest data analytics companies. Garry will look at how the business landscape for all companies, big and small can benefit from the technological and automation revolution. Other speakers include Bob Semple former partner with PwC and Nicola Byrne, Founder of Cloud 90. CPA is delighted to partner will AIB for the Annual Conference 2019 which promises to be an event not to be missed!

Industry Matters Conference 2019

October's Industry Matters Conferences in Dublin (11th & 12th) and (Cork 18th & 19th) will include discussions on the aftermath of Brexit, how automation continues to impact and benefit the profession. No matter the size of the organisation you work in, the only constant is change. CPA's Industry Conferences are a way gleaning best practices from industry experts and peers and bringing those insight back to enhance your finance function.

Leadership – Developing Strategies for Success

In December 2018, CPA Ireland launched the Leadership – Developing Strategies for Success course which proved extremely successful. This course was developed in conjunction with CPA Ireland Skillnet and Bob Semple and the programme takes you on a journey of personal and professional transformation which will generate meaningful and tangible value for you and your business or organisation.

For further information on this course, please visit https://cpaireland.ie/CPD/Further-Learning-Courses/Leadership-Developing-Strategies-for-Success

"Interesting, insightful, thought-provoking and very well delivered."

"Thoughtful, meaningful, made me think outside the box."

"It was quite interesting and really got us thinking and very interactive."

Accountants Update Pathway: ROI

Whatever your next career goal, a learning pathway can help you achieve it.

Following the success of the learning pathways we launched in 2018 in conjunction with accountingcpd.net, we will once again be running a May intake of the Accountants Update Pathway. This Pathway contains material that is specific to Irish tax, financial reporting and regulatory developments and is therefore designed for those working in the Republic of Ireland. This is a 20-week curated programme of one hour of online group learning per week, giving you the flexibility accessing the materials wherever and whenever you want. A facilitator will be on hand to help and guide you through the material and to gently remind you if you are falling behind.

Through a combination of webinars, online courses, peer discussion, articles and quizzes, you will find a varied and engaging learning experience that fits around your working life, helping you to balance your personal and professional imperatives with the task of staying up to date and maintaining the currency of your professional knowledge.

- This will account for 20 hours of CPD and will cost €380 (+VAT).

You can learn more about the Accountant Update Pathway and the indicative syllabus by clicking here.

Certified Tax Adviser

Enrol now for September 2019

Gain an advanced qualification in tax, covering all tax heads, by doing the CTax course which offers a unique and exciting higher-level qualification in tax for accounting and legal professionals.

- Method: Classroom, CPA Ireland, Dublin or Online via Live Streaming
- CPD Credit: 50 hours (6 hours per module + 2 for VAT Webinar)
- Cost: €1950

Learn More at https://cpaireland.ie/CPD/Further-Learning-Courses/Certified-Tax-Adviser-(CTax)

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

Lisa Leonard, ACCA CTax

New Courses 2019!

CPA Ireland is delighted to launch two new courses commencing in May 2019. Both courses can be attended in class or online via livestreaming.

Future Proofing the Finance Function

Whether you are leading a finance team in a large, long established company, or are working part time in a small new non-profit, we all need to constantly innovate, sense check are we doing the right things and in the right way, and finally start planning for the day we leave.

This course is developed for CPAs, other qualified accountants working in and leading finance functions in Irish and International SMEs and larger organisations, in the for profit and non-profit sectors. These accountants would be at managerial level and above; managing staff and/or the finance function and are looking to plan for the future, increase capacity and resilience in themselves, their teams and finance function infrastructure.

Key Course Details:

- Start date: 10th May 2019
- Location: CPA Ireland, 17 Harcourt Street, Dublin 2, DO2 W963 & Online via Live Streaming
- Duration: 5 days / 1 Friday per month
- CPD Credit: 40 hours
- Cost: €950

Book now at https://cpaireland.ie/CPD/Further-Learning-Courses/Future-Proofing-The-Finance-Function

Future Proofing Your Practice

Whether you are a long-established general accounting practice or a start-up specialised boutique firm, the health and future of your firm should always be foremost in your mind. In this five-day programme, CPA Ireland's team of expert lecturers will cover all the aspects of growing and developing a practice to make sure you get the most return for the time you invest in building your business.

This course is developed for CPAs and other qualified accountants working in practice who are currently or aspire to be managers, partners or owners and are looking to develop their practices and increase return on time and capital invested.

Key Course Details:

- Start date: 17th May 2019
- Location: CPA Ireland, 17 Harcourt Street, Dublin 2, DO2 W963 & Online via Live Streaming
- Duration: 5 days / 1 Friday per month
- CPD Credit: 40 hours
- Cost: €950

Book now at https://cpaireland.ie/CPD/Further-Learning-Courses/Future-Proofing-Your-Practice

Student News

CPA Class Visits and Student Feedback Survey

The class visits for the 2018/2019 academic year have been completed, with CPA Ireland representatives meeting students in Griffith College Cork and Dublin, DIT and CIT.

