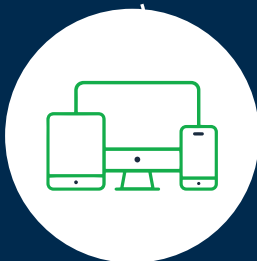


September Issue 2022

Accountancy Plus

The Official Journal of CPA Ireland



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Editorial

Accountancy Plus
September 2022

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Nine Rivers Media Ltd.

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President's Message

Welcome to the September 2022
edition of Accountancy Plus.



I am delighted to bring you our inaugural digital only version of Accountancy Plus. This enhanced publication has been created in collaboration with Vertiquil software and heralds a new chapter that combines an exceptional reader experience with having a very positive environmental impact. This format will allow you to easily share content, access the journal at any time and the digital copy also allows you to easily navigate to links within the content.

We are dedicated to becoming a sustainable organisation and the move to a digital only journal is an important step in significantly reducing CPA Ireland's carbon footprint.

As the final quarter of 2022 approaches, Council and the Executive of CPA Ireland are continuing to focus on the key strategic pillars of Brand, Product, Customer Centricity, People & Global.

In relation to brand, this summer we ran digital campaigns that highlighted the many benefits that the CPA Qualification can offer trainees and members including unrivalled support through their journey, a best-in-class syllabus, countless global opportunities including the recent announcement of the MRA with the American Institute of CPAs (AICPA) and the many job opportunities that are available.

September is a time that many businesses and practices onboard new accounting trainees and I would ask you to continue to promote the CPA Qualification to any trainees and contact the Business Development Department should any trainee wish to register with CPA Ireland.

We have expanded our range of products in the past number of years. The Digitalisation Hub continues to grow with the addition of new and exciting software solutions for Irish accountants and businesses. As technology continues to change the role of accountants and finance professionals, these software's will help you to embrace digitalisation and to adapt to a digital environment. The new software providers will be doing live showcases over the coming months so I would encourage all members to take the time to navigate around the hub to discover how these new software solutions can positively impact their business.

This year we continue to expand our resources to take account of more of the United Nations' 17 Sustainable Development Goals.

In late October, during Climate Finance Week, we will be launching a bespoke Sustainability Hub for our members. The hub will be officially launched at an Online Sustainability Event on 20 October featuring sustainability experts and the real-life experience of an Irish business that has become carbon neutral. This event can be booked at <https://portal.cpaireland.ie/>

[Showcourses.aspx?id=22487](https://www.cpaireland.ie/Showcourses.aspx?id=22487).

Key developments in sustainability standards for non-financial reporting will be monitored by CPA Ireland with detailed information on when and how that reporting will impact your business and clients. The hub will cover all areas of importance to Irish businesses including Audit, Financial Reporting, Strategy, ESG Reporting, Sustainable Lending, Carbon Footprint reduction, Employee Health & Wellbeing as well as offering live sessions with key industry experts in sustainability and case studies of those who have managed a sustainable journey.

As the 3-year CPD cycle is coming to an end this year, I would like to remind you of the suite of post-qualification specialisms we have on offer in Tax, Forensic Accounting, Data Analytics, Advanced VAT and more. These post-qualification specialisms allow you to enhance your qualification and stand out among your peers. More details of these can be found at <https://bit.ly/32b2Gkl>

I would also like to encourage you to visit our Wellbeing Platform which was developed last year in conjunction with Spectrum.Life. This platform gives members access to a host of Digital Wellbeing content, videos and podcasts, fitness and nutrition trackers, along with numerous health and wellbeing related rewards.

Further information on how to register for the Wellness Platform can be found at <https://www.cpaireland.ie/Members/Supports-Services/Wellbeing-Platform>

Finally, on 1 September, I had the pleasure of attending the Annual Irish Accountancy Awards to celebrate the success of many CPAs and other accountants for their contribution to the profession over the past 12 months. I would like to congratulate Geoff Meagher, a previous President of CPA Ireland who was presented with the Global Contribution to Accountancy Award. Nominated by CPA Ireland, this award recognises and celebrates the significant international achievement of an accountant that exemplifies the global nature of the profession. Geoff received this award for his contribution with emphasis on the growth of Glanbia in global markets.

As the opportunity to convene in person increases, I look forward to meeting many of you at our events and conferences coming up over the next few months.

Áine Collins
President CPA Ireland

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The Importance of Economic Growth To Generate the Tax Revenues Needed to Fund Public Expenditure.

by Jim Power

In terms of the economic and political ideological divide, the main area of disagreement in general revolves around the level of government involvement in the running of the economy and indeed of our lives in general. Obviously, the level of public expenditure and the amount of tax revenues collected are key indicators of just how much involvement government has.

