CPA IRELAND | CERTIFIED PUBLIC ACCOUNTANTS

The History of CPA Ireland 1926 – 2016

90 YEARS

ACCOUNTING FOR BUSINESS

90
YEARS
ACCOUNTING
FOR BUSINESS

Contents

Foreword

The Institute of Certified Public Accountants in Ireland (CPA Ireland) and its predecessors have a history dating back to 11 March 1926 when the Irish Association of Accountants Ltd was formed.

The ethos of the founding members was to create an Irish professional body with open access to those who were educationally qualified.

A profession is often defined as a disciplined group of individuals who adhere to ethical standards. This group positions itself as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and is recognised by the public as such. A profession is also prepared to apply this knowledge and exercise these skills in the interest of others.

The seven founding fathers of CPA Ireland certainly provided well for an enduring professional body in their initial Memorandum and Articles of Association. Their emphasis on education standards was endorsed by the fact that no candidate was deemed worthy of examination success in 1927. This quality over quantity approach has served CPA Ireland well and ensured that CPAs are professionals of the highest quality in terms of education, training and ethical behaviour.

CPA Ireland's foundation occurred against the backdrop of a newly founded State attempting to recover from a War of Independence and a Civil War which had wrought incalculable damage to the fabric of the country's economy.

The courage and foresight of our founding fathers continued as a feature of CPA Ireland's governance as our history shows a recurring feature of being the first Irish professional accountancy body:

- To introduce modular examinations
- To introduce mandatory CPD in respect of all members
- To achieve ISO qualification in respect of all of the services to members and students
- To provide for pre-qualification streaming in our syllabus
- To shape CPAs of the future as forward thinking and strategic accountants
- To have a member elected to the Board of the International Federation of Accountants (IFAC).

From our initial seven founding members we have grown to over 5,000 members and students operating in over 48 countries. We have strategic partnerships in place with some of the largest professional bodies in the world and our CPA qualification provides access to global career opportunities.

Ninety years of history is well worth celebrating and on behalf of our membership I want to thank Dr Bríd Murphy and Dr Martin Quinn for placing CPA Ireland's development and growth in the context of nine decades of change in Ireland.

CPA Ireland has a rich history and a bright future. Our membership is certainly a disciplined group of individuals who adhere to ethical standards and that is the hallmark of a profession.

I am delighted to be associated with and to represent the members of CPA Ireland.

Eamonn Siggins.

Eamonn Siggins
Chief Executive

1961, L-R: Jim Downes, W.A. J. Kinsella, President, CPA Ireland, Jack Martin, President of Ireland, Eamonn De Valera, and Liam O'Dulachain

Introduction

On March 11th 2016, CPA Ireland held its annual conference at Croke Park, Dublin. This day was not only a fruitful conference, it was also the 90th birthday of the body we now know as CPA Ireland. To mark this event, the authors contributed an article to the March edition of Accountancy Plus which outlined the history of CPA Ireland. This book provides a broader look at the last 90 years, reflecting on areas which affected the working life of CPA members.

The following eight chapters provide a concise insight into the 90-year history of CPA Ireland. We could no doubt write a lot more, but our key objective in these chapters is to provide an accessible history of the Institute. Chapters 1 and 2 provide an overview of the history of CPA Ireland and trace its growth and expansion through to the present day. The remaining six chapters focus on major events during the period, exploring their impact on CPA Ireland members. These events include changes to company and tax law, accounting standards development, changes to audit practice and general business issues such as information technology. To illustrate the impacts of such issues, we have referred to newspaper articles of the day and to numerous articles and reports prepared by CPA Ireland.

We hope you find the book interesting and we wish CPA Ireland every success for the next 90 years and more.

Martin Quinn and Brid Murphy, April 2017.

About the authors

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Pauline Willis, DCU Business School.

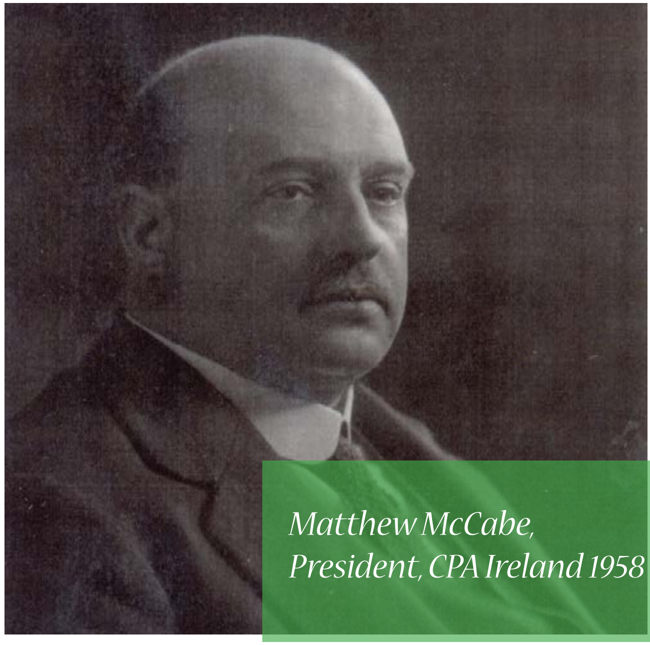
1965, A guide to the Companies Act, 1963
T. Pearse Crowley with Jack W. Martin, President, CPA Ireland, Brian Lenihan, Minister for Justice and Liam O'Dulachain

Chapter 1 – the family tree

This chapter outlines the “family tree” of what is today known as the Institute of Certified Public Accountants in Ireland, or CPA Ireland. The legal entity which is now CPA Ireland dates from 1943, but its roots go back further still. In 1926, The Irish Association of Accountants emerged in what was the early days of the Irish Free State. This must have been an interesting time to be an accountant, as one can imagine the uncertainty business minds encountered. Questions such as what new laws will the State pass, what new taxes will be imposed, will there be any support for new business, what will happen the profession may have been to the fore at the time.

Of course, uncertainty can also bring opportunity. And, the opportunity to form a new body of accountants was taken by a small group of men in Dublin in 1926. From then, to the present day, a number of name changes and a coming together of two bodies resulted in the present day CPA Ireland.

J.J Mallon, President, CPA Ireland 1955



Matthew McCabe, President, CPA Ireland 1958

A. J. Stack, President, CPA Ireland 1959

1926 -The Irish Association of Accountants Limited

Context

With the formation of the Irish Free State in 1922, many challenges awaited the fledgling country. Institutions and organs of the state had to be formed, legislation developed, trade promoted, to name but a few. What did this mean for business, and particularly for those who advised business, namely accountants?

John Byrne admiring the Presidents' Medal of Mr. J. M. Lantry in 1967

At this time, what we would now term professional accountants were not that common. In 1922, the principal accounting bodies were the Institute of Chartered Accountants in Ireland and the Society of Incorporated Accountants and Auditors. The former body dates to a Royal Charter in 1888; the latter to 1885 as a reaction to the formation of the Institute of Chartered Accountants in England and Wales – later merging with them in 1959. The Institute of Chartered Accountants was the larger body, with 97 members on the island of Ireland in 1917[1]. Of these 47 members were in practice, a number that increased by one ten years later[2]. In 1925, the London Society of Accountants (a forerunner of the Association of Chartered Certified Accountants or ACCA) established an Irish Free State Branch, holding an inaugural dinner at the Hibernian Hotel in Dublin on 7 February of that year. The President of the Irish Free State Branch, Sir Thomas Henry Grattan Esmonde noted at the dinner "people generally, were beginning to realise that in the Free State, without accountants and accountancy they could not exist at all"[3]. The Secretary of the London Society of Accountants, Mr. Laytham, also noted that the Society agreed in principle to a Statutory Register of accountants.

The three bodies mentioned thus far may have been perceived at the time as still connected to the United Kingdom, the former colonial master. With its new found independence, it is not surprising that within the State accountants felt an urge to create a new body. This happened in March 1926, with the birth of the Irish Association of Accountants.

The Council of 1967 including Mr. Campbell, Mr. Purcell, Mr. John Leahy, Mr. Liam O'Dulachain, Mr. J.F. McAdoo, Mr. Finbarr O'Sullivan, Mr. J. K. O'Shea, Mr. Des Hand, Mr. J. Martin, Mr. J. Byrne, Mr. J. F. Conlon (Hon Sec Munster CPA Society), Mr. J. Downes (Hon Secretary) and Mr. J. M. Lantry, President, CPA Ireland.

Formation

The Irish Association of Accountants was formed on 11th March 1926, the same day that Eamonn DeValera left the Sinn Féin political party. Its legal form was a Company Limited by Guarantee under the Companies (Consolidation) Act 1908. According to Companies Office files, the initial formation expenses totalled the princely sum of £35. The first Directors were seven in number, all from Dublin as per Table 1.1. They all noted their occupation as accountants or public auditors. The initial articles of association extended to 117 in number, covering matters such as membership admission, finances, membership fees, conduct of meetings, council duties and examinations.

The inaugural dinner of the Association was held on 17th January, 1927 at Jurys Hotel, Dublin. The chairman, William Bowesman, noted the Association was "the first body of accountants incorporated under the laws of Saorstat Eireann"[4]. The Chairman's address was broadcast according to the Irish Times of January 18th 1926 – presumably on the state radio channel 2RN. The body would have the imperative of seeing a high standard of professional conduct in the coming years, he added. The dinner was attended by number of notable persons of the time. Lord Glenavy (James Campbell), Chairman of the Seanad spoke, expressing his wish that all accountants would be amalgamated in one body and recognised by law. Sir Simon Maddock, a Seanad member, spoke of the importance of the Irish language to practical business men, such as accountants. Other guests included Sir Robert W Tate (Trinity College) and Dr James S Ashe (Honorary President of the British Legion).

At the inaugural dinner, the chairman also noted that none of the candidates who sat the first exams in November 1926 were of a standard to justify election to membership. As revealed in the Memorandum and Articles of Association, the examination topics were probably less taxing than present day examinations, consisting of three levels – see Table 1.2. Exemptions were only available for preliminary examinations and the final examination fee was set initially at £2 2s. The Association advertised regularly in the press in the late 1920s and early 1930s, asking for expressions of interest from accountants in practice. Little is known on the number of members of the Association at this time, but it continued to feature in press reports during these early years – for example, announcing lecture series and the opening of a reference library in 1927.

Within a year of formation, and shortly after the inaugural dinner, the Association (and other accounting bodies) were faced with the prospect of regulation in the form of the Registered Accountants Bill 1927. In essence, this bill had two objectives, 1) to compile a register of accountants, and 2) to ensure that all accountants in the Free State were registered accountants with appropriate skills.[5] The bill was defeated in the Seanad by 18 votes to 15 on February 24th 1927.

Preliminary Examination	Intermediate Examination	Final Examination
English	Book-keeping and accounts, including partnerships and executors accounts	Advanced accounts, including partnerships and executors accounts
One of Irish, French, German, Spanish or Latin	Cost Accounts	Auditing and the law
Mathematics	General commercial knowledge, including auditing	Cost accounts
	Commercial law	Income tax, including Double Taxation.

Table 1.2 –examinable subjects of the Irish Association of Accountants

Name	Address	Present use of address
Frederick George Blake	110 Grafton Street	Souvenir shop
William Johnston Bowesman	39 Kildare Street	Offices
Thomas Sanders	14 Effra Road, Rathmines	Residence
John McConnell	14 Kildare Street	Offices, adjoining Adams Auctioneers
Albert Swain	3-4, Lr. O'Connell Street	Ulster Bank (former)
James Logan	39 Westmoreland Street	Westin Hotel
George Munro	39 Westmoreland Street	Westin Hotel

Table 1.1 – founding directors of The Irish Association of Accountants

The Association seemed somewhat dismayed by the defeat of the bill and called a general meeting shortly after. The meeting decided to call a conference of all accountancy bodies in the Free State on March 25th, 1927. As we know, it would not be until the Companies Act 1963 (s. 162) that the issue of registered accountants/recognised bodies first materialised[6].

The Irish Association of Accountants was wound up by voluntary liquidation on 29 June 1965. Earlier, on 24 October 1964, a unanimous decision of the Council agreed to "proceed in negotiations […] with a view to amalgamation" with another body - The Irish Society of Certified Public Accountants - in February 1965. We will now turn to the origins of this latter body. This amalgamation blended the two bodies to become the CPA Ireland we have today.

1943 -The Society of Public Accountants Limited

The Society of Public Accountants Limited was incorporated on January 29th, 1943. There were eight signatories (and directors) to the Memorandum and Articles of Association of the company (see Table 1.3), all listing their professions as accountant. John Scully was the first President of the Society (see Table 1.4) and Edmund Farrell[7] acted as secretary. The company was limited by guarantee of its members, to a maximum of £2 2s. Initial annual fees for members in public practice were set at £3 3s for Fellows, £2 2s for Associates. Fees for non-practice members were half of these amounts.

Name	Residence
John Callaghan	Drumcondra
W.A Cantwell	Ballsbridge
Thomas Davy	Rathmines
Edmund Farrell	Terenure
Patrick Farrell	Clontarf
John McMahon	Greystones
Ignatius Scully	Ranelagh
Ernest Walsh	Dublin city centre

Table 1.3 – the eight original directors the Society of Public Accountants Limited

The Memorandum of Association from 1943 set out many of the features of today's body, for example:

- Members were classified as Associates or Fellows
- Associate Membership was attained through examination and five years' experience in public practice, as an accountant employed by the State, or as an accountant in a company of good standing
- Formation of a Disciplinary Committee
- Minimum and maximum number of Council Members, and various matters related to appointment of Council and their duties and powers.
- Procedures at meetings
- Powers of Council to make Bye-Laws

Interestingly, the founding document of the Society of Public Accountants did not detail examinable subjects like the Irish Association of Accountants. Such powers and decisions were instead vested in the Council.

On formation, the Society's offices were at 42 Dame Street, Dublin which no longer exists and is enveloped within the Central Bank of Ireland site. Between 1942 and 1958, the offices moved to 99 Grafton Street (site of Weir & Sons, jewellers), to 78 Dame Street and finally to 2 Dame Street (close to City Hall) in 1952.

By 1958, the Society had 50 members but the 1950s were difficult times with some Council meetings abandoned as the meeting quorum was not met. Thus, in the late 1950's and early 1960's as the Companies Act 1963 was being considered and drafted, the Council pursued a strategy of legal recognition to foster growth. In 1961, the company name was changed to "The Irish Society of Certified Public Accountants Ltd" and this new name was granted recognition under the Companies Act 1963. The "Public Accountant" designation was originally registered in 1953 for members of the Society[8]. Members were thus designated ASPA or FSPA.

J. W. Martin (left) presenting the J. W. Martin award for excellence in examinations to M. B. Sheridan A.C.P.A. in February 1969. Centre is Liam O'Dulachain, President, CPA Ireland.

1973, L-R: Roderick Neary, President, CPA Ireland, his sister Aideen, Seamus Lantry, Erskine Childers, President of Ireland and Neil Haughey

1975, L-R: Liam Donnelly, Chief Executive, CPA Ireland, Cearbhall Ó Dálaigh, President of Ireland, N. J. Haughey, President, CPA Ireland, Leslie Tait visit Aras An Uachtarain

As already noted, the Society integrated with the Irish Association of Accountants in February 1965, adding approximately 30 new members to its membership base. Although no documentary evidence to the effect survives, the Irish Association of Accountants most likely needed to integrate with another body as it was not recognised following the Companies Act 1963. Given the history of the Society of Public Accountants as the only other body formed since the origins of the State, the integration seemed an obvious choice.

Roderick Neary, President, CPA Ireland – signing up CPA Ireland as a founding member of IFAC in 1977.

J. Scully	1943 – 1947
W. A. Cantwell	1948 – 1953
G. McMahon	1954
J.J. Mallon	1955
J.W. Martin	1956
T.F. McCarthy	1957
M.B. McCabe	1958
A.G. Stack	1959
W.A.J Kinsella	1960 – 1962
J.W. Martin	1963 – 1965
J.G. Byrne	1966
J.M. Lantry	1967
L. O'Dulachain	1968 – 1969
J.C. Leahy	1970
H.J. Curtin	1971 – 1972
S. Lantry	1973 – 1974
N.J. Haughey	1975 – 1976
R.J. Neary	1977 – 1978
B.F. Scannell	1979 – 1981
E.P. McConnon	1982 – 1983
J. Donnelly	1984 – 1985
O.F. Allen	1986 – 1987
S.P. Slattery	1988 – 1989
M.A. Lynch	1990 – 1991
T. O'Gorman	1992 – 1993
T.L. Keane	1994 – 1995
P. McCrohan	1996 – 1997
D.J. Ryan	1998 – 1999
B. McGrory-Farrell	2000 – 2001
B. Coffey	2002
A. Farrelly	2003
D. Solan	2004
M.F. Dolan	2005
P. O'Feinneadha	2006
B. Allen	2007
N. Adams	2008
J. White	2009
G. Meagher	2010
G. McEvoy	2011
N. Byrne	2012
J. Aherne	2013
C. Fitzgerald	2014
B. Purcell	2015
N. Brennan	2016

Table 1.4 – List of Presidents 1943-2016

In 1971, a further name change occurred, this time to "The Institute of Certified Public Accountants in Ireland". The name change was approved by the Minister for Industry and Commerce and ratified by an Extraordinary General Meeting of the Institute on 18 September 1971. At this time, the Institute had some 200 members, with accountants in Dublin and Belfast earning £630 per annum with five years' experience, rising to £2,500 over time.[9]

By 1975, membership had reached almost 500. This year also saw a move to a new premises at 13 Fitzwilliam Square, Dublin, as well as the appointment of the first full-time Chief Executive, Liam Donnelly. Two years later, in 1977 the offices again moved, this time to 22 Upper Fitzwilliam Street, Dublin.

