December Issue 2020

Accountancy Plus

The Official Journal of CPA Ireland

Covid19 and the Dramatic Impact on Irish Business

CPA IRELAND


BARDEN
Glass ceilings
Are there to be broken.

Editorial

Accountancy Plus
December 2020

CPA Ireland

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President's Message

Welcome to the December 2020 edition of Accountancy Plus.

To date, my term as President has been a virtual one which has proven to be challenging, enjoyable and rewarding. I am reminded of a quote from Erno Rubik, professor of architecture and inventor of the Rubik Cube; "... learning is not the accumulation of knowledge. It is building the capacity to find new possibilities in differing circumstances" and for me, being a digital president has been a great learning experience.

I have, from my desktop, represented CPA Ireland in many international meetings, including meetings of the Edinburgh Group which our CE, Eamonn Siggins, chaired from 2016 to November 2020, and the virtual Council meeting of IFAC attended by peer professionals from around the globe.

I have been interviewed on newstalk radio and been filmed for our virtual conferring. At the time of writing, I am preparing to welcome An Tánaiste Leo Varadkar, to a webinar hosted by my Vice President Aine Collins.

It is great to see that despite the global pandemic; CPA Ireland continues to play an active role in the global accounting profession. Members have provided support to over 100,000 SMEs at a time when trusted advice has been crucial to their survival. It is also encouraging to see how SMEs, where possible, are adapting their business models at great speed, moving online and doing everything they can to remain in business. CPA Ireland would like to take this opportunity to acknowledge the incredible work you have all done throughout this year. Your value to your companies, your clients and your institute can not be overstated.

Although 2020 has been a challenging and unprecedented year for members, clients, colleagues and family, CPA Ireland has responded positively to these challenges. We have been innovative; we have listened to our members and have had many positive achievements throughout the year as follows:

1. In September 2020, we launched the new syllabus "Ready to Face the Future of Accounting" which will shape the future of the profession and ensure that CPAs will be future fit with the skills required by business, employers and society.
2. We have a dedicated Covid-19 resource bringing together all Covid related support and advice into one area for ease of access.
3. We have developed a comprehensive CPD package including virtual conferences and seminars. The feedback from these was very positive, they were engaging and topical and were delivered through our learning management system, Canvas. With over 12 years' experience of providing online learning we were exceptionally well placed to respond to our members needs.
4. We made the move to online exams which were invigilated remotely for the CPA qualification as well as for our post qualification specialisms.
5. On 5th December, for the first time, we will be holding a virtual conferring ceremony where the immense work of the newly qualified accountants was recognised, and these newly qualified accountants were admitted as members of CPA Ireland.
6. Over the last few months, we have held a number of virtual careers fairs and advisory sessions for trainees and employers.
7. CPA Ireland has also leveraged off the unique insights of CPA accountants to bring together a comprehensive analysis of the impact of Covid-19 on business in Ireland, particularly on SMEs, and on professional accountancy practices. This analysis can be found in the CPA Ireland Economic report which is available on our website www.cpaireland.ie. CPA Ireland would like to express thanks to the CPAs who took the time to engage with the surveys that underpin this report.
8. In November, we launched a new post qualification specialism in Advanced VAT for Accountants. We were also the first professional body to deliver "digital first" learning programmes created specifically in an online environment with proven strategies to engage online learners.

History has taught us that the Irish and Global economies will recover despite the difficulties of 2020 and CPA Ireland will be ready to play a positive role in this recovery.

Brexit also will dominate 2021 and beyond and again as trusted advisors, supporting business and providing expert advice will be key to future prosperity. CPA's must therefore continue to invest in their professional development and CPA Ireland will continue to provide excellent opportunities to meet this.

It is important that despite the global pandemic and Brexit, we remain cautiously optimistic for the future and support one another.

Christmas and the New Year will be challenging but I remain confident that CPA Ireland will continue to meet these challenges with the same level of commitment and goodwill that has been evident throughout my time in office.

There are many of you who will have suffered throughout the pandemic from both a business and personal perspective and my thoughts are with you at this difficult time.

I would like to take this opportunity to thank you for the exceptional work you have done in 2020 and wish you a peaceful and happy Christmas.

John Devaney
President CPA Ireland

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Covid-19 and the Dramatic Impact on Irish Business

by Jim Power

In early October CPA Ireland commissioned an extensive business survey amongst its members in practice and in industry. It covered a wide range of issues such as the impact of COVID-19, Brexit, remote working, online trading, sustainability, government support for business, and business conditions in general. The survey results are very interesting, but heavily reflect what is happening out there in a very challenging economy at the moment.

Impact Of Covid-19

From a personal and business perspective, we are truly living in turbulent and troubling times. Coming into 2020, there was a justifiable level of optimism about Ireland's economic prospects, and there was also a clear understanding of the challenges that would face the new government that was due to be elected into office in the first half of the year. These challenges included housing, health and of course Brexit. All three needed to be taken on by the new administration, and there were many reasons for believing that they would form the basis of a programme for government, and the budget that would be presented later in the year.

In the early weeks of the year there were media reports about a virus in China, but these reports were largely ignored on this side of the world. However, everything changed utterly when the UN declared COVID-19 a global pandemic in the early days of March, and the subsequent eight months in Ireland and everywhere else have been truly dramatic.

Many parts of the Irish economy were forced to close in March and economic activity contracted sharply in those sectors. As the economy gradually re-opened over the summer months, activity in most sectors recovered, although customer-facing businesses were forced to implement costly and capacity-limiting health restrictions. Then as we moved into September, localised restrictions were introduced in a number of counties as the level of infection increased. Unfortunately, this culminated in the whole country moving into Level 5 restrictions from midnight 21st October for a six-week period. This will clearly have a devastating impact on large swathes of the business economy, entering into what is for many businesses the most important time of the year.

The economic impact of COVID-19 has been very mixed. The aggregate merchandise trade performance continues to be very strong. However, it is dominated by the Chemical & Pharmaceutical sector, which accounted for 65.9% of exports in the first 8 months of the year, and which recorded annual growth of 13.6%. For the remainder, the trade environment is challenging. The FDI sector generally, but the Chemical & Related Products sector in particular is providing a very solid anchor for the economy at the moment. For Cork, this is particularly important, but Dublin, Galway and Limerick are also strongly supported by the sector. FDI is providing a very solid anchor for the labour market and the public finances.

In the first three quarters of the year, overall tax revenues were running just 3% lower than the same period of 2019, but the VAT take was down by 19.9%. This reflects the pressure on consumer spending and the very challenging retail environment. Corporate tax revenues, mainly paid by a small number of large multi-nationals, saved the day, and in the first 9 months of the year were running almost 28% ahead of last year and accounted for a record high of almost 19% of total tax revenues.

The relatively strong performance of income tax (with a decline of just 2.1%) reflects the fact that lower paid workers who pay relatively little tax, continue to be the main labour force casualties of COVID-19. For workers in FDI companies, financial services, professional services, and the public sector (2% pay increase on 1st October), earnings and employment are being sustained. The very progressive nature of the Irish PAYE system ensures that it is these workers who pay the bulk of income tax.

The top 5% of income earners account for around 40% of total income tax revenues; and the top 23% account for around 77%. Hence, the devastation in some segments of the labour market has not fed through to income tax revenues in any significant way.

The labour market has experienced dramatic changes this year. On 19th October, 244,153 people were in receipt of the Pandemic Unemployment Payment. Retail, and Accommodation & Food services accounted for 46% of this total. Of the total, 25% are under the age of 25. These numbers are set to rise dramatically as we move into Level 5. Full employment is no longer an issue of concern.

Budget 2021

Budget 2021 is the most expansionary budgetary package introduced in the history of the state. In the face of the pandemic, fiscal policy is justifiably strongly expansionary and counter-cyclical. There is no other choice. The very limited tax measures, and the very significant increase in public expenditure contained in the budget are aimed at sustaining businesses and households that are in serious difficulty due to the evolving restrictive measures put in place to deal with the virus.

There is no option other than to increase spending significantly in the Department of Employment Affairs and Social Protection, and the Department of Health. There is no option other than to give as much support as possible to business through the tax system.

In an environment where long-term bond yields are close to zero as a result of the extensive bond buying programme of the ECB (Quantitative Easing), and the relaxation of the EU's fiscal and state aid rules, the Irish Government is correct in borrowing heavily to sustain the Irish economy and society for as long as it takes, and it will take a lot longer now that we have moved into Level 5. The Government strategy now appears to be a series of rolling lockdowns until a vaccine is delivered.

That could take some time, and meanwhile serious damage will be done to the economy.

Before any changes to taxation or expenditure in Budget 2021, the Department was projecting a general government deficit of €21.2 billion in 2020, equivalent to 6.1% of GDP; and €14 billion in 2021, equivalent to 4% of GDP. Following the changes announced in the budget, a deficit of €21.5 is now forecast for 2020 (6.2% of GDP) and €20.5 billion (5.7% of GDP) in 2021.

The budget package is worth €17.7 billion, that includes €3.5 billion in core current expenditure; €1.5 billion in capital expenditure, which at €10.1 billion is the largest ever capital programme; €3.5 billion is being set aside for a Recovery Fund; and there is a tax package of €270 million net.

Overall tax revenues are forecast to increase by 6.5% in 2021 to reach a record high of €60.4 billion.

Budget 2021 is a recognition that Ireland will have to spend and borrow heavily to get the economy and society through this crisis. Unfortunately, the move to Level 5 will further undermine growth and the public finances. Growth will inevitably be lower and deficits higher as long as Ireland pursues the current strategy in relation to the virus. It is an incredibly challenging environment, and this is certainly reflected in the CPA Ireland survey.

CPA Business Survey

In early October, CPA Ireland conducted an extensive business survey of members in practice and in industry. The results provide a very strong picture of the challenges facing accountancy practices themselves, and their clients.

The results are also consistent with official statistics, and what we can observe anecdotally, in the sense that some sectors of the economy are doing well through the

Pandemic, while others such as retail, construction, Hotels and Restaurants, and real estate, are finding life much more challenging.

For members in industry, 50% report declining business volumes in 2020; 37.5% are experiencing growing business volumes; and 12.5% are experiencing stagnant business conditions. For members in practice, the decline in turnover is estimated at 14% on average.

Since the restrictions were introduced in March, online trading has become a very significant feature of the economic landscape, and now that we have moved to Level 5 again, online trading will have to become an even more important feature of business survival in many sectors. 47% of industry respondents have adopted online trading, and for those who have not, just 3.7% say they intend to adopt in 2021. This reflects the fact that although online capability is held out as the panacea for business survival, for many small businesses it just does not work for a variety of reasons.

Covid-19 is impacting businesses in a significant way. In terms of business issues since March for those in industry, 50% cite loss of business; 41.18% cite weaker economic demand; 50% cite cashflow issues; 32.35% cite challenges in leading remote teams; 35.29% cite difficulties getting paid; 25% cite technology issues with remote working; and 17.65% cite supply chain issues.

Looking ahead, businesses are concerned about the coming weeks and months. 61.76% cite Brexit, but 58.82% cite a poor economy and a reduction in customer numbers as the two main concerns. 52.9% are worried about localised lockdowns; and just 52.9% are worried about a national lockdown. Up until very recently there was a general belief that another national lockdown could not and would not be contemplated, but the recent move to Level 5 has disproved that theory in a dramatic fashion.

In summary, the Industry survey results clearly demonstrate the massive impact that Covid-19 is having on business and how uncertain the future is due to Covid-19 and Brexit. The survey also shows just how resilient business owners are, but also that the role played by Government has been and will continue to be incredibly important.

Hence, the further measures introduced by Government in Budget 2021 are positive and much needed, but importantly Government will have to continue to play a key role in supporting business through what are clearly very challenging times.

For members in practice, 88.5% of respondents report that Covid-19 has had an adverse impact on their practice since March. It is telling and significant that 50% suggest that the situation has improved in recent weeks (the survey was conducted before new level 5 restrictions were announced), with just 15% saying the situation has deteriorated. This reflects the re-opening of the economy, but clearly the national restrictions introduced over the past week will damage this positivity.

In relation to issues experienced since March, 69% of members are being forced to spend more time with clients; 54% are having issues with payment for services; 36% report technology difficulties with working from home; and 31% are experiencing difficulties with leading remote teams, and 27% report a loss of business. Worryingly, 21% report cashflow difficulties.

CPA practices are clearly very concerned about the future of their businesses and the future of the clients that they serve. This is why it is crucial that Government continues to support business as happened in the budget, but Government will need to remain focused for some time to come. Covid-19 and Brexit represent fundamental business and economic challenges, and Government must be very pro-active in providing ongoing and strong support in dealing with these issues.

Jim Power,

Jim Power is one of Ireland's leading and best-known economic analysts. Jim has a wealth of experience in delivering insightful economic analysis, forecasts and commentary to both Irish and international audiences. He writes regularly for national newspapers and is a regular contributor to radio and TV debates and discussions.

CPA Profile
Mary Gleeson

Title:
ATI President

Company:
Financial Management & Accounting Practice

Qualifications:
FCPA, FIATA

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

My first introduction to accountancy was helping my father maintain the old red ledger books for our family business. This gave me an appreciation of running a business in rural Ireland, as well as the importance of SMEs to the economic and social landscape to so many of our towns. Supporting enterprise became a key driver in studying to become an accountant.

Why did you choose CPA Ireland as your qualification route?

I first qualified as an accounting technician with Accounting Technicians Ireland which provided me with a solid foundation to go on and study management accounting. After a year, however, I switched to study accounting with CPA Ireland as I felt the programme was more suited to the demands of an SME and private accounting practice.

The CPA course structure gave me the flexibility to work full-time and study at the same time. The level of support which CPA offers its students is to be commended and I always found the staff friendly and approachable.

Please provide a brief history of your career.

In my 25th year as a member of Accounting Technicians Ireland (a milestone I still can't believe!), I was elected President in June which is an honour and a real professional highlight. And, for the past twenty-two years, I have enjoyed working as Financial Controller for Ballyhoura Development CLG which is a community-led development company which works with communities and businesses in East Limerick and North Cork.

Having graduated as a Certified Public Accountant in 2001, becoming a Fellow in 2014, I established my own CPA practice in 2011 with the mission to support start-up enterprises. I'm also a founding member of Social Enterprise Republic of Ireland (SERI); a new initiative which supports enterprise and complements my own commitment to community development. Being able to see businesses develop and grow is what drives me to start work each morning.

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

Having a professionally recognised qualification, and the ability to use the professional letters FCPA and FIATI, has been of immense benefit to me when seeking funding to support my clients.

The CPA qualification helped prepare me for my role in supporting SMEs, such as budget forecasting and implementing financial accounting systems, and respond to the challenges of sourcing funding and embedding good governance.

What has been your biggest career achievement?

I'm fortunate to have a number of career achievements which I'm proud of, but the one which I found most rewarding was my work with a charity in Peru. Working with Accounting for International Development (AfiD), I took up a placement in Peru where I implemented a new financial system providing reassurance for funders that their support was delivered for the benefit of the charity.

What or who inspires you most in business?

I really admire entrepreneurs who take their idea and grow it to become a sustainable business and employer, in turn providing a better lifestyle for people working and living in an area. Having supported a number of start-up businesses in their development, I continue to be in awe of the courage and determination demonstrated by the people involved.

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

I think the fact that you have decided to take the initial step and enrol on the course is an achievement in itself and is to be recognised and celebrated. To remember that studying and developing in your career is a journey in itself. And finally, you're not on your own. The CPA staff are always there to help and support you along the way.

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

I think the changes to the way we are having to work in light of Covid-19 presents many challenges. Balancing working remotely with being on-hand and available to our clients is something which needs consideration.

The Government has put a number of supports in place to help our clients through this pandemic and as a result, our clients depend on us more than ever. Thankfully, there are many channels of support for accounting professionals being provided by both CPA and Accounting Technicians Ireland alike.

How do you unwind?

As I spend so much of my working day inside and in front of a computer, I really enjoy getting out into the countryside at every opportunity. I'm a keen horse-rider and walker – nothing beats a good Sunday stroll.

What traits do you admire most in others?

Hard-work and determination, as demonstrated by so many of my clients over the years, are always to be admired.

CPA Profile
Seán Hennessy

Title:
Managing Partner
Company:
Hennessy & Co
Qualifications:
FCPA

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

My interest began early on. In secondary school, I had a particular interest in Business, Economics & Accounting. So I did Business Organisation and Accountancy for my Leaving Certificate, chose a Business Studies Certificate course in Carlow RTC, and graduated after two years. At this point, I decided to branch off into accountancy as my career choice.

Why did you choose CPA Ireland as your qualification route?

I opted for CPA Ireland for a number of reasons. I spoke with several people who had qualified, and they spoke very highly of the institute and its core values. Having researched the qualification, I found that the exam structure suited the route I wished to follow as a trainee accountant – working and studying simultaneously. I also had some exemptions from my Carlow RTC qualification.

Please provide a brief history of your career.

Having finished my studies in Carlow RTC, I took up a summer job with Michael O'Leary & Co. Accountants in Enniscorthy, Co Wexford. I found the job both challenging and interesting, and decided to take up their offer of a full-time Trainee Accountant role.

This gave me the chance to gain practical experience and educate myself at the same time. I studied in Griffith College Dublin part-time, and passed my final exams in October 2002. I left the practice in December 2004, obtained my practice and audit certificates, and opened my own practice in January 2005.

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

Over the years I've gained a wealth of knowledge and experience through CPA Studies and my professional life. I've built a network of contacts and friends. CPA provides a wide range of opportunities, such as employment offers and a solid platform to grow and prosper, which has been invaluable to me. It is a qualification that is recognised worldwide, which gives a great option to travel and work in other countries. The various seminars and workshops hosted by CPA Ireland greatly contribute to the development of my practice. Continued education and networking are ever present, and both are very important, especially now in these unprecedented times.

I believe it's good to give something back, so we take in a number of students from local schools for work experience and have found this very rewarding throughout the years.

What has been your biggest career achievement?

My biggest achievement is to have opened my own practice at the age of 27. My sister Josephine, who had just finished a BA in Business and Legal Studies in Waterford IT, started with me – and she has been a corner stone in the success of our business. Another milestone for me was the huge sense of relief and achievement when I opened the envelope to find out I had passed my final exams.

What or who inspires you most in business?

I get huge satisfaction from seeing my clients succeed. As a self-employed person I understand the challenges that businesses face. I have always believed that the will to succeed is a huge factor of self-employment and I am lucky enough to see this first-hand from a wide variety of clients. Another source of inspiration is seeing the hard work our staff do for our clients. I am extremely fortunate to have such loyal and long-serving staff.

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

The experience of working while studying was invaluable for me. It gave me the knowhow and confidence to become self-employed. I would definitely recommend the trainee accountant route as a means to qualification. I'd also suggest building a network of fellow CPAs. When you're self-employed, you can become somewhat isolated. I always found it a great source of comfort to be able to get a second opinion.

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

Cashflow is a concern that constantly raises its head. Then there's the need to understand each client's business, and their demands and wants.

A current concern is Brexit and the impacts it's likely to have on our diverse client base. Another challenge is how we meet our clients, and meet deadlines, etc. I feel the landscape is changing for the long term. Online presence – an area somewhat neglected by accountants – is now so important. As this area is ever evolving, we have found ourselves embracing online systems such as skype and zoom for communication purposes, both internally and with clients, with great success thus far.

How do you unwind?

Coming from an agricultural background, I enjoy a down day on our farm! We have a young family and I enjoy family walks, the fresh air and the country way of living. Going out for dinner is always a favourite way of unwinding. And then there's sport – our kids play sports with the local GAA club Davidstown/Courtnacuddy. Our son is a keen rugby fan and plays with the U10s at Enniscorthy RFC. It's great to go watch them playing their games and having fun.

Financial Reporting News

Amendments to UK and Ireland accounting standards

The Financial Reporting Council (FRC) recently amended both FRS 102 and FRS 105 to address a topical issue of temporary rent concessions granted as a result of Covid-19.

Many lessees have been granted temporary rent concessions as a result of the Covid-19 pandemic, including temporary rent reductions or rent holidays. Neither FRS 102 nor FRS 105 explicitly stated how changes in lease payments resulting from rent concessions should be accounted for. This could have led to differences in accounting treatment in relation to changes in lease payments arising under similar circumstances, undermining comparability and being unhelpful to the users of financial statements.

As a result three new paragraphs, 20.15C, 20.15D and 20.25B, have been inserted into FRS 102, Section 20 (Leases) which require that any change in lease payments arising from rent concessions be recognised on a systematic basis over the periods that the change in lease payments is intended to compensate.

The above requirement applies only to temporary rent concessions occurring as a direct consequence of Covid-19 and only where all of the following conditions are satisfied;

a. the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;

b. any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

c. there is no significant change to other terms and conditions of the lease.

Where a lessee accounts for a change in lease payments arising from rent concessions in accordance with paragraph 20.15C they must disclose the amount of any change in lease payments recognised in profit or loss. Similar amendments have been made to FRS 105, the Financial Reporting Standard applicable to the Micro-entities Regime.

Source: www.frc.org.uk

Reporting the impact of Covid-19

The Irish Auditing and Accounting Supervisory Authority (IAASA) has recently published an information note 'Reporting the Impact of Covid-19'. The purpose of the note is to highlight to management, audit committees and those charged with governance, the importance of high-quality disclosures on the impact of Covid-19 in annual financial statements and half-yearly financial reports.

The information note has been produced following IAASA's desktop examination of the half-yearly financial reports of twenty equity issuers and the annual financial statements of one equity issuer all with 2020 reporting dates. While the information note identifies areas of high-quality disclosures, a number of areas have been identified by IAASA where disclosures were considered to be of a lower quality and may be indicative of increased risk of non-compliance with International Financial Reporting Standards (IFRS), including:

- Explanation of critical judgements and material uncertainties;
- Indicators of impairment of non-financial assets including key assumptions and sensitivities;
- Recognition and measurement of expected credit losses (ECL);
- Disclosure of government assistance;
- Going concern disclosures;
- Disclosures in relation to the entity's prospects and the expected impact of any mitigating actions in the annual management report.

The information note is available to download at www.iaasa.ie.

Source: www.iaasa.ie

Global approach to sustainability reporting

The importance of sustainability reporting is continuing to increase among a number of stakeholders, including investors, central banks, regulators, public policy makers and auditors. As a result, the Trustees of the IFRS foundation have published a consultation paper to assess the need for a global sustainability reporting standards and the role, if any, that the foundation should play in the development of such standards.

With a heightened focus on environmental, social and governance (ESG) matters, developments in sustainability reporting and increased calls for standardisation of such reporting, the Trustees are seeking stakeholder input on the need for global sustainability standards and gauging support for the Foundation to play a role in the development of such standards. The consultation is open for comment until 31 December 2020.