Those of a right-wing ideological pre-disposition generally tend to advocate a low level of government interference in our lives and hence tend to advocate for lower taxes and lower levels of public expenditure. In contrast, those of a left-wing persuasion tend to advocate for high levels of public expenditure and high levels of taxation to pay for that expenditure.

Economists are often accused of being obsessed with economy and of ignoring society. I tend to be of the view that without a well-functioning economy and strong sustainable levels of economic activity, the tax revenues to fund public expenditure and hence society will not be generated. Witness the level of tax buoyancy experienced in Ireland over the past couple of

years. Consequently, I believe that it is important to foster strong and sustainable economic growth to generate tax revenues, and then it is up to the political system to decide how those resources should be allocated.

A guiding principle is that tax revenues should be used wisely, and the use of a cost-benefit analysis should be a key guiding principle on

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all types of expenditure. While it is not an exact science, it is important to seek to measure the monetary and non-monetary benefits that might flow from any expenditure or indeed taxation decision. The type of populist politics that is increasingly dominating political discourse in this country (we are not unique), renders it very difficult to apply sensible cost-benefit or evidence-based analysis. The popular narrative is that money should be thrown at every problem and the money will come from somewhere. Unfortunately, there is no such thing as a money tree.

On September 27th the Government will present Budget 2023. The budget will be prepared and presented against a very difficult and uncertain background. The global economy is on a knife-edge and recessionary conditions are certainly possible and most likely probable over the coming months, particularly in the US and Euro Zone; central banks are increasing interest rates aggressively in an attempt to bring spiralling inflation under control, regardless of the consequences for economic growth; financial markets are very nervous and volatile; commodity prices are at elevated levels; and the global geo-political background does not inspire confidence.

To date, the Irish economy has remained largely immune from the global threats, but logically this cannot persist. A slowdown in Irish economic activity looks highly likely over the coming months due to higher interest rates, high inflation, rising business costs, and the intense global difficulties and uncertainties that currently prevail.

Notwithstanding all of the aforementioned pressures and uncertainties, many indicators of Irish economic activity are still performing strongly, but particularly the Exchequer finances, the labour market and external trade.

In 2021, the Exchequer collected €68.4 billion in tax revenues, which was a record high. This buoyancy has continued in 2022. In the year to the end of July, the Exchequer ran a surplus of €5 billion, which compares to a deficit of €5.7 billion in the same period in 2021. The turnaround of €10.7 billion is due to ongoing strong growth in tax revenues and reduced current expenditure as the Covid-19 supports are being phased out. Overall tax revenues totalled €43.5 billion which is 23.5 per cent or €8.3 billion higher than the equivalent period in 2021. Corporation tax receipts in the first

7 months totalled €9 billion, which is €3.1 billion or 51.2 per cent higher than last year. Corporation taxes accounted for 20.7 per cent of tax revenues in the first 7 months of the year. However, there is justifiable concern about how sustainable this is in the longer-term.

Income tax came in at €16.7 billion, which is 17.1 per cent or €2.4 billion ahead of 2021. The strength of income tax reflects the very progressive nature of the Irish income tax system, and the high quality of employment that is being increasingly created in the economy. It is also indicative of a very buoyant labour market, where retention, recruitment and increased labour costs are now significant challenges for many employers. Income tax accounted for 38.5 per cent of total tax revenues in the first 7 months of the year. VAT receipts totalled €11.9 billion, which is up by 22.8 per cent or €2.2 billion on the same period in 2021. In total, Income tax, corporation tax and VAT accounted for 86.5 per cent of tax revenues in the first 7 months of the year. This goes to show that tinkering around with the other tax headings will not make a substantial economic difference. Income tax, corporation tax and VAT are really where the meaningful focus needs to be.

The Department of Finance laid out the parameters for Budget 2023 in the Summer Economic Statement in early July. The key elements are / as follows:

- Budget 2023 will be sold as a 'Cost-of-Living Budget.'
- Budget 2023 will provide an overall package of €6.7 billion, which will comprise of additional public spending of €5.65 billion, and tax measures of €1.05 billion. The tax measures are likely to comprise of the significant indexation of tax credits and allowances. This seems like the most sensible approach to income tax. A further narrowing of the tax base should be avoided. One of the positive attributes of the USC when originally introduced over 12 years ago was that it broadened the tax base,



but budgets in recent years have unwound some of those base-broadening benefits.