Thanks to all students who completed the annual student feedback survey and a reminder that students are encouraged to contact the Institute with any queries or issues they are experiencing with their studies or training throughout the academic year.

April 2019 Examinations

The April 2019 examinations will take place from 29 April – 3 May (both dates inclusive). A complete list of examination venues is available below:

April 2019 - Examination Venues

Dublin: Erin's Isle GAA Club, Farnham Drive, Finglas, Dublin 11.

Cork: Bishopstown GAA Club, Bishopstown, Cork.

Limerick: Greenhills Hotel, Ennis Road, Limerick.

Athlone: Athlone International Arena, Athlone IT, Dublin Road, Athlone, Co. Westmeath

Remember, there are a number of resources available on the 'study support' page of the CPA Ireland website so please ensure that you avail of these as they are designed to provide guidance on the examination and training process.

For queries regarding examinations please contact Lisa Kelly at lkelly@cpaireland.ie. CPA Ireland wishes all its students well in their examinations

Training Records

The new online training record system is now live and all students are required to log their training on a daily/weekly basis onto the new system. If you have not yet started to use the new system please contact Réidín Ní Aonghusa on 01-4251022 as soon as possible.

CPA Ireland would like to remind you, as a student, of the importance of maintaining your training record as you progress through the CPA qualification. The primary responsibility for the maintenance of your training records rest with you. Keeping an accurate record of your training and reviewing it on a quarterly basis with your supervisor enables you to receive structured feedback on your performance and facilitates planning for your training in the next quarter and beyond.

Training records must be approved by a mentor who is a qualified accountant and it is important that you register your mentor on the system so CPA can approve your mentor before you start to log your training.

CPA Revision Courses for April 2019 Examinations

The following Approved Educators are providing revision courses for the April 2019 examinations:

Griffith College Cork

Griffith College Cork is offering revision courses for Formation 2 (Information Systems), Professional 1 (Managerial Finance) and Professional 2 (Strategy and Leadership, Advanced Corporate Reporting and Audit Practice & Assurance Services).

These courses will take between 19 March and 14 April 2019. Please contact Helen Long on 021-4508617 or email helen.long@griffith.ie.

Griffith College Dublin

Griffith College Dublin is offering revision courses for Formation 2, Professional 1 and Professional 2 (excluding Strategic Performance Management) for the April 2019 examinations. The courses will take place from 2 February to 14 April 2019.

For further information please contact Jacqui Broderick at 01 4150473 or email Jackie.broderick@griffith.ie

StudyOnline.ie

For the April 2019 sitting, StudyOnline.ie offers online tuition with revision lectures. Revision lectures are updated with recordings of worked solutions to past exam paper questions along with additional articles as required.

The courses are fully supported and the tutors are on notice to expect more queries during exam time. Students enrolling in a subject are given access for both the April and August exam sitting at no extra cost. A 50% discount is available to students who are repeating/resitting a subject.

Students wishing to register for CPA courses should contact StudyOnline.ie on 01 901 2016, email ask@studyonline.ie or use the chat function on the website: https://studyonline.ie/

Relevant Articles 2018/2019 Academic Year

CPA Ireland has published a series of articles to support students in their studies. These articles may be accessed in the students' section of the CPA Ireland website with further articles to be published during 2019. Recent articles include:

Budgeting
By Rosemarie Kelly, PhD, FCA, MBS, Dip Acc, Examiner, F2 Management Accounting, January 2019. Case Study Questions in Formation 2 Information Systems

Accounting for Basic Earnings per Share
By Brendan Doyle, B.A. (Hons Accounting), MBS Accounting, M.A., H.Dip Ed., P1 Corporate Reporting Examiner, January 2019.

Governance Mechanisms Implementing Governance Principles
By Mary Kelly, FCCA, Current Examiner, P1 Corporate Governance, January 2019.

Tax Residency Rules (and the Spice Girls)
By Paula Byrne, MBA, ACCA, Lecturer Griffith College Dublin, January 2019. Final Review Procedures and Audit Reports. This article is relevant for students studying P2 Advanced Taxation.

Accounting for Basic Earnings per Share
By Brendan Doyle, B.A. (Hons Accounting), MBS Accounting, M.A., H.Dip Ed., P1 Corporate Reporting Examiner, January 2019.

Thinking Strategically about Information Systems
By Dr. Danielle McConville, Queen's University Belfast, Examiner, December 2018.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
By Conor Foley, B.Comm, MAcc., FCA, Dip IFR, F2 Financial Accounting Examiner, December 2018. Relevant to F2 Fin Accounting and P1 Corporate Reporting

Activity Based Cost Management (ABCM)
By John Currie, B.comm, M.B.S, FCCA, Examiner, December 2018. Relevant to P2 Strategic Performance Management.