Source: www.ifrs.org

The likely impact of Covid-19 on financial statements in the years ahead

by Colm Divilly

In the last two articles in this series we focused on the immediate impact of Covid-19 on company financial statements and the possible audit report options open to the auditor reporting in the context of Covid-19. In this article we will discuss the likely impact of Covid-19 on financial statements in the medium to long term.

To date, the economic impact of Covid-19 on the Irish economy has been cushioned by an unprecedented injection of exchequer funding into the economy. In the medium term, the inability of the government to continue borrowing vast sums of money at near zero interest will bring about a natural end to this source of economic stimulus. When the economic stimulus ends the economic impact of Covid-19 will become clear for Irish businesses and the Irish economy. This impact is likely to be a severe economic shock to the economy resulting in a serious but hopefully short recession. Many of the accounting and auditing challenges faced by the Irish accounting profession in the period of the last recession (2008 to 2013) are likely to reappear. We outline below how some of these issues will be accounted for using the FRS 102 financial framework.

Impairment of property plant and equipment ("PPE")

FRS 102 requires that PPE be impaired if the recoverable amount of an asset is less than the carrying amount, in which case the carrying value of the asset is reduced to the recoverable amount of the asset. That reduction is an impairment loss. The recoverable amount of the asset is the higher of the net realisable value of the asset and the value in use of the asset. An entity is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity must estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount. As the impact of Covid-19 on the economy becomes clearer, Accountants will need to be vigilant for indications of impairment of PPE and where identified undertake an impairment review.

Decrease in value of investment property

An investment property is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Therefore, the impairment of these assets will be picked up by the fair value adjustment at the end of each financial year. The triennial review of FRS 102 introduced a new accounting policy choice solely in relation to investment property rented to another group entity. Such entities are now allowed to choose to measure such properties at cost (less depreciation and impairment). If a group company has adopted this new accounting policy choice, the guidance provided above in relation to impairment of PPE will apply to that entity's investment property.

Material uncertainty in relation to the application of the going concern basis in the preparation of an entity's financial statements

FRS 102 requires that when preparing financial statements, management must assess the entity's ability to continue as a going concern. An entity continues to be a going concern unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the date when the financial statements are authorised for issue. If management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the entity must disclose those uncertainties in the notes to the financial statements. When an entity does not prepare financial statements on a going concern basis, it must disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern".

If the economy suffers a severe economic shock, it is likely that material uncertainty in relation to the ability of entities to continue as a going concern will become a common issue faced by Accountants. In drafting disclosure notes in relation to uncertainty facing the entity, it should be noted that International Standard on Auditing (Ireland) 570 (ISA 570) requires that if the auditor of the entity concludes that the use of the going concern assumption is appropriate in the circumstances but a material uncertainty exists, the auditor should determine whether the financial statements:

a. Adequately describe the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and

b. Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

If adequate disclosure is made in the financial statements, the auditor will be able to express an unmodified audit opinion but should address this matter in the audit report by way of a material uncertainty paragraph in the audit report.

Recognition of stock losses

Paragraphs 27.2 to 27.4 of FRS 102 require an entity to assess at the end of each reporting period whether any stocks are impaired. Impairment of stock is likely to arise from damage, obsolescence, or declining selling prices. If an item (or group of items) of stock is impaired, those paragraphs require the entity to measure the stock at its net realisable value and to recognise an impairment loss. Decreased customer demand in a recessionary environment is likely to lead to downward price pressure and stock surpluses giving rise to stock impairments.

Recovery of trade and other receivables

Unfortunately, in a recession the risk of bad debts increases significantly. At the end of each reporting period an entity is required to assess whether there is objective evidence of impairment of any financial assets measured at cost or amortised cost. If there is objective evidence of impairment, an impairment loss is recognised immediately in profit or loss. Losses must be the result of past events, not losses expected because of possible future events. In the absence of any objective evidence or observable data indicating that a loss has occurred, there is no basis for recognising an impairment, or bad debt provision. It is important when drafting financial statements in the coming months that Accountants do not provide for expected future impairment losses but base any bad debts provisions on objective evidence of the occurrence of an event giving rise to the impairment.

Accounting for redundancy costs

Unfortunately, employee redundancy may become a common feature of the economy in the next year. FRS 102 requires that because termination benefits do not provide an entity with future economic benefits, an entity must recognise them as an expense in profit or loss immediately. An entity will recognise termination benefits as a liability and an expense only when the entity is demonstrably committed either:

a. to terminate the employment of an employee or group of employees before the normal retirement date; or

b. to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Accounting for future operating losses.

In the months ahead, Accountants may well find themselves preparing financial statements for a current financial period in the knowledge that the entity has incurred significant losses in the post balance sheet period. The question arises should these losses be provided for in the current financial period? FRS 102 answers this question by stating that as there is no present obligation as a result of a past obligating event (no obligating event at the balance sheet date requiring entity to pay out resources in the future), the entity does not recognise a provision for future operating losses. While the expectation of future operating losses may be an indicator that one or more assets are impaired, the future expected losses are not provided for in advance of being incurred.

Accounting for restructuring costs

Where the economic situation results in an entity having to restructure, FRS 102 provides valuable guidance on how and when to account for the restructuring cost.

A restructuring gives rise to a constructive obligation only when an entity:

a. has a detailed formal plan for the restructuring identifying at least:
   i. the business or part of a business concerned;
   ii. the principal locations affected;
   iii. the location, function, and approximate number of employees who will be compensated for terminating their services;
   iv. the expenditure that will be undertaken; and
   v. when the plan will be implemented; and

b. has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The entity will only recognise a provision for restructuring costs when it has a legal or constructive obligation at the reporting date to carry out the restructuring.

Conclusion

This article was written just as the Government announced a return to level 5 restrictions within the economy. I hope that by the time you read this article, we as a Country will have turned the corner in our battle with the Covid-19 virus and that much of the guidance in this article will not be required.

In this period of worry and doubt we can remember the old Irish saying "Dá fhada an lá tagann an tráthnóna (No matter how long the day, the evening comes)" and know that it will apply to our current situation as well.

> **"Dá fhada an lá tagann an tráthnóna"**

Colm Divilly,
F.C.A.

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IFRS 16 Introduces a New Way of Looking at Leases

by Wayne Bartlett

IFRS 16 on Leases is one of the more recent standards in the IFRS toolbox (in fact, if one ignores IFRS 17 on Insurance Contracts which is quite specialist in nature it is the most recently-released Standard that impacts on a wide range of entities).

In terms of timing it came out not long after IFRS 15, Revenue from Contracts with Customers, in itself a major event and marking a period of intense activity on the part of the standard-setters, the International Accounting Standards Board (IASB). IFRS 16 has a major impact on the accounting policies adopted by those who have leased assets (which are now in the new jargon called 'right of use assets'). It impacts on the accounting practices of both those who use the leased assets (the lessee) and those leasing them out (the lessor). In this article I'll focus on the lessee on the grounds that there are likely to be more readers who are using leased assets than those working for someone who legally owns them.

The major impact on the accounting policies of lessors concerns the 'balance sheet' (statement of financial position) treatment of leases. In the past only finance leases, where the majority of the financial benefits obtained from leased assets were enjoyed by the lessor, were capitalised on the balance sheet of lessors and those which were essentially short-term operating leases were not. That situation has now changed and all leases, with a few exceptions which will be discussed below, are now capitalised.

Why change?

I remember reading at the time that the main reason for this significant change was that investors were very unhappy that balance sheets were being seriously understated by the non-inclusion of all leases regardless of their nature.

Leasing is a very popular way of obtaining the use of an asset when you do not have the ready money to buy it outright; or perhaps alternatively when you do not see the point in buying one because you only want it for a limited time. There are a wide range of assets that might be involved. At one extreme they can be very substantial assets.

I used to work for a government Ministry in London which operated out a massive leased building which it was leasing over a period of decades and the accumulated cost of that as you might imagine was enormous. At the other extreme lessees might obtain items as mundane as photocopiers or vending machines on a lease; much smaller and less expensive assets in the scheme of things.

Investors however had expressed ongoing unhappiness at the fact that a huge collective value of leases were being left off balance sheet with operating leases not being included. After a decade of consultation it seems that the IASB accepted the argument that the non-inclusion of operating leases on balance sheets was conceptually flawed. So too did the standard-setter for US GAAP, the Financial Accounting Standards Board (FASB), who were involved in a joint project with the IASB on the subject of leases.

At around the same time that the IASB replaced the pre-existing lease standard IAS 17 with IFRS 16, their US counterparts replaced their own pre-existing Standard, ASC 840, with ASC 842. There are a few differences in the detail between IFRS 16 and ASC 842 but there is also a substantial degree of commonality between the two.

Impact of the changes

So let's look at the accounting for leases under IFRS 16. The Standard came into effect for all accounting periods beginning on or after 1 January 2019 so it is still pretty new. It largely mirrors the accounting treatment that was used just for finance leases in the past (a finance lease being one where the major portion of the risks and rewards of ownership are transferred to the lessee from the lessor) but is now applied to all 'right of use' assets whether or not they would have been treated as finance or operating leases in the past.

When gaining access to a leased asset, the lessee should capitalise in on their balance sheet, treating it in exactly the same way as it would if it had acquired it outright by purchasing it with its own funds. It should also set up a liability in the balance sheet. So in a simple example if Lessee A leases an item of machinery from Lessor B for a full cost looking at all capital outflows it expects to pay for the asset over its life of €600,000, then that is the amount it would capitalise as a right of use asset in its balance sheet. At the same time it would establish a lease liability for the same amount.

That's straightforward enough but what happens on an ongoing basis after that? As far as the asset side is concerned, it would be depreciated over its life. The 'life' is measured not by the overall life of the asset taken as a whole but the length of the lease. It might for example normally have an expected useful economic life of ten years but the lease is only for six, in which case that would be the life applied for depreciation purposes, i.e. on a straight-line basis €100,000 per annum. One thing to note is that if there is an option to extend the lease and the lessee anticipates at the inception of the lease taking it up then that period of its life should also be accounted for. So if hypothetically the same lease has a two-year extension option for a further €40,000 then we would now capitalise an amount of €640,000 in the balance sheet for the right of use asset and depreciate it over eight years rather than six, i.e. a charge of €80,000 per annum on a straight-line basis.

The other side of the accounting is the liability. When payments for leases are made then they will include both a payment for the capital element of acquiring the right to use the asset and also a financing charge. The latter should be accounted for as effectively an interest charge in the financial statements that we prepare and be included as expenditure in the income statement for the year in question. The capital element should be offset against the lease liability in the balance sheet; except for the amounts due to be paid in the next accounting period these would be included as a non-current liability. Over time in theory, and if you have done the accounting correctly, both the asset value and the liability should eventually diminish to zero as you depreciate the asset and reduce the liability via payments.

The exceptions to the rule

So what are the exceptions to the general rule that all leases must now be capitalised on the financial statements of the lessee? There are two of them and they are both elections, i.e. they are not mandatory but may be applied if the financial statement preparer so wishes. The first concerns short-life leases: these are defined as leases which have at their commencement date a life of twelve months or less. The second concerns low value leases. Although the definition of 'low value' is not specifically defined, the International Accounting Standards Board (IASB) notes in the Basis for Conclusions that accompanies IFRS 16 that it initially had in mind that 'small value' would be considered as assets that had an underlying lease payments involved should be recognised on a straight-line basis over the life of the lease or a similar systematic basis.

A point of detail however is that if the exemption for short life assets is taken up then it must be applied to all leased assets in a particular class whereas if the low value exemption is used than it can be applied on a lease-by-lease basis.

How much this impacts on your own particular business will naturally depend on your own specific lease profile. It could be that if you only have leases they may be for low value or short life assets, in which case the only issue is that you have to decide whether to apply the exemptions and if so ensure that you apply and communicate your chosen policy properly.

Conversely the effect could be significant in which case the key thing is that you should understand the updated rules and ensure that the accounting for them is reflected in your financial statements. Being on top of the details of all the items that you have acquired the right to use through leases is important and will require close working between accountants and those who are responsible for arranging lease deals within the entity: it would be fairly easy if care is not taken for leases to fall through reporting gaps and be missed. If nothing else, getting the new style of accounting right is critically important for keeping auditors and ultimately investors and other stakeholders happy.

It would be unfortunate if after taking a decade to design and agree the new rules, they do not after all have the desired effect.

Covid-19 impacts on IFRS 16

One final point to note is that Covid-19 has had a very specific impact on IFRS 16. Many businesses have benefited from rent concessions on the back of the pandemic and the IASB have introduced an amendment to IFRS 16 to take account of these.

Normally a change to lease conditions such as reduced or deferred rent would require a restatement of the lease with a recalculation of the relevant asset or liability and the resulting discounted cash flows. However the amendment gives the reporting entity the option of not doing so.

Instead the resultant rent decreases would be accounted for as a one-off benefit to profit or loss. If this election is made, then a note to this effect must be included in the affected financial statements along with clear disclosure of the impact on profit or loss for the relevant period. The promptness with which this amendment has been made emphasises the dramatic potential impact of the pandemic and the significant impact it could make on those entities who have large leases on their balance sheets. It is another reminder of just how material the fallout from the pandemic might be on leasing as well as of course on many other areas of the financial statements.

Wayne Bartlett,
FCCA, MBA

Law & Regulation News

CRO update in relation to ARD's falling due on or after 30 September 2020

In welcome news, the Companies Registration Office (CRO) recently announced a decision to extend the filing deadline for companies with an annual return date (ARD) falling due on or after 30th September 2020 which should hopefully enable companies to file on time and retain exemption from audit.

Any company with an annual return date falling due on or after the 30th September 2020 will have until 26th February 2021 to complete and file all elements of its annual return. Entities are encouraged to file as normal during this period if in a position to do so.

source: www.cro.ie

AML Bill published

The Criminal Justice (Money Laundering and terrorist Financing) (Amendment) Bill 2020 has been published, and at the time of writing has completed second stage in Dáil Eireann. The primary purpose of the Bill is to amend the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 in order to transpose, in part, Directive (EU) 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, into national law.

It improves the safeguards for financial transactions to and from high-risk third countries and sets new limits on the use of anonymous pre-paid cards; brings a number of new 'designated bodies' under the existing legislation; enhances the customer due diligence requirements; prohibits credit and financial institutions from creating anonymous safe-deposit boxes; provides for the issuing of Ministerial guidance in relation to 'prominent public functions' in respect of politically exposed persons (PEPs) and includes a number of technical amendments to other provisions of the Act.

Source: www.oireachtas.ie

IAASA outlines key considerations when preparing 2020 financial statements

In its annual observations paper the Irish Auditing and Accounting Supervisory Authority (IAASA) has highlighted Covid-19 and Brexit as two key considerations when preparing 2020 financial statements. The paper, of relevance to preparers, approvers and auditors of financial statements, outlines that IAASA expects companies to provide entity specific and comprehensive disclosures of these two significant events which enable users of their financial reports to understand:

- the impact that these events had on their financial performance, financial position, cashflows and risks;
- the sources of estimation uncertainty and changes in key assumptions underpinning assets, liabilities, income, expenses and cash flows;
- the mitigating actions taken to respond to the challenges posed by Covid-19 and Brexit; and
- the expected impact on future financial performance, financial positions, cash flows and risk.

While IAASA's remit extends only to companies with securities admitted to trading on a regulated market (principally the main market of Euronext Dublin – the Irish Stock Exchange), the topics identified in the paper should be of use to a much wider range of companies in producing their financial reports.

For further information and to access a copy of the 2020 observations paper please visit www.iaasa.ie.

Source: www.iaasa.ie

Employment legislation
– introductions, changes and proposals that employers need to be aware

by Derek McKay

Irish SMEs have been working tirelessly to stay ahead of the health crisis in an effort to mitigate its impacts on their business while adhering to Government advice, guidance and ongoing restrictions. A raft of new or amended legislation has been introduced recently by Government to help protect both employers and employees as well as legislating for changes that have previously been announced. Business owners could be forgiven for not being fully aware of some of these changes and how they could potentially affect their business and employees. The following article considers some of the most recent employment legislation and what it means for employers, as well as highlighting some proposed legislation.

Layoffs and Short time

Unfortunately, many employers found themselves in a situation where they had to place staff on short-term layoffs or short time to help secure the future of the business due to the impact of Covid-19 and the uncertainty surrounding it. The Redundancy Payments Acts 1967-2014 make provision for a period of lay-off or short time to be applied where an employer believes that such measures are temporary and that the employer is unable to provide an employee with work for which they are contracted either in a full time capacity or for a lesser period as laid out in the definition of short time.

There are some considerations we would recommend to employers if thinking about layoffs and short time. Firstly, check for the existence of an express term and condition that lay-off or short time can apply. Where an express term does not exist, the employer must consult with the employee and seek their agreement to apply a period of layoff or short time.

It is important that the employer approaches layoffs or short time with empathy and act in a reasonable manner, explain the rationale, apply fair and objective selection procedures and provide a reasonable period of notice if possible.

Fortunately, the supports provided by the Government to-date have helped negate the financial impacts of these situations.

Changes to the Redundancy Payment Act

To try and protect employers who placed employees on short-term layoffs or short time because of Covid-19, the Government introduced emergency measures in the Public Interest (Covid-19) Act 2020 that temporarily reduced the scope of the operation of the Redundancy Payments Act 1967 by the addition of Section 12A to the Redundancy Payments Act.

The insertion of Section 12A temporarily suspended the provisions in the Redundancy Payments Act that allowed those on a period of layoff or short time, (for 4 weeks or more, or for 6 weeks in the last 13 weeks), to give notice of their intention to claim for redundancy from their employer.

This provision was then temporarily suspended for the duration of the initial emergency period that was provided in the Emergency Measures Act as "the period beginning on 13th March 2020 and ending on 31st May 2020". This timeframe has been extended on a couple of occasions and currently ends 30th November 2020.

However, we would expect that this would be further extended until early in the new year. It is important to note that the employee's right to claim redundancy has not been removed but deferred for the emergency period in circumstances of temporary layoff or short time employment.

Workplace Relations Commission – compulsory remote hearings

The lockdown earlier in the year created a significant backlog in the hearing of complaints in the Workplace Relations Commission (WRC), which it is trying to address. To help, the Government recently signed an order under the Civil Law and Criminal Law (Miscellaneous Provisions) Act 2020 directing the WRC to conduct all hearings remotely including giving of evidence using video link.

The WRC began trialling remote hearings in July, choosing some of the more straightforward complaints initially. However, parties to the complaints selected for remote hearing were not obliged to proceed with the hearing virtually and could opt for a face-to-face hearing instead. Obviously, this presented some issues for the WRC as the vast majority of parties were reluctant to participate and according to the WRC, only 16%

of parties consented to the remote hearing.

However, following the recent Order and effective from 24th September 2020, the WRC no longer needs consent from parties to proceed with a remote hearing. There is an exception to not conducting hearings remotely that states if the WRC believes it would be unfair to a concerned party or contrary to the interests of justice.

While the introduction of remote hearings will help reduce the backlog of complaints and speed up the resolution process, there are some potential issues. The absence of physical meetings may impact the potential to reach any agreements in advance of the hearing. Remote hearings can impact the opportunities for parties to communicate with the representatives and cross examination of witnesses maybe negatively impacted as a result of remote locations, which also highlights some further privacy issues as well.

The WRC has identified the need to establish procedures to ensure the conduct of remote hearings complies with its obligations to adhere to fair procedures and natural justice. We recommend that employers facing an upcoming WRC hearing familiarise themselves with any such procedures if called to a remote hearing and plan accordingly.

Pay & benefit changes

There are some recent changes to pay and benefits that employers should make themselves familiar with such as increases to the minimum wage and parental leave entitlements.

As of 1st January 2021, the National Minimum Wage will increase from €10.10 to €10.20 per hour and it is estimated to benefit over 120,000 employees.

Changes to the Parental Leave (Amendment) Act 2019, which extends the applicability and duration of parental leave, came into effect on 1st September 2020. From this date, a parent will be able to take up to 26 working weeks of unpaid leave for a qualifying child up to 12 years old.

The Budget 2021 detailed an increase to Parent's Leave/Benefit by an additional 3 weeks. This means that when this is enacted that each parent will be entitled to 5 weeks leave in total during the two years of a child's life, assuming all eligibility criteria has been satisfied.

It was announced in the recent budget that the number of waiting days for Illness Benefit, paid at €203 per week, will be reduced from six days to three days for new claims from the end of February 2021.
An important point to note is that currently, employers are not obliged to provide sick pay to employees. If an employer does provide sick pay, the duration for the pay is at their discretion or as per their contractual terms with their employees. However, under a proposed private members' bill from the Labour Party, this may change in the future.

Currently any employee who is certified absent because of having, or suspected of having Covid-19, is entitled to the enhanced payment of €350 per week. Under the Labour Party proposals, it is recommended that parents of children who have to stay at home because of Covid-19 should also be entitled to this payment.

Proposed legislation to keep in mind

There are a number of pieces of proposed legislation that may impact businesses over the coming months, mainly in light of the impacts of Covid-19. The previously mentioned proposed bill from the Labour Party, Sick Leave and Parental Leave (Covid-19) Bill 2020, looks to extend force majeure parental leave where a child's school or childcare provider is closed due to an outbreak of Covid-19. Normally intended to provide for short periods of leave for urgent family situations, it allows for a maximum amount of three days leave in any 12-month period or five days in a 36-month period. However, the proposed legislation would place force majeure leave on a more long-term footing similar to other family leaves but without considering the necessity for some notice period.

Currently, the Government is also legislating for Statutory Sick Pay to be paid from the first day of an employee's absence from work due to illness or a requirement to isolate due to Covid-19 rather than day four. Once the legislation has been passed, this will apply retrospectively from 13th March of this year. There are also plans to bring forward legislation to allow employers reclaim Statutory Sick Pay paid for absence due to Covid-19.

The Safety, Health and Welfare at Work (Amendment) Bill 2020 is currently before Dáil Éireann, Second Stage and, if enacted, it will provide for a proactive health notification and surveillance. This means that a legal obligation will be placed on all employers and/ or workplaces to notify the Health and Safety Authority of any occurrences of Covid-19 in their workplace.

Finally, the increase in the Pension Age to 67, which was planned for introduction in January 2021, is now not proceeding. It was confirmed as part of the Budget that a Pensions Commission is to be established in line with the Programme for Government and the Minister will review once complete. Interestingly, our most recent HR Barometer research found that two thirds of organisations have a retirement age of 65 with 75% of these stating they have no plans to increase the age. In many instances, this has led to situations where people are being denied access to the State Pension upon retirement.

Derek McKay
Managing Director at Adare Human Resource Management.

Companies (Miscellaneous Provisions) (Covid-19) Act, 2020

by Keith Rooney and Conall O'Neill

The Companies (Miscellaneous Provisions)(Covid-19) Act, 2020 (for ease "the Covid Act") came into effect on 21 August of this year. The Covid Act is a direct legislative response to concerns raised by businesses up and down the country, along with the Registrar of Companies, as the deadlines for Annual Returns and General Meetings loomed large while the pandemic continued to make the normal running of a company impractical.