In 1992, at the Annual General Meeting, the President, T. O' Gorman, noted the move to 9 Ely Place, and encouraged all members to visit this "focal point for development of the Institute in the years to come". Ely Place remained the focal point until 2007, when the present head office at Clonmell House, 17 Harcourt Street, Dublin was purchased and extensively refurbished. These offices house about 25 staff and support more than 5,000 members and students throughout Ireland and around the globe. Clonmell House, as any member who has visited may know, is a superb building and former home to the Earl of Clonmell, John Scott (1739-1798). Scott earned the sobriquet "Copper-faced Jack", due to his aggressive nature and tanned skin-tone – a name still used to this day by a licensed premises on Harcourt Street.

Having now briefly explored the family tree, the next chapter provides a more in-depth look at some events and developments within the Institute which reflects membership growth and increasing presence over time.

1978, L-R: Brian Scannell, Patrick Hillery, President of Ireland, Roderick Neary, President, CPA Ireland and Liam Donnelly in Arás an Uachtarain

Further Reading

1943-1993 – 50 years of growth, CPA Newsletter, March 1993

Liam Donnelly

1978, Picture shows Mr Roderick Neary, President, CPA Ireland (centre, front row) with the newly qualified CPAs: Back (L-R): Denis Cummins, Thomas McGovern, Patrick Casey, Timothy Gleeson, Daniel McCarthy, Andrew Browne, John Collins, John Coughlan, Brendan Farrell. Front (L-R): Brendan Allen, Jennifer Beechinor, John Gavin, Paul Wrafter.

CPA Ireland Past Presidents: Back (L-R): H.J. Curtin, John Byrne, Roderick Neary, Seamus Lantry, T.F. McCarthy, N. J. Haughey Front (L-R): John Leahy, Brian Scannell, Eddie McConnon, John Martin

Chapter 2 – from formation to present day

CPA Ireland members operate in public practice, industry, financial services and public sector organisations and members are qualified to operate in many jurisdictions internationally. Its identity as 'CPA Ireland' enables it to trade on its 'Irishness', while also ensuring it is placed firmly on an international stage. This chapter details key events in the development of the Institute from the 1960s to today. It reflects on the growth of its membership to in excess of 5,000 members and students today. It describes some of the strategic policies adopted which enabled it to navigate challenges and prosper. Focus on education, pre- and post-qualification, has enabled it to strengthen and gain increasing recognition. However, other initiatives have also been adopted, both nationally and internationally, which have served to increase its status as a professional accounting body. These include forging alliances with other professional networks, and focus on Small and Medium Enterprises and the public sector.

Growth in membership

During the 1960s, CPA Ireland membership increased steadily and growing student numbers led to the establishment of Student Societies. The Munster Society was established in 1966, followed by the Leinster Society in 1968. As the Institute continued to develop, it formalised committees within Council, and by the early 1970s had established eight formal committees comprising Taxation, EEC Directives, Accounting Standards and Ethics, Disciplinary, Regional College, Examinations, Student Liaison, Memorandum and Articles of Association and Seminars.

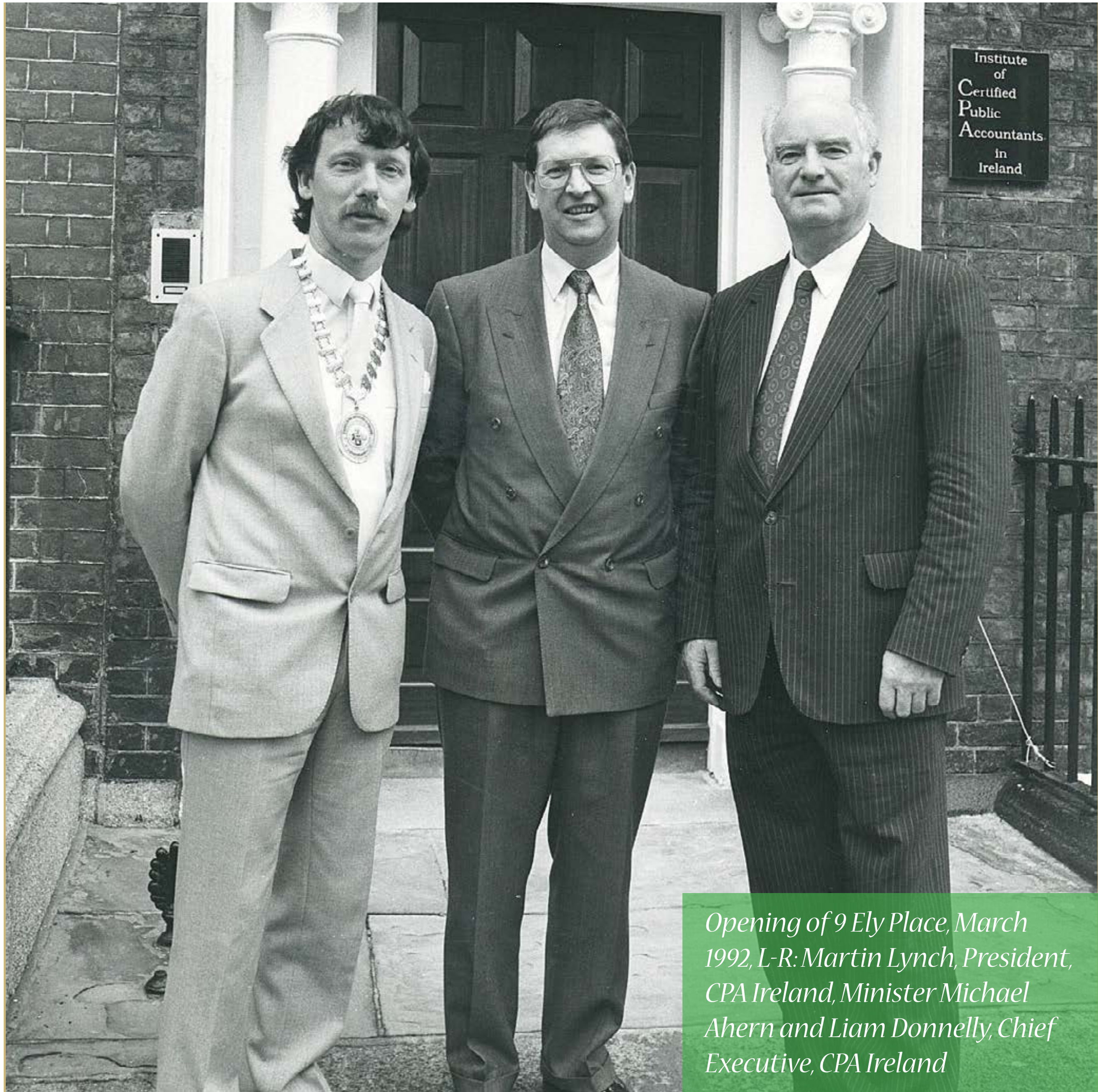
CPA Ireland Council 1984 Including: Colm Hughes, Tony Leonard, Tom Keane, Joe Grey, Tom O'Gorman, Sean Slattery, John Kelleher, Michael McAdoo, Eddie McConnon, Martin Lynch. Rod Neary, Seamus Lantry, Liam Donnelly, Jimmy Donnelly, Olan F. Allen, Joe Curtin

1984, L-R: Jimmy Donnelly, Vice President, CPA Ireland. Padraig Flynn, Minister for Commerce Energy and Tourism and Eddie McConnon, President, CPA Ireland

It also included several ad-hoc committees to deal with particular matters. A focus on further expansion led to the appointment of a Public Relations officer, the establishment of a Student Services Committee and a Recruitment Committee in 1971, and a newspaper campaign targeting student recruitment in 1972. Additional recruitment initiatives were also undertaken, including visits to careers guidance exhibitions, universities, regional colleges and schools, to promote a career in accounting with the Institute. This proved a successful strategy and candidates sitting examinations trebled between 1973 (198 candidates) and 1979 (596 candidates). In 1975, the first formal ceremony was held to mark the transition to full membership. Four further regional societies were also established: Ulster, Western, Mid-West and British. In the 1980s, growth continued and the Institute introduced a newsletter in 1982 which became a focal tool for communication with members.

By the time the Institute had reached its milestone 50th birthday in 1993, membership was in excess of 1,000 members located in over 20 countries worldwide. Over half of these were operating outside of professional practice and a website was launched in 1995 to promote activities and communicate with a variety of stakeholders. In June 1998, the Institute was awarded the internationally recognised benchmark for service, ISO 9002. In doing so, it was the first professional accountancy body in Ireland and the UK and one of the very few in the world to have achieved this status. The economic upturn in the late 1990s led to further growth and the admittance of the 2,000th member in 2000. The CPA Benevolent fund was established in 2000. The Institute also invested in information technology and commenced a policy of email with its members in 2000, thereby reducing the personnel and postage costs of large mail shots. In 2005, a student E-bulletin was published and a new website was launched with enhanced functionality for members and students, including a Technical Resources component. Also, in 2005, the Council completed a governance reform process in accordance with the UK Professional Associations Research Network (PARN) to ensure appropriate governance practices were adopted. In line with PARN recommendations, CPA Ireland admitted its first non-member, Professor Aidan O'Reilly, to Council in 2006.

The 3,000th member was admitted in 2006. However, the next few years proved a challenging time for Ireland and saw the introduction of the government guarantee scheme, a near meltdown in the Irish public finances and the launch of the National Asset Management Agency (NAMA). It also proved a challenging time for the Institute as the continuing climate of uncertainty and economic downturn led to job losses in many sectors and a halt on further recruitment in almost every sector. The Institute acknowledged that a series of initiatives were needed to encourage further growth[10]. In 2009, it launched a student Facebook page and a CPA members group on LinkedIn and its journal Accountancy Plus went digital in June 2009. Mindful of the difficulties to secure accounting trained positions within the recessionary economic climate, it introduced an Approved Training Partner (ATP) programme whereby trainees can develop the required competencies with employer organisations beyond professional accounting practices. Over 160 blue-chip organisations across the country are now part of this initiative. A new website, along with CPA Ireland Pinterest, was launched in 2013. The Institute also increased its profile within the public sector and CPA Ireland is now considered the qualification of choice for new recruits to entities such as the Comptroller and Auditor General's Office.



Opening of 9 Ely Place, March 1992, L-R: Martin Lynch, President, CPA Ireland, Minister Michael Ahern and Liam Donnelly, Chief Executive, CPA Ireland

The 4,000th member was admitted in December 2015, with members located in over 40 countries. Approximately two-thirds of members operate outside of professional practice within services, manufacturing, financial services and public sector. The profile of entrants has also changed, with over half of students registered between 25 and 34 from a variety of educational and employment backgrounds. The variety of committees within Council has also expanded to reflect evolving concerns of the Institute and its membership, including Finance and Audit, SMP/SME[11], Investigation and Insolvency among others.

Education

CPA Ireland places a very important emphasis on education. It aims to provide education, training and assessment that are innovative, responsive and relevant to support participation and development of accountants. Prior to qualification and admission to the Institute, the early years of CPA Ireland comprised examinations at three stages; Parts I, II and III and examination sittings were in May and November in Dublin, Cork and Ennis. The majority of those joining CPA Ireland at this point had completed the Leaving Certificate. In 1974, a meeting of students and Institute examiners was held and it was decided that suggested solutions would be prepared and made available to students. This initiative has proved long-lasting with an annual education briefing and outline solutions available after each examination sitting to aid candidates' examination preparation. Also in 1974, practising certificates were issued for the first time.

Increasing membership led to particular focus on student education, examination, training and recruitment. An extensive syllabus review was carried out in the mid-1970s to take account of educational, legislative, ethical, professional standards, responsibilities and other current developments. A revised syllabus and examination process was formally approved by Council in 1976. The first examinations of the new syllabus were in May 1977. The syllabus comprised four key stages which continue today: Formation I, Formation II, Professional I and Professional II, with four assessable subjects at each level. In 1978, the examination schedule moved to May and September (rather than May and November) and 1979 saw the development of a correspondence course and full-time courses in Dublin and Cork. In 1980, a revised student training record system was implemented. In 1986, a module system was introduced for final professional examinations and in 1990 an examination centre was established in the UK, the first outside Ireland. By May 1992, student numbers had grown to 1,500 and examination sittings necessitated five examination centres: Cork, Dublin, Galway, Limerick and London. The profile of those embarking on the CPA Ireland qualification had also shifted with approximately 1/3 entering direct from the Leaving Certificate and 2/3 with post-Leaving Certificate qualifications.

While overall examination structures remain largely the same, individual subjects within each stage evolved to reflect the changing roles and responsibilities of accountants. The 1977 syllabus comprised several subjects which remain fundamental today, such as financial accounting, management accounting, auditing, taxation, economics, statistics and law. By the early 1990s, additional subjects were introduced to include information systems, financial management and public sector finance. Further changes were made in the 2000s to incorporate management, strategy, leadership, business planning, professional ethics and corporate governance. In 2008, the Institute conducted a governance and quality assurance review of its examination and education processes in consultation with Professor Philip Hamill of University of Ulster. While the review indicated that processes were robust, recommendations led to the establishment of an Academic Advisory Board, comprising of seven leading academics to ensure quality assurance practices could remain strong and facilitate continuous improvement.

Advances in technology also led to changes concerning tools used within education. In 2009, a Facebook page 'CPA Student Resource' was launched to provide weekly updates to students and opportunity to network with each other. Also in 2009, the annual student survey was conducted online for the first time and an online 'examView' facility was established to ensure more timely provision of feedback and response. Online Twitter updates and studycpa.ie, a one stop shop for everything any potential student would need to know about studying for the CPA qualification, were launched in 2010.

On an operational level, ongoing initiatives were pursued to ensure that the Institute meets the needs of its increasingly diverse membership. For example, in 2012 an Internship Programme was established in conjunction with the School of Business at Cork Institute of Technology and a Certificate in Business and Accounting was launched which provides a comprehensive introduction to the concepts of business and accounting aimed at students beginning their careers in business. Successful candidates may select to pursue the CPA professional accountancy qualification with full exemption from all Formation 1 exams. CPA E-learning was also introduced in 2010. By 2014, over 20% of students were using online learning tools to prepare for examinations. Online examinations were introduced in 2013, with Formation 1 exams completed online for the first time in May and December 2013.

July 1993, President of Ireland Mrs. Mary Robinson with Tom O'Gorman (left) President, CPA Ireland and Peter Agars, President IFAC.

July 1993, Aras An Uachtaráin
Back (L-R): Eileen Donnelly, Liam Donnelly, Lena O'Gorman, Eamonn Siggins, John Gruner, Nancy Gruner. Front (L-R): Marion Siggins, Tom O'Gorman, President, CPA Ireland, Mary Robinson, President of Ireland, Peter Agars, President International Federation of Accountants, Averil Agars

Regular syllabus reviews ensure that CPA Ireland continues to cater for present needs of the profession, for its development and for the preparation of students for their future role at the very highest standard. The indicative syllabus has become much more detailed as a result of increasing regulatory aspects and increasing complexities within accounting and business. An examination of Auditing at Professional II stage illustrates the extent of this change: in 1977, the examinable material highlighted four texts per the reading list; the 2016 syllabus similarly comprises a variety of texts but also includes online resources, legislation, ethical standards, 36 international auditing standards and in excess of 40 financial reporting standards.

Changing student profiles and macroeconomic conditions have led to an increasing trend of specialisation. CPA Ireland was the first Irish professional accountancy body to facilitate specialism options in 2008 and students completing Professional II may select specialism options, thereby tailoring their studies towards working in industry or professional practice. Examinations within Professional II are also 'open book' since 2009, where focus is on contextual application of knowledge.

1998, Denis Ryan, President, CPA Ireland and CPA Ireland Council including Brian Coffey, Padraig O'Feinneadha, Alan Farrelly, Orna Stokes, Olan F. Allen, Eddie McConnon, Pat McCrohan, Gerry O'Shea, Bernadette McGrory-Farrell, Tom O'Gorman, Michael F. Dolan, John Bolger, Michael O'Mahony, Sean Slattery, Norman Adams, Daragh Solan, Brendan Allen, Eamonn Siggins, Chief Executive, CPA Ireland.