- Last year, the Government adopted a medium-term budgetary strategy based on public expenditure growth of 5 per cent per annum over 2023 to 2025. Core spending on public services is now projected to increase by 6.5 per cent in 2023.
- Government is also providing €4.5 billion extra non-core expenditure for temporary measures such as the Ukraine humanitarian supports, and some Covid-19 supports as needed.

The government is now set to ramp up spending significantly, but there are reasons to be concerned. Over the coming years, the pressure on public expenditure from climate change mitigation measures; ageing demographics; the impact of higher interest rates on debt servicing costs on what is a very high level of debt; Sláintecare and the digital transition will intensify.

Government is increasing expenditure on the basis of corporation tax revenue buoyancy, but in my view, a prudent approach would be to save up the possibly temporary corporation tax windfall in some form of 'rainy day' fund, but such farsighted strategy is not consistent with the political realities that prevail in Ireland today.

There tends to be a general view that the opportunity costs involved in tax changes can be very significant. In other words if monies are allocated to certain tax reductions, then there will inevitably be less money available to do other things. That is true to a point, but it is also important to consider the implications of not giving tax incentives to certain sectors. The SME sector at the moment is a case in point.

Many SMEs are just now starting to come back to something resembling normality after the Covid shock, but they are now being faced with strong headwinds. Interest rates are rising; consumer spending power is being undermined by escalating inflation;

the global outlook is not promising; labour costs are rising; sourcing suitable labour is a huge challenge; and it seems inevitable that the Irish economic performance will come under some pressure over the coming months.

The question then revolves around the appropriateness of giving financial support to such SMEs and if so, in what form? It has to be recognised that many businesses have been seriously damaged by the pandemic but are now facing numerous other challenges. Changes to the taxation of those sectors under pressure would obviously have a monetary cost. However, this cost needs to be weighed up against the cost of not doing anything. The cost of not doing anything would include business failure; job losses, with a consequent loss of tax revenue and increased social welfare outlays; further damage to the streetscape of the countryside; and reduced consumer choice.

Changes to the VAT rate is one policy option. In Budget 2021, a reduced 9 per cent VAT rate was re-introduced for restaurant supplies, accommodation, cinemas, theatres, museums, historic houses, open farms, amusement parks, and hairdressing, as well as certain printed matter such as brochures, leaflets, programmes and catalogues. This measure was intended to help sectors that had been very badly affected by the Pandemic get back to a normal trading environment.

The reduced VAT rate was applicable from 1st November 2020 to 31st December 2021 at an estimated cost of €401 million. In Budget 2022, the measure was extended to 31st August 2022 at a further estimated cost of €251 million. In May 2022, the measure was further extended to 28th February 2023, at an estimated further cost of €250 million. It is envisaged that the 13.5 per cent rate will apply to all affected sectors on 1st March 2023.

Given that hotel costs have spiralled in recent months, with the average cost of accommodation up by 19.9 per cent in the year to June, the

granting of further VAT relief to this sector would be politically difficult in the current environment. On the other hand, the restaurant sector is facing many struggles, but the annual rate of inflation in the sector was running at just 5.4 per cent in June, compared to an average rate of inflation of 9.1 per cent. Given the challenges and pressures currently being experienced by the restaurant sector, the Restaurants Association of Ireland is looking for the 9 per cent VAT rate to be extended for at least a further 2 years for the restaurant sector. The question now is if it is possible to have a split rate of VAT for different components of the broad sector? It should be explored.

Any tax measures introduced in the budget should be directed at helping businesses survive a challenging environment and protecting the real incomes of households to the greatest extent possible. It should not be forgotten that economic activity generates tax revenues and anything that helps business activity will result in increased tax revenue. Furthermore, the incentivisation effects of taxation should not be forgotten. It strikes me that the Government will have to use tax incentives to a greater extent to move the private car fleet towards its EV climate target ambitions.



Jim Power

Economics

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.





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CPA Profile

MacDara Howley



Title:
Vice President, Operations
Innovation Finance
Company: Medtronic
Qualifications: CPA



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

Strangely it took the banking collapse in 2008 to kick start my accountancy career. Having finished college with a business studies degree majoring in Accounting I decided that finance wasn't for me and pursued a career elsewhere. I was working in Procurement in AIB at the time of the crash, its impact made a lot of people in the banking industry consider their options. Looking back on my career to that point, the common thread in my success across numerous industries was my financial acumen and how I used that in day-to-day operations, so the decision to qualify as an accountant was an easy one.

Why did you choose CPA Ireland as your qualification route?

As with a lot of things in life I asked my father for advice! As a past President of the Institute of Tax he had a good knowledge of the options available to me. Given where I was in my career and my aspirations being in industry rather than in practise, CPA Ireland offered the versatility and industry insights that would accelerate a career change.