In its initial guise the Covid Act was intended to last only during what it defines as the "emergency period", at present a period extending until December 2020. However, the newly inserted Section 12A of the Companies Act 2014 allows for this period to be extended by ministerial order and given the ongoing difficulties in containing the spread of Covid-19 it is highly likely that the provisions of this Act will continue through most of 2021.

Main Objectives

The Covid Act primarily addresses practical issues in the running of companies in the era of social-distancing and the new economic reality that has presented. The key areas covered by the Covid Act are:

- General Meetings
- Sealing by a Company
- Dividends
- Winding Up
- Examinership

In this article we will look at each of the changes in turn and broadly outline the new approaches allowed during the emergency period.

General Meetings

The most immediately useful aspect of the changes brought about by the Covid Act relates to general meetings.

At the outset it is worth noting that there was some ambiguity under the Companies Act, 2014 about whether or not a meeting could be held remotely. The Companies Act, 2014 certainly provided for members to attend a meeting through instant-communication platforms such as Zoom. However, whether the meeting itself still required a physically central location where people may gather, and where the board must gather, remained an open question.

The new provisions, found in the amended Section 174A , override any other requirements under the Companies Act, 2014 save for one. The provisions that allow companies to conduct their meetings entirely through the written resolution process remain unaffected. There is an obvious logic to this given the purpose of both the written resolution procedure and the amendments under the Covid Act is to eliminate the requirement for physical meetings at all.

Of crucial importance is the extension of timelines for the holding of general meetings. Any company who has not yet had their Annual General Meeting but was required to do so in 2020 can now hold the meeting at any time prior to 31 December 2020, regardless of what the latest date should otherwise have been.

Annual General Meetings availing of the time extension can now be held entirely online pursuant to the newly inserted Section 174A(5) of the Companies Act, 2014. However, there are certain restrictions and safeguards placed upon that right.

First, all persons who would have been entitled to attend a general meeting in person must be given a reasonable opportunity to participate in the online meeting. The Covid Act does not stipulate what "reasonable opportunity" means. However, it would appear quite obvious that a person without sufficient internet connectivity, for example, be given time to arrange alternative means of accessing the meeting. There will be no hard and fast rules in terms of what is reasonable, but a pragmatic and common-sense approach will serve companies well.

Second, the company can identify a specific online resource to host the meeting and may also designate a technological means of casting votes – whether before, during or after the meeting. With regards to identifying the online resource this, again, is a purely practical measure. A company can elect to use Zoom, Microsoft Teams, Pexip or any of the other available communications tools. It is at the discretion of the company to choose. However, a platform that does not easily lend itself to access by the members should be avoided in case it falls foul of the "reasonable opportunity" requirement in Section 174(A)(5). Insofar as voting is concerned, practically this will likely be achieved via email to a dedicated email address. Copies of all the votes can then be held in the email server as evidence of the voting intention.

Lastly, restrictions on the participation and the use of technology are permitted in order to verify the identity of all persons at the meeting. This ultimately comes down to ensuring the sanctity of the general meeting. It is reasonable to stipulate that persons must have their cameras on while voting or be visible to the board members at least when engaging in the meeting. Participation can also be limited to members only or similar restrictions where capacity and technological limitations may not permit a broader participation at the meeting. Like all things within the Covid Act, reasonableness will dictate whether the restrictions are permissible or otherwise.

If the company elects to place restrictions on the meeting, then all potential participants must be made aware of them in advance of the meeting. Similarly, any special technological requirements for the meeting or other special requirements must be notified to all participants in advance.

A practical example of this would be using an online encrypted messaging service to register ones vote in a meeting. Many members may be unfamiliar with that technology and it will be necessary to inform them of both the requirement to have access to it and the reasons for that requirement.

Technological Requirements

Whatever platform or technology is used to host the meeting, it must meet certain basic standards and criteria of performance. These are, again, common-sense requirements but bear enumerating nonetheless:

- All participants must be able to hear the Chair and any person called on by the Chair during the meeting.
- All participants must be able to speak to the Chair and submit questions in a similar manner as would be allowed under the company constitution.
- The platform or technology must provide for secure communications and be private to the attendees.
- The board must ensure the source of any electronic communication to the meeting is known.

If the platform or technology should fail or be disrupted during the meeting the obligation falls to the Chair to attempt to have it working again as quickly as practicable. However, a failure of the technology will not invalidate a meeting on its own. These things can happen and the loss of a couple of members will not prevent the meeting from continuing unless there is a particularly contentious vote. In those circumstances it would be best to wait and have the members reconnected as soon as possible.

If a company willfully causes a member to lose connectivity with the meeting then, and only then, shall the company be liable in respect of that failure. The liability then only attaches to willful acts and not to negligence or other technical faults.

Usefully, the date, time and location of an AGM or EGM can be changed up to end of day on the day immediately preceding the meeting if the Board deem it necessary to comply with guidelines issued under the Health Act, 1947.

This would have likely been an effective provision when the country switched from level 3 to level 5 earlier this month. Meetings scheduled shortly after the changeover may have simply become unworkable and, thus, the board would have the right to change the date and time as required to comply with public health guidelines.

Dividends

Many companies may be caught in a situation where a dividend recommendation has been made but, subsequently and because of Covid-19, the company can no longer sustain or justify that dividend. In those situations, the directors can withdraw the resolution or propose an amendment to reduce the dividend, if required. Even if the company's constitution forbids a withdrawal or amendment of this nature the Act overrides it if the members of the company agree unanimously to approve the step and where all eligible voting members are given 3 days' notice of the Board having formed the view that it is required.

Sealing by a Company

Requirements for the countersigning and sealing of documents by a company are, to say the least, impractical at present.

To that end the Covid Act allows for the execution of a number of counterparts. Combined, those counterparts shall constitute an original sealed document. It is important to remember that the various documents are not each an original. Rather they together form an original instrument, as a whole.

Winding Up

In the Companies Act, 2014 the debt threshold required before liquidation could be forced on a company was set at €10,000 for a single creditor or €20,000 for a group of creditors. In the Covid Act that level is temporarily raised to €50,000 for both individual and grouped debts

This is designed to stave off, as much as is practical, a sharp increase in liquidations and to give companies the breathing room required to survive the pandemic period. It is unlikely to have a long-term saving effect for companies, but might prevent a short, sharp increase in liquidations. Other measures such as the Employment Wage Subsidy Scheme and Pandemic Unemployment Payment will also assist with this.

Examinership

The period for formulating a plan of rescue can be extended now by an additional 50 days (150 rather than 100 after the initial 30 and 70 days). While the changes are minimal, they are anticipated to be particularly useful where sourcing angel financing or negotiating with other creditors with difficulties of their own. In reality while the measure is relatively limited, it should be seen as a useful tool and, ultimately, examinership may be the savior of many Irish companies in the months and years ahead.

Conclusion

Like so many of the enactments brought in to tackle Covid-19, this Act is a mixed bag. It contains some very useful provisions to assist companies in complying with their regulatory requirements and offers some small salve to those for whom insolvency is imminent, staving off the evil day perhaps a little longer. Nevertheless, it is a welcome relief for small and medium enterprises in particular.

Keith Rooney

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Finance & Management News

Covid Restrictions Support Scheme

Details of the Covid Restrictions Support Scheme (CRSS) are contained in Section 11 of the Finance Bill 2020. The CRSS is a targeted support for businesses significantly impacted by restrictions introduced by Government under public health regulations to combat the effects of the Covid-19 Pandemic.

Under the scheme support will be provided to companies, self-employed individuals and partnerships carrying on a trade or trading activities, the profits from which are chargeable to tax under Case 1 of Schedule D, from a premises located in a region subject to restrictions introduced in line with the Living with Covid-19 Plan, with the result that the business is required to prohibit or considerably restrict customers from accessing their business premises.

To qualify under the scheme, a business must be able to demonstrate that, because of the Covid restrictions, the turnover of the business in the period for which the restrictions are in operation, and for which a claim is made, will be no more than 25% of an amount equal to the average weekly turnover of the business in 2019 (or average weekly turnover in 2020 in the case of a new business) multiplied by the number of weeks in the period for which a claim is made.

A qualifying person will be able to make a claim to Revenue under the CRSS for a cash payment to be known as an "Advance Credit for Trading Expenses". This payment will be equal to 10% of their average weekly turnover in 2019 up to €20,000 and 5% thereafter, subject to a maximum weekly payment of €5,000, for each week that their business is affected by the Covid restrictions. For businesses established between 26 December 2019 and 12 October 2020, the claim will be based on their weekly average turnover in the period between the date of commencement and 12 October 2020 (subject to the weekly cap of €5,000).

In addition to the specific eligibility conditions, noted above, a taxpayer must have up to date tax clearance and have complied with their VAT obligations.

The scheme is to be administered by the Revenue Commissioners and will operate from 13 October 2020 to 31 March 2021. A taxpayer must register to claim under the CRSS through Revenue's Online Service (ROS), claims must be made no later than 8 weeks from the date on which the claim period commences.

The Revenue Commissioners have published Guidelines on the operation of the Covid Restrictions Support Scheme which can be downloaded at www.revenue.ie/en/corporate/press-office/budget-information/2021/index.aspx.

The above information is based upon the proposed legislation contained in the Finance Bill 2020, which at the time of writing had completed First Stage in Dáil Éireann.

Source: www.revenue.ie

Brexit: Ready for Customs Grant

Applications are open through Enterprise Ireland for 'The Ready for Customs Grant' announced as part of the July Jobs Stimulus Package. The purpose of the grant is to assist businesses increase their capacity to manage the customs process when the United Kingdom's transition period ends on 1st January 2021.

The grant is open to companies directly engaged in business activities to, from or through the UK requiring new or increased customs clearance capacity. Under the scheme funding of up to €9,000 is available for each new full-time employee engaged in customs work or €4,500 in respect of a part-time employee. Funding can be used to contribute to recruitment, employee and the provision of IT infrastructure costs.

The application process will close on the earlier of when the €20m fund has been dispersed or at 3pm, 15th December 2020.

Source: www.prepareforbrexit.com

Leadership Insight
Leading Through Change

by Eamonn Siggins

Eamonn Siggins, Chief Executive, CPA Ireland

As recently as March 2020, writing in the CPA Ireland Annual Report 2019, the then President of CPA Ireland, Gearoid O'Driscoll, wrote as follows:

"Adopting agility strategically has fostered a cultural change in CPA Ireland in which our speed of adaptation, fast decision-making, and our rate of capability development all contribute to a vibrant professional body delivering value to its customers."

A Rapidly Changing External Environment

Within days of writing that piece, Covid-19 compounded an already volatile environment bringing unprecedented levels of uncertainty around the globe.

Almost overnight there was a sweeping sense of shock, uncertainty and loss as businesses were forced to close, relocate or operate virtually if possible.

Immediate pressures emerged in terms of balancing home, health, life and work in an environment of understandable fear and uncertainty. The assumption was that this change would be short-lived, and the inequality of experience would be manageable as we moved towards the much spoken of "new normal".

As we approach the end of 2020, we can all reflect on the change that has occurred and how we have moved from fear to resourcefulness and perhaps, on occasion, back to fear again. We all appreciate how difficult it has been to create clarity through the fog of the unknown, the unplanned and the uncertain.

Governments around the world have struggled to find a balance between protecting "lives" and "livelihoods" and history will judge and provide lessons for the future.

The Value of CPAs

As a community of professionals operating in 50 countries and advising over 100,000 businesses in Ireland, CPAs played and continue to play a vital role in the "livelihoods" space providing strategic advice to the businesses they serve.

CPAs were, and continue to be, challenged to deliver insights to their businesses in a virtual environment which impacted on work practices, communication, secure transfer of information, increased regulatory burdens and a wave of government supports.

CPAs, correctly, looked to CPA Ireland for leadership, support, advice and engaged with their institute in unprecedented levels.

CPA Ireland's Response – Lessons Learned

"Adopting agility strategically" as referenced in our Annual Report was certainly tested in CPA Ireland as we, as an organisation, pivoted overnight to virtual operations and "work" moved to "home" with all of the inequality of experience, fear and uncertainty felt by others.

The power of informal connections, in a canteen or at the water cooler, were quickly lost and creative solutions were required to replicate that sense of "team" and "community".

Time for execution became even more precious as communication seemed to simply soak up more of our available time.

Trust became ever more important as we focused on outputs and trusting our people's ability and desire to simply get on with their job.

CPA Ireland, organisationally, was in a strong position to adapt to overnight change based on a number of factors:

- An investment in our people ranging from the recruitment of talented individuals to continuous investments in skills development with a particular focus on information technology and digital skills.
- An investment in technology which supported safe and secure working for CPA Ireland staff. Work was already something we did rather than a place we went to.
- A strategy which is high level, principled and agile and offers appropriate tactical agility to the leadership team to adapt to change.
- A culture which supports innovation, customer centricity, capability development and change. Very importantly, CPA Ireland has measured the dominant cultures within both Council and staff across a number of years and had confidence that the Council and staff cultures were appropriately aligned to deliver on our strategy.
- CPA Ireland has a strong and enduring sense of purpose, a mission and vision all of which play into our core values and provide us with our "North Star", delivering support to our members, students and other stakeholders. This guides our long-term strategic orientation and provides for decisive action, and speedy decision making within a robust governance framework.

- Volunteers – CPA Ireland has always benefitted from the excellent inputs of CPAs at Council, Committee and Regional CPA Society level. Despite facing their own pressures, our volunteer community really stepped up their activity and their expertise brought a multiplier effect to the efforts of staff.
- A reappraisal of the external environment by Council leading to a review of the CPA Ireland Strategy and the strategic priorities for 2020/2021.
- Engagement with our members, financial management, and, upskilling.

Immediate Actions in Support of Change

Working from a clarity and unity of purpose, together with a strong culture of mutual trust, Council and the executive team worked quickly together to lead CPA Ireland through this once in a lifetime global experience, with very few signposts, conflicting data and a changed world of work for all.

Among the initiatives undertaken were the following:

- The establishment of a Covid-19 crisis team composed of the CEO, Directors and Finance lead to deal with the immediate challenges of working from home, technology, health and safety, data protection, risk management, communication, students and stakeholders with a focus on what was both urgent and important in terms of giving certainty (examinations, for example), gaining regulatory approvals where required, delivering information services, continuing our regulatory obligations and supporting our advocacy.
- Council, Finance & Audit Committee, and key technical committees all committing to increased frequency of meeting to ensure good governance and appropriate oversight in a fast-moving environment.
- Switching service provision, marketing, communication to digital channels taking maximum advantage of our learning management system and investment in technology.
- Planning for delivery on our key roles in terms of regulation in the public interest, providing progression opportunities for students, delivering information support to members and advocacy. Decisive action was facilitated by having absolute clarity of purpose.
- Policy development around working from home to guide, reassure and help staff be productive, healthy and achieve balance.
- Risk assessments, expenditure reviews and reprioritisations to meet changed circumstances.
- Training for the CPA Ireland leadership team in all aspects of leading a remote workforce through an unprecedented change process.

Key Outputs – Delivering on Our Purpose

On reflection, 2020 has been akin to a race without a finish line, against a backdrop of changing circumstances as Government attempted to protect both lives and livelihoods. Against that backdrop, CPAs have performed remarkably well for the businesses they serve, working harder under the challenging circumstances, coping with businesses struggling to survive, navigating government supports, coping with regulatory burdens, counselling and advising distressed clients and leading their own staff through considerable change. Against this backdrop it was challenging to create business plans that balanced confidence, hope and reality and yet that is exactly what CPAs did. Through our engagement with members, the exective team were inspired by CPAs remaining optimistic, looking for opportunities and committing to their own learning to remain relevant and valuable.

A snapshot of achievements within CPA Ireland demonstrates how goals were stretched, how innovation flourished, how we listened to our customers and delivered on our purpose, as follows:

- The launch of a new syllabus "Ready to Face the Future of Accounting" which will shape the future of the profession and ensure that CPAs will be future fit with the skills required by business, employers and society.
- A pivot to online examinations, invigilated remotely, giving CPA students the opportunity to progress. Excellent resources were put in place to prepare CPA students for this change and the CPA students demonstrated adaptability and resilience in their examination performance.
- Dedicated Covid-19 microsite bringing together all Covid related support and advice into one hub.
- Dedicated online training for employers to ensure continuity of training and mentoring of remote trainees.
- Virtual career fairs, advisory sessions for trainees and employers all supporting strong student growth.
- Advocacy, supported by insights from members and volunteers, leading to valuable supports for business, deferral of certain regulatory deadlines, and engagement with regulators and policy makers.
- A comprehensive CPD programme designed to bring relevant knowledge and skills to members in every sector. Our virtual conferences were engaging, topical and delivered through our learning management system providing a great user experience.
- Contactless Quality Assurance inspections which, with the support of members, allowed CPA Ireland continue to meet its regulatory requirements.
- Digitising our engagement with prospective CPA Students, taking full advantage of new technologies and new channels to unlock growth and promote the CPA qualification.
- Innovating our post qualification specialisms and being the first professional body to deliver "digital first" learning programmes created specifically in an online environment with proven strategies to engage online learners.

  Developing new programmes to allow CPAs specialise and increase their service offerings.
- Transforming the manner in which we communicate internally, finding a balance in the virtual world, automating team check-ins and allowing team meetings focus on solutions, replicating informal communications and maintaining peer to peer contact. This has been facilitated by trust, transparency, and patience with one another, respect, fairness, coaching, kindness and consideration. The leadership team committed to remaining true to these core values whilst ensuring decisions are made in an ethical way that promotes transparency, clarity and honesty.
- Remaining committed to our global partners, our international obligations and to opportunities for collaboration, resource sharing and growth.
- Highly effective governance and stewardship from Council, communicating clearly, monitoring risk and resources, listening to members, re-imagining the future for CPAs and planning for that future.

Lessons Learned

An organisation with a strong sense of purpose, a vision, mission, values and an agile strategy is certainly better positioned to adapt to change, focus on priorities now, and have unity of purpose.

An organisation that cares for its people, communicates, reassures, leads, engages and motivates will adapt better to new ways of work, will become productive and pragmatic with innovation shining through, delivering for the organisation and the team.

An organisation that invests in the future, in technology, in digital and in the upskilling of its people – particularly in leadership and communication skills – can adapt better to the new world of work.

An organisation that places value on its members, engages with them, understands their needs, and concerns and responds in as innovative and resourceful a way as it can, will be remembered by those members.

Conclusion

2020 has been a very unequal experience analogous to us all being in a storm but in different boats. On a personal level, I have found some days full of energy and purpose whilst others have been long and draining.

I have been inspired by the resourcefulness, innovation and "can do" attitude of the team at CPA Ireland. The initial shock of working from home, losing personal connections, anxiety for the future has given way to new ways of communicating, collaborating and learning new ways to work.

We have all taken inspiration from CPA members and students for the manner in which you have adapted, dealt with incredible levels of uncertainty whilst doing your best to support your colleagues, the businesses you serve, and yourselves through the fog of the unknown.

For none of us, has 2020 been the year that we imagined or wished for. Some have coped with illness and loss without the traditional supports from family and community.

Within CPA Ireland it was not the year we had planned either. However, it has been a year in which the value of CPAs to society has shone through. The CPA community from the Council, through the team at CPA Ireland, members and students have remained purposeful, productive and balanced, delivering for CPA Ireland and for the community.

Hopefully 2021 will bring a safer reality for us all and time to reflect on 2020, what we have learned about ourselves, what has changed in how we live and work, and what we will keep for the future.

Leadership Insight
Governments Dealing with a Pandemic

by Pat Leahy

Pat Leahy is the political editor of The Irish Times. He is the author of two books and is a frequent contributor to radio and television programmes about politics.

How does a government manage a crisis?

Talk to anyone who has worked in government and they will tell you that often their life seems like dealing with one crisis after another.

They enter government expecting to implement new policies, improve old ones, make the state work better for its citizens and leave a legacy. They leave a few years later wondering why they didn't get time for all that and recalling only a series of crisis management meetings and media storms. In a political world where government is under constant media scrutiny and opposition from political rivals, the urgent often trumps the important.

Getting to the end of the day and the end of the week is achievement enough.

Actually, most political "crises" aren't actually crises at all. They are passing political rows which may be intense but ultimately will be forgotten, many of them quickly.

Occasionally, though, a crisis comes along that will define a government's political legacy. Its entry in the history books will be an account of how it managed the challenges posed by the crisis, and whether it ultimately overcame them.

Governments all over the world are currently faced with one such crisis, as the pandemic ravages their societies, threatens to overwhelm health systems and decimates economies. In the UK, the economic impact has been twice as severe as the financial crash; in the US, the pandemic has already killed almost four times as many Americans as the Vietnam War.

A decade ago, as the financial crisis raged, destroying the prosperity to which people had become accustomed after a decade and half of more or less constant economic growth, governments were two years into another existential crisis. A few years previously, the United States was faced with its most serious challenge in decades when it came under terrorist attack on its own soil. That's three times in the last 20 years. In other words, these major events, which have the potential to threaten the stability of society, occur more frequently than you might think. So how should governments deal with them?

1. Understand the problem

When a major crisis hits, the first need a government has is reliable, fast information. The better the information a government has, the better its decision-making is likely to be. While most governments have their own information gathering processes and networks – from intelligence and security force reports – they will also rely heavily on media reporting to construct an accurate picture. Social media and internet data is also increasingly relied upon to provide up to date information – a geographic analysis of Google searches for specific symptoms, for instance, can indicate where outbreaks of infectious diseases are most acute. It is the job of analysts and officials to collate all available information into a rapid briefing, likely to be constantly updated, for decision-makers.

The key for a government is to understand the problem and define its extent. If it is a security alert, where is its locus; if an outbreak of illness, who is it affecting, and how; if a major incident, such as an industrial accident, what is its nature, and how will it affect people? How will things look in a week's time? What is the worst case and best case scenario? Major world powers, such as the US, have an always-on infrastructure which constantly monitors the globe for events and emergencies which could affect their interests. Nowadays, the EU also has an "EU Situation Room" which monitors and reports on worldwide events on a 24/7 basis.

It is the early phase of a crisis that the need for information is at its most acute, as a government seeks to comprehend the nature and scale of the unfolding challenge. In the hours after the 9/11 attacks, the United States government didn't know if the country was under general or isolated assault; only once all planes had been grounded and military control of US airspace established, did the panic and uncertainty abate. The Prussian general and military theorist Von Clausewitz called it "the fog of war". So it is in a crisis.

2. Plan the response

Once a government has the best possible information, it must rapidly begin to plan its response. This requires an up-to-date knowledge of the state's capacities and capabilities and how they can be applied to meet the needs of the crisis. When the pandemic hit, the first call of many leaders around world was to their healthcare systems to assess the dangers and capacities; the second was to their national treasuries to assess their scope to fund additional healthcare needs and economic supports. The question "What do we need to do?" is soon followed by the related question: "What can we do?" In whatever field, governments need to marshal their forces, realising the limits of what state action can achieve. The dangers of overreach are obvious: in 2008, the Irish Government believed it had the necessary financial firepower to guarantee to cover any likely losses in the banks. Turned out it didn't.