Continuing Professional Education and Development

There was also a growing realisation within CPA Ireland that its qualified members, who are charged with providing high quality services throughout their professional lives, could also benefit from training and education. Members are likely to be aware of a need for better ways to think about what they do and need to find better ways to integrate education into their individual and collective professional practices.

Further, the increasing numbers of accountants working outside of accounting practice, coupled with the decentralisation of accounting information in organisations, has also led to a more commercially-oriented function with a different focus to those in professional practice.

In the 1970s, the Institute's strong commitment to education and training was first extended to members to enable maintenance and further development of professional competence. In October 1978, it was formally agreed by Council to provide for Continuing Professional Education (CPE) on a voluntary basis

2003, L-R: Daragh Solan, Vice President, CPA Ireland, Allan Farrelly, President, CPA Ireland, Michael F Dolan, Vice President, CPA Ireland until 1981, at which point Council would have power to introduce mandatory CPE. Council did not select to introduce mandatory effect in 1981. However, the Companies Act 1986[12] and increasing accounting guidance[13] led to increased focus on 'the public interest' within the accounting profession in the 1980s. Indeed, the CPA Ireland Chief Executive was elected to chair a study group to examine the 'Education for the Accountant' at the IFAC Annual Congress in Mexico in 1982. A general re-appraisal of CPE was undertaken and CPA Ireland was the first professional accounting body in the UK and Ireland to formally commit to mandatory CPE in 1990[14]. By 2000, the Institute was providing an annual total of 95 conferences, seminars and workshops in eleven venues to facilitate member training.

The Institute has since introduced a series of initiatives which have continued to expand. In 2005, it launched a younger members' forum. In 2006, it expanded the online suite of CPE offerings where demand was strong from members operating outside urban centres. It also launched a new online database which enabled members to maintain CPD compliance online. In 2008 and 2009, it rolled out several advanced courses including the CPA-accredited Lean Green Belt Certification programme in Financial Services, an MBS in Corporate leadership (in conjunction with Dublin City University), a diploma in International Financial Reporting, and a BBS in Applied Accounting (in conjunction with Athlone IT). A Certified Tax Adviser (CTax) Level 8 qualification was established in 2011 and a Personal Insolvency Practitioner (PIP) course launched in 2013 in partnership with ACCA and CIMA.

CPA Ireland continues to develop its continuing professional education and development and has broadened offerings which acknowledge the differing needs of members in practice and members operating in other organisations. Today, there are a variety of events in multiple locations which help to facilitate members. These events include an annual national conference, an annual practitioners' conference, members in industry conference, annual corporate finance conference, annual tax conference, annual business lectures, and many other events pertaining to accountants in business, including international financial reporting standards and FRS102, 'thought leadership' technical, information technology, innovation, career planning, women in business, and personal development. Its online courses have also steadily increased. The number of webinars has also expanded and in 2014, webinars accounted for almost 50% of all CPE participation.

2004, Some of the Past Presidents of the Institute. Back (L-R): Olan F. Allen, Eddie McConnon, Tom O'Gorman, Sean Slattery, Brian Coffey, H.J. Curtin, Tom Keane, Pat McCrohan. Front (L-R): Roderick Neary, Seamus Lantry

April 2005, L-R: Bertie Ahern, TD, Michael F Dolan, President, CPA Ireland and Eamonn Siggins, Chief Executive, CPA Ireland

National and international recognition

As CPA Ireland has grown, it has achieved recognition from key stakeholders. The Companies Act 1963 afforded legislative recognition[15]. In 1973, the Institute was recognised by the Irish Law Society with regard to regulation of solicitors' accounts[16]. In 1991, it joined the Consultative Committee of Accountancy Bodies - Ireland (CCAB - I), an umbrella group of the accountancy profession in Ireland which represents participant professional bodies[17] in areas of common interest and concern to the profession. Initial considerations included CPE, practice review and professional indemnity insurance. More recent considerations have included the legal protection of the term 'accountant', limited liability reform and regulation. Today, CPA Ireland operates a system of delegated self-regulation which enables it to directly regulate its members. Oversight of the institute has been maintained by the Irish Auditing and Accounting Supervisory Authority (IAASA) since the establishment of IAASA under the 2003 Companies Act. It also enjoys delegated authority from the Central Bank to authorise its member firms to engage in investment business and in turn is supervised by the Central Bank in this area of operation.

As CPA Ireland has cemented its status as a leading professional body, it has produced a number of reports which have a wide interest. CPA Ireland has been particularly mindful of its position throughout the recent Irish economic crisis. To this end, it engaged with a large set of stakeholders and published the 'Entrepreneurship Report' in 2010 which examined the climate and culture for entrepreneurship in Ireland. A number of recommendations for the report were subsequently implemented, including a loan guarantee scheme for smaller entities and clarity concerning banking credit. The Institute subsequently provided free seminars to the SME sector in 2011 to help entities run their businesses more efficiently and profitability in challenging times. A follow-up report 'Entrepreneurship Report II' was published in 2012 which cautioned that a two-speed economy is emerging in Ireland, whereby businesses reliant on the domestic economy are stunted while those with a focus on exports markets prosper. Domestic business opportunities are effectively stifled and job creation mitigated in areas where it is most needed. It also highlighted the need for management training and development. A further report in 2014 entitled 'Weathering the Storm - SME lessons from the Crisis' was published which examined how Irish SMEs dealt with the recent recessionary environment. It highlighted that businesses within a wide variety of sectors were markedly similar and that similar lessons can be learned from the general response rather than specific businesses.

CPA Ireland's Business Tracker App launched in 2013 to help entrepreneurs and business owners to monitor their company's finances and to automatically calculate and track financial ratios and it regularly produces 'Simple Facts of Accounting' bulletins, in conjunction with the Small Firms Association to help businesses understand complex accountancy and regulatory issues and the impact on day-to-day business. In 2015, its 'New Business Guide to Starting Your Own Business' was launched, highlighted key aspects for consideration, including legal, financial, accounting and system issues.

Recognition of the Institute on a more global platform has also been notable since the 1970s. In 1974, it participated in a project regarding the minimum standards of education and training of auditors, subsequently enacted as the 8th EU Directive. CPA Ireland successfully applied for membership to the International Accounting Standards Committee (IASC) and the Europeene des Experts Comptables[18]. The worldwide accounting body, International Federation of Accountants (IFAC) was founded in 1977 and the President of CPA Ireland, Mr R.J. Neary, was one of the founding members to sign the constitution of IFAC[19]. In 1985, CPA Ireland signed an agreement with the Association of Certified Public Accountants (International) and in 2000 CPA Ireland became a founding member of the Edinburgh group.[20]

In 2009, the Institute announced strategic alliances with two overseas professional accounting bodies, CPA Australia, CGA Canada. This was followed by further strategic alliances with the Institute of Chartered Accountants in India in 2010 and Bangladesh in 2013. These alliances recognise, in principle [21], each other's qualifications and promote opportunity, strategic partnerships and a route for qualified members of each body to become members of the other bodies. Ireland has also been statutorily recognised as an approved body of auditors in New Zealand. These strategic alliance partnerships ensure relevant reports from all alliance partners are available to members. In 2011, the first report to be shared was "The firm of the future" from CPA Australia.

In 1985, CPA Ireland was approached to assist the development of accounting within the Arab League nations. It was duly appointed to organise and run accountancy examinations for students, commencing in 1986. This was the institute's first such venture into this arena. More recently, CPA Ireland has been actively engaged in the development of the accounting profession in Africa. One of the first initiatives was the inception of the pro bono scheme, whereby ICPA-Zimbabwe was granted free access to CPA Ireland exam papers. In 2011, Dr Reynolds Tendai Muza was the first to be conferred with CPA membership under this scheme.[22] The Institute entered into a partnership with KOSI Corporation to pursue outsourcing opportunities and was successful in winning €1.5million World Bank funded international contracts in 2011. The first, in Mozambique, focussed on establishing a new national accounting body in the country and the development of legal, institutional and governance structures in line with best practice. The second, in Rwanda involved assisting ICPA-Rwanda to establish an education and training model to qualification stage. This resulted in the establishment of Certified Accounting Technician and Certified Professional Accounting programmes and the initiative was successfully concluded in November 2012.

The Institute also entered into agreements with South Africa in 2011 and with Sri Lanka, Bulgaria and Nigeria in 2013. The Association of National Accountants of Nigeria (ANAN) has approximately 26,000 members, half of whom are within the public sector. ANAN has taken a leadership role in public sector financial reporting in Nigeria in conjunction with CPA Ireland. As a result of this collaboration, CPA Ireland has developed an online certificate programme of International Public Sector Accounting Standards (IPSAS) within developing countries. This was formally launched at the 2014 IFAC World Congress of Accountants in Rome. The Institute's partnership with the South African Institute of Professional Accountants (SAIPA) also facilitated the distribution of the online CPA certificate in IPSAS Financial Reporting. In addition, CPA Ireland entered into agreements with EICPA (Eurasian Institute for CPAs)[23] to deliver IPSAS Financial Reporting.

Chapter 3 – company legislation

This chapter reflects on the key pieces of company law introduced during the history of the Institute. At the time of formation of both the Irish Association of Accountants (1926) and the Society of Public Accountants (1943), there was no body of indigenous company law. The laws of Great Britain were in general followed. While there have been many Acts since, this chapter focuses on key Acts, namely the Acts of 1963, 1983, 1986, 1990, 2003 and 2014. Of course, this is not a legal text and the effects of these Acts on Institute members is the main focus. To this end, reference is made to various Institute sources of the time and to the general business context.

Companies Act 1963

Prior to the Companies Act 1963, company law in Ireland consisted about twenty small acts, most of which pre-date the formation of the State. A Companies Act of 1959 covered minor issues around share issues and holding/subsidiary companies. It had a total of twelve sections, none of which affected accounting or auditing per se. This would change with the 1963 Act, as is was the first large piece of company legislation to affect accounting and auditing in the history of the State. To give some idea of the effects, the Institute commissioned T. Pearse Crowley (CPA) to write a guide for members. The resulting publication, titled "A Guide to the Companies Act, 1963" totalled 126 pages.

The Irish Times of October 9th, 1962 gives a good summary of the general feeling of the business world

April 2006, CPA Ireland Annual Business Lecture, Brian Cowen TD, Minister for Finance and Padraig O'Feinneadha, President, CPA Ireland in advance of the Act. Discussing the Companies Bill (1962), the paper notes "the bill is not as revolutionary as many expected [...] and is intended to tidy up the law rather than to revise it". The 1963 Act totalled 399 sections, with Part V being the most relevant to accountants and auditors. There were some new provisions within Part V. For example, Section 147 of the Act, as the Irish Times notes "for the first time, it makes it obligatory for a company to keep books and accounts". Group or consolidated accounts now also had to be prepared. Part V also set out the format and content of company financial statements, required a Directors' Report, an Auditors' Report and set out methods for appointing an auditor. Section 162 also introduced the requirement for an auditor to be a qualified member of "a body of accountants for the time being recognised for the purposes of this paragraph by the Minister". The Institute was included as such a body.

The Minister for Industry and Commerce at the time, Jack Lynch, noted that his department would "be relying to a great extent on the watchfulness of the professional bodies to ensure that the standard of accountancy and auditing in this country is kept at a level[24]". Lynch also referred to the fact that the accounting schedules within the Act (the Sixth Schedule, which included the format of the accounts) could be changed by Ministerial Order, making future changes easier. He did however suggest such changes should not be frequent.

The 1963 Act came into force on April 1st 1964. From media reports of the time, it seems the accounting and auditing profession came to terms with it and despite some issues, the Act was normalised into everyday practice. A report from the Irish Times of January 8th 1964 suggests some companies had to make changes to the year-end of subsidiary companies, and that some companies profits increased substantially due to the inclusion of subsidiary figures. Additionally, the requirement to produce group accounts did create a once-off issue of non-comparability. For example, the Chairman's Statement of Irish Glass Bottle at the 1964 AGM noted both these issues[25]:

The consolidated profit and loss account shows the profit of the whole group and is, therefore, not comparable to last year's figure which only relates to the parent company. Stockholders will also see that there is a considerable amount of additional information with this year's accounts referring to matters arising in the Balance Sheet and the Profit and Loss Account. As will be seen, from some of these notes, some of the subsidiary companies had accounting dates different from the parent. It is hoped that where possible, the accounting dates should be brought into line with that if the Parent.

Companies Act 1983

The Companies (Amendment) Act, 1983 came into effect from October 13th, 1983. Although there were two other amendment Acts in 1977 and 1982,

2006, L-R: John McGrane, Head of Business and Commercial Banking Ulster Bank, Graham Ward, President of IFAC and Padraig O Feinneadha, President, CPA Ireland

December 2006, Padraig Ó'Feinneadha, President CPA Ireland and Barbara Deighan CPA Graduate. Ms. Deighan was 3,000th member to be admitted to the Institute

this Act affected accounting and auditing most since the 1963 Act. The Institute's journal from November 1983 provides a useful summary of the main provisions of the Act, which is drawn upon here.

The main aim of the 1983 Act was to maintain the capital base of companies and its enactment was driven by an EC Directive. The first main change under the Act, under Section 40(1), was the requirement to call a general meeting when the net assets of the firm was less than half the called-up share capital value – as we will see below, this did cause some confusion between auditors and directors.

A second change related to qualified audit reports. In this case, dividends could not be paid to shareholders unless auditors specified that the qualification was not related to the distribution of dividends. Third, it was no longer possible to pay dividends until past losses were made good, meaning accumulated profits had to be positive before dividends could be paid. Fourth, there were new restrictions on the issue of shares, which would affect growing companies. Authority of either a general meeting or the Articles of Association was required. In the latter case, authority could only be granted for a maximum of five years. These changes, it must be remembered, were enacted in the recessionary 1980's.

The 1983 Act did cause some confusion in practice. An article from the Irish Times on January 23rd 1984 recounts how the major accounting firms interpreted Section 40(1) in particular. As noted above, this section required directors to call a general meeting when the net assets of the firm was less than half the called-up share capital. The Irish Times article notes how two public firms with the same year-end date, September 30th 1983, had different audit certificates. Irish Distillers, who were audited by Stokes Kennedy Crowley, included a disclaimer in its audit report to say such as situation did not exist, with the chairman explaining the need for the disclaimer in the annual report. Carroll Industries, audited by Craig Gardner did not contain such a disclaimer. According to the article, this difference in application of the section may have been as a result of confusion on whether the year-end date or the date of the audit certificate was the relevant date.

Companies Act 1986

From an accounting perspective, the Companies Act (1986) introduced the greatest change since the 1963 Act. Seamus Shelly, a Fellow of the Institute provided lectures to the Munster and Mid-West regions, and subsequently published a two-page summary of the key provisions of the Act in the CPA Newsletter of December 1986. This summary is recounted here briefly.

The Act commenced on 1st August 1986, and its key purpose was to provide for the EEC 4th Directive on preparation and publication of accounts of both private and public companies. Some of the main provisions of the Act are summarised by Skelly as follows:

- New prescribed formats for the financial statements
- Inclusion of additional information in the financial statements
- Classification of companies by size
- Requirements for the publication of financial statements

These changes likely affected smaller and medium-sized companies more than larger/public companies. Smaller and medium sized companies were defined according to assets, turnover and number of staff.

2007, CPA Ireland Annual Conference, L-R: Pat McArdle, Chief Economist with Ulster Bank, Alan Crosbie, Chairman of Thomas Crosbie Holdings Ltd., Helen Keelan, Director of Sirikit Ltd., Brendan Allen, President, CPA Ireland and Diarmuid Hegarty, Founder of Griffith College.

2007, L-R: Norman Adams, Vice-President, CPA Ireland, Dr. Diarmuid Martin, Archbishop of Dublin and Brendan Allen, President, CPA Ireland

The financial statements of these companies could be published in an abridged format, which we still do to the present day. The prepared accounts of these companies had to comply with accounting standards (SSAPs at the time) and also provide a true and fair view.

The Act provided two formats of balance sheet and four formats of profit and loss account and comparative figures must be shown. It also introduced new requirements for the Directors Report – a review of business, any significant events, future developments and any research and developments. A requirement on auditors to state in their Audit Report that information in the Directors Report is consistent with the accounts was also introduced.

According to the Irish Times of 15th October 1986, many of Ireland's small firms were ill-prepared for the effects of the Act. Although there was a lead-in to filing of abridged accounts which was not compulsory until 1989, small firms were not generally considering that their financial information would be accessible to creditors and competitors. Of course, companies could also check up on customers too. The article also notes that the relationship between the auditor and client was no longer a private one. This increased the public interest nature of accounting and auditing dramatically versus the pre-1986 scenario.