Please provide a brief history of your career.

I've had an unusual career for a finance professional having started in Hospitality managing restaurants and bars for a number of years until I was a general manager. On reflection of the industry, unsociable hours and where this career could take me next, I decided on a career change. I worked in a number of leadership roles in Office Management, Logistics, Catering, and Banking (AIB). In AIB I joined the Central Securities team, moved into Cost Management & Procurement before qualifying in 2011 as a CPA and taking on my first finance role with AIB Operations & Technology Finance.

Late in 2011 I married, moved west to Galway and was lucky to get a job in Medtronic Finance helping to set up a major joint venture operation in Moscow. I transitioned out of Finance again to lead Operations Strategy for 6 Business Units across 23 factories worldwide.

I followed this by heading up the Project Management Office to execute the Strategy before

transitioning back to Finance to lead Global Operations Innovation Finance.

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

Versatility

What has been your biggest career achievement?

Becoming the first Irish based Operations Finance Vice President in Medtronic.

What or who inspires you most in business?

The Medtronic Mission – To Alleviate Pain, Restore Health and Extend Life. Very hard not to be inspired to get up and work each day!

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

The financial numbers are the table stakes. People skills and strategic partnering are what takes you to the next level. But on the financial numbers, you need to be able to, not only understand them but use your knowledge to be part of the forward-looking solution.

How do you unwind?

When I'm not working, I'm probably smoking food on the BBQ, watching Rugby or American Football.

What traits do you admire in others?

The trait I admire most in others is those with an ability to achieve goals but put people first. Without people we will never succeed in the long term.



Financial Reporting News

International Accounting Standards Board sets out its 2022–2026 priorities

The IFRS Foundation's International Accounting Standards Board (IASB) has today published its Third Agenda Consultation Feedback Statement and Snapshot outlining its priorities for the next five years.

The Feedback Statement explains the reasons for the IASB's decisions and shows how the IASB responded to the extensive feedback from its diverse stakeholders.

This feedback, obtained via a public consultation in 2021, has helped to shape the IASB's activities and work plan.

The three main strategic priorities are to:

- maintain the strategic direction and balance of the IASB's activities while increasing slightly efforts to develop digital financial reporting and improving the understandability and accessibility of IFRS Accounting Standards;
- progress current projects; and
- add intangibles, statement of cash flows and climate-related risk in financial statements to the work plan.

Source: www.ifrs.org

FRC publishes review of judgements and estimates

The Financial Reporting Council (FRC) has published its thematic review of judgements and estimates update.

Companies are required to disclose their more complex accounting judgements, as well as the most significant sources of estimation uncertainty. These disclosures allow readers to assess how the accounting policies applied have been affected by the judgements taken by management. They facilitate a better understanding of assumptions made about the future and the extent to which changes to those assumptions may affect a company's future position.

The FRC's first thematic on the topic of judgement and estimation uncertainty disclosures was published in November 2017. Today's updated review and CRR's most recent routine monitoring in 2021/22 have identified some improvement in the overall quality of judgement and estimate disclosures since the 2017 report.

- Companies should explicitly state whether estimates have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
- Sensitivity disclosures should be provided more frequently and in the way that is most meaningful to readers.
- Companies should assess whether disclosure of climate-related significant judgements or assumptions and sources of estimation uncertainty are required by paragraphs 122 or 125 of IAS 1 and consider whether information about assumptions with a longer-term effect is required.
- Where additional estimate disclosures are provided, such as those carrying lower risk, having smaller impact or crystallising over a longer timeframe, they should be clearly distinguished from those with a short-term effect.

The full review is available here.

Source: www.frc.org.uk

The FRC and FCA find significant progress, but further improvement needed under new climate rules

The Financial Reporting Council (FRC) and Financial Conduct Authority (FCA) have published two reports which found that premium listed companies have made significant steps forward in the quality of climate-related information provided in their financial reports, but further improvements are needed.

Since 2021, premium listed commercial companies have been required to include a statement in their annual financial report, setting-out whether they have made disclosures consistent with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations.

The FRC reviewed 25 larger companies more impacted by climate change and found that companies were able to provide many of the TCFD disclosures expected by the FCA's Listing Rule, and climate-related reporting in the financial statements, marking a significant improvement in comparison with previous years.

However, there are several areas where companies will need to raise the quality of their disclosures in future years.

These include:

- Providing more granular information about the effect of climate change on different business sectors and geographies.
- Balancing the discussion of climate-related risks and opportunities appropriately.
- Linking climate-related disclosures to other risk management and governance processes.
- Explaining how they have decided which climate-related information should be disclosed.
- Explaining more clearly how the effects of different global warming scenarios, and their own net zero commitments, may affect the valuation of their assets and liabilities.