Annual Student Awards Ceremony 2018

The Annual Conferring Ceremony and Student Awards Ceremony took place on Saturday 1 December 2018. A total of 69 new members have been conferred by the Institute and we are looking forward to working closely with all our newly qualified members through the course of their career as a CPA.

The Student Awards Ceremony provides CPA Ireland and its sponsors with the opportunity to recognise those students who achieved the highest overall marks by subject in each stage of the Institute's examinations from Formation 2 to Professional 2 in 2018. Award winners were presented with a cheque from their sponsors and a piece of commemorative silverware from the Institute. CPA Ireland would like to congratulate award winners for 2018 and thank their sponsors for their generous support.

Paul Heaney, Director Education & Training, CPA Ireland, Angela Kiernan, CPA Prize-winner, P2 Advanced Taxation, Paula Byrne Griffith College Dublin, Frank Murray, Deloitte, prize sponsor.

Paul Heaney, Director Education & Training, CPA Ireland, Sunil Appat Sukumaran, CPA Prize-winner P2 Advanced Corporate Reporting, Tom Colgan, Griffith College Dublin. The prize was sponsored by UHY Farrelly Dawe White.

Paul Heaney, Director Education & Training, CPA Ireland , Geraldine Leahy, CPA Prize-winner P2 Strategy and Leadership, Ger McCarthy, Griffith College Cork. The prize was sponsored by Byrne Curtain Kelly.

Maura Oglesby, CPA Prize-winner P2 Audit Practice and Assurance Services with Paul Heaney, Director Education & Training, CPA Ireland. The prize was sponsored by HLB Sheehan Quinn.

Paul Heaney, Director Education & Training, CPA Ireland, Karina Diamond, CPA Prize-winner, P2 Strategic Corporate Finance and Tom Colgan, Griffith College Dublin. The prize was sponsored by Quintas.

Gearoid O'Driscoll, ODM Accountants, prize sponsor, Niamh Fennell, CPA Prize-winner P2 Strategic Performance Management and Paul Heaney, Director Education & Training, CPA Ireland.

Colm Foley, StudyOnline.ie, Brian Maher, CPA Prize-winner P1 Corporate Reporting and Paul Heaney, Director Education & Training, CPA Ireland. The prize was sponsored by the Munster CPA Society.

Richard O'Hanrahan, Leinster CPA Society, prize sponsor, Laura Phelan, CPA Prize-winner P1 Corporate Laws and Governance, Ger McCarthy Griffith College Cork and Heaney, Director Education & Training, CPA Ireland.

Paul Heaney, Director Education & Training, CPA Ireland , Cormac Fitzgerald, Fitzgerald, Fitzgerald & Partners, prize sponsors, Mark O'sullivan, CPA Prize-winner P1 Auditing and Tom Colgan, Griffith College.

Publication Notices

Investigation Committee – Consent Order

Ref.: Invest/09/18

On the 22nd January 2019 the Investigation Committee found prima facie evidence of misconduct where a Member engaged in public practice for a 12-month period prior to obtaining a Practising Certificate in breach of bye law 13.

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

1. Reprimand
2. Fine €750
3. Contribution towards the Institute's costs €1,250

Information & Disclaimer

Accountancy Plus is the official journal of the Institute of Certified Public Accountants in Ireland. It acts as a primary means of communication between the Institute and its Members, Student Members and Affiliates and a copy is sent automatically as part of their annual subscription. Accountancy Plus is published on a quarterly basis.

The Institute of Certified Public Accountants in Ireland, CPA Ireland is one of the main Irish accountancy bodies, with in excess of 5,000 members and students. The CPA designation is the most commonly used designation worldwide for professional accountants and the Institute's qualification enjoys wide international recognition. The Institute's membership operates in public practice, industry, financial services and the public sector and CPAs work in over 40 countries around the world.

The Institute is active in the profession at national and international level, participating in the Consultative Committee of Accountancy Bodies – Ireland – CCAB (I) and together with other leading accountancy bodies, the Institute was a founding member of the International Federation of Accountants (IFAC) – the worldwide body. The Institute is also a member of Accountancy Europe, the representative body for the main accountancy bodies The Institute's Offices are at 17 Harcourt Street, Dublin 2, D02 W963 and at Unit 3, The Old Gasworks, Kilmorey Street, Newry, BT34 2DH. The views expressed in items published in Accountancy Plus are those of the contributors and are not necessarily endorsed by the Institute, its Council or Editor. No responsibility for loss occasioned to any person acting or refraining to act as a result of material contained in this publication can be accepted by the Institute of Certified Public Accountants in Ireland. The information contained in this magazine is to be used as a guide. For further information you should speak to your CPA professional advisor. Neither the Institute of Certified Public Accountants in Ireland or contributors can be held liable for any error, or for the consequences of any action, or lack of action arising from this magazine.

CPA IRELAND

Annual Conference 2019

On the Frontier of Accounting

Network with business leaders at CPA's premier business event.

24th May 2019
Radisson Little Island, Cork

CPA Annual Conference 2019
is kindly supported by AIB

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