Companies Act 1990

As noted by JP Kelly (CPA) in the CPA Journal in December 1990, the Companies Act (1990) was originally contained within a 1987 Bill. However, some parts of this Bill were expedited due to the financial stress within the beef sector. As noted by Irene Lynch, a UCC law lecturer, in the Irish Times of 1st September[26], the Goodman International group of companies were the first case to be heard under provisions of the 1990 Act.

As noted by JP Kelly, the main feature of the Companies Act 1990 was the introduction of a court-appointed Examiner. This role required someone with good business, financial and legal knowledge – a role easily filled by CPA members. A brief summary of the role of the Examiner as defined in the Act based on JP Kelly's article is now given.

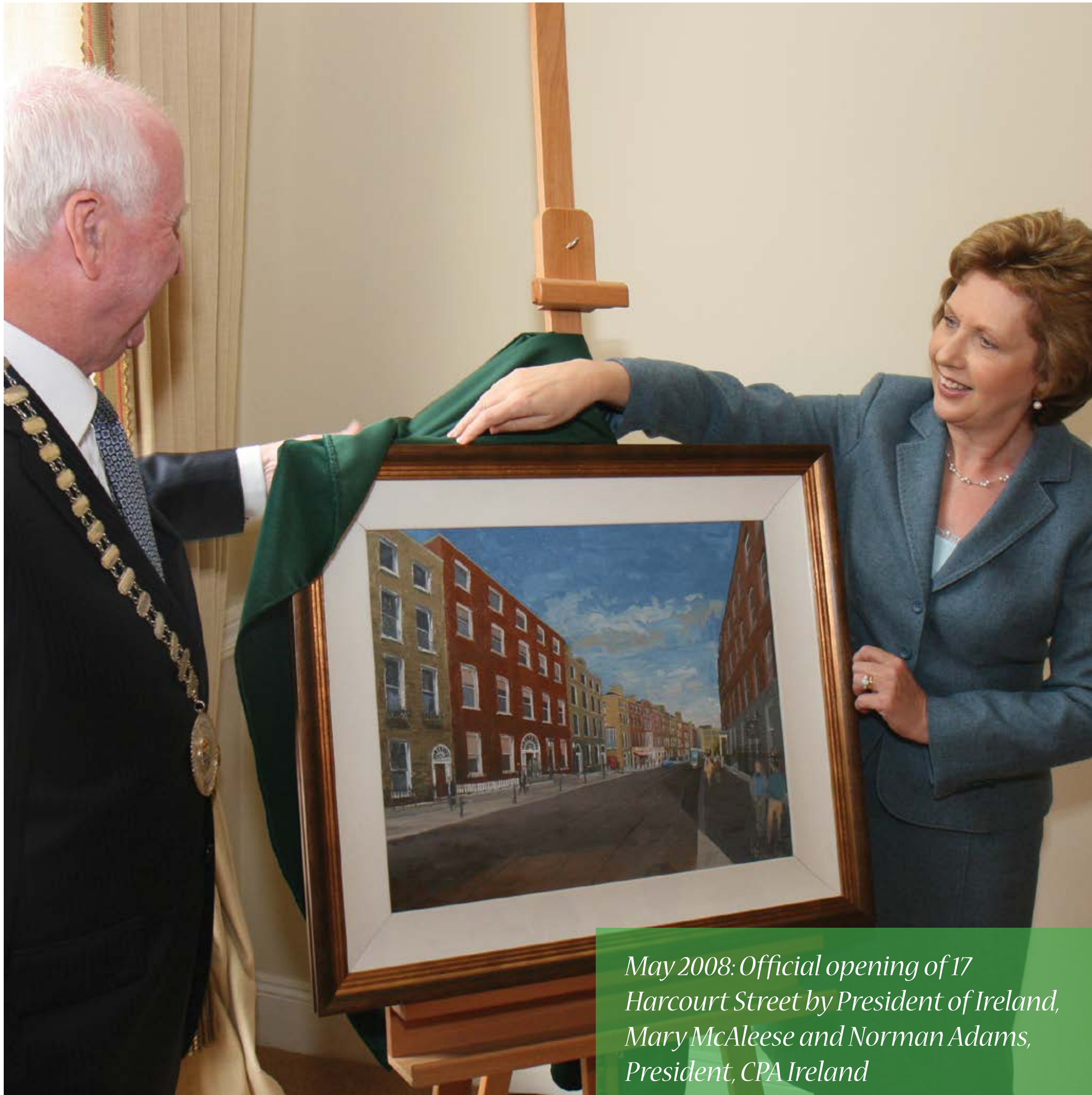
Under the 1990 Act, an Examiner can be appointed by the court when a company cannot pay its debts and is not in the process of winding-up or in receivership. The Examiner is appointed for an initial three month period. During the Examinership period, the company is protected from petition to wind-up and from secured and unsecured creditors. The Examiner must report after 21 and 42 days and the spirit of the Act is that a scheme of arrangement/compromise is agreed to allow the company to continue to trade. As JP Kelly put it, the "Examiner's role is one of a reporting consultant, having substantial powers to investigate the company affairs".

Although Goodman International was the first company to benefit under Examinership, the scheme has operated well. For example, an article in the Irish Examiner in 2013[27] noted that the scheme saved 2,700 jobs and was availed of by high-street names such as Homebase, B&Q, Pamela Scott, The Sweet Factory and Accessorize.

Companies Act 2003

The Companies Act (2003), or to use its full title Companies (Auditing and Accounting) Act 2003, introduced change to the accounting profession in general unlike any previous Act. As noted in Chapter 1, a Bill was presented to the Seanad in 1927 in an effort to regulate the profession and create a register of accountants. The Companies Act (1963) as noted above required auditors to be members of a recognised body, but it was not until the 2003 Act that accountants and auditors were faced with regulation per se.

An In Practice article written by Michael Kavanagh (CPA) published in Accountancy Plus, in March 2004 provides a good summary of the outcomes of the 2003 Act. It should be noted that CPA Ireland made submissions to the Oireachtas in the run up to the final Act, and these were taken into account according to Michael Ahern (CPA), Minister of State at the Department of



May 2008: Official opening of 17 Harcourt Street by President of Ireland, Mary McAleese and Norman Adams, President, CPA Ireland

Enterprise, Trade and Employment with responsibility for Trade and Commerce. Under the 2003 Act, a new statutory regulator, the Irish Auditing and Accounting Supervisory Authority (IAASA) was formed. The Act defines the key objectives of the regulator as follows:

- Supervising regulatory activity of the existing accountancy bodies.
- Promoting high standards in the auditing and accounting profession.
- Monitoring companies' financial statements.
- Providing the Minister with specialist advice on auditing and accounting issues.

IAASA also has the power to grant recognition to newly formed accountancy bodies and to intervene and/or initiate disciplinary action against accountants. As Kavanagh noted, some of these new powers seemed quite onerous at first glance, but were unlikely to have any direct impact on members.

The 2003 Act also introduced a requirement that financial statements disclose audit and non-audit fees and granted increased powers to the Director of Corporate Enforcement. For example, the Director has increased powers to request further information following a report by an auditor of a breach of company law.

To know	Effect
Every private company limited by shares will need to make a decision	every existing private company limited by shares it must become either a Designated Activity Company (DAC) or private company limited by shares (LTD)
LTDs will have full and unlimited capacity	An LTD will not have an objects clause in its memorandum of association. Instead it has the same full and unlimited capacity as a natural person to carry on any business or activity, or enter into any transaction.
All companies may have just one member	This removes the need for a minimum of two members for a private company, or seven for a public company.
Directors' report to confirm that auditors have received all relevant audit information	The directors' report must include a statement that each director is aware of no relevant audit information of which the company's auditor is unaware. This applies to all company types
Revision of defective financial statements	The Act sets out a clear procedure to allow for the preparation, approval, audit and filing of revised financial statements. No previous Act(s) had such provision.
Increased availability of audit exemption	A small company may (in certain circumstances) avail of an audit exemption; the conditions defining a small company are unchanged, but a company need now only meet two of the three conditions.
Filing thresholds raised for medium-sized companies	The turnover threshold for a medium–sized company is increased from €15.2m to €20m, and the balance sheet threshold from €7.6m to €10m. These thresholds allow companies to avail of certain exemptions from filing accounting information.

Table 3.1 – some key "things to know" about the Companies Act (2014)

Companies Act 2014

The Companies Act 2014 was enacted into law on 23rd December 2014, and commenced 1st June 2015. This Act is the single largest piece of legislation since the foundation of the State and is the result of much work by the Company Law Review Group (CLRG) among others. Its main objective is to consolidate existing Acts into a single statutory instrument. It also introduced some new provisions. An article in the March 2015 issue of Accountancy Plus by Thomas B Courtney (of the CLRG) and Dáibhí O'Leary provides members with "20 things every CPA should know" about the 2014 Act[28]. Some of the key things from this article are outlined below in Table 3.1 A key feature of the 2014 Act is that is sets out provisions which relate to all companies – using a private company as the base case – and then provides additional conditions for other company types.

Further Reading

All Acts referred to here can be read in full at http://www.irishstatutebook.ie/

A resource page for the Companies Act 2014 is available at http://www.cpaireland.ie/members/technical-resource/companies-act-2014. This resource includes a wide range of material from Institute and external sources.

Chapter 4 – accounting standards

This chapter reflects on the introduction and evolution of accounting standards, describing the development of local and international guidance which drives the financial reporting of business transactions and events. Since the 1970s, many accounting standards have been introduced, and detail of all is beyond the scope of this chapter. Instead, it charts the emergence of the UK Accounting Standards Steering Committee (ASSC) and the introduction of Statements of Standard Accounting Practice (SSAPs) which were the first formal accounting standards experienced by CPA Ireland members in the 1970s. The establishment of the Financial Reporting Council (FRC) and the Accounting Standards Board (ASB) in 1990 was a further pivotal change in the standard-setting process and led to the introduction of Financial Reporting Standards (FRSs). These paved the way for international harmonisation and convergence and International Financial Reporting Standards (IFRS) were introduced in the early 2000s. More recently, the adoption of FRS102 has further changed the accounting landscape.

The development of accounting standards

The Franciscan friar, Luca Bartolomes Pacioli, is considered by many as the founding father of book-keeping. Dating back to the fifteenth century, the principles laid out by Pacioli remain central to the logic of modern day of accounting principles and processes.

Further advances in accounting emerged during the industrial revolution where, for the first time, there was significant separation of ownership and control as investors provided capital to operators. This led to a need for clear, comparable and reliable financial information. For many years, companies themselves took the lead in accounting matters and provided what they considered the most useful metrics to investors and other decision-makers. The events resulting in the catastrophic US Stock Market crash in 1929 led to a re-examination of the need for more comprehensive accounting reform. In the US, the Securities Exchange

2008, Jimmy Donnelly, Past President, CPA Ireland and Liam Donnelly, Former Chief Executive, CPA Ireland

2008, CPA Ireland Practitioners Conference, L-R: Norman Adams, President, CPA Ireland and Joe Carr, Chief Executive, Mazars

Commission (SEC) were charged with overseeing this reform while in the UK and Ireland, professional accounting bodies led the promulgation of accounting guidance. By the late 1960s and with increasing globalisation, the thinking with reference to accounting standard setting had changed again and it was agreed that an independent standards-setting structure, separate and distinct from the accounting profession, was required such that the development of standards would be insulated from the self-interests of practicing accountants and their clients.

Statements of Standard Accounting Practice (SSAPs)

Initial efforts to harmonise or minimise differences between accounting treatments and Generally Accepted Accounting Principles (GAAP) in varying jurisdictions began in the 1950s, as the world economy was emerging from the shadow of World War II.
In the early 1970s, the US introduced the Financial Accounting Standards Board (FASB) while in the UK, the Accounting Standards Steering Committee (ASSC) was established and comprised representation from key professional accounting bodies, including ICAEW, ICAS, ICAI, ACCA, and CIMA. The first Statement of Standard accounting Practice (SSAP) on Accounting for the results of associated companies (SSAP 1) was issued in January 1971. As noted by the Irish Times of January 26th, 1971, this new standard applies to all accountants, not just those doing an audit. For example, it covers those involved in the management or other internal accounting within a company; and significantly, accountants on the boards of companies.

This was a flavour of things to come and a total of 34 statements (or revised statements) were released between 1971 and 1990. The adoption of these SSAPs was the first mainstream move to achieve financial reporting consistency in Ireland. Within CPA Ireland, there was a realisation that regulatory requirements were becoming more significant and the Council was keen to ensure that SSAP guidance was appropriately implemented by its membership. Under the direction of Chief Executive Liam Donnelly, and subsequently supported by Eamonn Siggins, CPA Ireland Council member Seamus Shelly was instrumental in leading this initiative. To this end, exposure drafts were examined in detail, printed and circulated to members. Guidance was also provided via formal CPD sessions. Some of the more notable SSAPs from 1971 to 1991 are shown in Table 4.1.

SSAP 2	Disclosure of Accounting Policies
SSAP 4	Accounting for Government Grants
SSAP 13	Accounting for Research and Development
SSAP 19	Accounting for Investment Properties

Table 4.1 - notable SSAPs 1971-1990

In 1976, the name of the Accounting Standards Steering Committee (ASSC) was amended to the Accounting Standards Committee (ASC). In 1985, the ASC became a committee of the Consultative Committee of Accountancy Bodies (CCAB) and in November 1987, the CCAB appointed Sir Ron Dearing to review the standard setting process. The review report The Making of Accounting Standards: Report of the Review Committee (published in September 1988) recommended further changes to the oversight of the standard-setting process.

Financial Reporting Standards

In 1990, the Financial Reporting Council (FRC) was established. The FRC was charged with promoting good financial reporting through two subsidiary bodies, the Accounting Standards Board, which replaced the ASC on 1 August 1990, and the Financial Reporting Review Panel (FRRP). On its creation, the Accounting Standards Board (ASB) adopted a number of SSAPs that had been issued by the ASC so that they were brought within the legal definition of accounting standards. All accounting standards developed by the ASB from 1990 were issued as Financial Reporting Standards (FRS). The ASB was assisted by an Urgent Issues Task Force (UITF) which was established in 1991 to investigate areas concerning conflicts or unsatisfactory interpretation of accounting standards or Companies Acts provisions. The first abstract issued by the UITF, Convertible bonds: supplemental interest/premium, was released in July 1991. As previously outlined in Chapter 2, CPA Ireland became a member of CCABI in 1991.

2008, CPA Ireland President's Dinner, L-R: Professor Steven Knowlton (Head of the School of Journalism, DCU) and Norman Adams, President, CPA Ireland

June 2009, IFAC visit CPA Ireland. L-R: Fermín del Valle, Past President, IFAC and Norman Adams, Past President, CPA Ireland.

Convergence and International Financial Reporting Standards (IFRS)

Reviews of the standard setting process were conducted in the early 1990s, whereby the focus was on differences in GAAP across jurisdictions. In the late 1990s, however, the focus shifted from harmonisation to convergence, whereby the ultimate goal was for a single set of standards that would apply everywhere. In 2001, the International Financial Reporting Standards (IFRS) Foundation was established and IFRS 1, First Time Adoption of IFRSs, was issued in June 2003 - an article by Ann Clarke in the March 2005 issue of Accountancy Plus provided a summary of IFRS 1[29]. The advent of International Accounting Standards (IASs/IFRSs) had major implications for Irish accountants. From the 1st of January 2005 all Irish listed companies were required to prepare their group accounts in accordance with International Accounting Standards (IASs/IFRSs) as opposed to accounting standards issued by the UK ASB and ASB standards were amended in an effort to converge with IASs/IFRSs.

While the UK ASB has stated that it would converge its standards with IAS/IFRSs, differences remained between the two sets of standards. Initially, the principal difficulty facing Irish companies and their accountants was the application of two sets of accounting standards, which diverged on many issues. A 2003 survey of CPA Ireland members indicated that over 90% of members perceived that having two sets of accounting standards in use simultaneously would create unnecessary difficulties for Irish businesses[30]. The survey reported that members favoured a complete move to IAS/IFRS with a two-year transition period for private limited companies from January 2005. This two-year time period would enable all educational, training and information system requirements to be appropriately implemented. Overall, it was felt that the comparability of financial statements would compensate for the additional expense in the short term and that full adoption would ultimately be less costly than having to maintain two sets of reporting standards. It was also considered that non-listed entities should be exempted from onerous and cost and time consuming areas with no material impact on the financial statements.