Crisis responses need to be planned over the short, medium and longer term. Any crisis evolves: the measures required in the initial stage will not be those employed later in the process.

3. Communicate

For any government in any crisis situation – from Churchill's wartime broadcasts to the Irish Government's information campaigns on Covid – communicating with its people is essential. Managing a crisis successfully depends to a greater or lesser extent on managing the public reaction to it and this depends on effective communication from government.

Communications have to be clear, regular, honest and coherent. In a variety of different circumstances, governments will choose to provide daily or even more than daily briefings to the media but will also communicate directly to the public through live broadcasts of briefings and internet and social media-based channels. In many cases, this will be done through a small number of familiar faces, the same people giving the same messages to the public. It's hard to overstate the importance of communications in managing any crisis.

Equally important is internal government communications. It is essential that the different branches of government can talk effectively to another, to share information and agree strategy. Perhaps surprisingly to those of us on the outside, the different parts of government often find it easier to talk to the outside world than they do to each other. Governments often operate in silos; overcoming this is an essential part of effective crisis management.

4 Show authority

It is important for the government not just to be in control, but to be seen to be in control. Communications are an essential part of this. But so is showing authority. Sometimes this can be as simple as putting police on the streets; at times of terrorist threats, they will likely be accompanied by military personnel. It may not just be symbolic; in the hours after the 9/11 attacks, the White House gave the Air Force the authority to shoot down any more passenger jets it thought had been hijacked.

At times of crisis, people want somebody to be in charge; they want the government to step up. In the early days of the pandemic, as governments all over the world took abrupt action, they saw their approval ratings soar – pollsters call it the "rally round the flag" effect. In such situations, people respond to swift action, efficiently executed, clearly communicated.

Within governments, clear lines of decision-making are essential. Any government doesn't just have to know what it wants to do – it needs to know how it's going to decide what to do. Stuttering decision-making and a lack of authority always make things worse. Accounts of the financial crisis often show European governments struggling to show financial markets that they had the will and the means to act.

In the subsequent Eurozone crisis, it was only when the European Central Bank brought its authority to bear – ECB chief Mario Draghi's famous "whatever it takes" speech – that the markets calmed, and the danger of a currency collapse abated.

5. Be flexible

The world moves fast; in a crisis it can move with lightening speed. Natural disasters, industrial accidents, cyber events – all change by the minute. Any government will have to adapt throughout a crisis, recognising that what worked yesterday may not work today. As the pandemic spread across the world, the WHO advised governments to act fast – don't let the perfect be the enemy of the good.

Governments will also have to improvise in the face of a crisis. One of the decisive moments of the second world war – the evacuation of the British Expeditionary Force from the French port of Dunkirk in part aboard a flotilla of privately owned small fishing and pleasure craft – was perhaps the ultimate improvisation.

Facing the future

Preparing for a major emergency is an important part of the work of any government; there are officials everywhere who spend a good part of their time thinking of all the terrible things that could happen, and then wondering how to prevent or react to them.

Ireland now publishes an annual National Risk Assessment. The latest edition outlines a series of geopolitical, economic, social, environmental and technological risks. At a time of global uncertainty, climate change, economic instability, public health threats and the proliferation of weapons of mass destruction, preparation for a crisis has never been more important.

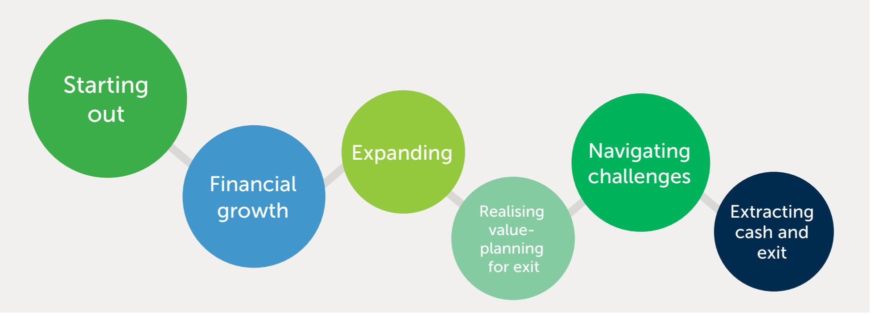
In his foreword to the document, then Taoiseach Leo Varadkar quoted the American poet Maya Angelou. We should always be "hoping for the best, prepared for the worst," Varadkar said, "and unsurprised by anything in between'.

We should always be "hoping for the best, prepared for the worst," Varadkar said, "and unsurprised by anything in between'.

The Entrepreneur Lifecycle –
Part III: Realising Value and Exit

by Nora Cosgrove and Jonathan Ginnelly

This article is the third in a series of three articles that examine the entrepreneur lifecycle and the key considerations that entrepreneurs should think through at each stage in the cycle. In this article, we will focus on the realising value and exit phases of the lifecycle and consider issues such as how the business owner can access some value, how the business might be transitioned and facilitating an efficient exit for the business owner.



Planning for exit at an early stage can mean a more efficient sale when the time comes. Leaving all thoughts of exit planning and how to access value too late can result in inefficiencies and tax leakage. In many cases business owners may not have a suitable corporate structure in place in order to facilitate an exit from the business. Once the time comes to exit there may be value in the company that is not associated with the trade and which needs to be segregated.

In other cases the manner of the exit may not be a straight sale of the company or business to a buyer, but instead it might be more nuanced, such as a management buyout of the business, sales with deferred consideration, earn outs etc. As such, engaging in planning and having a suitable corporate structure in place at an early stage, which can be adapted to varying scenarios, can make the transition of the business to the new owners more efficient.

Pension Planning

While early planning and structuring are key considerations in planning for exit, a simple first step that might be taken in the years preceding an exit might be to examine the level of pension contributions for the business owner and determine whether there may be scope to increase such contributions.

While pensions funding should ideally be put in place as early as possible in someone's career, it is often the case that business owners neglect their pension planning, perhaps due to cash flow needs in the business, to fund expansion etc. As such there might be scope for significant pension contributions in the years immediately preceding an exit. This is one of the most efficient and simplest ways for business owners to access value and fund their retirement.

Early Planning

In many cases where a business has been developed from a start-up it can often be the case that excess cash in the company has been used to invest in other assets. Such assets may come to represent a disproportionate amount of value within the trading company.

When it comes time to start planning for exit, these assets cause a complication because any potential purchaser may not wish to acquire such investment assets (as the cost of funding this could be considerable). In addition the business owner might wish to retain these investment assets for their own benefit or for the benefit of their family.

Thus, segregating those investment assets from the trade assets may need to be considered. From a risk perspective separating your investment assets from trade assets provides an element of security as those assets are no longer subject to the trade risks in the trading company.

The more advanced the business has become and/or the more investment/non-trade assets held within the company the greater the difficulty of segregating them becomes. In such scenarios high valuations of assets can result in tax leakages and in addition the more complex the assets structure of the business the more commercially and legally difficult the process of segregation may become.

Thus, separating out trade and non-trade assets as early as possible can make a later exit more straightforward. If following segregation funding is required for the business, a golden share could be put in place to allow intercompany lending, while still protecting the bulk of the investment asset value in the investment company from trade risks.

Use of a Holding Company – Pros and Cons

Another issue that many business owners have to deal with is whether to put a holding structure in place for their trading business or whether to hold shares directly. Holding companies are often promoted as offering considerable benefits, largely due to the fact that there is potential for a trading company to be sold by its parent company without incurring any CGT due to the application of the CGT participation exemption. While this is true, the question that must be asked is, does the business owner require any funds personally on the sale of the business or would they prefer to leave all the proceeds in a holding company structure?

In many cases, the value of a business owner's trading business forms the bulk of their personal wealth and thus on a sale of the business they would want/need some funds personally. By interposing a holding company you may be locking away capital from the business owner and their only mechanism to access funds is to take a dividend (and pay marginal rate income tax) or wind up the holding company and pay CGT at 33% (defeating the purpose and benefit of a holding company). Thus, reaching the right balance of accessing enough funds personally to meet living/retirement costs and retaining funds in the holding company for future investment opportunities is important.

One solution might be for the business owner to transfer some of his shares to a holding company and retain the balance of shares personally. In this way the business owner gets cash in their hands on sale (possibly availing of CGT retirement relief or entrepreneur relief), with the balance of funds held in a holding company that can be used as an investment vehicle for the business owner or their family in the longer term.

In implementing such a split in shares between the business owner and the holding company, care needs to be taken to manage the potential CGT and stamp duty costs of putting the structure in place. For CGT purposes, relief on a share for share transaction can apply where the holding company acquires control of the trading company but in the case of stamp duty the holding company must acquire at least 90% of the shares. Depending on the value of the business it may not be desirable for the holding company to have such a large shareholding and thus stamp duty share for share relief may not apply. Thus, by engaging in planning early, perhaps while valuations are low, an optimum structure can be achieved with minimal tax leakage.

Other exit considerations

The nature of the exit from the business can vary greatly from case to case. The most straightforward being an outright sale of the business to a buyer. In other cases, the exit might be to a management team by way of a Management Buyout ("MBO"). The management team might put an MBO company in place to purchase the business/trading company.

To do this they will likely need bank funding, but perhaps there may also be a need for a level of vendor funding as well (e.g. a loan note representing a deferral of the consideration owed to the vendor for the business). As such, the vendor may need to leave some value on the table for the time being to give the management team an opportunity to raise enough funds to buy them out fully. In such a case the vendor needs to ensure they obtain enough

funding to cover any tax costs arising for them on the disposal plus perhaps funding for their living expenses, (the CGT liability will generally be triggered on the disposal regardless of whether funds are received).

In other cases the sale might involve an earn out. In such cases, particularly where there is a holding company in place, it is important to ensure the earn out is correctly valued so that CGT participation exemption can be availed of. If an earn out is undervalued and CGT arises on any excess funds received, then there may be a risk to the application of CGT participation exemption on that element of the proceeds.

As can be seen, depending on the nature of the exit from the business a whole host of considerations need to be taken into account to achieve an efficient outcome.

Tax Relief on Exit

Depending on how the business assets are held, there are a number of reliefs which business owners may wish to avail of. Generally the reliefs most people may seek to rely on are CGT retirement relief and CGT entrepreneur relief. For retirement relief an individual over 55 years can sell their business for up to €750,000 and get full relief from CGT. Once they go over 66 years of age, the threshold is reduced to €500,000.

CGT entrepreneur relief applies to individuals of any age but there are a number of conditions to be met in order to avail of the relief, which can sometimes prove onerous. Where the relief applies, the rate of CGT on the first €1million of gains is reduced from 33% to 10%. Any excess gains over €1million are chargeable to tax at 33%.

Where the trading company is owned partly or wholly by a holding company then participation exemption may be sought to relieve the gain on the sale by the holding company from tax, and thus have the gross proceeds available for reinvestment.

In some cases, the value of the business might be such that there is little or no benefit from relevant reliefs. By way of illustration, a business owner over 55 years of age might sell their business. If the business is worth say €2million (with no base cost as it was a start-up business) then CGT retirement relief will be of no benefit. The current threshold of €750,000 is exceeded and marginal relief (i.e. limiting the amount of the taxable liability to 50% of the value over €750,000) is of no benefit.

CGT entrepreneur relief may be available if all relevant conditions are met but a tax liability of €430,000 could still arise for the business owner (i.e. €1million at 10% plus the remaining €1million @ 33%). Although the relief is welcome, the threshold is quite low, and the conditions can be quite restrictive in certain cases. While it might be said by some that a tax liability of €430,000 on the sale of a €2million business is not a bad outcome (an effective tax rate of 21.5%), it should be borne in mind that for many business owners this value represents years of personal investment and risk in the business and may well be their retirement fund (many business owners do not have significant pension funds in place typically due to reinvesting profits into the business as opposed to retirement planning). Thus, the erosion of €430,000 in value is significant.

In the above scenario, if the business owner had engaged in some early planning they might have been able to obtain enough funds directly from the sale to optimise either CGT retirement relief or entrepreneur relief, with the balance of funds held in a corporate vehicle available for investment. Should they need to top up their income in the future they might take periodic dividends from the company to meet their requirements but maintain the bulk of the funds in the corporate vehicle.

Conclusion

Early engagement with planning is crucial. While it is not possible to foresee all eventualities, there is a degree of planning/structuring that can be undertaken at an early stage to make sure that when the time comes to exit, that process is made as efficient and seamless as possible. In the absence of any planning as to how a business owner might exit there is a real risk of significant tax leakage and perhaps commercial and legal costs in trying to package a business for sale at the last minute.

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He advises on personal and domestic corporate taxation issues, including asset structuring with family companies, shareholder issues and succession planning".

A year of change and challenge

by David Leydon

Recently ifac, Ireland's leading farming, food and agribusiness professional services firm, published its third annual Food and AgriBusiness Report. David Leydon, Head of Food and Agribusiness with ifac shares some of the key insights.

We know that growing a food or agribusiness has never been easy. Identifying the right market opportunity, producing a product, building a team, establishing routes to market, creating experiences that differentiate a brand and ensuring that all this can be done while delivering a sensible margin is an ongoing challenge.

Add into the mix a global pandemic and Brexit, and Irish food producers and agribusinesses are building businesses in unprecedented times.

Clear trends emerge

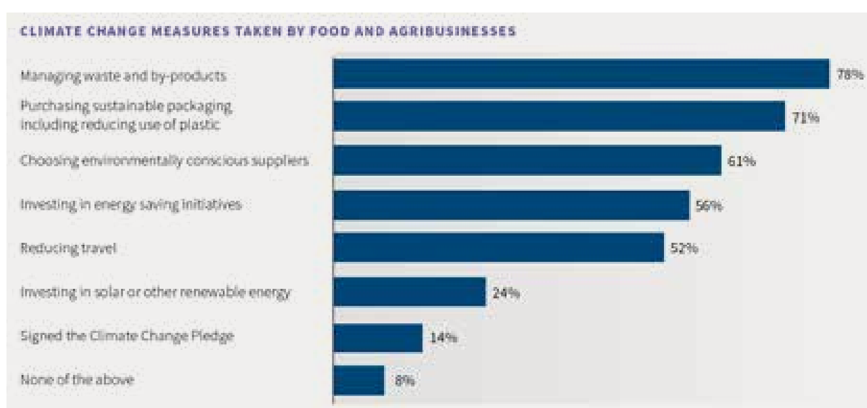
As expected, positive sentiment has declined with fewer businesses optimistic about the future than in previous years. The Optimism Index is at a three-year low, declining from a high of 74% in 2018 to 55% of businesses being optimistic about the future in 2020.

Revenue has decreased for over half of businesses and led to over 6 in 10 businesses availing of Covid-19 supports. The Temporary Wage Subsidy Scheme was accessed by 39% of businesses, showing its true value in helping maintain employment. Employment subsidy schemes will continue to play a major role for many firms through much of 2021, especially, those food producers focussed on foodservice channels.

On a positive note, there is real resilience in the sector. We see this in the proactive steps businesses took to deal with the crisis and how only 1 out of 10 businesses expect to be employing fewer people in the coming year.

Covid-19 has accelerated existing digital trends. More businesses are moving online, as offline market restrictions continue and consumer expectations change. Those businesses who do not engage with digital change risk falling behind. We note a year-on-year increase of 54% in the number of food and agribusinesses who are trading online. This is welcome news. While trading online is not a panacea it is part of the jigsaw of building the digital muscle of a business. We know that digitalisation is impacting on every part of businesses, not just front-end online trading, but throughout the business and all associated processes.

Additionally, environmental measures to tackle climate change continue at pace with managing waste and by-products, sustainable packaging, choosing environmentally conscious suppliers and engaging in energy-saving initiatives all top priorities.



Transitioning the business

Nearly one-third of respondents would consider selling their business in the next five years. This is a significant 60% increase in the 2019 figure. The challenges of operating a smaller business should never be underestimated. Reasons for considering a sale include retirement, tight margins, and the challenge of recovering from the impact of Covid-19.

Brexit

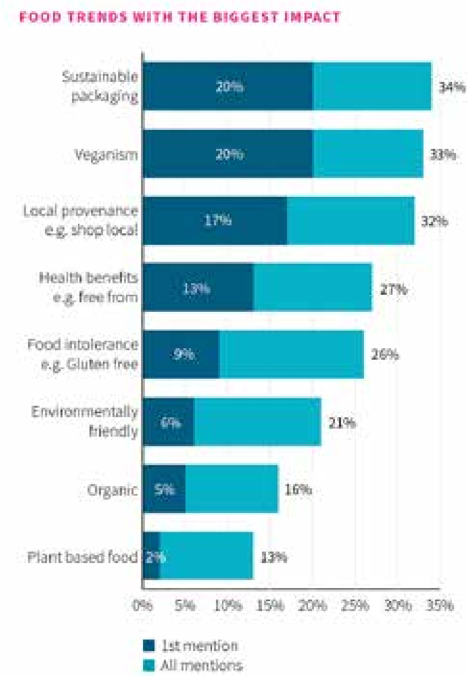
Brexit has been overshadowed by Covid-19 for most of the past eight months. However, January 1st 2021 will see a significant change in how we deal with our neighbours in the United Kingdom. Only 48% of businesses believe they are prepared for Brexit. Almost 1 in 5 are not prepared at all. Medium-sized companies were more likely to feel prepared with 59% reflecting an ability to allocate resources to Brexit planning.

This makes smaller businesses more vulnerable. Increased costs, tariffs, loss of UK sales and transport disruption are the main worries. Brexit, taking place in the middle of a pandemic, is shaping up to be a perfect storm for the sector.

Food trends

While it's hardly business as usual, the trends which are having the most impact on food businesses remain constant. Year-on-year the top three trends continue to be – sustainable packaging, local provenance and veganism.

What is noteworthy is that sustainable packaging is no longer the standout trend, although its mentions have increased since 2019, local provenance and veganism have grown in relative importance.



Trends on the rise year-on-year

Local provenance

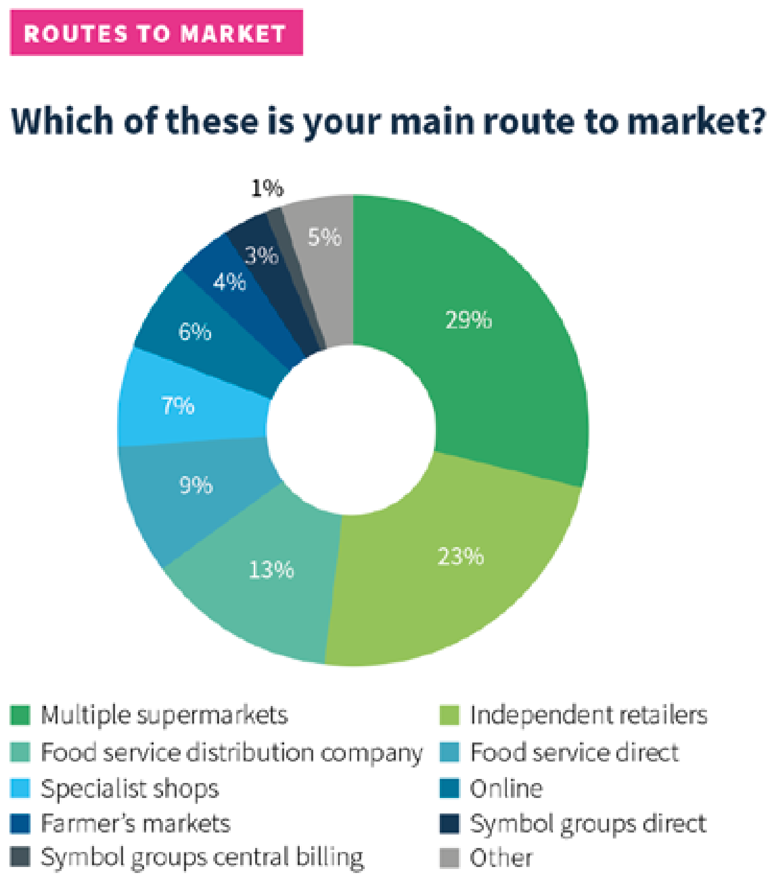
One trend that has been positively impacted by Covid-19 is local provenance. Irish consumers recognised the importance of supporting products that were produced locally. Technology has played its part in supporting this trend with the emergence of platforms like Neighbourfood.ie enabling more producers to sell online direct to consumers. While local provenance is vital for smaller producers, for Ireland as a food-producing island to succeed, we must continue to develop export markets aggressively.

Environmentally friendly

This trend continues to grow year-on-year and shows a doubling of mentions from 2019. For food brands, having credentials from supply chain to environmentally friendly packaging will be increasingly important. Our packaging article within the report highlights how brands can integrate this practice into their business –this can be viewed by downloading the report here: www.ifac.ie/ifacreport.

Routes to Market

Before the arrival of Covid-19, food businesses tended to have well-established route to market strategies. Some focussed exclusively on foodservice while others focussed exclusively on one of the multiples.



With Covid-19, in the immediate term at least, many established routes to market were disrupted. Irish food businesses have been forced to react and adopt new ways of doing business.

While multiple supermarkets and independent retailers continue to be the primary routes to market for the majority of SME food businesses at 52% of respondents, alternative routes to market including specialist shops (7%) and online sales (6%) have a role to play in a more diversified route to market strategy.

Reducing reliance on just one route to market will help to de-risk your business. To do this with limited resources is challenging but the reward is a stronger business in the long term.

Five considerations for a food business

1. Review key food trends and understand how your business can benefit from evolving consumer demands.
2. Understand the benefits of diversifying your route to market strategy. It will help de-risk your business. Don't have all your eggs in one basket.
3. Carry out regular margin analysis – stay on top of the numbers driving your business.

4. Innovation in the food category is a must. Have you got the right structures in place for product innovation?

5. Packaging remains one of the largest costs for Irish food businesses. Look at ways to leverage emerging technologies for efficiencies and make sustainability part of your messaging strategy.

Overall reflections

Our annual Food and Agribusiness Report aims to give owners and leadership teams of food and agribusinesses pause for thought as you battle with the daily challenges of running a successful business during a pandemic. Here are our key points for reflection.