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

Source: www.frc.org.uk

More Companies Obtaining Independent Assurance on Sustainability Data, According to Global Study by IFAC, AICPA & CIMA

The number of global companies obtaining independent assurance on their environmental, social and governance (ESG) information increased from 51% to 58% in 2020, compared to the previous year, according to new data from the International Federation of Accountants (IFAC), American Institute of CPAs (AICPA) and Chartered Institute of Management Accountants (CIMA), the latter two of which represent the unified voice of the Association of International Certified Professional Accountants.

The 2020 information released is an update to the accounting bodies' inaugural study

last year that examined global trends in both sustainability-related reporting and its assurance. This latest update offers the first benchmark of progress relative to the original data. A follow-up study that incorporates 2021 information is expected to be released at a later date.

When it comes to ESG assurance, 82% of engagements were limited in scope in 2020, essentially the same as in 2019 (83%). Some 61% of assurance engagements were performed by audit firms on a global basis, a slight decline from the previous year (63%). Jurisdictions with some of the

highest rates of assurance performed by professional accountants include Australia, France, Italy, Germany and Spain. In other countries, including South Korea, the United Kingdom and the United States, most assurance engagements are conducted by service providers outside of the accountancy profession. Professional accountants have high professional standards, including independence, and are subject to regulatory oversight, which is critical in this space.

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

Source: www.ifac.org

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Likely developments in FRS 102 from the triennial review

by Robert Kirk

FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland has been effective since 2015 but the Financial Reporting Council (FRC) agreed that it should be subject to periodic review.

The first review took place in 2016-17 and over 150 amendments were introduced at that time, effective from January 2019. The FRC commenced their latest review in March 2021 with a target of publishing an exposure draft in late 2022. Once the exposure draft has been subject to public consultation, a revised standard will likely be issued in early 2023 with the objective of it being effective from January 2025 at the earliest.

Although FRS 102 is subject to a major review every 5 years, some minor changes have been reflected in the standard during the interim years. These are usually caused by developments in the external environment and have to be incorporated expediently into the standard. Recent examples of this are the amendments to accounting for rent concessions caused by Covid 19 and to interest rate benchmark reform caused by the demise of LIBOR. These changes have been incorporated in the latest edition of FRS 102 published in January 2022.

The current periodic review commenced with an outreach to stakeholders as to their views on how the standard should be progressed. This 'Request for Views' phase ended on 31 October 2021 and over 450 stakeholder comments were recorded during this phase.

Initial feedback suggested that the FRS 100-105 standards have been working well, but stakeholders have raised issues on various subjects including accounting for government grants, for climate-related issues and other targeted amendments.

Apart from the above there are a number of sources from which the revised standard will be developed:

- Major changes in international financial reporting standards (IFRS), particularly IFRS 16, IFRS 15 and IFRS 9 (ECL model)
- Other recent minor changes in IFRS
- Developments emerging from the second comprehensive review of the IFRS for SMEs; and
- Wider developments in corporate reporting

Major changes in international financial reporting standards (IFRS)

IFRS 16 Leases

IFRS 16 has resulted in the demise of balance sheet reporting of operating leases for lessees. The feedback from stakeholders supports the view that FRS 102 should follow the same treatment and thus all leases,

with one or two exceptions for low value and short-term leases, should be capitalised together with their associated liabilities.

However, there was an expectation that it would be a simplified version. The IASB have tentatively decided not to change lease accounting in the IFRS for SMEs, but the FRC have decided, based on stakeholder feedback to develop a simplified version of IFRS 16 into FRS 102.

That will lead to a major difference emerging between FRS 102 and the IFRS for SMEs.

IFRS 15 Revenue from contracts with customers

Stakeholders were adamant that the current rules in Section 23 of FRS 102 were not up to adequately covering the more complex revenue activities of recent years. That has been accepted by both the IASB and the FRC so both standards will probably incorporate the single five step model that was introduced in IFRS 15 into



IFRS from 2018. The expectation is that these would be simplified versions of IFRS 15.

IFRS 9 Financial instruments – ECL model

In 2018 the IASB introduced a new model for assessing impairment of financial assets known as the expected credit loss model. In essence it required reporting entities to provide in advance for expected losses rather than waiting until the losses were incurred before reporting them in profit and loss. It was designed to address the problems that emerged during the financial crisis of 2008.