Members also felt that the Irish Government should decide on the introduction of IAS/IFRS for non-listed entities as a matter of urgency. Such implementation would also ensure that education and related compliance could be streamlined to one set of standards. CPA Ireland, in conjunction with the Consultative Committee of Accountancy Bodies - Ireland (CCAB-I) made recommendations to the Irish Government that, in an effort to support this new transparent global accounting regime, all Irish companies should eventually have to prepare their accounts in accordance with IAS/IFRS. The Institute further recommended that non-listed entities be entitled to avail of a 2-year transitional period ending on 1st of January 2007. During the transitional period non-listed entities would have the option of preparing their financial statements under IAS/IFRSs or the applicable UK ASB Standards. The CCAB-I recommendations also included the establishment of an Irish standard-setting body that could issue/adopt guidance specific to the Irish context. It was proposed that members of the CCAB-I, liaising with the IAASA, would be best placed to constitute membership of such a body. This body could be charged with ensuring compliance with Irish accounting standards/ IASs, modifying IASs, if necessary, to ensure they comply with the Irish legal environment, liaison with the international standard setting body and contributing an Irish opinion on the development of future IASs/IFRSs and monitoring and assessing the work of the IASB, UK ASB, and the work of the EU Commission on pertinent matters.

2009, MRA with CPA Australia, L-R: Alex Malley, Chief Executive, CPA Australia, Prof. Richard Petty, President, CPA Australia, John White, President, CPA Ireland, Eamonn Siggins, Chief Executive, CPA Ireland

However, following deliberations, it was decided that an Irish standard-setting body would not be formed at that time. With regard to adoption of international accounting standards, non-listed companies were permitted to choose whether they wanted to use IAS in both their individual and consolidated accounts from 1 January 2005. Thus, there were two sets of accounting standards in operation from 2005. These increasing complexities were reflected in the ever increasing CPA Ireland pre-qualification education syllabus where IFRS became the basis of financial reporting modules. By 2016, 16 separate IFRSs had been issued all have which have been summarised for members in either Accountancy Plus or in online bulletins. Many too have been the subject of CPE courses. In addition to these main IFRSs, the IFRS for SMEs was published in 2009. This cut-down standard comprised about 300 pages as opposed to the 3,000 pages of the full standards. A useful summary article was written for Accountancy Plus by Fiona Hackett in Autumn 2009[31].

Local regulation - FRS 102

More recently, there have been some further amendments to local GAAP with regard to unlisted entities. As noted above, in July 2009, IFRS for SMEs was published. This applied to all non-publicly accountable reporting entities throughout the world. However, legal provisions within the EU, the UK and Republic of Ireland required a more tailored approach to ensure that the standard was acceptable to EU law and to meet the specific needs of users in these jurisdictions. As a result, there are considerable differences between the IFRS for SMEs and the UK/Irish version. The local version, FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland effectively replaces all FRSs, SSAPs and UITFs and is relevant for periods ending on or after 1 January 2015. CPA Ireland, in conjunction with Skillnet and Robert Kirk, published a quick reference resource for FRS 102[32]. The guide provides a link between the IFRS standards and the new FRS102 requirements, explaining both the differences and the symmetries across both systems and also provides a summary of changes and their consequent impact on accounting practice.

Minister for Finance, Brian Lenihan T.D. addressing the annual CPA President's Dinner 2009

Chapter 5 – auditing

This chapter reflects on the introduction and evolution of auditing. It details auditing standards, charting the development of local and international guidance which drives the external financial statement audit of business transactions and events. The chapter also examines key events within the auditing landscape which have impacted CPA Ireland and its membership. The introduction of audit exemption in 1999 has had significant repercussions as a significant portion of entities previously required to undertake a statutory audit no longer engage with a financial statement audit. The establishment of the Office of the Director of Corporate Enforcement in 2001 and the introduction of specific reporting obligations for auditors have also impacted on CPA Ireland members. The establishment of the Irish supervisory authority, IAASA, under the 2003 Companies Act further changed the auditing regulatory landscape. In 2004, ethical standards pertinent to smaller audits were issued and were of particular relevant to CPA Ireland members and their SME client base. In 2010, the implementation of EU regulations facilitated the incorporation of audit firms. In 2016, matters such as rebuilding public confidence and maintaining audit quality continue to present challenges.

May 2010, Niall Byrne, Vice President, CPA Ireland - Launch of Working Smarter – CPA Submission to Joint Oireachtas Committee on Economic Regulation

The development of auditing standards

Early auditing work programmes were devised and disseminated by professional accounting bodies. CPA Ireland's early auditing work program was printed by Fodhla Printing Co Ltd and published by Morris & Co, located in 1 and 2 Rutland Place, Dublin. It was reprinted from the Irish Accountant and Secretary and could be 'confidently used in the audit of a double-entry set of books in any commercial concern'. The normal scope of 'an ordinary' audit centred around cash, remuneration, sales and purchases 'books'.

Initial attention of the work program was focused on cash and comprised the physical counting of cash on hand and checking of cash receipts and cash payment transactions and records. Further testing included checking tots and appropriate inclusion of opening and closing balances. The second area included on the audit work programme was wages and salaries records, where checking consisted of monthly remuneration

October 2010, L-R: Geoff Meagher, President, CPA Ireland, Eamonn Siggins, Chief Executive, CPA Ireland, Patrick Honohan , Governer of the Central Bank , delivered the 5th CPA Annual Business Lecture at the CPA Headquarters , in Dublin.

and particular focus surrounding the physical recording of time, gross calculations, taxation deductions and physical payment of cash. Audit of bills receivable and bills payable included examination of purchases, returns outwards, sales and returns inwards. Interestingly, while the audit work programme included a 'stock' component, it suggested that 'the auditor is not bound to check stock records, but it is not wise to ignore the record' and that 'it is not part of the auditor's duties to take stock'. Nonetheless, it did recommend checking with regard to stock quantities and values. Finally, the programme included checking journals to ensure that they were appropriately made and vouched to the relevant ledgers. The key ledgers referred to were the sales ledger, purchase ledger and general ledger.

However, by the 1970s, there was an acknowledgement that a more independent body should be charged with standard setting in the audit arena. The Auditing Practices Committee (APC) was established by the Consultative Committee of Accountancy Bodies (CCAB) in March 1976. At the time of its establishment, the mission of the Auditing Practices Committee was 'to provide a framework of practice for the exercise of an auditor's individual judgement, by proposing for the approval of the Councils of the governing bodies statements of explanation and guidance on auditing, and definitive statements of auditing standards'.[33] The APC published a draft auditing standards booklet on 24 May 1978 which incorporated three auditing standards and seven auditing guidelines. These were conceived as a codification of existing best practice and the auditing guidelines were intended to suggest applications of the standards in particular cases. During a two-year period of consultation the APC received more than 1,500 pages of responses from 240 sources[34]. The first standards and guidelines were published in April 1980 and used a numbering sequence starting with 101 for the standards and 201 for the guidelines (to avoid any confusion with the existing SSAPs). The first standard (101) was 'The auditor's operational standard' and the first guideline (201) was 'Planning, controlling and recording'. In 1989 the APC began to issue a series of 'Practice Notes' which were intended as good practice guidelines to assist auditors in applying auditing standards for particular circumstances or industries. The first Practice Note ('Lloyd's syndicates, brokers and underwriting agents – interim guidance on ad hoc reporting') was issued by the APC in December 1989.

The Auditing Practices Committee (APC) was restructured in 1991 and reconstituted as the Auditing Practices Board (APB). The APB issued Statements of Auditing Standards, commonly referred to as SASs. However, by 2004 and following a major convergence exercise, the Financial Reporting Council (FRC) took over responsibility for the setting of audit standards through the APB which became a subsidiary board of the FRC. The FRC was also charged with monitoring and enforcing these auditing standards. On 22 December 2004, the APB issued International Standards on Auditing (UK and Ireland), commonly referred to as ISAs, which would apply to all audits of financial statements for periods commencing on or after 15 December 2004, replacing the SASs. A few years later, a 'Clarity Project' sought to update and reformat the International Standards on Auditing (ISAs) in order 'to improve the understandability of the ISAs and make them more compatible with regulatory frameworks, including the EC's Statutory Audit Directive.' In October 2009, the APB issued new ISAs (UK and Ireland) to replace initial ISAs, applying to audits of financial statements for periods ending on or after 15 December 2010. It also introduced certain new ISAs deemed necessary in view of the events leading to and in the immediate aftermath of the economic recession. These included ISA 265 'Communicating Deficiencies in Internal Control to Those Charged with Governance' and ISA 450 'Evaluation of Misstatements identified During the Audit'. More recently, a reform of FRC structures in 2012 has replaced the APB with an Audit and Assurance Council which now oversees the standard setting process.

October 2011, L-R: Áine Collins, T.D., Richard Burton, Minister DJEI and Gail McEvoy, President, CPA Ireland

There has also been sustained focus on the format of the audit report and relevant guidance has been superseded many times. However, most notably in 2013, the FRC introduced requirements for an extended audit report. These 'requirements for auditors to describe assessed risks of material misstatement, materiality and the scope of the audit are beginning to make a process that had previously been described as a "black box" by investors more transparent. In time we hope this will lead to improved justifiable confidence in audit'.[35]

Audit Exemption

The introduction of the audit exemption to the Irish audit market has changed the focus and services of member firms. The concept of audit exempt for smaller trading entities was first discussed by the EEC Commission in 1972[36]. However, audit exemption was not formally

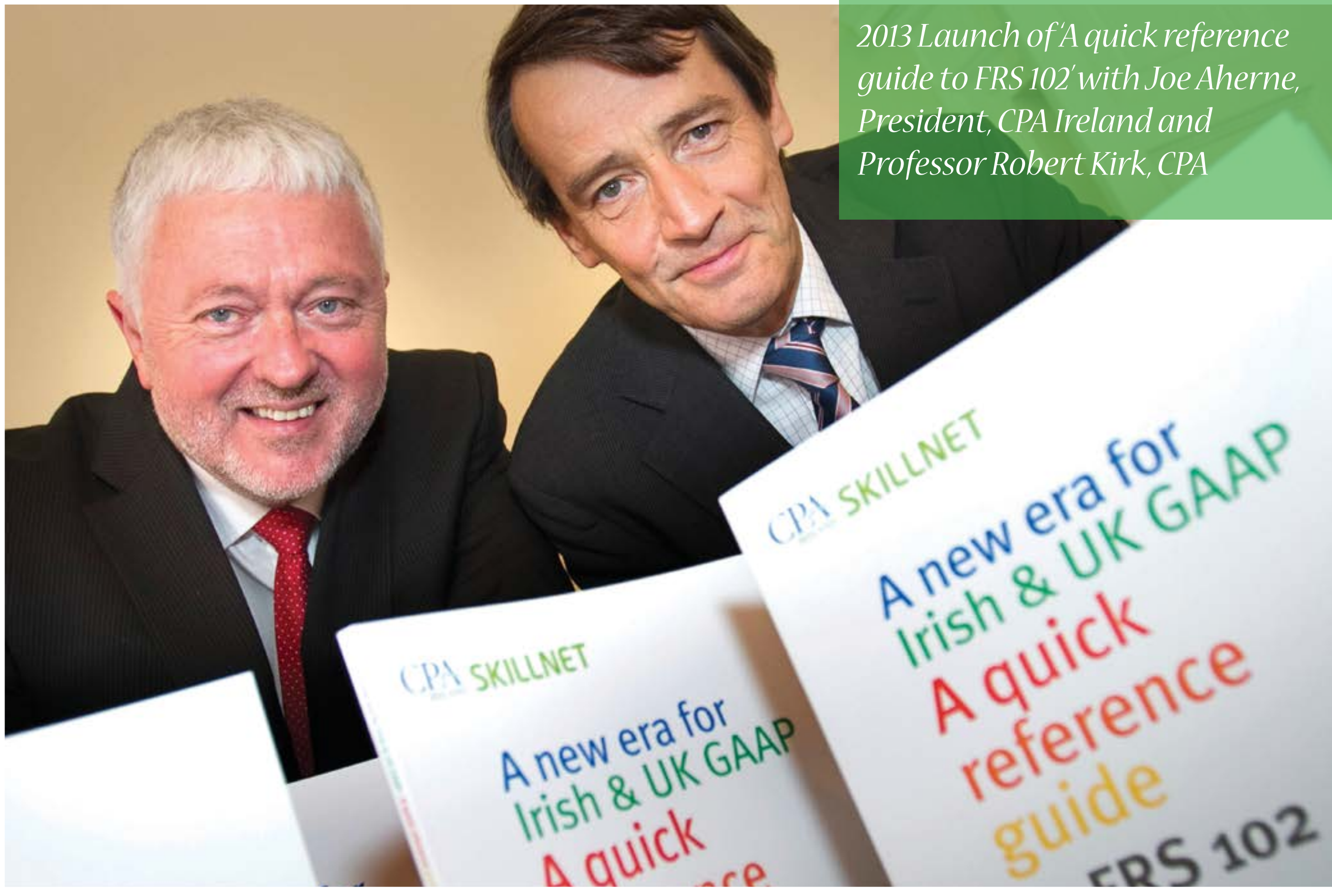
Taoiseach Enda Kenny speaking at the launch of the CPA Entrepreneurship Report 2012 introduced in Ireland until 1999. The Companies (Amendment) (No.2) Act 1999 legislated for the concept of the audit exemption for companies and has since been amended a number of times. The main criteria for exemptions are quantitative thresholds and the initial turnover threshold was €317,434.52 (IR£250,000). Further, companies limited by guarantee, including charities, were not allowed to avail of audit exemption.

CPA Ireland carried out a 2003[37] survey on audit exemption which reported that a huge majority of members were of the view that this threshold should be further increased. 25% of respondents suggested that the threshold be raised to €1.5 million while 65% favoured a higher threshold. Proponents argued that increased thresholds would be more aligned to European thresholds and given the emphasis on harmonisation of accounting and auditing standards at this time, it made sense that the companies legislation governing statutory audit across Europe be consistent. They also highlighted that that a statutory audit is a costly and administrative burden for small companies and its benefits for small, owner-managed entities are few. From CPA Ireland members' perspective, the increasing legislation and regulation governing the audit process made it less cost effective to audit a small company. Responses also highlighted that members believed that companies limited by guarantee should be allowed to avail of exemption as many of these entities were forced to incorporate when there was no real business need to do so. Members highlighted that charitable entities could benefit from an alternative auditing approach whereby a 'lesser' type of audit assurance be provided. Members also asserted that training for individuals involved in the governance and administration of such entities should be mandatory in order to support greater governance, accountability and transparency over private monies and public funds received.

Certified Tax Adviser Conferring 2012
Back (L-R): Ciaran Martin, Fintan O'Hagan, Barry Coffey, Denis Minton, Kieran Horgan
Middle (L-R: Niamh Merrigan, Leona Kenny, Katherine Sheehan, Jean Kennedy, Sarah Ryan
Front (L-R): Sean Kiernan, Niall Byrne (President, CPA Ireland), Katherine Peel, John Mac Cormaic

There was however acknowledgement that an increase in the income threshold may have a damaging effect on public perception of the profession and of Irish business and could counter the work of professional accountancy bodies and the government towards an increase in confidence in the market. There was also acknowledgement that audit exemption had only been in place a few short years and that it might be useful to wait and see how initial thresholds were working before raising levels. Further, the profession recognised that if an increase were to be implemented, it would effectively create a "two tier" profession, where only the top ten practices will offer audit services. On a wider perspective, professional accounting bodies were adamant that the term "accountant" needed to be protected before audit exemption thresholds were raised in order to protect the integrity of financial statements.

The Companies (Amendment) Act 2003 raised the audit exemption threshold to €1.5 million. The turnover threshold was subsequently revised upwards in 2006 and 2012 and now stands at €8.8 million. The Companies Act 2014 extended audit exempt to small groups, dormant companies and companies limited by guarantee, including charities. As a result, a huge number of reporting entities fall beneath the exemption thresholds and do not require an external financial statement statutory audit. CPA Ireland's client base is largely within the SME sector and this has had significant consequences for member practitioners. At the time of the introduction of audit exemption, approximately 40% of the income of accountancy and audit firms affiliated with CPA Ireland was generated from audit work[38]. By 2013, audit services represented approximately 18% of accountancy and audit firm total income. Companies which are audit exempt do however require continued monitoring to ensure that they continue to fulfil all relevant requirements. If it is likely that clients may move back into the 'audit space', it is important, from the perspective of CPA Ireland members, to have adequate procedures and policies in place to assist clients to be audit ready.



2013 Launch of 'A quick reference guide to FRS 102' with Joe Aherne, President, CPA Ireland and Professor Robert Kirk, CPA

Establishment of the Office of the Director of Corporate Enforcement

Towards the end of the 1990s, public concern arose from a number of alleged instances of corporate malpractice and related tribunals including McCracken (Ansbacher (Cayman) Ltd. etc.), Moriarty and Flood. These highlighted a failure of companies to apply not merely corporate governance but company law. A Working Group on Company Law Compliance and Enforcement was established whose recommendations, together with resultant reports form the DIRT Investigation (1999) led to the enactment of the Company Law Enforcement Act, 2001. While a number of measures were introduced to streamline enforcement, the Office of the Director of Corporate Enforcement (ODCE) was established to deal with

November 2014, World Congress of Accountants in Rome.
Alhaji Sakirudeen Labode, President, ANAN and Cormac Fitzgerald, President, CPA Ireland at the launch of the online CPA Certificate in IPSAS Financial Reporting (www.IPSASAcademy.net) for accountants working in public sector organisations.