1. Planning is everything. We believe strongly that taking the time to plan how your business will evolve and grow is worthwhile. Developing your planning cycle will make a sustained difference to your business.
2. Analysing the trends we highlight throughout the report will help you and your team to work out how to gain a competitive advantage over your competitors and meet your evolving customer needs.
3. Building your digital capability is a must-do at this stage. The businesses which will win are those who are adept at using digital technology in all parts of their business – the front-end elements like trading online or using social media effectively but just as importantly the business processes in production, finance, sales and all other departments.
4. Examine investing in automation. It can be used effectively to save costs, build resilience, increase consistency and redeploy your team to higher-value work.
5. Packaging is an exciting space with changes around sustainability as well as how your product will look on a digital shelf or in a home delivery context. Getting it right is a challenge that must be embraced.
6. The jobs market has turned somewhat in favour of employers - hire the person or people who will make a positive difference for your business.
7. Manage your climate change actions – what works for the climate often also works for your bottom line. Initiatives in areas like waste management, sustainable packaging and renewable energy can all have positive impacts so take time to identify the most suitable wins for your business.
8. Ensure your tax advisors are effectively using R&D Tax Credits, Knowledge Development Box reliefs and when transitioning the business, Retirement and Business Reliefs. Maximise the use of State supports from your Local Enterprise Office, Intertrade Ireland, Enterprise Ireland and Bord Bia as you look to innovate and diversify.
9. Look after yourself and family – make sure that life assurance, pensions and your Living File are all up to date.
10. Most importantly, plan for Brexit. Focus on your supply chain, VAT, tariffs, working capital and communication with all impacted stakeholders.

The full report can be accessed here: www.ifac.ie/ifacreport.

It includes interviews with John Moloney, ex MD of Glanbia on strategy and key people in the supermarket buying space, automation and venture capital.

Minister Charlie McConalogue TD, Minister for Agriculture, Food and the Marine launching ifac's Food and AgriBusiness Report 2020 with David Leydon, Head of Food and Agribusiness at ifac.

David Leydon

Head of Food and Agribusiness
IFAC

Time to Close off on Close Company Surcharge

by Mark Lonergan

Revenue has recently announced the implementation of temporary measures in relation to the close company surcharge regime, in response to the coronavirus pandemic.

The close company surcharge applies on the income of close companies that is not distributed within 18 months from the end of the accounting period in which the income arose. The surcharge is 20% of the excess of the sum of the distributable investment and estate income of an accounting period over the distributions for that period. In addition, a 15% surcharge can apply on certain undistributed income of close service companies.

Revenue have said that where a distribution is not made within that time as a result of Covid-19 circumstances affecting the company, Revenue will extend the 18-month period for distributions by a further nine months. Affected companies should apply to Revenue for an extension.

This measure will apply for accounting periods ending from September 30, 2018, onwards, and for which distributions to avoid the surcharge would be due by March 31, 2020, onwards.

If by the end of this extended period a distribution that can be made is not made, then the resulting surcharge will be included in the corporation tax liability for the 12-month accounting period following the surcharged accounting period as normal and interest will apply to the late payment of the surcharge.

This is all very welcome but perhaps we need to open a more general debate on close company surcharges per se.

Irish law allows many professionals to provide their professional services through limited liability companies. The incorporation of professional practices - be it dentists, doctors or accountants - has been a feature of Irish commercial life for the past 10 years. The catalyst for this change has been the change in the regulatory landscape for these professions, permitting such a change and also the need for professionals to join together to share costs and enjoy economies of scale. To take one example, dental equipment now runs into six figure sums, meaning that operating as a sole dental practitioner is not economically feasible.

Tax law has not kept pace. In fact, it is stuck in a 1970's time warp.

Tax law penalises the retention of undistributed income in closely held professional service companies. This is part of the suite of tax-avoidance measures introduced in the early seventies to combat perceived tax avoidance by smaller companies.

The pitfalls were highlighted in TAC determination (108TACD2020) published on 8 May 2020. This determination considered the operation of the surcharge on undistributed income of an accounting firm providing audit, accountancy, tax advisory, tax compliance and bookkeeping services.

The case concerned an appeal by the firm against amended notices of assessment raised by the Revenue Commissioners, seeking to impose a professional service close company surcharge on the profits of the company, for the years ended 30 April 2012 and 30 April 2013. The appellant argued that the principal part of the Company's income derived from the provision of bookkeeping services and accordingly did not derive from the carrying on of a profession or the provision of professional services.

The view of the Irish Revenue Commissioners was that s441 Taxes Consolidation Act 1997 applied to all the firm's income, as all the income was professional income and therefore sought to impose a professional services surcharge for the years to 30 April 2012 and 30 April 2013 and amended notices of assessment were issued for the two years with total additional tax payable of €97,253, including related 10% late filing surcharges.

The Appeal Commissioner agreed with Revenue. He noted that it is not possible to examine different parts of a composite professional service in isolation and then classify portions of the final service as non-professional.

The Appeal Commissioner indicated that the intention of the close company surcharge legislation is that Parliament wishes companies carrying our professional services to be required to distribute a specified amount of profits within a specified period of time or else suffer a surcharge.

The determination that was issued related to an appeal against assessments that were raised in connection with the operation of the surcharge on undistributed income of service companies (i.e. the professional services surcharge).

The appeal was determined in favour of the Irish Revenue Commissioners and it was concluded by the Appeal Commissioner that the amended notices of assessment issued were correct.

Appeal commissioner decisions are not legal precedents but rather confined to their own facts and, in any case, the close company rules are vulnerable to legal attack on a number of grounds.

These grounds are the following:

Difficulty with the meaning of "Profession"

The word profession is not defined in tax law. This is a fundamental issue. The Revenue, in their tax briefing 48, have adopted what can only be described as a crude list system. However, taking a list of almost every occupation, outside of manual work, and designating all of them a "profession" is wide off the mark and is not correct in law.

Simply listing an occupation as a profession in a tax briefing surely cannot give Revenue carte blanche to impose a close company surcharge. A profession as a legal term surely should have a more exacting legal test than a list. Curiously, a pharmacist (whom the vast majority of public would consider a profession) is not considered so by virtue of an obscure 1950s case on restricted practices. In contrast, the Revenue state that Auctioneer/Estate Agent is a profession.

Indeed, the argument could be made that the concept of a profession is no longer relevant. The modern world is one of business/trade. Is the idea of an avuncular accountant poring over a ledger, quill in hand, after a leisurely lunch, outmoded? The modern accountancy firm is one of multi-disciplinary teams, budgets, and marketing departments and run very much as a trade/business.

As far back as 1965, Rex Mackey SC (a customs expert in his youth), wrote in his Windward of the Law that the Irish bar was taking an inexorable decline from a profession to a trade.

All professions are businesses first and foremost.

Corporation Tax Rate

12.5% is the stated rate for trading profits of Irish companies. This is enshrined in legislation and was the subject of extensive negotiations at EU level to agree some twenty years ago. It seems very unfair that this headline rate is the sole preserve of the large company.

Discrimination – Freedom of Establishment

Freedom of establishment is a cornerstone of EU law. The close company surcharge rules discriminate against smaller professional practices.

If you have an accounting firm with, say, 10 participators/partners, the rules do not apply. In contrast, if you have a smaller firm with 3 participators/partners, the full surcharge will be imposed on any undistributed cash. This cannot be correct.

Proportionality

This is a very important doctrine which has its basis in German Law and has been imported to Irish Law by means of general principles of European Law. It has been applied in numerous tax cases, most notably Daly v Revenue Commissioners, [1996] 1 ILRM 122

There is also a significant corpus of law from the EU court, the European Court of Justice. Proportionality is now a fundamental precept of European law under Article 3(6) of the EC Treaty added by the Treaty of European Union. In European law, in order to be compatible with the principle of proportionality, a measure must be appropriate and necessary to achieve its objectives.

The principle is viewed as an important concept, based on the premise that the law must serve a useful purpose, and one which underpins liberal democracy. In German law, it is a fundamental principle known as Verhaltrismansigkeit.

Is close company surcharge a penalty?

There is considerable case law on the definition of a penalty and, more importantly, who has the power to impose a penalty. In short, the law frowns on penalties – this can be seen in contract law jurisprudence where penalty clauses in contracts are regularly struck down as void. Penalties, if they are to be imposed, should be imposed by a judge in accordance with the law and not by Revenue.

Insolvency/Capital Maintenance rules.

Capital maintenance rules are fundamental to the protection of creditors of a company in Company law. Cash management is an essential component of the effective and prudent management of a company's finances.

Tax rules which effectively force companies to extract cash from their balance sheet can hardly be said to comply with these rules. It is hardly desirable to have tax laws which encourage profligacy.

Company—Carrying on a profession

There is interesting case law as to whether a company can carry on a profession. A company is in effect an abstraction. Shipwright in his Textbook on Revenue Law cites the case of William Esplen Son and Swaniston v IRC 1919 2KB 731 as authority that a company cannot carry on a profession.

Conclusion

Perhaps the last word should go to the Commission on Taxation Report 2009 (which stretches to 561 pages!). Under the heading "Supporting Economic Activity", the following recommendation appears:

Our investigation of ways to support economic activity and grow employment is based on a pro-business ethos. The close company surcharge on professional services companies inhibits such companies from re-investing their trading income. Similar restrictions do not apply to other trading companies. We cannot see an objective rationale for distinguishing between professional services companies and other trading companies and we therefore recommend the abolition of the surcharge for professional services companies.

In short, the close company surcharge should be abolished and the playing field levelled. It is least that the SME sector deserve.

Mark Lonergan,

Mark is a Partner at Sabios, a boutique advisory firm specialising in Tax, Financial Advisory and Corporate Restructuring.

Taxation News

e-Working and Tax

As a result of the ongoing impact of the Covid-19 pandemic, including the level 5 restrictions in place at the time of writing this piece, many of us continue to work from home in accordance with Government advice.

Tax and Duty Manual Part 05-02-13 – e-Working and Tax provides guidance to remote workers (e-workers) on claiming Income Tax relief for expenses incurred (e.g. light & heat, broadband etc.) during periods of remote working. The Revenue Commissioners have recently issued updates to the manual which include clarification on the apportionment of claims where an expense is shared, the treatment of expenses incurred on capital items (e.g. laptops and office equipment) and that the normal place of work during Covid-19 is the office.

Revenue have also confirmed that they are willing to accept claims for Income Tax relief by remote workers for thirty percent of the cost of broadband, apportioned on the basis of the number of days worked from home during the year. This concession commences in the tax year 2020 and will run for the duration of the pandemic.

Source: www.revenue.ie

Deferral of LPT revaluation date

The Government has recently announced that the valuation date for Local Property Tax (LPT) has been deferred from 1st November 2020 to 1st November 2021 as a result taxpayers will not be faced with increased LPT bills for 2021.

The deferral of the valuation date will be given effect by a ministerial order under the Finance (Local Property Tax) Act 2012, as amended. The Minister will advance legislative proposals early in 2021 to implement the commitments in the Programme for Government in relation to LPT.

Source: www.gov.ie

Tax Debt Warehousing

As part of the Government's response to the impact that the Covid-19 pandemic was having, and continues to have, on the trading environment and cashflow of businesses a tax debt warehousing scheme was introduced.
The scheme allowed for the 'warehousing' of unpaid VAT and PAYE (Employer) debts arising from the Covid-19 pandemic.

As part of Budget 2021 the scheme has been extended to incorporate the balance due on 2019 income tax liabilities and 2020 preliminary tax. The draft provisions to extend the scheme to Income Tax are contained in Section 63 of the Finance Bill 2020.

The warehousing of income tax applies to any self-assessed taxpayer who expects their income for 2020 will be at least 25% lower than their income for 2019. In order to access the scheme a taxpayer must make a declaration, at the time of filing their income tax return for 2019, that:

- They estimate that their total income for 2020 will be less than 75% of their total income for 2019; and
- The decrease in total income is as a consequence of the effects of restrictions provided for in the regulations made under sections 5 and 31A of the Health Act 1947.

Where a taxpayer did not meet 2019 Preliminary tax requirements, the option to warehouse the 2019 Income Tax balance is not available. However, this debt qualifies for the 3% phased payment arrangement, where the taxpayer applies before the 10th December 2020.

Similar to VAT and PAYE (Employer) debts, the Income Tax Warehousing Scheme contains three distinct periods:

- **Period 1**:
  a set date 31st October 2020 for customers filing a paper return or 10th December 2020 for customers filing through ROS;
- **Period 2:**
  a period of one year commencing immediately at the end of period 1;
- **Period 3:**
  a period of indefinite duration commencing at the end of period 2.

No interest is charged in periods 1 or 2 with a reduced rate of 3% applying to warehoused debt from the commencement of period 3 until the date the debt is discharged.

The legislative provisions also allow for the warehousing of income tax for 2021 (balance due for 2020 and preliminary tax for 2021) where a taxpayer experiences a 25% reduction in their income for 2021 when compared to their income in 2019.

Taxpayers availing of the warehousing scheme will be required to comply with requirements in relation to the filing of returns and paying other liabilities in full and on time. Participating in the scheme will not impact on a taxpayer's ability to obtain tax clearance.

Where the filing of the 2020 Income Tax return shows the taxpayer did not meet the requirement for a 25% reduction in income, the debt will be removed from warehousing, and the due date will revert to 31st October 2020 for both the 2019 and 2020 Income Tax returns and full statutory interest will apply.

The above information is based upon the proposed legislation contained in the Finance Bill 2020, which at the time of writing had completed First Stage in Dáil Éireann.

Source: www.revenue.ie

Tax Rules Regarding Share Valuations

by Mark Doyle

One of the trends among family businesses during the Covid-19 pandemic has been a renewed interest in succession planning.

This interest has been sparked by business owners taking stock of their own personal circumstances and falling profitability in many businesses. Taxes arising from inter-generational transfer of assets are levied based on the market value of the assets at the point in time of the transfer, reduced asset values result in lower tax bills. Reduced asset values coupled with beneficial tax reliefs that allow succession planning (e.g. retirement relief and business asset relief), now represents a favourable time to undertake such planning.

This article will focus on a high-level basis on the main tax considerations when undertaking the valuation of shares in a family-controlled company; this article will not focus on valuation methodologies.

The purpose of the valuation

The valuation of the shares in a family company will be included in the tax returns filed related to the share transfer, these returns could be for CGT, CAT and stamp duty. It is important that the share valuation be accurate, otherwise the returns filed may be incorrect resulting in potential interest, penalties and possibly surcharges for under-valuation for stamp duty and CAT. The filing of an incorrect return can also allow Revenue to amend assessments even after the 4-year time bar has elapsed.

The date of the valuation

The date of the valuation for tax purposes is driven by the fact pattern of the case and also the legislative provisions pertaining to the tax head in question. For example, the valuation date of an unconditional gift of shares in a company would be the date of the gift for CGT, CAT and stamp duty purposes. On an unconditional inheritance of shares the relevant date for CGT purposes would be the date of death of the disponer, the relevant date for CAT would be the "valuation date" for the inheritance (stamp duty should not apply to an inheritance) and these valuation dates may be different, this may give rise to differing values for the shares for CGT and CAT purposes.

Valuation principles

Undertaking the valuation of shares in a family company is often a difficult exercise, it is not uncommon for two different valuers to be instructed to value a company and for the valuations produced to be markedly different; valuations after all are an art – not a science. However, there are certain concepts and rules that apply to almost all valuations.

Once the valuer has established the correct valuation date for tax purposes it should be regarded as a fixed date and unforeseen future events should not be taken into account. The valuation should reflect the market at the valuation date and the prevailing economic circumstances and uncertainties at that time. For share valuations being undertaken at this time, the economic impact of the Covid-19 pandemic and Britain's exit from the EU should be taken into account if they are likely to impact on the financial performance or asset value of the company.

In the case of shares in a family company, the valuation should be based on the assumed sale of the shares on a hypothetical "open market" at the valuation date.

The open market price is arrived at on the assumption that all the information a prudent prospective purchaser of the shares might reasonably require is available, if the purchaser was buying the shares from a willing seller by private treaty at arm's length. Market value has become accepted as the price a willing buyer would pay a willing seller under open market conditions.

Specific tax rules

Capital Acquisitions Tax (CAT)

For CAT purposes shares in a company are to be valued at open market value as provided by section 26 Capital Acquisitions Tax Consolidation Act 2003 ("CATCA 2003"), generally where a minority shareholding in a company is being sold on the open market a minority discount would apply. The size of the shareholding passing reflects the amount of control that a shareholder can exercise on the running of a company and the value of a particular shareholding is normally discounted to reflect the advantages and disadvantages attaching to same. It is interesting to note that Revenue, for CAT purposes, has published their discount rates as follows (see also discount tables provided in professional valuation books):

Shareholding	Discount
75%+	Nil discount or perhaps 5% at most
50% + 1	10 – 15%
50%	20 – 30%
25% + 1	35 – 40%
25% or lower	50 – 70%

Section 27 CATCA 2003 provides that where a company is controlled by the donee or successor the shares being transferred should be valued on the basis that the beneficiary is deemed to have control of the company. The effect of this provision is that where shares in a company are owned by an individual or by their "relatives" the shares are to be valued as a proportionate part of the entire shareholding in the company so held. The effect of this provision for most family companies is that no minority discount is available for CAT purposes.

Stamp duty

For stamp duty tax purposes, the rules for determining the market value of shares are set out in section 19 Stamp Duties Consolidation Act 1999 which provides that the rules for valuing property under section 26 CATCA 2003 must be used, in this regard the rules of section 27 CATCA 2003 do not apply to stamp duty and a minority discount should be available for stamp duty as appropriate.

Capital Gains Tax (CGT)

The provisions for determining the market value of shares for CGT purposes are contained in section 548 Taxes Consolidation Act 1997 ("TCA 1997"), similarly to CAT and stamp duty one must arrive at the open market sales price.

Minority discounting can apply for CGT purposes, however, there is an anti-fragmentation provision contained in section 550 TCA 1997 that is relevant. This section contains an anti-avoidance measure to prevent schemes whereby shares could be disposed of in tranches so that the value of each tranche (due to minority discounting) is less than what the shares would command as a whole. In such circumstances the amount to be taken as consideration for the tranches is the greater value apportioned rateably over the separate disposals.

Example of applicability of minority discounting

Mr and Mrs Jones each hold 50% of a company valued at €2m. They wish to each gift a 20% shareholding in the company to their child. On the face of it, each 20% shareholding should be valued at €400,000.

However, the value for CGT purposes of a 20% holding after minority discounting (assuming a minority discount was appropriate in the circumstances) would be c€250,000 (taking a mid-point range between 35%-40% from the Revenue discount tables), the provisions of section 550 TCA 1997 would apply and the discount applicable would be for a 40% shareholding rather than a 20% holding. The value of the 20% holding for stamp duty purposes would be c€160,000 (taking a mid-point range between 50%-70% from the Revenue discount tables). The value of the 20% holding for CAT purposes would be €400,000 as minority discounting would not apply by reason of section 27 CATCA 2003.

Tax	Shareholding	Value €	Discount per Revenue Table	Discount applies to value	Value for Tax €
CGT	20%	400,000	50% - 70%	35% - 40%	250,000
Stamp Duty	20%	400,000	50% - 70%	50% - 70%	160,000
CAT	20%	400,000	N/A	N/A	400,000

Conclusion

The valuation of the shares of a family company is a complex matter that brings with it significant tax implications, such valuations should be undertaken with due care and diligence.

Mark Doyle,

Mark is a director of Doyle Keaney a specialist tax advisory firm providing services to other professional firms and their own private clients.

In Practice News

CPA Ireland's Code of Ethics for all Members revised

CPA Ireland's Code of Ethics for all Members (including International Independence Standards) has recently been revised to incorporate additional provisions and guidance relating to changes in professional appointments (Section 320 – Professional Appointments).

The revised Code of Ethics is effective from 1st October 2020 and can be downloaded from the Ethics section of the technical and business resource at www.cpaireland.ie.

IAASA issues Compendium of Illustrative Auditor's Reports

The Irish Auditing and Accounting Supervisory Authority (IAASA) recently issued a compendium of illustrative auditor's reports.

The compendium provides illustrative examples of auditor's reports for private non-listed entities in Ireland, where the auditor intends to issue an unmodified audit opinion, and illustrates how the requirements of ISA (Ireland) 700 (Updated December 2018), Forming an Opinion and Reporting on Financial Statements and other reporting requirements of ISAs (Ireland) can be applied .

The compendium includes the following illustrative auditor's reports:

- Irish private company preparing its financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Ireland;
- Irish private group preparing its financial statements in accordance with EU adopted International Financial Reporting Standards (IFRS);
- Irish private company preparing its financial statements in accordance with FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime;
- Irish private company making a voluntary revision of its financial statements in accordance with Section 366 Companies Act 2014 by replacement of the original financial statements;
- The Auditor's Report on Abridged Financial Statements;
- Irish qualifying partnership, as defined by Regulation 5 of the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019 (S.I. 597/2019)
- Industrial or provident society preparing its financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Ireland;
- Friendly society preparing its financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Ireland.

A copy of the compendium can be downloaded from the website of IAASA at www.iaasa.ie/news/2020.

ISA (Ireland) 315 revised

ISA (Ireland) 315, Identifying and Assessing the Risks of Material Misstatement has recently been revised in line with revisions made to the underlying International Standard issued the International Auditing and Assurance Standards Board (IAASB), also recently adopted by the Financial Reporting Council (FRC).

The standard has been revised to include a more robust and consistent risk identification and assessment, enhancing the basis on which the auditor designs and performs audit procedures in response to the assessed risks of material misstatement, significant changes include:

- New concepts and definitions, including a revised definition of 'significant risk' for risks close to the upper end of the spectrum of risk;
- Enhancements to the auditor's approach to risk assessment to reflect the evolving business environment, for example the increased use of technology by both auditor's and audit entities and increasingly complex financial reporting frameworks;
- A requirement to separately assess inherent risk and control risk;
- Enhanced requirements relating to the exercise of professional scepticism including a new requirement to design and perform risk assessment procedures in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory;
- A new 'stand back' requirement to evaluate the completeness of the significant classes of transactions, account balances and disclosures at the end of the risk assessment process; and
- Making the standard more scalable through revised principles-based requirements and the inclusion of further application material illustrating scaling up and down for more and less complex situations respectively.

The revised standard is effective for audits of financial statements for periods beginning on or after 15 December 2021, early application is permitted.

Source: www.iaasa.ie

Managing Practice Cashflow during the Pandemic

by Mark Butler

As busy practitioners know, especially since March 2020, much more of our focus has been spent on helping our clients best manage their business challenges. Gaining an understanding of the various operations and implications of subsidies, payment breaks, debt warehousing and moving compliance deadlines has taken up our time. As a result, our own firms / businesses can suffer disproportionately given our attention on properly advising our clients.

Recent events have brought the topic of cashflow management to the forefront of all our minds and the term 'Cash is King' is something I have heard more than ever in recent months.

Due to the nature of many of our practices it can be many months and even more than a year before we can feel a squeeze on cashflow.

We can be slow to prioritise managing our own cashflow due to the processes in how many of us issue fees and are ultimately paid. It is still not uncommon for practices to be paid the prior year fee when the current year compliance is complete, this in a lot of cases, is at least 12 months later.

I would like to share some tips and suggestions with regard to how better to manage practice cashflows. None of these are likely to be considered groundbreaking or new but are even more pertinent in these times and perhaps a timely reminder as we come close to another year end and the inevitable squeeze on cashflow which will come for many.