However, it is a fairly complex model and stakeholders have generally been opposed to its inclusion in IFRS 102. The IASB have looked at the possibility of introducing a hybrid model into the IFRS for SMEs so that the model would apply to all financial assets with the exception of trade receivables and contract assets. The FRC are waiting to see what will finally emerge from the IASB's review before committing itself to a final decision on how to amend IFRS 102.

Other minor changes to IFRS

The IASB has made a number of minor changes to IFRS over the last few years, and they have to decide whether or not to incorporate these within the IFRS for SMEs. The FRC are very likely to follow the approach taken by the IASB when amending IFRS 102.

Some of the more important changes are:

- The IASB have proposed amendments to Section 28 of the IFRS for SMEs to align the recognition requirements for termination benefits with the 2011 amendments to IAS 19 Employee Benefits and to retain the accounting policy option to recognise all actuarial gains and losses in either profit and loss or other comprehensive income.
- The IASB also have tentatively decided to propose amendments to align with Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41), with an exemption so that if, at initial recognition, separation of the bearer plants from the produce growing on bearer plants would involve undue cost or effort, an entity would not be required to separate bearer plants from the produce growing on bearer plants.
- They have also proposed amendments to align the IFRS for SMEs with a package of amendments to IAS 1:
 - Definition of Material (Amendments to IAS 1 and IAS 8);
 - Disclosure Initiative (Amendments to IAS 1); and
 - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In addition, the IASB have decided to propose amendments to Section 10 Accounting Policies, Estimates

and Errors of the Standard to align it with the definition of 'accounting estimates' as set out in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (as amended in February 2021). The amendments to be proposed would also include the application guidance relevant to entities applying the IFRS for SMEs set out in IAS 8.

Developments arising from the second comprehensive review of the IFRS for SMEs

The objective of the IFRS for SMEs is to achieve alignment with IFRS Accounting Standards as the starting point, and applying the principles of relevance, simplicity and faithful representation, including the assessment of costs and benefits. Apart from IFRS 16 Leases, the IASB have also decided not to align IFRS 14 Regulatory Deferral Accounts.

The IASB has proposed amendments to Section 19 Business Combinations and Goodwill of the IFRS for SMEs. The proposals would align the definition of a business in the IFRS for SMEs with the amended definition of a business issued in the amendments to IFRS 3 Business Combinations in October 2018 by reproducing, in a new appendix to Section 19, application guidance that includes:

- the optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business;
- a decision tree to assess whether an acquired process is substantive;



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- the application guidance for the assessment of what elements qualify as a business, alongside some illustrative examples.
- partially align Section 19 requiring an entity to recognise acquisition-related costs as an expense at the time of the acquisition.
- to recognise contingent consideration at fair value and subsequently measure it at fair value, with changes in fair value recognised in profit or loss unless it would involve undue cost or effort, an entity would be required to measure the contingent consideration using a 'best estimate' (the most likely outcome)—with changes in the subsequent measurement being recognised in profit or loss.
- add the requirements set out in IFRS 3 on accounting for an acquisition achieved in stages (step acquisitions).
- introduce guidance (in the new appendix to Section 19) for a new entity formed in a business combination and the associated application guidance set out in IFRS 3.

The IASB have also proposed amendments to Section 9 Consolidated and Separate Financial Statements of the IFRS for SMEs to align partially with IFRS 10 Consolidated Financial Statements, by:

- aligning the definition of control in Section 9 with that in IFRS 10; and
- retaining and updating the rebuttable presumption in paragraph 9.5 of the IFRS for SMEs relating to the assessment of control i.e. normally more than half of the voting power of an entity creates control, but that presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control.

However, they have decided not to introduce in the IFRS for SMEs the requirement that an investment entity measures its investments in

subsidiaries at fair value through profit and loss.

They have also proposed amendments to Section 9 to align it with the requirements:

- for step-disposals that result in loss of control—an SME would measure any retained interest at fair value when control is lost; and
- for changes in a parent's ownership interests in a subsidiary without losing control, – such changes are treated as equity transactions.

In addition, the IASB have proposed amendments to Section 15 Investments in Joint Ventures of the IFRS for SMEs to align partially with IFRS 11 Joint Arrangements, by aligning the definition of joint control in Section 15 with that in IFRS 11.