Companies Acts in general. Paul Appleby was appointed as the first director of corporate enforcement. The chief remit of the ODCE is to enforce, encourage compliance with and investigate instances of suspected offences under the Companies Acts. Its powers extend to the referral of cases to the Director of Public Prosecutions and where necessary, supervision of liquidators and receivers. Its overall function is divided into five distinct areas, including compliance, assessment, enforcement, insolvency and corporate services. Membership within these teams includes members of An Garda Siochana, accountants, legal advisers and civil servant administrators. The ODCE examines suspected non-compliance from a number of sources, including accounting and auditors reports. Some of the most common reported breaches include transactions involving directors, auditor deficiencies and failure to maintain proper books of account.

A CPA Ireland member study conducted in 2004 highlighted that the introduction of this office impacted on working relationships with clients. The whistleblowing provisions introduced placed a duty on auditors, external accountants and tax advisors to report to state agencies (Gardai and Revenue Commissioners) suspicions of money laundering and theft and fraud offences; and a duty on auditors to report indictable offences under the Companies Acts to the Office of the Director of Corporate Enforcement. In the majority of cases, the external accountant / auditor is the most trusted business advisor for SME's. Daragh Solan, the then President of CPA Ireland, articulated the difficulties presented by the legislative requirements:

'Many small businesses fall into arrears with their taxation and legal requirements, primarily due to lack of management skills in these areas. These businesses rely on the services of their accountant / auditor to

Tánaiste and Minister for Social Protection, Joan Burton TD addressing the CPA Ireland President's Dinner 2014

September 2015, L-R: Brian Purcell, President, CPA Ireland, Eamonn Siggins, Chief Executive, CPA Ireland and Simon Coveney TD, Minister for Agriculture, Food, the Marine and Defence – Launch of CPA report entitled "Charting a Course For Growth: What Irish SMEs can learn from their multinational neighbours".

bring their affairs up to date. In the current business environment, the accountant / auditor, in the course of trying to assist clients to bring their affairs up to date, may find themselves in the invidious position of having to report this client to a number of state agencies for relatively minor offences committed inadvertently by an inexperienced client'.

Many respondents had noted that small businesses were becoming more guarded about disclosing certain information to their accountants, making it more difficult to provide these businesses with the advice that they needed. The survey also highlighted a growing awareness among company directors of their legal obligations. However, despite the availability of information from the Office of the Director of Corporate Enforcement and the Companies Registration Office, the majority of SMEs continued to rely on their accountant to provide them with information on changes in company law.

Establishment of IAASA

Traditionally, professions, including the accounting profession, have been allowed to self-regulate. In fact, this is one of the defining characteristics of a 'profession'. This effectively means that professions have the autonomy to decide what work they do, how they do it, oversee disciplinary matters etc. However, in line with the recommendation of the DIRT enquiry report in 1999 (examining tax evasion in the banking sector) and following on from an investigation by the Public Accounts Committee (PAC), the then Tánaiste and Minister for Enterprise, Trade & Employment, Mary Harney established a Review Group on Auditing. The group was asked to examine and report on issues concerning the audit profession raised in the DIRT enquiry report. One of these matters was 'regulation'.

This group, chaired by Senator Joe O'Toole, was given the following terms of reference: (i) to determine whether self-regulation in the auditing profession is working effectively and consistently and (ii) whether any new or revised structures and arrangements are necessary to improve public confidence and if so, what form should they take.

The report was finalised in July 2000 and concluded that a number of significant instances of corporate malpractice had occurred and that there were inconsistencies across the recognised accountancy bodies in handling complaints. It also acknowledged that "legal constraints and insufficient state resources applied to oversight of the auditing profession have contributed to some extent to the lack of effectiveness of existing regulation"[39]. The overall recommendation was for the establishment of an independent Oversight Board with statutory backing to assume the supervisory role from the Department for Enterprise, Trade and Employment. This board would exercise supervisory responsibilities currently exercised by the Minister and each recognised accountancy body should submit a plan of its regulatory activity and report to the Board annually on progress re defined performance indicators. The Board would report annually to the Minister and Oireachtas on progress in meeting objectives. Further, the Board would have a legal right to intervene in relation to any decision regarding the alleged misconduct of a member and the right to determine if a public concern case should be investigated independently. The Board would manage investigation and disciplinary matters and make freely available to both members and the general public, information on investigation and disciplinary procedures and enable additional transparency regarding disciplinary procedures. The board would comprise five members from professional accountancy bodies and 10 other members (one of which is the Director of Corproate Enforcement) and would be jointly funded by the government (40%) and the professional accountancy bodies (60%).

The Companies (Amendment) Act 2003 legislated for the establishment of such an oversight board and the Irish Auditing and Accounting Supervisory Authority (IAASA) was subsequently formed[40]. IAASA's overall mission is to support and enhance public confidence in the accountancy profession as a third party regulator and in financial reporting through the exercise of effective, independent oversight and the promotion of adherence to high standards. The Regulatory and Monitoring Supervision (RMS) arm of IAASA deals specifically with the professional accounting bodies, including CPA Ireland. Its activities include ensuring that constitutional documents (bye-laws, rules, regulations and standards) of the professional bodies provide a framework for the sound and robust regulation and monitoring of their members, monitoring the compliance with approved constitutional documents, supervisory review visits, professional bodies' annual return process and complaint handling.

Ethical standards for small audits

Several pieces of ethical guidance for accountants were issued in the 1990s. However, there was a growing realisation that this guidance was more relevant to larger auditing firms and larger clients. In October 2004, the APB issued a further piece of ethical guidance entitled 'ES - Exemptions Available for Smaller entities' (subsequent iterations issued as Provisions for Small Entities). 'Small entities' were defined as those availing of audit exemption. The guidance reflected the general subject matter of the more mainstream ES1-ES5 but ensured that specific matters pertinent to dealing with smaller entities were more appropriately addressed and included the following[41]:

- Economic dependence: disclosure to those charged with governance in client entity if total fees received from one client likely to be regularly within 10%-15% of total firm income (<10% - no matter arising)
- Self-review threat related to provision of non-audit services (NAS): provision of NAS allowed subject to pertinent discussions with 'informed management', assuming management may be appropriately assessed as 'informed' and 'cold review' of a sample on such engagements (via review of documentation regarding discussions)
- Acting as tax advocate for the client at an audit tribunal: permitted where the issue is material to the financial statements or where the outcome is dependent on a future or contemporary audit judgement
- A former audit engagement or related partner joins that audit as a director in a key management position: generally permitted in the case of small entities.

Given that a large portion of CPA Ireland's client base is within the SME sector, its Professional Standards Department issued additional guidance in 2006 comprising a series of ethical dilemmas which member practitioners might encounter. This comprised analysis of threats and safeguards pertinent to each ethical dilemma and included provision of NAS, fee levels approaching or at significant thresholds, consideration of the role of ethics partner, long association with the audit client, commencement in practice, financial interest in a client, business relations with audit clients and maintain appropriate firm policies and procedures with reference to ethical matters.

Incorporation of audit practices

Auditor liability has been the subject of controversial debates worldwide for many years. This has been heightened by major scandals such as Enron and the collapse of Arthur Andersen. More locally, the debate has been re-ignited in respect of the Anglo Irish Bank case. The audit firm's liability to the client company with whom it has a contractual relationship is clear. However, other parties may also place reliance on the audit report outside of this contractual relationship. In Ireland, the traditional operation of accounting and audit firms has been via partnership structures whereby each partner is jointly and severally liable. Alternatives to this position were examined as audit firms argued an imbalance of risks and rewards in the audit-client relationship, a litigation explosion and increasing difficulties in obtaining professional indemnity insurance. In the UK, incorporation of audit firms was allowed in 1989 and became mainstream in the early 2000s. Here in Ireland, the EU Statutory Audit Directive was implemented in 2010 and facilitates incorporation of audit practice by way of a private limited liability company. [42] Such incorporation effectively limits recourse to the personal assets of the audit partners and requires fulfilment of external reporting obligations of a limited company and application of relevant company taxation treatments.[43]

More recently, difficult economic conditions, business failures, and corporate governance failures have maintained public focus on auditing in Ireland. CPA Ireland continues to work to maintain public confidence in the accounting profession and to maintain quality audits in the face of increasing legislation and regulation. Syllabus updating, CPE and journals article all play an important role in this regard.

December 2015, Former CPA Ireland President, Gail McEvoy, awarded Life Membership. Pictured with Brian Purcell, President, CPA Ireland.

Chapter 6 – income and corporation taxes

This chapter reflects briefly on the some elements of taxation, both personal and corporate, during the history of CPA Ireland. While the taxation legislation passed during the history of the Institute is vast, three key events are detailed. First, on the personal tax side, the introduction of PAYE income tax in 1960 is of particular interest and reflecting back, is likely to have been a major change in the working lives of many CPA members. As shown in Figure 6.1, income taxes in the 1960s were much higher than those we know today. Second, the income tax amnesties of 1988 and 1993 were also likely a major feature in the lives of practising members – the latter being the subject of several CPE sessions. Third, corporation tax was introduced in 1976, replacing a system of income taxes and corporation profits tax. This is similarly likely to have been a major change in the working lives of CPA members and introduced changes to the education of future members. Of course, the corporation tax regime has evolved to a present-day low rate in comparison to the 1976 rate of 50%. Where possible, these three events are directly related to CPA Ireland publications and member experiences, to provide a richer historical picture.

PAYE income tax

Although income tax was applicable in 1926 when the Irish Association of Accountants was formed (see Chapter 1), the introduction of the Pay As You Earn (PAYE) system was one of the major income tax changes - if not the major change- during the history of CPA Ireland. According to Revenue:

On October 6th, 1960, PAYE came into operation almost unheralded and set the tone for the following decades in Ireland. The number of taxpayers would rise dramatically as a result of these revolutionary tax changes which would provide increased funding for Government expenditure. The tax cases to be processed would treble [44].

Today, we take the PAYE system for granted, but one obvious effect of its introduction (as per the quote above) was as an increasing number of people within the tax net. Another effect was the need for employers to introduce a system to calculate the taxes due accurately. The media of the time gives some insights

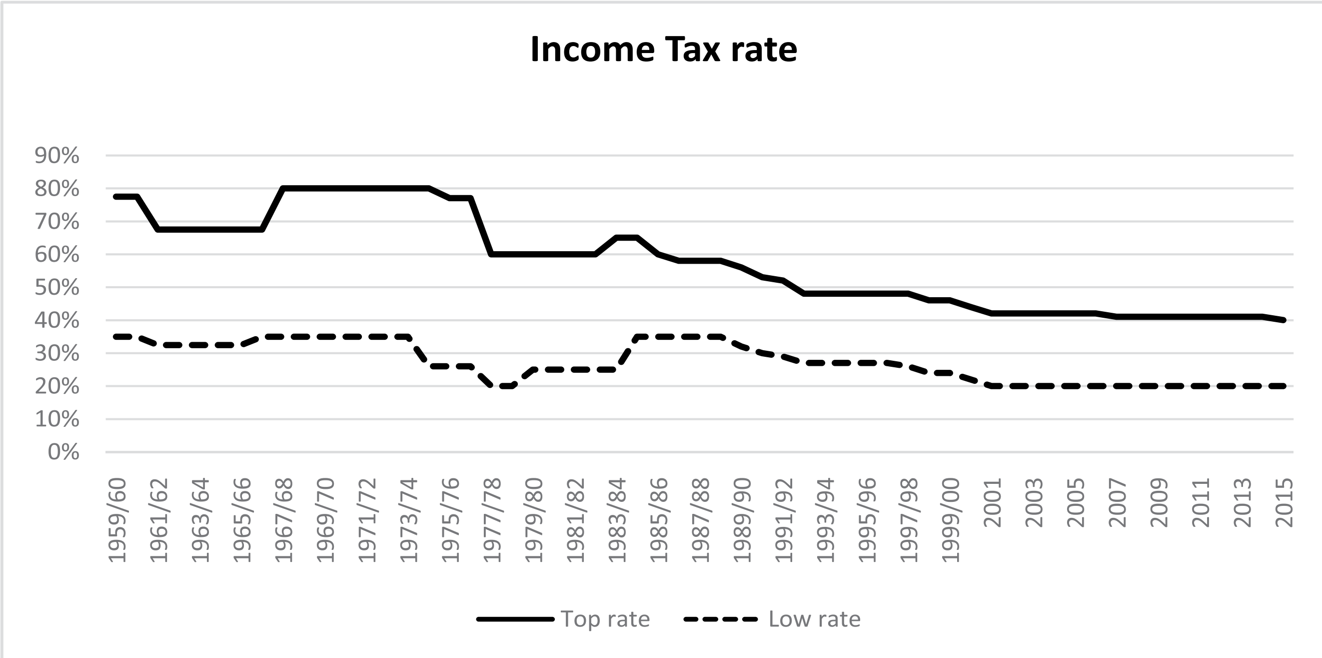


Figure 6.1 – income tax rates 1960 to 2015

into the PAYE introduction, and how this may have effected CPA members - who may have been working as accountants within companies or acted as advisors.

The Irish Times of November 17th 1959 provides a useful summary of what was ahead from October 6th 1960. The article notes that all employees stood to benefit under the new PAYE system as the exemption limit was increased. The cost of this increase would be offset by the additional taxes brought in. Each employee would be furnished with a Tax Deduction Card which (s)he gave to their employer. In turn, the employer deducted tax as the employee was paid. A further article from the Irish Times of April 9th 1960 noted a comment by the Assistant Secretary of the Revenue Commissioners, saying how "it was intended that not later than September 4th, tax deduction cards, or stamp books, and all other necessary documents for operation of the scheme would be issued to employers".

After three months of operation, media reports from January 1961 note that almost all payments of taxes owing were being made on time, with more than 9,000 employers issued with tax deduction cards[45]. A retired CPA Ireland member who worked in practice at the time, Kevin Desmond FCPA, recounts how the Revenue Commissioners issued guidance on the operation of the PAYE systems and the accounting bodies offered "open door meetings on the matter, and left such gatherings open even to the public and business people". Mr Desmond also noted that operating the PAYE system was "regarded as additional work, but clients were not prepared to pay for such extra work".

Of course, the PAYE system has become more automated in recent years, and tax deduction cards are no longer issued. It remains one of the most important tax collection methods of the State.

2015, Manoj Fadnis, President, ICA India and Brian Purcell, President, CPA Ireland at the Pathway to Ireland programme, to enable ICAI members access career opportunities with Big 4 and Top 10 Accountancy Practices across Ireland.

For example, for the 2015 calendar year, €18.3 billion of income taxes (just over 40% of all taxes) was collected from 2.5 million employees through the PAYE system[46].

Income tax amnesties

As seen in Figure 6.1, the higher rate of income tax in Ireland declined after the late 1980s. This was undoubtedly due to an increasing number of taxpayers achieved through a combination of economic growth and less tax evasion. This latter point is of interest here, as in both 1988 and 1993, tax amnesties offered taxpayers a method to declare previously undeclared income. While these amnesties are of general historic interest, they also featured in the minds and work of CPA practising members who would have advised clients on each amnesty.

The 1988 amnesty yielded about £500 million in additional tax revenue, which the Minister for Finance (Ray MacSharry) allocated to debt repayment and job creation measures. The basic tenet of the 1988 amnesty was that interest and penalties on previously undeclared income be waived, but any taxes due were to be paid in full. The Irish Times of September 5th 1988 noted this amnesty as generous, comparing it to previous amnesties which offered taxpayers lesser incentives – such as not being published in the tax defaulters "black list".

A second amnesty in 1993 offered what might be now regarded as a last chance for taxpayers to regularise their affairs before the introduction of extended investigative powers of the Revenue Commissioners. The Bill and eventual Waiver of Certain Tax, Interest and Penalties Act (1993) were championed by the Minister for Finance, Bertie Ahern, who went on to be Taoiseach. Frank Brennan, a Taxation Consultant, outlined the key components of the 1993 amnesty in the Institute's Journal in September 1993. As Brennan notes, there were two amnesties. The first, an "incentive amnesty" applied to individuals and covered the following taxes up to the 6th of April 1991 – income tax, sur-tax, capital gains tax, income levy, health contributions and employment/training levies. If a taxpayer qualified, they had to calculate the amount owing and pay a tax of 15% of the amount owing. There were some exclusions from the amnesty, such as incomes from illegal activities and tax cases already at the enforcement stage. Brennan also details the second or general amnesty, which he notes as similar in principle to the 1988 amnesty in that it exempted interest and charges. This second amnesty applied to PAYE, VAT, Corporation Tax, Capital Acquisitions Tax, Stamp Duty and Residential Property Tax.