1. Review your Costs

For most practices the principal cost is staff salaries. In a lot of cases these have grown in recent years and may not be in line with projected revenues due to continual pressure on compliance fees or clients in certain sectors which have been badly hit by Covid restrictions.

Therefore, review your monthly salary costs, consider how roles may have changed along with how your % of salaries may have increased against your fees and make changes now for the future.

This can mean changing how administrative duties are carried out, redefining roles or becoming more leaner as a business by reducing the number of employees, but focusing on keeping salary costs in check in practice will certainly have a positive impact on cashflow.

2. Prepare a Detailed Cashflow Forecast and Budget for your practice

We are all proficient in preparing budgets and associated cashflows for clients but can be slow in completing them for ourselves.

Take the time to prepare a detailed monthly budget and cashflow projection for the next 12 months so as to understand the fees which have to be raised and cash that has to be collected to reach your targets.

Be specific with the fee budget and share it with your relevant staff. Keep this under constant review both at the end of each month, and year to date for actual v budget. This simple change in management will ultimately have an impact on cashflow as no doubt work in progress will move to fees quicker and where budgets set real targets which are consistently reviewed, there will always be the incentive to meet them.

This will be far more beneficial to cashflow rather than what can happen in many practices when fees are raised because cashflow is getting tight or there is time between deadlines.

3. Record Time

Make sure your time recording system is fit for purpose, hourly rates are set properly to match your fees and time is recorded correctly. I have come across practices who do not record time, post time well after the services are provided and where the time has no bearing to the fee ultimately raised. I appreciate the advantage of 'value billing' but for most practices' hours form the basis as to how they bill and not recording time properly negatively impacts cashflow.

Therefore, review your time recording system, ensure hourly rates are linked to a multiple of salary cost at each level and ensure timesheets are completed each day. You can then set budgets for each client / piece of work and review the work in progress recovery. This linked with your key staff having fee budgets as to which they have ownership will get time out of work in progress quicker into fees and therefore help with cash flow.

4. Invest in Technology

If you haven't already done so for your own practice, consider moving onto a cloud accounting system as they certainly help to deliver on giving reliable information quickly without the need for manual input and will aid in keeping practice finances up to date by availing of direct bank feeds and character recognition software for recording purchase invoices. As we know again from advising our clients where real time or even monthly information is available it will greatly aid in managing cashflow.

Make sure your Customer Relationship Management system is fit for purpose and preferably includes time recording, fee generation, debtors and work in progress in real time. It can be that the reporting from these systems does not facilitate good management reporting, but dashboards can be created to give real time up to date information without the need for spreadsheets. We have recently implemented such dashboards and the access to information quickly, such as Work in Progress, Fees to date, Cash Receipts and Debtors days is invaluable.

5. Credit Control

Everyone should have responsibility for input to fee generation but once raised there needs to be a system of collection. Make sure that there is a properly aged listing available at all times and have a documented system for collecting fees.

So set a cash collection budget as part of your overall budget, pick a date in the month for close off of fees, send electronic statements at the end of a month and have a follow up procedure including a system for making a call where fees are outstanding.

Ensure this is documented and over time valuable information regarding the collection history from specific clients will be obtained.

6. Make it easy for clients to pay

Use the payment technology which is available to make getting paid easy.

Introduce a card payment reader many of which are available as apps. We have found that clients, particularly private clients, really like to be able to pay over the phone using their card. These apps make this process really simple.

Utilise the fee finance facilities offered by various providers. These are great platforms where you can be paid immediately, and the client payment is spread over up to 12 months. The set-up is straightforward, and a real advantage is that year to year it is a simple process to renew without having to have any further documentation signed.

Offer a standing order facility particularly where you are providing ongoing services such as payroll. Once set up there is no better way to be paid, and clients will also like it as it assists with managing their own cashflow.

Conclusion

Getting a system in place to manage our own practice cashflows can be time consuming but well worth it because if we can bill efficiently at a rate which is linked to our budget, get paid quicker and have the facilities to be able to monitor the results it makes the practice more profitable and allows us to focus on the future rather than struggling with too much non-recoverable WIP and overdue debtors.

Remember 'Cash is King' applies to us as well as our clients.

Mark Butler,

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Personal Insolvency in a time of Covid-19

by Tom Murray

It has been suggested by the recently retiring Official Assignee in Bankruptcy, that the current Covid-19 pandemic may lead to a "flood of unmanageable debt".

Indeed, certain sectors, for example the hospitality, bar and restaurant trade, have experienced a sudden shock where their income disappeared almost without warning. Individuals had been asked to take or consider pay cuts, reduced hours and possibly a sabbatical to assist businesses in troubled sectors.

Furthermore, over the course of the past 6 months, this and other sectors have no clarity or certainty regarding how much longer the limitations on their trade will endure. Thousands of citizens have no clarity on their income and debt servicing prospects as we head into 2021 with Covid-19 still a real and continual variable in our lives.

We have been in this situation as a country before, when as a direct consequence of the financial crash in 2008 thousands of individuals and families were left insolvent. Back then it was as a result of a crippled property market combined with unsustainable mortgages on family homes and buy to let properties as well as personal debt arising from failed business ventures.

This time it is different. On the one hand there is not the same level of exposure to property debt and there is a higher level of personal savings in the country which will "buffer' to some extent individual circumstances.

In addition, we have a Government which is proactively attempting to support those in difficulty through wage and income subsidies and various business supports.

There are also "holidays' from tax and debt servicing which are providing temporary relief however, in many cases, this may simply be kicking the can down the road where hard decisions will be required.

However, the biggest difference between "then" and "now" is that we have a much more sophisticated personal debt solution regime in Ireland.

Back in 2007 the only option for a person with unsustainable personal debt was bankruptcy and back then a bankrupt remained in that position for 12 years unless a deal was negotiated with creditors.

However, the Bankruptcy Act 1988, which established the bankruptcy period as 12 years with no automatic discharge, has since been replaced by the Personal Insolvency Act 2012 (as amended).

These important pieces of legislation introduced a much more "debtor" friendly bankruptcy procedure whilst underlying its status as being the last resort for individuals by introducing two formal insolvency arrangements to enable an individual deal with unsustainable debts before resorting to bankruptcy.

Option 1: Debt Settlement Arrangement

A Debt Settlement Arrangement ("DSA") is an insolvency solution for people who have unsecured debts. If secured properties were sold and crystallised the debt, you could avail of a DSA.

Unsecured debts are debts where the unsecured creditor does not hold security over any assets. Secured debts cannot be covered in a DSA. A DSA must be agreed by the debtor and approved at a creditor's meeting by 65% of creditors (in value). In addition, it must be processed by the Insolvency Service of Ireland ("ISI") and approved by the Court.

Under a DSA, a debtor's unsecured debts subject to the DSA, will be settled over a period of up to 5 years (extendable to 6 years in certain circumstances). If successfully complied with, the debtor will be discharged from debts specified in the DSA at the end of the period.

Option 2: Personal Insolvency Arrangement

A Personal Insolvency Arrangement ("PIA") can include secured and unsecured debts, but certain debts cannot be included in a PIA and certain other debts require the consent of the creditor prior to being included. A limit of €3m currently applies to the amount of secured debt that can be included in a PIA, unless all secured creditors consent to the inclusion of a higher amount.

The PIA differs from a DSA as it includes secured debt. Secured debt is a debt backed or secured by an asset (e.g. a housing loan where a house is mortgaged to secure the loan debt).

A PIA must be agreed by the debtor and approved at a creditors' meeting by a qualified majority of creditors. In addition, it must be processed by the ISI and approved by the Court.

Following the issue of a Protective Certificate, a PIA will be formulated by the Personal Insolvency Practitioner ("PIP"), agreed by the debtor, approved by a qualified majority of creditors voting at a creditors' meeting, processed by the ISI, approved by the Court and details of it registered in a public register maintained by the ISI. The three following creditor thresholds have to be met for the PIA proposal to be approved at the creditors' meeting:

- Total debt creditors, representing 65% or more of the total amount of debts due, participating and voting at the meeting, vote in favour of the proposal.
- Secured debt creditors, representing more than 50% of the value of secured debts, participating and voting at the meeting, vote in favour of the proposal. For this purpose, the value of a secured debt is the lesser of the value of the security or the amount of the debt.
- Unsecured debt creditors, representing more than 50% of the amount of unsecured debts, participating and voting at the meeting, vote in favour of the proposal.

Under a PIA, a debtor's unsecured debts will be settled over a period of up to 6 years (extendable to 7 years in certain circumstances) and the debtor will be released from those unsecured debts at the end of that period.

Bankruptcy

Bankruptcy is a formal court procedure which either you or one or more of your creditors owed at least €20,000 can start. Your assets and income are dealt with by a Government official called the Official Assignee.

Your assets (with certain exceptions) are sold to help pay your creditors. However, you can usually keep your personal belongings, the contents of your home and your tools of trade (which may include your car) up to a value of €6,000. the value of your car must not exceed €4,000.

On the date that you are adjudicated bankrupt you are allowed to retain €1,000 for reasonable living expenses in the form of cash in your possession or a current account with a bank. On the date of adjudication, all accounts held in credit by financial institutions, will be frozen. In addition, you will be instructed to remit the excess amount over €1,000 held at the date of adjudication to the Official Assignee shortly after adjudication.

Bankruptcy lasts for just one year if your income does not exceed reasonable living expenses as set out by the ISI. If you have surplus income after meeting your essential household and personal expenses, you will have to make payments out of your income for up to 3 years (albeit you are no longer a bankrupt after the first year is up).

If your income does not exceed the reasonable living expenses, then you should be discharged in one year. Once you have been discharged from your bankruptcy, you are released from your debts (with certain exceptions). The period of bankruptcy may be extended to 8 years, if you are dishonest or non-cooperative in your dealings with the Official Assignee.

Going forward into 2021

At time of writing we are in the middle of the first week of the nationwide Level 5 lockdown.

Cognisant of the difficulties that individuals are facing, and look like facing throughout 2021, Government have taken steps to further refine, reform and improve the personal insolvency regime in Ireland.

Currently someone applying for a personal insolvency arrangement can seek a court review under S115 Personal Insolvency (Amendment) Act 2015 if their principal private residence mortgage lender refuses what they believe to be a reasonable insolvency proposal. However, in order to seek this review their mortgage arrears must date from before January 1st 2015, a hangover of bad debt from the financial crisis.

However, Government has announced it is introducing an amendment to the Bankruptcy Act which will open up the possibility of an appeal/court review to those whose mortgages have gone into arrears more recently including those effected by the current pandemic. Further amendments will be made to the Act in 2021 to incorporate changes arising from the statutory review of the Act.

In any event, any individual who is anxious about their financial situation should sit down with their accountant who can refer them to a Personal Insolvency Practitioner who will help them find the best route through what is looking like another challenging year ahead.

Tom Murray,

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

What brought me to mindfulness

by Barry Lee

Most people who practice mindfulness are initially drawn to it because of stress or suffering in their lives.

I was no different. Thirteen years ago, when I was working as a newly qualified solicitor, I experienced burn out. I didn't realise that I was suffering from chronic stress or that I was on the verge of burn out at the time. Chronic stress can be quite insidious in that way.

Then one afternoon in my parent's house I had a panic attack. I was 25 and had only recently qualified. It was a horrible experience. My face felt hot. My breathing was shallow and rapid. I couldn't get enough air. Everything seemed strange. Sounds echoed around me. I was dizzy and I felt like I was going to pass out. I thought I was having a heart attack and went straight to hospital. The doctors kept me in for a short while for observation and sent me home telling me that I was physically fine.

I didn't feel fine and took a week off work. I knew that something serious had happened to me and I was convinced that the doctors had made a mistake. I went for a cardiac ultrasound scan and another doctor told me that he could find no physical abnormalities. He said that I might be suffering from stress and that the symptoms I experienced were consistent with acute anxiety. Knowing that I was ok physically helped a bit at the start but after a while the initial relief wore off. This was all in my head... which in a way is worse.

In the weeks and months that followed, I tried to manage my anxiety in lots of different ways. I exercised. I was careful about the food I ate. I cut out coffee. I tried to get more sleep which is very difficult when you are anxious. I soon discovered that alcohol was a temporary balm. If I had a few drinks with my friends, I relaxed but the next day tended to be much worse. It's easy for me to understand why many people turn to self-medicating with alcohol.

I had some good days, but the fear of another attack always hung over me. I was less inclined to go to social functions which could trigger anxiety. I had trouble sleeping. I'm sure that the quality of my work suffered.

I didn't tell anyone in work what I was going through. I didn't tell my girlfriend. I was embarrassed and I didn't want my colleagues and the people close to me to look at me different - as if I was more fragile than everyone else and unable to cope with the normal stresses of life. Luckily, I did confide in a few close friends. One of my friends told me about a colleague who used mindfulness (a form of meditation) as a way of coping with anxiety. In hindsight I'm very lucky that I had that particular conversation. Another friend could just as easily have suggested Valium (there is obviously a time and a place for medication but it's probably not the best way to deal with anxiety in the long run).

At the time I was sceptical. Under normal circumstances I would never have been drawn to this sort of thing. If someone had suggested mindfulness to me a year ago, I might have rolled my eyes, but when you are suffering you tend to be a bit more receptive. So, I decided to sign up for a course.

I arrived for my first class straight from work and was relieved when I wasn't the only person wearing a suit. I remember praying that no one I knew would see me entering or leaving the building. Thirteen years ago, mindfulness wasn't nearly as popular as it is now. There wasn't the same abundance of articles in the newspapers.

"Mindfulness" and "resilience" weren't the buzzwords they are today. There was no talk of neuroscience or neuroplasticity. There were no mindfulness apps. Workplaces didn't have a "wellness week". There was definitely a stigma around mental health. There is no way you would find an article like this in a journal for the accounting profession!

Luckily, I stumbled upon a good teacher. He was kind and softly spoken. He explained a little bit about the concept, and we spent most of the evening practicing some of the techniques. It takes a lifetime to master meditation but something in the class resonated with me. I had the sense that this was something which could really help me. I left feeling a little bit lighter.

The teacher told us that in order for us to benefit we needed to practice regularly and so I did. Every morning I woke an hour earlier than usual and listened to the guided practices on a CD. Sitting quietly, gently resting my attention on the sensations of breathing, the mind naturally started to settle. There was a feeling of space. Tension in the body could release.

I found myself enjoying my walk to work. I was better able to concentrate during the day. I wasn't consumed with thoughts about the future and the past in the same way I had been. I wasn't lying awake in bed at 3.00am ruminating about potential mistakes I might have made during the day or what my "to do" list was for tomorrow. That course lasted 6 weeks and by the end of it I felt like a different person.

In the thirteen years that followed I came to see my morning meditation practice as a normal part of my daily routine, just the same as brushing my teeth. It was something I did every day in order to be calm and happy. It helped me perform better in work and it also helped me immensely in my personal life.

So, what exactly is mindfulness?

Mindfulness is best understood as an experience. You can't read a book or a definition and really know what it is in the same way that you can't read a recipe in a cookbook and know what the meal tastes like.

In very simple terms, the practice of mindfulness involves paying attention to exactly what is happening in the present moment, in a gentle and non-judgmental way.

As anyone who has practiced for any length of time will tell you, although this sounds simple it is far from easy. The mind is conditioned to be restless and is very easily distracted. We much rather relive moments from the past or anticipate what will happen in the future instead of bringing our full attention to the present moment. For many of us, this natural tendency of the mind means a LOT of time spent ruminating, worrying and planning which can be a source of unhappiness and can exacerbate stress and anxiety. Mindfulness trains us to be present. It allows us to respond creatively to what happens instead of being stuck in habitual and automatic patterns of behaviour which may not serve us.

How do I practice it?

In a sense, the formal practice of mindfulness entails simply training attention. We are practicing being present.

When you practice, it can help to find an "anchor" for your attention to help give the mind some stability.

There are different anchors which you can experiment with:

- The physical body - Maybe noticing different sensations coming and going, moment by moment. The weight of the body or the simple, tangible feeling of your feet on the floor.
- The feeling of the breath moving in the body... rising and falling by itself... "Breathing in, I know I am breathing in. Breathing out, I know I am breathing out."
- Witnessing different sounds coming and going.
- Or you can pick something else. As long as it is actually here, in this moment.

If you would like to try it, look away from the screen or the page for a few moments or close your eyes and see if it is possible for you to gently rest your attention on an anchor.

After a short while, you will probably notice that the mind has drifted.

Perhaps you notice that you are lost in a stream of thought... planning, worrying, daydreaming. Left to its own devices, that's what the mind tends to do.

The formal practice entails noticing when the mind has wandered and gently, intentionally coming back to the present moment over and over again.

We are training our muscle of attention and learning to notice when the mind has wandered.

It takes a lifetime to master mindfulness but in a sense, that's it! It's simple but it's far from easy.

So where should you start?

Find an experienced and qualified teacher. It's very different to learning about mindfulness from a book or an app. In Ireland, there is now a professional body for mindfulness teachers (the Mindfulness Teachers Association of Ireland) so you can easily find a teacher who has been properly trained and who receives ongoing regular supervision.

Two courses stand out in terms of having a very extensive and well documented evidence base:

- Mindfulness Based Stress Reduction (MBSR), an eight-week course developed by Jon Kabat Zinn in the University of Massachusetts Medical School 40 years ago; and
- Mindfulness Based Cognitive Therapy (MBCT), an eight-week course developed by professors Williams, Segal and Teasdale at Oxford University.

The reason these two courses are so effective is because they are quite long and rigorous. Each class is 2.5 hours and there is also a full day retreat after week six. That kind of commitment might not suit everyone. A shorter course might serve as an easier introduction. I have found that six-week courses (an hour a week) work well for in house courses.

Bio: Barry is chair of the Mindfulness Teachers Association of Ireland. He currently works with a variety of different groups including organisations in the corporate sector, universities, (staff and students), not for profit organisations and schools. He is the founder of Mindfulness for Law and had facilitated courses and workshops for many of the largest law firms in Ireland.

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Barry Lee,

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A Strengths Approach to Work

by Ben Rawal

We are all facing new challenges as a result of COVID-19: restrictions, managing and working virtually, balancing work and home, staying productive, and most importantly, trying to protect our loved ones, ourselves and our communities. Ben Rawal explains how our strengths can both support and hinder us in achieving our best, and what we can do if we allow other factors such as pressure, emotion or uncertainty to impact our performance.

We frequently hear the phrase 'strengths and weaknesses' when describing our own or others' skill set, mindset and behaviours. Furthermore, at times we may also adopt a 'black and white' view that strengths are always a positive, whilst weaknesses are as the name suggests, something that may hold us back. However, as we discover in this article, sometimes the opposite can be true.

The Strengths Dilemma

From an early age we are introduced to the concept of strengths and weaknesses, and appear to increase our awareness and interest once we move into a professional environment. Such phrases are commonly reinforced at work, being discussed during interviews, appraisals and also arise when giving and receiving feedback.

This is further complicated by the fact that our perspective on what constitutes a strength or weakness is likely to vary across individuals. For example, whereas one person may view an individual's behaviours as a sign of confidence, others may interpret the same actions as arrogance. Although we could consider ways of assessing whether an individual is confident or arrogant based on criteria, we still have three problems to deal with:

- Applying the criteria in a consistent way, without allowing our unconscious biases or beliefs to provide a distorted perspective;
- Whether the individual displaying the behaviours actually feels confident, arrogant or something else; and
- Accepting that for some individuals, 'arrogance' may in fact be interpreted as a strength!

It can be tricky therefore to determine what is actually a strength in many respects. An alternative approach could be to accept that we all have strengths and areas for improvement (depending on individual perspective), and the objective is to use our strengths:

- At the right time;
- In the right way; and
- With the right individuals.

In effect, this means that what works for one person in a particular situation, might not work for someone else. This doesn't mean that your strength is invalid. It simply means that you may be under or over doing your behaviours according to the context.

Overdone strengths

At times, we all overplay our strengths. This could be in the form of confidence (which appears to be arrogant), assertiveness (or coming across as aggressive), or even friendliness (and being overtalkative!) If we regularly overdo our strengths, it is more likely that others will perceive these behaviours as weaknesses and focus on the negative impact we have at these particular times.

It is important therefore to remember that achieving the right balance when using our strengths is key to ensuring that we don't under or over 'sell' our abilities. In reality, this means that the majority of our behaviours lie on a scale between under and overdone. At times, we may even be aware when we have tipped the scales too far – perhaps we don't receive the response we expect, or maybe we are given feedback on how we've behaved. This self-awareness and perspectives of others enables us to learn, develop our behaviours, and look for signs in the future that we're hitting the mark.

> **"If we regularly overdo our strengths, it is more likely that other will perceive these behaviours as weaknesses"**

The Emotional Effect

Using our strengths in the right way, at the right time and with the right individuals will enable us to perform at our best. At times however, although we have this information at our disposal, we underperform, and our strengths fail to support our behaviours as we would ordinarily expect. One of the main reasons for our underperformance is how effectively we manage our emotions - regardless of whether these are perceived as 'positive' (such as joy) or 'negative' (anger, fear, shame).

For many of us, we sometimes become flooded with negative emotions which can severely impact our ability to perform at our best. Our strengths become more difficult to utilise as our brains focus on dealing with the emotion at hand.

Similar problems can also be experienced when we are dealing with extreme pressure or stress. It is not unusual for our emotions, pressure and stress to combine together and result in problems when thinking clearly, feeling motivated and performing effectively.

Given the current global Covid pandemic, it is unsurprising that many individuals are having to deal with managing their emotions rather than perform at their best. This takes mental effort and can be incredibly stressful. Overcoming these effects can take time and requires acceptance, (rather than suppression or ignorance) of the feelings being experienced. Remember, we are all different in how we manage and deal with our emotions.

"For many of us, we can sometimes become flooded with negative emotions which can severely impact our ability to perform at our best."

Seeing is Believing

Despite the doom and gloom often attached to negative emotions, some of us have become adept at using our feelings to help us perform more effectively. The phrase 'controlled anger / aggression' is commonly used to describe an individual using a 'negative' emotion to achieve positive results.

A significant influence on what we do and how we feel is based on the images we all create in our minds. These images are likely to impact how we behave, and hence creating the right image can have a positive effect. Conversely, if our images are aligned to negativity, it should come as no surprise when we feel unhappier, stressed or generally more pessimistic.

To further exacerbate matters, our beliefs are highly influential on our experiences. Henry Ford once said: "Whether you think you can, or you think you can't, you're right". This is the power that our beliefs hold in either helping or hindering us with matters that are within our control.

If you want to think or feel differently, arguably the first place to start is to examine your beliefs and how these are likely to dictate the images you create around a particular event, situation or individual.

From a strengths perspective, although we can always improve on our behaviours, if we believe we are weak or insufficient, be prepared to perform below par!