The IASB have proposed changes to bring the IFRS for SMEs in line with IFRS 13 Fair Value Measurements by:

- aligning the definition of fair value with that in IFRS 13;
 - aligning the guidance on fair value measurement with that in IFRS 13 by including the principles of the fair value hierarchy set out in IFRS 13;
 - including examples relevant to SMEs that illustrate how to apply the hierarchy; and
 - moving the guidance and related disclosure requirements for fair value to a new section of the standard.
- Finally, the IASB have decided to propose:
- retaining Section 2 Concepts and Pervasive Principles as part of the IFRS for SMEs;
 - aligning Section 2 with the 2018 Conceptual Framework and emphasise that other sections of the IFRS for SMEs take precedence over Section 2; and
 - retaining the concept of 'undue cost or effort'

Wider developments in corporate reporting

The most important current issue in corporate reporting is sustainability and already the FRC has published Factsheet 8 Climate related matters in November 2021. The guidance sets out the ways in which financial statements prepared under FRS 102 should take into account both:

- The impact the entity has on climate change (e.g. investment in carbon-reducing technology); and
- The impact climate change has on the entity (e.g. the measurement of individual assets or on the long-term viability of the business).

Some of this could be incorporated in a revised version of FRS 102 or in a separate standard along the lines that the new International Sustainability Standards Board are proposing new separate sustainability standards.

Summary

There are likely to be substantial developments to FRS 102 and its associated standards, FRS 101 and 105, over the next couple of years so all stakeholders should ensure they are kept up to date as they will require substantial changes to current financial reporting.



Robert Kirk

CPA, Professor of Financial Reporting at the University of Ulster.

Robert is also author of the CPA Ireland Skillnet publication, *A New Era for Irish and UK GAAP – A Quick Reference Guide to FRS 102*.



CSRD: a major shift towards a climate neutral EU

by Hilde Blomme

On 21 June 2022, EU policymakers reached an agreement on the Corporate Sustainability Reporting Directive (CSRD). This law will introduce more detailed reporting requirements than the existing Non-Financial Reporting Directive (NFRD). 50,000 companies will now have to comply with the new rules, compared to 12,000 in the NFRD.

Companies will have to disclose sustainability information in their management reports according to mandatory sustainability reporting standards and present it in a digital, machine-readable format. The CSRD will also require limited assurance on sustainability reporting. These are key changes that the CSRD brings in and that we will explore below.

The CSRD brings sustainability reporting to the same level as financial reporting for the first time ever. This is fundamental to support the EU Green Deal's ambitions and transform Europe into the first climate neutral economy by 2050. Accountancy Europe welcomed the final text agreed by the co-legislators.

The accountancy profession will need to be ready for this crucial shift and make sure we can support the CSRD's reporting and assurance aspects.

Sustainability reporting

More companies to report under new rules

The co-legislators agreed to expand the NFRD's scope from large public interest entities (PIEs) with 500+ employees to all large and all listed companies (including listed SMEs) with 250+ employees as per the Accounting Directive 2013/34/EU. Non-EU companies also have to comply if they have branches or subsidiaries in the EU above certain thresholds.

Listed SMEs will be subject to proportionate requirements to help reduce the reporting burden while still addressing financial institutions and companies' demand for reliable sustainability-related data. The CSRD text also includes SME 'safeguards' to ensure SMEs' larger counterparts do not place unreasonable requests for data.

Phased-in Application

The CSRD will come into force on the 20th day after it has been published in the EU Official Journal. After that, Member States will have 18 months to transpose the text into national law. The application of the CSRD will take place in three phases:

1. companies subject to the NFRD report in 2025 on 2024 data
2. other large companies that are not presently subject to NFRD report in 2026 on 2025 data
3. listed SMEs, small and non-complex credit institutions, and captive insurance undertakings report in 2027 on 2026 data

Listed SMEs can opt-out of reporting requirements for a transitional period of two years if they provide a statement explaining why their management report does not capture sustainability information.

Non-EU companies that generate a net turnover of 150 million in the EU with a branch generating net turnover of 40 million in the EU, or a large or listed subsidiary, will have to comply with the CSRD rules as from 1 January 2028.

The CSRD exempts subsidiaries from sustainability reporting obligations if their parent company discloses sustainability information in the management report at consolidated or group level. As the CSRD states, a parent company, however, "must provide an adequate understanding of the risks and impacts if it identifies significant differences between the risks or impacts of the group and an individual subsidiary". The exemption does not apply to listed subsidiaries.

Accountancy Europe supports expanding the scope as this includes companies that significantly impact the environment and society. And while it is certainly urgent to implement the CSRD, a phased-in approach will allow companies new to sustainability reporting to set up systems and processes needed for quality reporting.

Mandating Sustainability reporting standards

The CSRD requires companies to disclose sustainability information based on mandatory sustainability reporting standards, rather than the patchwork of voluntary standards that companies have used under the NFRD. Such mandatory standards are currently being developed by the European Financial Reporting Advisory Group (EFRAG). The European Commission (EC) envisions "these will be tailored to EU policies, while building on and contributing to international standardisation initiatives". EFRAG has issued 13 proposed European Sustainability Reporting Standards (ESRS) with a consultation deadline on 8 August.