The 1993 amnesty also included some secrecy provisions, which Brennan notes generated some debate in political circles. In simple terms, any taxpayer availing of the amnesty dealt with Special Collectors who could not divulge details of settlements to other Revenue officials. Political commentators suggested this secrecy would prevent the collection of taxes in later years. However, as Brennan clearly points out:

Any professional advisor, since they would now know of other sources of income, could in no circumstances countenance the non-disclosure on subsequent tax returns. Furthermore, an individual making such a return would almost certainly loose the benefit of the amnesty and perhaps spend the next eight years in jail. They would be much better advised to stick around and enjoy the benefit of their cleaned up black money.

Frank Brennan offered several CPE sessions during September 1993 to Institute members to offer assistance on the more intricate parts of this amnesty.

Introduction of Corporation Tax

Prior to 1976, and the passing of the Corporation Tax Act[47] of that year, limited companies paid a combination of Income tax and Corporation Profits Tax. The latter tax dated back to the Finance Act 1920, when at that time the rate was 5% in addition to income tax – the lowest income tax rate in the 1920/21 tax year was 6 shillings to the pound, or 30%. According to Dáil debates[48] of the time, two key drivers were behind the introduction of corporation tax in Ireland. First, the then Minister of Finance, Richie Ryan (Fine Gael) noted during the Second Stage of the Bill "this Bill is part of the programme of tax reform and is designed to bring the company tax code into line with modern requirements". Second, membership of the EEC in 1973 brought with it the need to align some policy issues, such as taxation, closer to European norms. For example, George Colley (Fianna Fáil) noted "the change to the imputation system [of corporation tax] is not only in accord with EEC thinking and will not alone be a positive step on the road to harmonisation which is necessary I believe within the Community".[49]

As we know, the corporation tax rate is presently at a rate of 12.5 %, but it was not always so as can be seen in Figure 6.2. The initial rate in 1976 was 50%, declining to 45% from January 1st 1977 with this rate remaining stable until 1982. A manufacturing relief was available from 01/01/1981 through to 31/12/2010, which taxed profits from manufacturing activities at a lower rate of 10%.

CPA Ireland Past Presidents attending the President's Dinner 2015
Back (L-R): Joe Aherne, Norman Adams, Cormac Fitzgerald, John White, Gail McEvoy, Niall Byrne, Padraig O'Feinneadha, Sean Slattery, Eddie McConnon, Alan Farrelly, Brian Coffey.
Front (L-R): Martin Lynch, Seamus Lantry, Brian Purcell, Liam Donnelly (former Chief Executive, CPA Ireland), Joe Curtin, Olan Allen.

A retired member, Kevin Desmond FCPA (see earlier) recalled little guidance on the operation of corporation tax when it was introduced. While some seminars were held and some information was available from the media, Mr Desmond noted "accountants were left sink or swim". A feature article in the Irish Times of March 2nd 1977 seems to support this sentiment. The article, titled "An Irish Times Guide to Corporation Tax" spanned several pages. It was prepared by Norman Bale of Stokes Kennedy Crowley and included a full worked example which included a fictional set of company accounts and a full corporation tax computation. The article was presented in a practical way and was aimed at "professional advisors, solicitors, barristers, financial controllers, company secretaries and business and accounting students". For CPA students of the time, the 1977 syllabus introduced corporation tax as a component of the Taxation 2 module (Professional I level), making dealing with the new tax much easier.

Going on-line

While we will re-visit the introduction of personal computers and technology to accountants' offices later in Chapter 8, the introduction of Revenue Online Service (ROS) is worthy of mention here. As internet access became more widespread in the early 2000s, more businesses and government organisations began to realise the benefits. ROS was introduced in 2001, allowing taxpayers to pay and file tax returns using a secure internet platform. During its first year of operation, it raised £1 billion and according to the 2000 Annual Report "Recent research has in fact placed Revenue in the top three tax administrations worldwide for the delivery of on-line interactive services[50]" . By 2004, this had grown to €6 billion with 40% of income tax collected through ROS. Services provided through the ROS platform were extended to individuals in June 2006, allowing PAYE taxpayers to view much detail through the PAYE Anytime service. These services provided much benefit to taxpayers and of course CPA members in practice. Not only was the administration of taxes improved, in many cases the filing date of returns was extended on ROS. As of 2016, a total of 21 taxes are included within the ROS pay and file options.

As internet availability improved across the country, Revenue's strategic goals included mandatory use of ROS. From 1st January 2009, all large cases and government departments must use ROS services. The following year, this extended to all companies with a turnover greater than €7.3 million and more than 50 employees. In June 2011, all other companies, partnerships and trusts were added. Finally, as from January 2015, all newly registered business taxpayers, regardless of their legal from must pay and file all taxes online. The mandatory requirement for medium and large companies includes a requirement to file accounts in iXBRL format from 2013 financial year end – a machine readable format which allows easy data access and sharing of financial statement data. Through this gradual mandatory filing requirement, ROS has become a feature in the life of most CPA members - particularly those in practice – saving much time and easing administrative burden.

Figure 6.2 – corporation tax rates 1976 to 2015

Chapter 7 – valued-added and capital taxes, changes to the tax system

This chapter builds on the previous chapter, reflecting briefly on the introduction of Value-Added Tax (VAT) in 1972 and capital taxes a few years later. The introduction of the former was a major change for accountants and business, and was driven mainly by Ireland's entry to the European Economic Community. The latter generated quite a bit of political and professional debate in contrast to VAT. The chapter refers to media and general sources primarily to set the context that members faced at the time.

VAT

The Value Added Tax Act (1972) came into effect on November 1st 1972, with the initial rates of taxes set as shown in Table 7.1[51]. As can be seen, a rate of 16.37% applied to all "other goods and services not specified, a principle retained to the present day.

Also, as today, some business activities were exempted from VAT - these were referred to as First Schedule activities. Examples included water delivery, provision of board/lodging other than in a hotel, professional services of a medical, dental, optical or educational nature, betting, bank and insurance services, funeral undertaking and valuation services rendered by an auctioneer.

The 1972 Act stems from the States wish to join the EEC and replaced existing turnover and wholesale taxes. VAT was the EEC Councils preferred system of sales taxation, and would according to Minister for Finance George Colley be no more than a change in the method of collection[52]. It was intended to introduce VAT from 1st January 1972, with the government issuing a White Paper explaining the new tax on 30th March 1971[53]. However, the accounting profession raised some issues in a letter to the Minister for Finance in November 1971. It was suggested the number of rates could be rationalised and that the payment of collected VAT could be quarterly rather than the proposed monthly payment frequency[54]. There was also a call for more time to be given to businesses to prepare and adapt their systems and methods of work to the new regulations, pushing the likely introduction out to April 1972. Eventually, the tax was introduced effective 1st November 1972. Press articles on the introduction date noted small business were not yet prepared for the changes, and also noted a public perception of price increases by retailers.

Rate	Applicable to
0%	Export goods and services, docking facilities, fishing nets, animal feedstuffs, fertilisers, construction by the State
5.26%	Good and services in the Third Schedule – for example, live animals, building materials, books, clothing, food and drink, medical appliances.
11.11%	Any Third Schedule services included in the promotion of dances.
16.37%	Any other goods or services
30.26%	Fourth Schedule goods – motor vehicles, domestic radios, gramophones and records

Table 7.1 – VAT rates as of 1 November, 1972

The rates of VAT have changed over the years, as indeed have the items which are subject to VAT and at what particular rate. However, the basic principles have remained relatively unchanged since 1972. One VAT related event worthy of mention was the attempted introduction of VAT on children's shoes in 1982[55] , an event which brought about the collapse of the Fine Gael/Labour coalition government. As can be seen from Table 7.2, VAT rates increased in the early 1980s, a time of recession in Ireland. Presently, the rates are broadly similar to rate in many other European countries.

Capital Gains and Capital Acquisitions Tax

Capital Gains Tax and Capital Acquisitions Tax were introduced within a few years of VAT – the former in 1975, the latter in 1976. In comparison to VAT, these two taxes seemed to generate more debate in the accounting community.

Capital Gains Tax (CGT) was introduced by an Act of the same name in 1975, but effective from 6th April 1974. The initial rate was 26%, the lowest rate of income tax at the time. Full exemption was given from gains on the family home, a concept still applicable today. Based on

Effective	Standard Rate (%)	Reduced Rate (%)	Second Reduced Rate (%)	Livestock Rate (%)	Flat-rate compensation percentage for Farmers (%)
1 January 2015	23	13.5	9	4.8	5.2
1 January 2014	23	13.5	9	4.8	5
1 January 2013	23	13.5	9	4.8	4.8
1 January 2012	23	13.5	9	4.8	5.2
1 July 2011	21	13.5	9	4.8	5.2
1 January 2010	21	13.5		4.8	5.2
1 December 2008	21.5	13.5		4.8	5.2
1 January 2007	21	13.5		4.8	5.2
1 January 2005	21	13.5		4.8	4.8
1 January 2004	21	13.5		4.4	4.4
1 January 2003	21	13.5		4.3	4.3
1 March 2002	21	12.5		4.3	4.3
1 January 2001	20	12.5		4.3	4.3
1 March 2000	21	12.5		4.2	4.2
1 March 1999	21	12.5		4.0	4.0

Effective	Standard Rate (%)	Reduced Rate (%)	Second Reduced Rate (%)	Livestock Rate (%)	Flat-rate compensation percentage for Farmers (%)
1 March 1998	21	12.5		3.6	3.6
1 March 1997	21	12.5		3.3	3.3
1 March 1996	21	12.5		2.8	2.8
1 March 1993	21	12.5		2.5	2.5
1 March 1992	21	16	12.5	2.7	2.7
1 March 1991	21	12.5		2.3	2.3
1 March 1990	23	10		2.3	2.3
1 March 1989	25	10	5	2	2
1 March 1988	25	10	5	1.4	1.4
1 May 1987	25	10		1.7	1.7
1 March 1986	25	10		2.4	2.4
1 March 1985	23	10		2.2	2.2
1 May 1984	35	23	5, 8,18	2	2
1 July 1983	35	23	5,.18	2	2
1 May 1983	35	23	5,18	2.3	2.3
1 March 1983	35	23	5,18	2.3	2.3
1 May 1982	30	18		1.8	1.8
1 September 1981	25	15		1.5	1.5
1 May 1980	25	10		1	1

Table 7.2 – VAT rates, 1980 – 2016,
source http://www.revenue.ie/en/tax/vat/rates/current-historic-rates-vat.html.

media reports of the time, it seems the introduction of CGT was the subject of some debate, and there was much comment from various sources in advance of the passing of the Act. In 1974, the Institute of Taxation commented on a White Paper issued by the Minister of Finance, noting the rate was too high and that "private residences should be excluded from the field of this tax as in the UK"[56] – the latter was taken into account as noted above. At the same time, the Irish Congress of Trade Unions were lobbying for a higher rate (35% as opposed to the proposed 26%) [57]. CPA Ireland strongly criticised the White Paper, suggesting it was based on optimistic assumptions, did not give an account of how the proposed tax would be distributed and suggested it would impede economic development[58]. Later, in 1975, CCAB-I for example asserted the need for indexation to avoid taxation of notional gains due to changes in the value of money.[59]

The introduction of Capital Acquisitions Tax (CAT) similarly was the subject of some debate in the media, among politicians and within the accounting profession. The two basic taxes within the new CAT realm were gift and inheritance tax, both payable above a certain threshold with the rate dependent on the value of the gift/ inheritance and the relationship between the disponer and the donee/successor. The initial rates of CAT rose to as high as 60% - in the case of non-family donee/ successor where the amount of the gift/inheritance was more than £93,000. A CCAB-I submission to Minister for Finance, Richie Ryan, suggested the tax would not collect more than "a few million pounds" and noted several issues on both when and how the valuation of assets be undertaken.[60]Minister Ryan also faced much political opposition. For example, David Andrews (Fianna Fail TD for Dun Laoghaire-Rathdown) suggested the tax was a "sop to the socialists", with future Taoiseach Charles Haughey suggesting the Minister's approach was "erroneous".[61]

Change to the tax year and tax credits

Finally, on the subject of taxes, in 2001, the April tax year which dated back to 1752, changed to be calendar year. There was a transitional "short" tax year from 6th April 2001 to 31st December 2001, with the tax year ending on December 31st since. This transition also coincided with the introduction of the Euro currency from 2002 and was just after the Y2K issue (see next chapter).

The change to the calendar tax year implied change to dates to pay and file taxes. CPA Ireland, through CCAB-I, were involved in discussions with the Minister of Finance (Charlie McCreevy) and the Institute of Taxation to ensure a smooth transition. The new dates for paying and filing all revolved around 31st October, which still applies today. This was in contrast to three different dates under the old system – 1st November, 31st January and 30th April. Additionally, a full tax credit system for income tax replaced the existing tax-free allowance basis from 6th April 2001. While a major change and arguably a simplified system, the tax credit change did not pose much problems for practicing members, as payroll software was by then the norm.

The Institute's Journal of Accountancy from September and December 2000 contain useful information for members on the above. The December 2000 issue notes the President's representations to Minister McCreevy on having a single pay and file date once the calendar tax year commenced.

December 2015, Anne O'Sullivan, CPA Ireland's 4000th member pictured with Brian Purcell, President CPA Ireland.

Chapter 8 – major business changes

This final chapter reflects on two major business environment changes faced by CPA Ireland members in more recent times, namely the introduction of information technology to general accounting use from the 1980s and the introduction of the Euro currency in 2002. The technology aspect also includes some reflection on the Y2K issue in the run up to the year 2000. Both issues impacted members and the Institute's journals had many articles on both areas, which are referred to here.

Information technology developments

To briefly reflect on how technology has evolved over the years in business and accounting, the timeline in Figure 8.1 summarises some of the more important technological developments since the 1960's from an accountant's view. As can be seen in Figure 8.1, it was during the 1980s that computers were available for general business and office use. Larger organisations such as Guinness, Irish Sugar, CRH, the ESB and government departments were the key users of information technology during the 1960s and 1970s. Such use of information technology and systems by larger organisations was reflected in the examination syllabus for the first time in 1977 - for example, Paper 3 Management Accounting at Professional II included the topic "Systems Analysis and Design", something CPA members in such organisations would likely be engaged in to some degree. It could be argued that the release of Sage Accounting software in 1984 opened up the world of accounting software to small business. Later, the release of Microsoft Office in 1990, coupled with the Windows operating system and the arrival of the internet in the mid-1990s saw a huge increase in the availability of other software products, including accounting software for small business and even auditing software. Thus, it is probably fair to say that by the early to mid-1990s, most if not all CPA members would have had experience of this information technology revolution.

March 2016, Dublin, CPA Ireland 90th Anniversary with Ronan Lyons, Economist and Daft.ie, Dominick Chilcott, British Ambassador to Ireland, Brian Purcell, President, CPA Ireland and Fayez Choudhury, Chief Executive, IFAC

As can be seen in Figure 8.1, although personal computers were widely available from the 1980s, from an accountant's view the arrival of products like Microsoft Office in the 1990s, coupled with the internet, was the beginning of a process of effective standardisation of business software. While companies and clients may still have used differing accounting software, these almost without doubt could export data to a Microsoft Excel spreadsheet. Of course, no sooner had we got used to having desktop software installed from a CD, when distribution of software moved to the internet. A series of articles from the Institute's Journal of Accountancy in December 1997 captures this online move very well. For example, an article by Ivor Deane notes that that two-thirds of finance departments had internet access. Two further articles note the availability of company formation and payroll services online for the first time in Ireland. Additionally, an article by Damian O'Neill (CPA) notes the importance of costing any new hardware and software before changing or updating systems, as well as the importance of training. An earlier article (March 1997) in the CPA Journal of Accountancy by Dr Martin Fahy similarly notes the changing IT landscape and the challenges it present. He notes that "IT must become an essential part of the practices' fee generation infrastructure" – which certainly is the case today.

No sooner had businesses and accounting practices started to utilise office automation tools, internet and accounting and other software, when they had to get ready for the Y2K problem. Any CPA member who recalls the changeover to the year 2000 on 31 December 1999 probably also recall it was somewhat of a non-event. This was of course due to sometimes years of preparation at a substantial cost to business. However, many businesses also used the Y2K issue as an opportunity to upgrade their technologies given the great technological advances in the 1990s. And, as detailed below, the introduction of the Euro currency in 2002 was also an IT issue and businesses and accounting practices frequently addressed the two issues together when upgrading their systems.

The Institute's Journal of Accountancy featured several informative pieces on the Y2K issue. In September 1997, Declan Ganter warned of the consequences of ignoring the issue. His article provides lots of detail on why the Y2K issue arose, and he notes how CPAs globally are accepting the mantle in leading projects to be Y2K compliant. The final sentence of his article is both to the point and humorous. He asks "what do paraffin stoves, bicycles, slide rules, candles and pencils have in common?". The answer is of course "they are all Y2K compliant". Articles on the topic continued and in March 1998, an article by Michael Kavangh CPA noted the impact it would have on the audit role. It mentions additional risks (e.g. costs, systems failures, impacts on going concern) and additional audit planning (e.g. letters from management as to a Y2K plan being in place) as key issues for audits in the run-up to Y2K. Later, in the December 1998 issue of the journal, Alan Byrne provides an action plan for business to deal with Y2K. Interestingly, Byrne reminded CPA members that the Y2K issue was not just an IT problem, "it's a business problem which affects the whole organisation".