"Examine your beliefs and the images you are creating in your mind. Are they positive and supportive of what you want to achieve?"

Conclusion

Using our strengths in the right way and getting the best out of ourselves is clearly beneficial. This holds even greater importance during times of increased uncertainty, pressure and/or stress, as we are all experiencing at the moment due to Covid-19.

It can be helpful to remember that no one is perfect, and our strengths can sometimes be perceived negatively by others. Achieving the right balance can be tricky, especially when our emotions or beliefs influence our behaviours. However, developing our awareness of these factors and creating positive images will go a long way towards helping us perform at our best.

Ben Rawal,

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Top Tips:

Getting it Right

Individual strengths can vary depending on your, and others' perspectives. This largely depends on whether you use these strengths at the right time, in the right way, and with the right individual. Our interactions with others will provide useful feedback on whether or not you're achieving the right balance – use it wisely!

Don't overdo it

Most of our strengths can be observed on a scale between under and overdoing them. If you regularly miss the mark, other individuals are likely to perceive your strengths as an area for improvement.

Recognise the emotional effect

The presence of strong, particularly negative emotions is likely to hinder our ability to consistently perform at our best. If you believe you are underperforming, take a 'time out' and examine how you're feeling. Is this causing you a performance problem?

Positive Images

We all create images in our brains to inform how we intend to behave and what we are prepared to believe or disbelieve. Challenge your images and your beliefs where they are unhelpful and replace them with more empowering options.

The Impact of Living Longer

by Matthew Griffin

At some point in our lives we all struggle not just with our mental health but also our physical health. After all, biologically speaking, we humans were only designed to live to around the age of thirty, and societally speaking our minds were never designed to withstand the mental onslaught that we experience today - whether that's from today's lifestyles or the often overwhelming impact of being plugged into and aware of almost every event on the planet, no matter how big or small.

With more than 8 billion people living on our pale blue dot, which is growing at an average rate of just over 1 percent per year, and with an expected population of over 10 billion by the year 2050, it's clear that in the future there's going to be an even greater demand for health and wellness services of all kinds.

Today various independent organisations estimate that about 13 percent of the world's population, or almost 1 billion of those 8 billion, suffer from some kind of mental disorder, and that on a yearly basis a further 800 million people are affected by cardiovascular diseases, cancers, neurological, neonatal, and respiratory disorders – all of which is before we dig into the number of people who are affected by serious injury which, as far as records are concerned at least, is at least another 250 million people, with other diseases adding a further 400 million people into the mix.

The back of a post it note calculation therefore means that at any particular point in time almost 2.5 billion people on our planet "aren't feeling well" – and that's all before we think about the future impact that climate change, environmental destruction, pollution, poor diets, stress, and other factors, will have on our long term health and well-being.

When you dig into the data further another surprising fact is that in spite of an increasingly aging global population only 35 percent of people over the age of 50 suffer from some form of affliction versus 65 percent below the age of 50, and that out of all the age groups only the under 5 age groups have seen a steady and continuous reduction of their overall "disease burden" since 1990.

Out with the old diseases in with the new

Since 1990 though, when countries started keeping more comprehensive health records, the kinds of afflictions we suffer from have changed significantly and noticeably. There's been an enormous decrease in the number of people suffering from diarrhoea and common infectious diseases, as well as from neonatal disorders and nutritional deficiencies, but while on the one hand the world can rejoice, on the other there's been a corresponding marked increase in the number of people afflicted by new more "modern age" diseases including, unsurprisingly cancer, cardiovascular, and respiratory diseases – as well as, unfortunately and perhaps unsurprisingly given the pressures of modern day life, mental disorders.

Old Age Becomes The Norm

And, as for the big one, life expectancy, well, except for what hopefully turns out to be nothing more than a blip in recent US life expectancy data, where life expectancy there fell for the first time since 1918, overall global life expectancy has surged from an estimated 32 years in the year 1900, when most records began, to an average of 72 years today with countries like Japan, South Korea, and the UK topping the global charts with average life expectancies there of between 81 and 83 years.

As we look to the future though, certainly in the West, more and more biotech and healthcare organisations are talking in terms of "defeating death" rather than just "conquering disease" with many of them believing they can reach what they term "escape velocity," the point where advances in healthcare will add more than a year's worth of life to people for every year that passes, by the year 2030. And if recent breakthroughs are anything to go by then they could be onto something.

So, with our bases covered, let's dig in and have a look at what the future of healthcare, which is by far and away one of the most active sectors I track, has in store for us all.

Mental health

Today, it's no surprise that the pressures of everyday life and an always-on society, where people are continuously bombarded by all manner of events which are often then distorted and intensified by internet disinformation, echo chambers, fractured and fractious leadership, and trolls, among many other things, including the recent pandemic, are taking their toll on people's mental health.

Furthermore, take into consideration a world where the rate of change is accelerating and where everything, every cultural corner, every industry, and every part of society, is being disrupted and transformed at an unimaginable rate in previously unimaginable ways, with the omni-present spectre of global displacement and job automation casting long shadows, and you could easily argue that the mental pressure people experience is only going to increase from here on in and that a toxic cocktail is brewing. A cocktail that if left unchecked could soon turn into the mental equivalent of a Molotov Cocktail – with consequences, for the individual and society at large, to match.

When it comes to trying to tackle what many experts and people around the world are increasingly referring to as a mental health crisis and to turn the tide there are a number of tall obstacles that need to be overcome. The first is identifying sufferers, secondly there's the issue of correctly diagnosing their symptoms, and then finally there's the no small matter of providing the right point in time support and appropriate treatments.

When it comes to the issue of identifying individuals who are struggling, for whatever reason, historically the responsibility has always fallen on their shoulders, or onto the shoulders of the people around them such as colleagues, family, and friends, who, societally at least, have hitherto been expected to be able to identify the symptoms and surface the issues so they can start getting the help and support they need. And while all this sounds perfectly reasonable lest we forget very few, if any, of the people involved in this first, and arguably most crucial step, aren't trained professionals which in many cases then means that sufferers problems either go unnoticed or undiagnosed. Then, in a double whammy, they never receive the support they need, which can sometimes, unfortunately, have tragic consequences.

Once an issue has been identified being able to diagnose it and identify the root cause in order to prescribe the right treatment is also difficult – even for professionals, and then there's the issue of what happens and how the people who are struggling fare when they're out of arm's length of the people who are there to support them.

Inevitably, when you look at the issues holistically, the gaps in education, knowledge, resources, support, trained professionals, as well as other areas, are clear to see which inevitably means that far too many people fall between the cracks - some never to emerge again. Consequently, it is vital we use all the resources and tools at our disposal to close as many of those gaps as possible. And fortunately, as is often the case, technology shows us the way.

Looking at how we can use technology today, let alone as it improves in the future, to identify or diagnose mental health issues and provide support there are a host of great innovations emerging that we can leverage, the vast majority of which are digital, powered by AI, and which can be easily accessed by the billions of connected people via their computers, tablets, smart assistants, smartphones, and wearables, and even connected home devices.

Take, for example, the humble smartphone – a rich source of information if ever there was one. Today, we can get an accurate measure of your mental health by analysing the way you use it, the angles you hold it at, how often and how fast you pick it up, what you type and how fast you type it, the speed you scroll at, and all that's before we discuss how we can use it to monitor your posture, analyse your voice patterns, and track your minute by minute movements, or use the camera to gather a whole host of interesting biometric data.

Many of these new AI powered tools are getting so good that they can detect everything from the onset of dementia and PTSD, all the way through to depression and even a person's aptitude to suicide.

Next, from a support perspective, some of these same AI powered platforms are using many of these same privacy busting techniques, which is a conversation for another time, to provide point in time Robo-counselling services that cost nothing and that are always with you no matter where you are. And, if a Robo-counsellor isn't your cup of tea then you can always get in touch with a real human via video chat.

When it comes to some of the more serious conditions, however, things get sci-fi like very quickly with the arrival of new memory editing technologies that can erase people's addictions and fears, as well as, increasingly re-write their memories - much in the same way we edit word documents.

Physical health

When you look back in time to humanity's early ancestry, it's clear that we were built for one thing and one thing alone – survival. From gathering and hunting for food in the forests and savannahs, to looking after and caring for one another, everything came down to this. And biologically our bodies were built to last on average thirty years, not eighty or a hundred as we all expect today, which is just one of the reasons, for example, why cancer is now so prevalent in today's society.

As humanity moves further and further away from its natural roots, whether it's by artificially extending our life spans using medical technology, or from our connection with the land and the goodness of nature's own natural larder, the effect on our bodies is clear to see – for both better and worse.

On the one hand we can now all live longer more productive lives than we ever could before and spend significantly more time with our loved ones as we walk our mortal coil, while on the other our bodies are now having to try to deal with and reconcile the new paradigm we've created for ourselves.

Furthermore, as today's biotech and healthcare companies, as mentioned above, and new healthcare breakthroughs help us approach aging's "escape velocity" and for the first time talk openly about "conquering death," as a society we are now beginning to reach the point where the age of 100 will be the new 60, and where living beyond the age of 120, let alone longer, could become not just feasible but commonplace. And while that will bring great opportunity, it will also unsurprisingly bring new challenges from a whole raft of quarters – both mental and physical.

In order to extend our lives though, needless to say we need new healthcare technologies and tools, whether it's to identify and diagnose disease, monitor and track it, or to develop new treatments and cures. And, as researchers and scientists everywhere work diligently, it's increasingly clear that many of the tools in our arsenal make even the most outrageous science fiction technologies look tame by comparison.

Firstly, when it comes to the initial identification and diagnosis of a person's

ailment or suffering, the continued digitisation and democratisation of increasingly powerful technologies including Artificial Intelligence and Machine Vision, combined with other technologies such as sensors, now mean that it's possible to turn common-a-garden smartphones and smart home assistants, like Alexa and Google Home, into increasingly sophisticated tricorder-like devices that in mere seconds, and in the comfort of your own home, can diagnose everything from the onset of cancer, dementia, diabetes, disease, including Coronavirus or COVID-19, heart disease, pre-existing genetic conditions, and even the impact of ambient noise on your hearing – for starters.

And when combined with digital telehealth and telemedicine services our devices can automatically close the loop and send all of our healthcare data back to a certified medical professional who can use it to create a tailored treatment plan.

Bring health wearables as well as Smart Tattoos into the mix, and the concept of the so called "Quantified Self," and bringing in activity, blood pressure, brainwave, environmental, heart rate, metabolic, metabolite, postural, respiration, and sleep tracking data, becomes a breeze that, when combined with other data sets, provides us with even richer health insights.

In time, the variety and volume of data that all these different devices can gather and analyse will only increase, significantly, and it won't be long until they're able to analyse your body's health at such a granular level that they'll be able to detect, analyse, and monitor abnormalities at the genetic level. And needless to say, the earlier all these devices can detect health issues the sooner people can get the help they need – which will inevitably also help save countless lives.

Next, as we dive deeper into our future wormhole and beyond the activity of identifying and diagnosing of early stage conditions, and start looking in more depth at more serious conditions and how they'll be treated the story becomes even more astounding with game changing breakthroughs and innovations not just in one area but many – in fact there are so many that it's a challenge trying to figure out where to begin.

So, we'll start here. When your car breaks down you take it into the garage who diagnose the problem and replace the faulty part, but it's well known that the human body is one of the most complex machines in the known universe – with the human brain being an order of magnitude harder to understand. While, from an evolutionary standpoint at least, this complexity's done us proud when it comes to healthcare it means that when something goes wrong with us physically not only is diagnosing the problem more complex, but repairing it is a whole new level of complexity.

Today, however, we can replace roughly 70 percent of the human body with alternative parts, whether they take the form of artificial joints or prosthetic limbs, or whether they're more complex in the form of heart and liver transplants. And, aside from the most basic prosthetics, which first appeared in earnest in the 15th Century, none of these alternatives were available until the 1940's onwards – a mere blink of an eye in the timeline of human evolution.

As our timeline jogs along, however, and as the rate of technological advancement continues to accelerate exponentially previously dumb, and often clunky and uncomfortable prosthetics, will increasingly be 3D printed cheaply using custom lightweight materials that give users a comfortable millimetre accurate fit.

They'll increasingly incorporate advanced robotics and robotic control systems including plug and play Artificial Intelligence which will learn the users behaviours and provide automatic autonomous support, and they'll be coated in either real 3D printed human skin or synthetic skins that give users back their sense of touch, and as we continue to unravel the mysteries of the brain and learn how to build more effective Brain Machine Interfaces (BMI) they'll increasingly be mind-controlled. All of which will help users, from the man and woman in the street to quadriplegics, regain some semblance of normality and help give them their lives back.

However, as advanced as future neuroprosthetics will be the fact remains that they'll still just be sci-fi like machines, even if they do in some cases provide users with super-human capabilities, and from a human perspective it's always going to be tough for people to get used to wearing them. But here too technology is coming to their aid thanks to the emerging field of Regenerative Medicine that would let them re-grow lost limbs and body parts in the same way that many animals do, from Starfish to Zebra Fish, who can regrow everything from arms to spines, and recently there have been a number of advances including the discovery that the human genome has the inherent ability to regenerate body parts but that it "just needs turning back on," as well as the development of a so called Silk Bioreactor, a piece of cloth with little more than a very special hormonal cocktail, that so far has been used to successfully regrow frogs limbs, and which researchers hope could one day be used on humans to do the same.

When it comes to the matter of extending the human lifespan there have been plenty of other breakthroughs too. Breakthroughs that include the ability to 3D print, 4D print, and even just grow all manner of human organs and tissues on demand before they're transplanted into patients that need them, including bones, brains, cartilage, corneas, hearts, kidneys, skin, and more. But why print any of these outside of the human body when, increasingly, we now have the technology to print them in vivo using Bio-printing robots.

Then there's the development of new senescent drugs that, in trials, have extended the lives of rats by over a third, and which are now moving to human trials, as well as a whole host of gene therapy treatments that have, for the first time ever, given doctors the ability to easily edit people's genomes in vivo, or even via simple nebuliser sprays, to cure all manner of previously uncurable genetic diseases like inherited blindness, Cystic Fibrosis, Hunters Syndrome, as well as HIV.

But things get even stranger as we look further into the future with the development of new AI designed contagious vaccines, autonomous robot surgeons capable of performing intricate human surgeries, including brain surgeries, and nanobots that can patrol the body for disease, drill into and kill cancers on sight, and swarm together to repair internal injuries.

Then, of course, there's our ability to use genetic engineering to create designer humans that are immune to disease, the creation of the world's first artificial humans, born and grown ex vivo without natural parents using the first completely synthetic genomes designed by AI's, all of which is before we even begin to discuss our ability to turn people into disease fighting bio-computers running multiple genetic codes with six or eight base pair DNA, or our ability not just to 3D or 4D print "traditional" human organs on demand, but also specially genetically engineer and augment them with all manner of new-fangled technologies to monitor them and keep them running, from new computing paradigms and electronics to new sensing systems and beyond. At which point science fiction looks positively tame by comparison, and at which point we have likely completely transformed what it means "to be human" and the human condition.

The Consequences Of 100 Being The New 60

Obviously, nothing today exists in a bubble and everything has an impact with ripples spreading far and wide. And, arguably, few other advancements will have as great an impact on our global culture, industries, and society as adding decades to people's life spans.

Firstly, there's the emotional and mental impact of realising that we'll be able to spend more time with our friends and family, including being involved in the lives of many more generations, as well as the realisation that we have the opportunity to contribute even more to this world which, as the rate of technology development continues to accelerate, and as each of us increasingly becomes capable of changing the lives of billions, could itself have radical consequences for everyone and everything living on our planet. Imagine, for example, what the world would, or could, look like if Elon Musk or Jeff Bezos lived to beyond the age of 120...

And then there's the impact that extending people's lives will have on society and resource consumption as well as on food provision, government policy, healthcare, housing, investment planning and wealth management, and many other things besides.

All of which leaves us with only one question: What would you do differently with your life today if you knew you were going to live to 120 or beyond? You better get planning ...

Matthew Griffin,

Matthew Griffin, described as "The Adviser behind the Advisers" and a "Young Kurzweil," is the founder and CEO of the World Futures Forum and the 311 Institute, a global Futures and Deep Futures consultancy working between the dates of 2020 to 2070, and is an award winning futurist, and author of "Codex of the Future" series.

How Communication Plays a Role in the Hybrid Workplace of the Future

by Stephen Mackarel

In business, effective communication is everything. 2020 has flipped the traditional office work-week on its head, with technologies and the cloud coming out as the winners during the lockdown.

In what, almost overnight, became an immediate shift to remote working for companies across the world, the future dynamic for office workers seems to lie within a hybrid (at-home and in-office) workplace model. Employees have had their eyes opened to the time they could save on their work commute, meaning that many are keen to keep their home office in the spare room a permanent fixture. Office rents, which have soared in recent years, have also been re-evaluated by many companies who have realised that productivity was unaffected by remote working.

Covid-19 has been the catalyst for the work landscape of the future and the future of customer engagement. Company communications, both internal and external, have evolved rapidly. Customers expect the ability to contact companies via multiple channels - phone, chat, social media, email, text - and employees expect to be able to communicate internally over multiple channels - phone, IM/chat, collaboration, video calls, video conferencing. Until recently, only organisations with large capital expenditure budgets and IT resources could deliver on these expectations. Each channel required a different solution and none of these solutions 'talked' to each other. This added to the cost and complexity of doing business.

Now, with cloud Unified Communications as a Service ("UcaaS") and Virtual Contact Centre as a Service ("VCCaaS") these channels are available to companies of all sizes, without the need for capital expenditure or skilled IT resources. These communication solutions provide phone, IM, chat, collaboration, video conferencing, video calls, contact centre functions, reporting and analytics - all on a piece of software that sits on a laptop, pc, tablet, mobile or handset, while charged on a 'per-user, per-month' Software as a Service ("SaaS") model. The only requirement is internet access, and away you go!

UCaaS and VCCaaS now enable companies of all sizes to benefit from secure, future proofed, enterprise grade, fully integrated communications solutions.

This is the future of communication strategies for all companies.

As remote working becomes one of the buzzwords of 2020, hybrid workplaces will become the buzzword of 2021. There are many aspects of company communications that are going to change as remote working becomes more common and that will of course benefit hybrid workplaces.

There are 3 stakeholders in any communication strategy.

Customers expect to be able to choose which channel they can use to communicate with companies; face to face, phone, chat, social media, email, text etc. Customer centric organisations facilitate omnichannel engagement and have a single view of the customer, no matter which channel the customer chooses to engage on. Covid-19 has accelerated the shift to digital channels and companies must adapt, as these methods will be around far after the lockdown lifts.

Companies must measure their Service Level Agreements ("SLAs") on their customer engagement. Effective measurement can only happen on unified communication platforms. These communication solutions must also enhance an organisation's eCommerce strategy.

Employees expect employers to provide multiple channels to communicate internally; phone, chat (IM), collaboration, video meetings, video conferencing, email and face to face. Employees know that long commute times are not just unnecessary, but are a waste of their valuable time, are costly, have a negative impact on their health and negatively impact the environment.

Employees now expect access to multi-channel communication options from anywhere they choose to work from.

Companies must ensure that communication systems are secure, straightforward to use, cost effective and meet the expectations of both the customer and the employee. Covid-19 has forced many organisations to look at the cost of doing business and radically reduce their cost base. Office and property costs are a significant part of the fixed cost base for many organisations. Enabling remote working allows companies to significantly reduce their requirement for expensive city centre office space.

Remote working will be successful when:

- It allows customers to engage seamlessly with companies regardless of where employees are physically located.
- Employees have the same functionality and systems available to them anywhere they choose to work from.
- It reduces costs for companies.
- Companies can measure and report on internal and customer SLAs regardless of the channel, device used or the location of any engagement.

With countries, economies and the whole business world grappling with the unprecedented challenges of Covid-19 and the changing ways of working, companies need remote solutions to help sustain their businesses, reduce costs and drive efficiencies in what is the toughest of times. Companies of all sizes in Ireland are dealing with massive financial, operational and customer relationship management ("CRM") challenges and business managers are having to work out new ways of leading.

A single secure, unified technology solution will drive efficiencies, keep costs down, provide performance metrics and ultimately support enterprise recovery in the new Covid-19 business world.

The future of communications is cloud based and staying ahead of the curve in technologies is vital.

The benefits of remote or hybrid working have never been more important – from better productivity and employee morale to significant cost savings and lessened environmental impact.

Modern technology has made the move to remote working more accessible and these unique, real-world tested systems make it easier than ever to bring your workforce together virtually.

Irish company, workair has been ramping up its services to meet surging demand for distributed and remote working solutions since the Covid-19 outbreak, working with businesses in many sectors including the motor, auctioneering, law, recruitment, travel, financial services, and healthcare industries.

LetsGetChecked, a start-up which sees huge demand for its at home health testing kits, fast-tracked its installation of workair's platform and within 10 days had offices in New York and Ireland up and running. It has enabled other companies challenged by the recent national lockdown restrictions, such as travel agency Hannon Travel, law firm Whitney Moore, HR software company Intelligo, and Eden Recruitment, to continue servicing customers in an innovative, efficient and cost-effective manner. Some of these companies will not rely on bricks and mortar office space in the future but rather a hybrid workplace.

Stephen Mackarel,

Managing Director,
Workair Ireland

Institute News

Future of Accountancy

Originally scheduled for May 2020, The Future of Accountancy Conference took place on the 16th September 2020 through our award-winning online learning management system, Canvas with the aid of the Zoom video conferencing tool. The conference was a big success with highly knowledgeable and insightful speakers including Mark Edmondson from Inlfo, Rois Ni Thuma from Red Sift, Aynsley Damery from Clarity, Futurist, Matthew Griffin from 311 Institute, Na Fu from Trinity College and Conor Carmody from Strategic Solutions. The day covered topics on Artificial Intelligence, Cyber Security, Innovation, Future Technology, Ethics in Leadership and Innovation.

We were disappointed not to be able to host this exciting event in a physical environment so in order to provide a tangible connection between the institute and our members we delivered a bespoke gift hamper to each delegate, photographs of which we were delighted to see appear all over social media channels. The feedback from the event was excellent with one delegate commenting that "from an organisational point of view, it was the best virtual event that I have attended".

CPA Ireland has been providing access to online learning for over 12 years and we are delighted that our experience in the online learning sphere has enabled us to provide such high calibre and well received conferences.

Response to Budget 2021

CPA Ireland has broadly welcomed Budget 2021 which it has said "contains many measures that will assist struggling SMEs'. However, CPA Ireland, whose members advise over 100,000 Irish SMEs, have said 'it is essential that these new supports are designed to be easily accessed and with a minimum of red tape.

New research conducted in advance of Budget 2021 by Economist Jim Power on behalf of CPA Ireland has shown how important it will be for SMEs to be supported in the months and years ahead. This research found:

96.9% of respondents believe that further initiatives will be required from Government to **sustain businesses in the long term.**

56% **do not intend** to change their employment next year with just **19%** expecting to **increase employment**

92% of businesses are either very or moderately **concerned about Brexit,** with **72%** believe that it will **affect their business**

Commenting on Budget 2021, CPA Ireland President John Devaney said: "We are in the midst of what should be a once in a generation crisis with Covid-19 and yet the spectre of a second, a no deal Brexit, looms large over the Irish economy this month. We welcome the Government's firm commitment to SME's announced in today's budget.

Full details of the response can be found at: https://cpaireland.ie/Latest-News/News/News-2020/Budget-2021-CPA-Ireland-Response

Irish Accountancy Conference

The first CPA Ireland Irish Accountancy Conference was originally scheduled for April 2020, but due to the pandemic it was postponed to September 2020 and moved to an online environment.

Over a day and half in September, we welcomed speakers such as Jim Power, Derek McKay, Keith Rooney, Joan Mulvihill, Colm Divilly, Mairéad Hennessy and many more to deliver a conference with both an Industry and Practice stream. The conference was very well received by members with attendees commenting that it was an excellent conference.

AnalyticsInstitute
PROBLEMS WORTH SOLVING

CPA Ireland's Diploma in Data Analytics is certified by The Analytics Institute of Ireland

CPA Ireland is delighted to announce that our Post Qualification Specialism, the Diploma in Data Analytics, is now accredited by The Analytics Institute of Ireland.

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

This now means that both the Data Analytics for Finance module on the CPA qualification for newly qualified accountants, and our Diploma in Data Analytics post qualification specialism are accredited by The Analytics Institute of Ireland.

The process for registering as a Certified Business Data Analyst with the Analytics Institute can be found at https://www.analyticsinstitute.org/certification.php

CPA Ireland launches new radio and digital marketing campaigns

In October, CPA Ireland rolled out its autumn radio campaign in association with Spin 103.8 and its digital marketing campaign in association with Joe.ie and Her.ie. The campaigns focused on CPA Irelands new future focused syllabus – Ready to Face the Future of Accounting. It also focused on the excellent and supportive offering of the CPA Ireland Careers Advisory service and the many great reasons as to why to choose CPA Ireland

You can listen to our radio advert here: https://cpaireland.ie/Latest-News/News/News-2020/CPA-Ireland-launches-new-radio-campaign-in-associa

Details of our digital marketing campaigns can be found on the designated Joe.ie website page here: https://cpaireland.ie/Latest-News/News/News-2020/CPA-Ireland-Digital-Marketing-Activities-with-Joe

CPA Ireland launches Economic Report with Economist, Jim Power.

The impact of Covid19 has been dramatic on economies across the globe, setting immense challenges for policy makers and for businesses alike.

Acting in the public interest, CPA Ireland has a strong track record of commissioning research which supports economic growth and policy development.

On this occasion, CPA Ireland has leveraged off the unique insights of CPA accountants to bring together a comprehensive analysis of the impact of Covid19 on business in Ireland, particularly on SMEs, and on professional accountancy practices.

The report also acknowledges that the pandemic has, understandably, diverted attention from two other significant challenges in the external environment, namely Brexit and the societal demand for sustainability in business. CPAs have not lost sight of either challenge and continue to advise the businesses they serve in both regards.

Full details of the report can be found on www.cpaireland.ie

Extension to the Pay & File Deadline for ROS Customers Announced

In October, Revenue announced a four-week further extension to the Pay & File deadline for those who file online.

For customers who file their 2019 Self-assessed Income Tax Return and make the appropriate payment through the Revenue Online Service (ROS) in respect of Preliminary Tax for 2020 and any Income Tax balance due for 2019, the due date is now further extended from 12 November 2020 to Thursday, 10 December 2020.

Revenue will adopt a pragmatic approach to the application of surcharges in circumstances where a taxpayer or tax agent is unable to make the deadline due to Covid-19 related restrictions.

Where such difficulties arise, it is important that the taxpayer or tax agent contacts Revenue as early as possible so that alternative arrangements can be agreed.

This was identified by CPA advisers as the most important support that could be put in place by the Revenue Commissioners to assist SMEs and was outlined in an 'Action Plan for SMEs' presented by CPA Ireland to Revenue in recent months.

Revenue has also extended the due date for beneficiaries who received gifts or inheritances with valuation dates in the year ended 31 August 2020. Such beneficiaries now have until 10 December to make a Capital Acquisitions Tax (CAT) return and the appropriate payment through ROS.

In order to qualify for the extension, customers must both pay and file through ROS, otherwise the relevant return and payment is due no later than 31 October 2020. ROS is available 24/7 and is the easiest and most efficient way to pay and file.Revenue have also confirmed that the corporation tax return surcharge suspension for the 23 September deadline continues to stand.

CPA Ireland Membership Changes

Resignations

005907 George Ryan 13/08/2020

001394 James Boland 18/08/2020

005333 Frank Cassidy 28/09/2020

007815 Margaret Cronin 19/10/2020

001254 William J. Slattery 20/10/2020

Deceased

000157 Rene Aime C. Chichignoud 28/10/2020 Member passed away 25th October 2020.

Benevolent Fund

It's human nature to think nothing is going to happen to us until it does so when life takes that unexpected twist, the CPA Ireland Benevolent Fund is here to help you. The CPA Ireland Benevolent Fund can offer practical, emotional and financial support to current and former CPA Ireland members and their dependant families.

For confidential advice contact Felicia Gill on 01 4251012

When renewing your CPA Ireland membership please make a voluntary contribution to the CPA Ireland Benevolent Fund.

Exclusive HR Resource Offer for CPA Ireland Members

CPA members can now avail of an exclusive offer in association with one of our key strategic partners, Adare Human Resource Management, who are delighted to introduce their newly enhanced HR resource, Linea.

Increasingly accountants and key accounts staff are involved in HR processes and one of the key deliverables on this offer from Adare Human Resource Management is access at a specially negotiated price of €195.00 ex vat for a full Linea membership license.

Linea is the most comprehensive online HR resource for HR practitioners and owner managers Benefits include:

- Timely, practical, compliant and solutions-focused information made available online to support CPA members day to-day HR and Employment Law queries.
- Relevant sectoral information relating to HR and Employment Law in one complete centralised location for ease of use.
- All content is up to date and is drafted by an experienced team of HR, IR, Legal and Health and Safety experts.
- Information presented is on a user-friendly site.
- As a long-standing partner to the institute, Adare Human Resource Management have offered their services at negotiated rates to our members for over a decade.

They are strategic HR partners to many of Irelands most prestigious organisations, and their expert led in-house consulting team are equipped with the knowledge and technical capacity to lead organisations through not only the current environment, but in all matters relating to HR and the day to day management of people. Their underpinning strategy is to assist organisations to grow and prosper, through their people

Visit: www.adarehrm.ie/linea for more details

In order to avail of this offer, please email linea@adarehrm.ie or contact Gary Monks, Business Development Relationship Manager, by email - gmonks@adarhrm.ie or mobile 086 0100 395

Exclusive Insurance Policy Offers for CPA Members

JDM INSURANCE
SERVICES LIMITED

JDM Insurance Services is the main provider of Professional Indemnity Insurance to CPA members offering a competitive product and an excellent service. JDM have launched two new competitively priced, excellent insurance products for CPA members

To meet the ever-increasing needs of practices the two new products are, Office Insurance which combines property and liability cover for Accounting Practices and Cyber Insurance which provides vital protection.

Office Insurance

The Office Policy provides the following key benefits as standard:

- Contents
- Computer Equipment
- Mobile Devices (Worldwide Cover)
- Loss of Income
- Rent Payable
- Employers Liability
- Public Liability
- Fire Brigade Charges
- Replacement Locks

Cover can be increased to Include the following benefits:

- Personal Accident Cover
- Legal Expenses

This insurance is competitively priced with premiums starting at €300.

Please complete this very simple proposal form to avail of the offer. Alternatively contact Helen Murphy at JDM Insurance Services for more details.

Email: helen@jdminsurance.ie or Phone: 01 2988266.

Cyber Insurance

Cyber Criminals have been exploiting the increased volume of remote working and while the headlines focus on security breaches at major companies, small and medium sized businesses are actually the more common victims of cyber-attacks with Accountants being particularly vulnerable due to the sensitive information they hold.

The Cyber policy can provide cover for:

- Damage & Defence costs for third party loss (losing or mis-appropriating customer or employee data, transmitting virus's etc)
- Loss of Business Income due to a Cyber attached
- PR & Crisis Management support for a data breach
- Investigation support for Data breach
- Reinstatement of Data, cost of after an attack

For more details and to avail of this offer contact, Helen Murphy,

Email: helen@jdminsurance.ie or Phone: 01 2988266

CPD News

Certified Tax Adviser

Full Day Tax Courses to Refresh your Tax Knowledge

CPA Ireland have a number of full-day tax courses in the first quarter of 2021, providing a comprehensive update across all tax heads.

These courses are the ideal opportunity for you to stay abreast of the latest developments in tax and develop your technical knowledge in the application of the latest tax legislation affecting business. Participants will be equipped with the skills necessary to best serve clients' needs.

Courses take place online via live streaming for added convenience, and cost only €250 for Members. Attendees will earn 6 hours of structured Tax CPD for each course.

Course Schedule:

16th January 2021
Advanced Income Tax
Book now!

30th January 2021
VAT Essentials
Book now!

13th February 2021
Succession Planning
Book now!

6th March 2021
Further Aspects of Personal Tax
Book now!

13th March 2021
Corporation Tax: Specialist Issues
Book now!

CPD Wrap Ups 2020

The CPD Wrap Ups will take place over two days in December, online. By attending the two days, attendees will gain 16 structured hours over a variety of topics including: Tax, Investments & Pensions, Project Management, Ethics, Company Secretarial and much more. You can attend both days, or day 1 or 2.

Key Details:

Date: 15th & 16th December 2020
CPD Credit: 16 hours
Cost: €340/€390

Essential Practice Update

Our annual Essential Practice Update event is designed specifically for accountants working in practice.

This full day event provides important updates and guidance on key technical topics from subject matter experts, such as: Taxation, Preparing your practice for 2020, Corporate Insolvency and Covid-19 Funding Supports.

Key Details:

Date: 18th December 2020
CPD Credit: 8 hours
Cost: €215

Annual Audit Update

At this year's Annual Audit Update, subject matter expert Umesh Rana provides a useful refresher on the major areas of an SME audit. Attendees will gain a better understanding of how to apply the ISAs to audits & insights on improving documentation.

Key Details:

Date: 17th December 2020
CPD Credit: 8 hours
Cost: €225

Law & Regulation Day

CPA Ireland's annual Law & Regulation day will take place on the 19th December 2020.

The morning will cover current employment law issues, and the afternoon will be dedicated to company law issues. Barrister Deirdre McHugh has been confirmed to take us through the latest employment law changes and issues and Barrister, Keith Rooney will cover the company law changes and issues.

Key Details:

Date: 19th December 2020
CPD Credit: 8 hours
Cost: €225

Accountingcpd.net

This month we have teamed up with accountingcpd.net to bring you an amazing offer to help you get the CPD you need. For a limited period, you can receive €100 off when you purchase any five courses. With each course covering 4 hours CPD this is a flexible and efficient way to complete your CPD.

With such a wide range of topics to choose from, this is a great way to add a few more hours to this year's CPD declaration and save yourself panic at the end of the year. As well as saving yourself money of course!

For further information visit www.accountingcpd.net

Accounting for Now - A new digital first programme

CPA Ireland Skillnet recently launched Accounting For Now, a new digital first programme covering topics of particular relevance to accountants in both industry and practice. This course was created specifically for online learning and is comprised of highly effective strategies for engaging our learners.

Accounting for Now is designed to create an enjoyable & engaging learning experience for our members, covering topics that are highly relevant to the current environment. Online modules give you the flexibility to fit in your learning when it suits you.

The subjects in our inaugural digital first course provide updates on core topics for accountants as well as professional & business skills. We have engaged with subject matter experts to develop an exceptional learning experience for our members.

Visit *www.cpaireland.ie/Accounting-for-Now* to purchase access to this exciting new course.

Engaging Learners: How?

- A compelling visual experience helps learners navigate easily through the content.
- Meaningful interactions & interactive design
- Self-directed learning motivates learners to "pull" the information they need.
- Practical examples leverage learning by connecting knowledge to real-life situations.

Topics & Authors

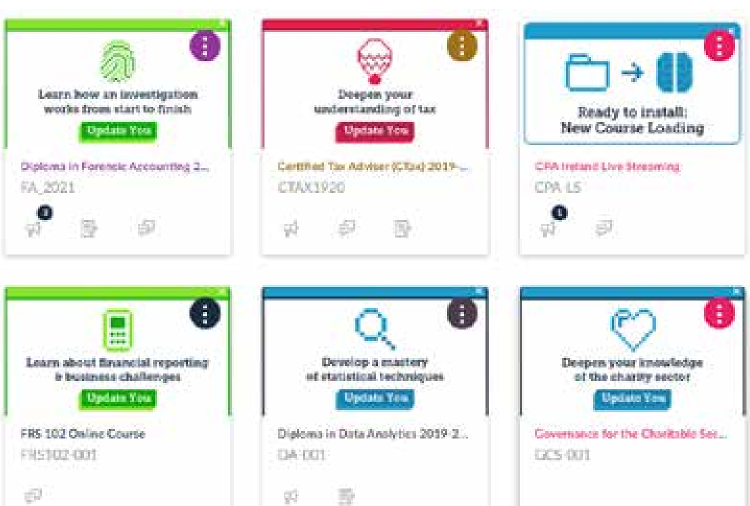
- Tax: Family Company Reorginisations & Tax reliefs, Mairead Hennessy, TaxKey
- Business Turnaround, Tom Murray, Friel Stafford
- Irish GAAP Financial Reporting Update 2020, Alan Bailie, CPA Ireland
- Strategy Beyond Numbers, Conor Carmody, Strategic Solutions
- Time Management & Working from Home, Sean McLoughney, Learning Curve

Benefits

- Bespoke training for Irish accountants
- Covers topics highly relevant to the current business environment
- Control your own learning time
- 10 hours of structured CPD
- Access to CPA Ireland's award-winning learning management system
- A fun and engaging way to learn

Further Learning Courses through Canvas

Use our further learning suite to complete your CPD hours at a time and place that suits you. We offer a range of Certificate, Diploma & Online courses to develop your skills and professional knowledge. These courses can be accessed through our award winning, learning Management System, Canvas.



What further learning courses are available on Canvas?

Diploma in US GAAP
Book Now

Diploma in Governance for the Charitable Sector
Book Now

Online course in FRS102
Book Now

Certified Tax Adviser 2020/2021
Book now for Individual Modules

Diploma in Forensic Accounting
Register your interest for 2021

Diploma in Data Analytics
Register your interest for 2021

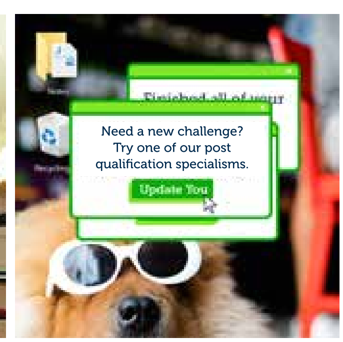
Advanced VAT for Accountants
Register your interest for 2021

Webinars & Online Courses

Following the success of the webinar series throughout the spring and summer months CPA Ireland will continue to provide frequent webinars on a wide range of interesting and relevant topics including, succession planning, tax, the economy, audit and leadership. Throughout the winter CPA Ireland will provide full day courses online covering law & regulation, tax, internal audit, financial reporting, data analytics, accounting for practice and mindfulness.

If you are concerned that you are not getting all our emails, please check the email filters that your company may have in place. Our CPD webpage is updated regularly with our upcoming webinars and events so ensure to keep an eye on this.

Location	Dates	Title	Price	NM Price	CPD Credit
Webinar	Thursday, December 10, 2020	Economic Update - Q4	€29.00	€36.00	1 hour
Webinar	Friday, December 11, 2020	Business Valuations for Tax Purposes	€25.00	€30.00	1 hour
Virtual Classroom	Saturday, December 12, 2020	Essential Professional Briefings	€235.00	€285.00	8 hours
Webinar	Monday, December 14, 2020	Winter Tax Webinar 3	€29.00	€36.00	1 hour
Virtual Classroom	15th & 16th December 2020	CPD Wrap Up	€340.00	€395.00	16 hours
Virtual Classroom	Tuesday, December 15, 2020	CPD Wrap Up - Day 1	€190.00	€240.00	8 hours
Virtual Classroom	Wednesday, December 16, 2020	CPD Wrap Up - Day 2	€190.00	€240.00	8 hours
Virtual Classroom	Thursday, December 17, 2020	Annual Audit Update	€225.00	€275.00	8 hours
Webinar	Thursday, December 17, 2020	e-Briefing 4	€29.00	€36.00	1 hour
Virtual Classroom	Friday, December 18, 2020	Essential Practice Update	€215.00	€275.00	8 hours
Virtual Classroom	Saturday, December 19, 2020	Law & Regulation Day	€225.00	€275.00	8 hours
Webinar	Monday, December 21, 2020	Winter Tax Webinar 4	€29.00	€36.00	1 hour



Student News

Examination Success

On behalf of CPA Ireland we would like to congratulate all of our students who were successful in their exams in August 2020. This was a difficult year for many students, so this was a great achievement.

Special congratulations to our prizewinning students who each achieved first place in their CPA examinations in 2020.

Leanne Monks
P2 Advanced Taxation

Lisa Stapleton
P2 Advanced Corporate Reporting

Sarah Whitney
P2 Audit Practice & Assurance

Sarah Whitney
P2 Strategy & Leadership

Edward Fogarty
P2 Strategic Corporate Finance

Elizabeth Cooke
P2 Strategic Performance Management

Samantha Taylor
P1 Corporate Reporting

Dafe Oyiki
P1 Auditing

Hanna Gilicze
P1 Corporate Laws and Governance

Ana-Maria Dranga
P1 Managerial Finance

Bryan Stokes
F2 Financial Accounting

Leanda Houlihan
F2 Information Systems

Ciara Lee
F2 Taxation

Training Records

Students are reminded of the requirement to log their training and submit it to the Institute for review. All training must be submitted through MyCPA and submitted to your mentor for approval each quarter. The final date for submitting training completed in 2020 will be 31 January 2021.

Students who submit their training as required will receive feedback from the Institute highlighting any issues to ensure that every student is on track to meet the Institute's requirement in terms of depth and breadth of training.

Trainees who do not do this may find that although they have completed three years of training, they are not in a position to apply for membership as they are unable to demonstrate in-depth competence across two of the six training areas as required. Detailed information about the Institute's training requirements may be found on the CPA Ireland website.

Newly Qualified Members

Congratulations to all our newly admitted CPA Ireland members who were conferred on 5 December in the Institute's first virtual conferring ceremony. We wish you every success in your future career as a CPA. The March 2021 edition of Accountancy Plus will include a special feature on the conferring ceremony.

New Syllabus Progression Rules

CPA Ireland launched its new syllabus in June 2020 which comes into effect for examinations in 2021 and courses are underway with our CPA approved educators. The progression rules for the new syllabus are designed to provide more flexibility for students to manage their progress through the examinations as a pace suitable for them. It is important that each student understands the progression rules and the impact this has on their subject choices and time permitted to complete their exams.

Time to Complete Examinations

There will be two examination sittings per year and students may sit up to four examinations per sitting. The time available to complete all examinations is based on the level at which a student commences on the new syllabus. For new students this is determined by the lowest remaining exam at the time of registration. For current students transitioning from the old to new syllabus this depends on the lowest remaining examination at the time of the transition (October 2020). For example, if a student has one remaining exam at Foundation Level they will be starting as a Foundation Level student.

The time allowed based on starting level is shown below:

Foundation	9 Years
Professional	7 Years
Strategic*	3 Years

*Students who were at the P2 level on the old syllabus will be given an additional 2 sittings, with the exception of students who were already granted additional sittings for any reason.

Therefore, a student whose lowest subject is at the Professional Level must complete all required outstanding examinations by August 2027.

Students are permitted four attempts for each subject. These attempts do not have to be made at consecutive examination sittings.

Subject Combinations

Students must attempt examinations in order by level (Foundation, Professional, Strategic), but there are no restrictions on the order of subjects you may take within a level. Students who wish to attempt examinations from the next level, may do so, however, they must also register to sit the remaining subjects in their current level in the same exam sitting.

For example, a student who has passed (or been exempted from) three subjects at Foundation Level, may combine their one remaining Foundation Level examination with up to 3 examinations from the Professional Level. This is subject to the completion of the relevant prerequisite subjects, so a student may not attempt Professional Level Financial Reporting until they have completed Foundation Level Financial Accounting. A full list of exam subjects and their prerequisite subjects is available on the CPA Ireland website.

Publication Notices

Disciplinary Tribunal

Ref. : Invest/02/19

On 15 September 2020, a Disciplinary Tribunal found the following charges of misconduct proven against a Member, Anne Cunningham of Alexander Manor, Clane, Co. Kildare: -

- That by appearing on the Revenue List of Defaulters in quarter four of 2018 in respect of two charges of failure to file income tax returns, Ms. Cunningham acted or defaulted in a manner which discredits herself, the Institute and the profession of accountancy and
- Failure to co-operate fully with the enquiry being conducted by the Institute by failing to respond to correspondence from the Secretary.

The Tribunal ordered that Ms. Cunningham: -

1. Be severely reprimanded;
2. Be fined €5,000
3. Contribute €3,000 towards the Institutes' costs in this case

The Tribunal ordered that the fine and costs be payable by monthly standing order over a period of 36 months.

The Tribunal also ordered that the findings and orders in this case be published in Accountancy Plus with reference to Ms. Cunningham by name.

Date: 14/10/2020

Disciplinary Tribunal

Ref. : Invest/12/19

At a meeting of 15 September 2020, a Disciplinary Tribunal found the following charges of misconduct proven against Member, Mr. Richard O'Brien of K.J. O'Brien & Co, 'St Josephs', Wilton, Bishopstown Road, Cork:

1. 1.That Richard O'Brien and K.J. O'Brien & Co, acted as Statutory Auditor to a company, while prohibited by Sections 70 and 71 of S.I.220 of 2010, for the years 31 March 2011; 31 March 2012; 31 March 2013 and 31 March 2014 and
2. That Mr. O'Brien acted in breach of bye law 7.3 and Section 110 and Section 150 of the Institute's Code of Ethics by signing and filing an audit report and financial statements for a company for the year ended 31 March 2014 without having conducted an audit.

The Tribunal imposed the following orders on Mr. O'Brien:

1. Severe Reprimand
2. Fine €10,000
3. Contribution towards the Institute's costs €5,000

The Tribunal also ordered that the findings and orders be published in Accountancy Plus with reference to Member by name,

Date: 14/10/2020