Thankfully, the Y2K issue passed without much problem. The Irish Times of January 3rd 2000 the first business day of the new millennium) provided several pieces suggesting a smooth transition had occurred. An article by Madeleine Lyons notes how staff at Eircom, the ESB, banks and many other companies all reported no problems. This relatively smooth transition can be attributed to good business planning, in which CPA members were undoubtedly embedded.

The introduction of the Euro

The first proposals for European and Monetary Union (EMU) emerged post the Second World War. However, it was not until the 1980s that the political and economic decision was made to regulate accordingly. The 1992 Maastricht Treaty highlighted various target criteria for economic convergence, relating to inflation,

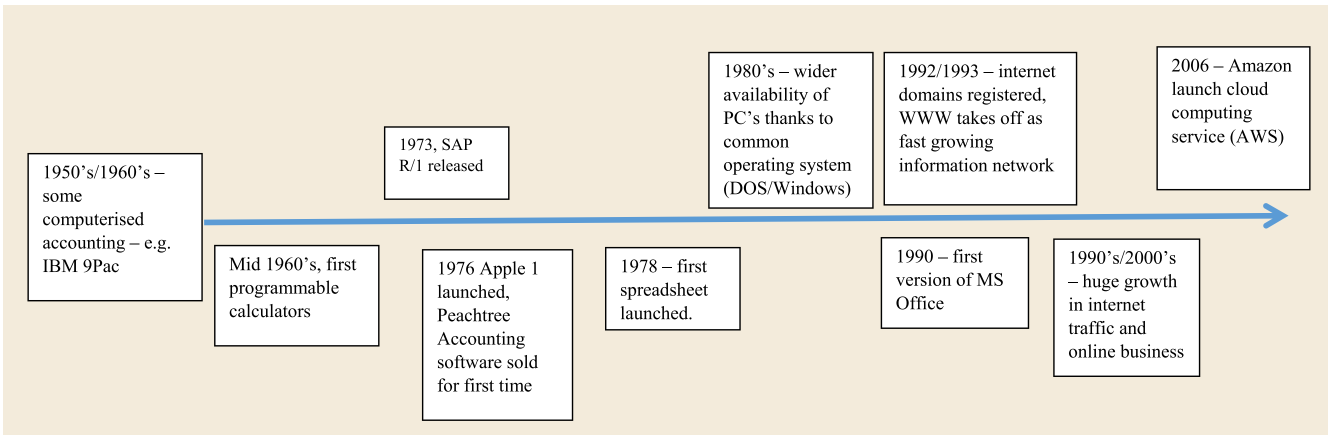


Figure 8.1 – evolution of information technology over time [62]

August 2016, CPA Ireland 90th Anniversary, Cork, aboard the L.E. Niamh. L-R: Marc O'Dwyer, Big Red Cloud; Nano Brennan, President, CPA Ireland, Adrian Madden, Close Brothers Commercial Finance, and Seamus McGrath, Mayor of County Cork.

interest rates, general government debt, general government deficit and exchange rate stability. In the mid-1990s, it became apparent that Ireland was on track to meet these criteria and therefore in a position to prepare for a changeover to a single European currency. The transition to Euro was to comprise three phases: I - 31 December 1998, exchange rates locked in; II - 1 January 1999, introduction of the euro as a non-cash currency; III - 1 January 2002, the removal of all local currencies and replacement with Euro notes and coins for all retail transactions. All changes required to operate in Euro were to be fully effective by 1 January 2002.

In mid-1996, the Irish Government was pre-occupied with the EU Presidency. However, it was also time to progress EMU preparations. It became evident that the technical complexities of a transition to Euro required co-operation from key participants. The Irish Bankers Federation and the Irish Mortgage and Savings Association joined forces to establish a common EMU steering committee, with some participation from the Central Bank and the Department of Finance. By late 1998 and with more than 20 working group reports encompassing rounding, the institution of a parallel clearing system, and a host of other issues, the Irish economy was deemed Euro-ready. However, Ireland argued against the adoption date of 1 January 2002 on the grounds that it was immediately after Christmas and coincided with January sales whereby cash in circulation would be at its peak and with little time to train retail assistants in the new currency. Prices would indicate markdowns and would be displayed in both Pounds/Punt and Euro which could cause confusion and complexity. This argument was supported by the Netherlands but was refuted on the grounds that different EMU countries celebrated Christmas at slightly different times (some earlier in December) and held sales at different times. There was also lack of agreement on an alternative date and a general acknowledgement by public administrators that a 1 January date would provide a 'clinically neat end of year changeover date'.[63]

On 1 January 1999, currencies were locked into the Euro and the six-digit exchange rate of €1 = IRL£0.787564 to be used in all price conversions was formalised. Many businesses, including banks, commenced operation of dual systems on this date. In 2000, a Cash Changeover Plan was launched in Ireland which recommended that the dual cash circulation period begin on 1 January 2002 and end at midnight on

Saturday 9 February 2002[64]. All accounts within financial institutions would be converted to Euro on 1 January 2002 and subsequent transactions (cash and non-cash), including ATM transactions would all be in Euro. All wages and salaries and social welfare payments would also be in Euro post 1 January 2002. Retail outlets would be particularly important to the conversion process and training kits were made available to retailers from 1 October 2001. These outlets would be the main means of putting lower value denominations into general circulation and point of sale systems and debit and credit card systems also required conversion to Euro.

The adoption of the Euro provided a significant forum for accountants to demonstrate leadership to the business community. A 1996 European business survey indicated that 70% of businesses would turn to their accountants in the first instance for practical advice regarding the changeover process. Accountants across Europe decided to pool their resources via the Federation Experts Comptables Europeens (FEE)[65] – the European organisation for professional accountancy bodies, to act as a conduit of information and advice to ensure that information could be shared among constituent member bodies[66]. CPA Ireland commenced a 'wake-up' campaign at the 1996 Annual Conference with an informative session regarding EMU. Salient articles were published in the Institute journal from 1997 onwards and incorporated many different aspects, including auditor issues, strategic company matters, IT concerns and cash management. Significant focus was placed on the conversion within SMEs. The FEE issued a green paper which highlighted that the relative cost of transition would be greater for SMEs than for larger enterprises. However, it would also create trading opportunities outside the domestic market as a result of greater price transparency and simplified cross-border trading.

CPA Ireland indicated that planning and monitoring of transition arrangements by accountants and auditors would be important. Key areas highlighted included system changes (cash registers, computer software), stationary changes (invoices, statements), staff training and changes in accounting procedures incorporating management accounts, final year accounts for audit, VAT and payroll. Preparations for the introduction of the Euro also posed additional focus with respect to audit matters, including going concern. The date for changeover would be simplest if at a financial year end; however, not all companies operated a 31 December year end. These entities would incur additional complexities given that balances would need to be closed down in local currency within the financial year and opened up in Euro for the latter part of the year, and both sets amalgamated to prepare for full year filing, reporting and tax purposes. SMEs were advised to changeover at 31 December 2000 so that any issues arising could be appropriately resolved in advance of 31 December 2001. With regard to software, CPA Ireland recommended a phased rather than 'a big bang' changeover. In December 2000, the Institute also published a case study of a menswear retailer 'Mr James for Men' and its preparations for Euro which highlighted some practical matters for consideration.

On 1 January 2002, 12 countries officially introduced Euro banknotes and coins as legal tender.[67] The actual cash changeover was a challenge of unprecedented

2016, CPA Ireland President's Dinner. Nano Brennan, President, CPA Ireland and Frances Fitzgerald TD, Tánaiste and Minister for Justice and Equality dimensions that involved a multitude of participants, including the banking sector, cash-in-transit companies, retailers, the cash-operated machine industry, and the general public. The European Commission estimated that approximately €144 billion in cash was provided early by the national central banks to commercial banks and by these banks to retailers to avoid bottlenecks in the supply chain. This meant that Euro cash was widely available in all sectors in the first days of 2002. By 3 January 2002, 96% of all ATMs in the Euro area were dispensing Euro banknotes. One week later, more than half of all cash transactions were being conducted in Euro and the cash changeover was completed within two months. National banknotes and coins ceased to be legal tender by the end of February 2002 within the Eurozone and more than 6 billion national banknotes and close to 30 billion national coins had been withdrawn from over 300 million citizens in 12 countries.

CPA Ireland initiated a strategy in 1998 to prepare members and business alike for the advent of the Euro. It established a Euro Working Party which worked closely with the FEE. As a result, a Euro Workbook was prepared which examined the operational impact of Euro on a typical business. CPA Ireland also co-operated with the banks, state agencies, SME representative bodies and trade associations to co-brand information for business. Also during 1998 CPA Ireland played host to our Italian counterparts from the Consiglio Nazionale dei Dottori Commercialisti who visited Ireland on a fact finding mission to prepare their own members and Italian business for Euro. The CPA Ireland Euro Workbook was translated into Italian and was in common use in Italy.

2016, CPA Ireland President's Dinner. L-R: Nano Brennan, President, CPA Ireland, Frances Fitzgerald TD, Tánaiste and Minister for Justice and Equality, Eamonn Siggins, Chief Executive, CPA Ireland and Liam Donnelly, Former Chief Executive, CPA Ireland

Concluding Remarks

Since 1926, our members – whether acting as auditors, accountants in business or government – have acted in the public interest in accordance with a code of ethics and applicable reporting standards.

CPA Ireland has remained true to its ethos of providing open access to the accountancy profession for those who are educationally qualified.

From 7 founding members in 1926, CPA Ireland has grown to a body of 4,200 members operating in over 48 countries. CPA Ireland is active on a global scale with strategic partnerships and alliances with some of the world's largest accounting bodies.

We have delivered capacity building projects in Africa and Asia but we have also delivered pro bono assistance to fledgling CPA bodies in Zimbabwe and Sri Lanka.

We have played our part in the international profession and remain the only Irish professional member body of the International Federation of Accountants to have had members elected to the board of the global body.

Innovation, advocacy, thought leadership, education delivery, regulation and service to members are all synonymous with CPA Ireland.

Who knows where the next 90 years will take CPA Ireland and the profession, but all CPAs can take pride in our progress since 1926.

Nano Brennan

Nano Brennan

President
CPA Ireland

Footnotes

1. List of Members, 1917, National Library of Ireland.
2. Irish Times, 25 February, 1927.
3. Irish Tines, 9 February, 1925.
4. Irish Times, 18 January, 1927.
5. The Institute of Chartered Accountants in Ireland and the Society of Incorporated Accountants and Auditors were recognised in some Acts of the new Free State, see for example Beet Sugar (Subsidy) Act, 1925, Cobh (Queenstown) Gas Order, 1929.
6. Irish Times, 7 March, 1927.
7. This is Edmund Farrell Snr, who was company secretary of the Irish Permanent Building Society from 1940 to 1975. On his death in that year, his son Edmund A Farrell succeeded him.
8. Irish Examiner, 2 April, 1953.
9. Irish Times, 22 January 1971, "On becoming an Accountant", Con Power.
10. Some domestic initiatives are outlined here. It also embarked on a series of international initiatives which are described in further detail later in this chapter.
11. SMP refers to Small and Medium Practices while SME refers to Small and Medium Enterprises.
12. The Companies Act1986 is outlined in Chapter 3.
13. Accounting and auditing standards are outlined in Chapters 4 and 5.
14. This was well in advance of any formal requirement to do so. Indeed, it was only in 2004 that IFAC introduced guidance, International Educational Standard (IES) 7, pertaining to continuing education and development of accountants to be effective for member professional bodies by 2006.
15. The Companies Act 2014 continues to recognise CPA Ireland under Irish statute - see also Chapter 3.
16. The Institute was similarly recognised by the Law Society in Northern Ireland in 1981.
17. Other member professional bodies are Chartered Accountants Ireland (CAI), Chartered Institute of Management Accountants (CIMA) and Association of Chartered Certified Accountants (ACCA)
18. The work of UEC was subsequently undertaken by the Federation des Experts Comptables Europeens (FEE), a European organisation which comprises professional body memberships in 36 countries and CPA Ireland was formally admitted to the FEE in 1994.
19. Strong links were maintained with IFAC since inception and in November 2005, CPA Ireland former President, Bernadette McGrory-Farrell was appointed to IFAC board and served a 6-year term. Gail McEvoy, also a former President, was appointed to the IFAC committee in November 2013.
20. The Edinburgh Group isa 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 Edinburgh Group 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. To do this, the Edinburgh Group champions the interests of SMEs/SMPs, professional accountants in business and developing nations, in particular within IFAC.
21. This is subject to certain formalities e.g. completion of local tax exams.
22. Dr Reynolds Tendai Muza was the second Zimbabwean to qualify under the programme and the first to be conferred in person.
23. The Eurasian Institute of Certified Public Accountants (EICPA) represent members in Russia, Kazakhstan, Krigizstan, Belarus and others
24. Irish Times, 15 November 1962.
25. Irish Times, 21 November 1964.
26. Irish Times, 1 September 1990, p.5.
27. Irish Examiner, 24 December 2013, available at http://www.irishexaminer.com/business/examinership-saves-2700-jobs-253489.html

28. The full article can be found at http://www.cpaireland.ie/members/publications/accountancy-plus

29. See http://www.cpaireland.ie/docs/default-source/media-and-publications/accountancy-plus/financial-reporting/undertakingthetransitiontoifrs.pdf?sfvrsn=2

30. CPA Ireland IAS Survey 2003

31. See http://www.cpaireland.ie/docs/default-source/media-and-publications/accountancy-plus/financial-reporting/ifrs-for-smes.pdf?sfvrsn=2

32. 'A New Era for Irish & UK GAAP - A quick reference guide to FRS 102', CPA Ireland, Skillnet and Robert Kirk

33. The Accountant, 4 March 1976

34. 'Will Audit Standards Standardise Audits?', The Accountant, 24 April 1980

35. 'FRC finds good take-up of new auditor reporting requirements', FRC Press Release, 2 March 2015

36. 'EEC policy may force private Irish firms to make disclosures' Irish Times 14 July 1972

37. CPA Ireland Audit Exemption Survey 2003

38. 'Managing your audit exempt clients' Emer Kelly, Accountancy Plus, June 2004

39. Review Group of Auditing, 2000, P17

40. See also Chapter 3 regarding Companies (Auditing and Accounting) Act 2003.

41. 'Impact of APB Ethical Standards on small audits', Hazel O'Sullivan

42. 'Statutory Audit Directive' Emer Kelly, Accountancy Plus, September 2010

43. Incorporation of an Audit Practice' Barry Moloney and Aidan Fahy, June 2011

44. See http://www.revenue.ie/en/about/history/1959-1967.html

45. Irish Times, January 19th, 1961

46. See http://www.revenue.ie/en/about/publications/annual-reports.html

47. See http://www.irishstatutebook.ie/eli/1976/act/7/enacted/en/html

48. Corporation Tax Bill, 1975: Second Stage, Tuesday, 3 February 1976

49. As (v).

50. http://www.revenue.ie/en/about/publications/annual-reports/archive/annualreport2000.pdf

51. The full list of good and services and their rates can be seen at http://www.irishstatutebook.ie/eli/1972/act/22/enacted/en/print.html

52. Irish Times, 29 July, 1970.

53. Irish Times, 30 March, 1971.

54. Irish Times, 24 November, 1971.

55. See http://www.rte.ie/archives/exhibitions/1333-memorable-budgets/1338-budget-1982/

56. Irish Times, 2 March 1974.

57. Irish Times, 2 July 1974.

58. Irish Times, 2 April 1974

59. Irish Times, 8 March 1975.

60. Irish Times, 15 March 1975.

61. Irish Times, 9 April 1975.

62. Quinn and Kristandl, ***Business Information Systems for Accounting Students,*** Pearson.

63. McArdle, P. 'An Insider's View of EMU' ***AccountancyPlus*** March 1999

64. Only Germany and the Netherland had an earlier dual circulation date with most EMU members selecting a date closer to the end of February 2002.

65. 'FEE' changed its name on 07 December 2016 to Accountancy Europe.

66. The FEE made a successful proposal to the European Commission regarding the role of the accountancy profession to aid the smooth process of transition to the Euro. This centred around the creation of a database and dissemination of shared information, issues and problems, focussing on conversion planning, pricing and cash handling.

67. 11 member states had formally adopted the Euro as the new 'single currency' of the European Monetary Union, 1 January 1999. Greece became the 12th Member state to adopt the Euro on 1 January 2001. On1 January 2002, these 12 countries officially introduced the Euro banknotes and coins as legal tender.

CPA IRELAND | CERTIFIED PUBLIC ACCOUNTANTS

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