Accountancy Europe has provided its feedback on the proposed ESRS by EFRAG. In our response, we encourage the EU to seize the current window of opportunity created by the CSRD to work with the International Sustainability Standards Board (ISSB) towards an accepted global baseline on sustainability reporting standards. A globally aligned reporting system will facilitate comparability and analysis, improve transparency, and minimise the reporting burden. European standards' quality, credibility and effectiveness will heavily depend on properly supervised due process followed by EFRAG. This can be compromised by the impossible deadlines EFRAG faces in this standard setting process. The pressures on the organisation might be taking precedence over substance, quality and realism (see Accountancy Europe's letter to Commissioner McGuinness on EFRAG's draft ESRS (July 2022)).

We also comment on the phase-in of disclosure requirements. The CSRD stipulates a phase-in of three years for company's disclosures on its value chain. EFRAG should consider and adopt a smart phasing-in approach starting with the most important standards for largest companies in all sectors to transition their business model and disclose company data. Gradually, disclosure requirements within each individual standard can be added and then sector-specific standards for relevant sectors. Only after that, value chain disclosures should be required.

Finally, we raise concerns over the detail level of the draft EFRAG standards, for instance, by transforming many optional disclosures in the Global Reporting Initiative (GRI) standards to requirements. Such granular requirements may impair effective reporting, obscure relevant information, and lead to a compliance exercise which does not serve verifiability.

The EC, after considering EFRAG's technical advice, shall adopt the first set of ESRS via delegated acts by 30

June 2023. The CSRD also sets a timeline for the second set – sector specific and SMEs proportionate sustainability reporting standards – to be adopted by 30 June 2024. The EC shall adopt sustainability reporting standards for non-EU companies via delegated acts by 30 June 2024.

Sustainability information Assurance

EU wide limited assurance requirement

The CSRD will introduce an unprecedented EU-wide requirement for limited assurance on sustainability information, with moving to reasonable assurance as an end goal. Moving to reasonable assurance will provide markets with the same level of comfort as assurance on financial information. It will also demonstrate that sustainability information is as crucial for business viability and stakeholder decision making as financial information (see Accountancy Europe's position paper Setting up for high-quality non-financial information assurance in Europe (June 2020)).

The CSRD requires the statutory auditor to express an opinion on sustainability reporting. Member States, however, may allow for another statutory auditor, or an independent assurance service provider (IASP), to conduct an assurance engagement. The IASP has to follow equivalent requirements to the ones stated in the Audit Directive 2006/43/EC to provide assurance services over sustainability information to ensure a level playing field.

Accountancy Europe supports opening the market to assurance providers applying equivalent requirements in line with the Audit Directive, i.e., based on professional assurance standards, ethical requirements including independence, quality framework and public oversight. It is important that stakeholders can rely on consistent quality of assurance, regardless of who provides it.

Furthermore, the CSRD introduces a 'passporting regime' for an IASP to be able to provide their services across borders if a Member State opted to allow an IASP to provide assurance services on its territory. Also, shareholders with more than 5% voting rights or 5% capital of a company have the right to ask to involve an accredited third party to "prepare a report on some elements of the sustainability reporting". This accredited third party cannot belong to the same audit firm or network as the auditor carrying out the statutory audit.

When it comes to information subject to assurance, the CSRD requires limited assurance over the following items:

- compliance with the CSRD reporting rules in Article 19a, including reporting standards adopted according to Article 29b or Article 29c
- process carried out by the undertaking to identify the information reported according to those reporting standards
- compliance with the requirement to mark-up sustainability reporting in accordance with Article 29d (digitalisation)
- compliance with the reporting requirements of Regulation (EU) 2020/852 Article 8 (Taxonomy Regulation)

Our discussion paper Sustainability Assurance under the CSRD (May 2022) provides insights from practice on this new assurance requirement to reach a common understanding on its practical implications.

Educational requirements for statutory auditors

The CSRD sets educational requirements in addition to the ones in the Audit Directive for statutory auditors to be allowed to provide assurance on sustainability information.

The statutory auditor needs to gain the necessary theoretical knowledge on sustainability information assurance and the ability to apply

that knowledge in practice and pass the required examination.

The statutory auditor should complete at least eight months of practical experience in the assurance of annual and consolidated sustainability reporting or other sustainability related services.

Assurance standards

The CSRD mandates the EC to adopt limited assurance standards before 1 October 2026, and reasonable assurance standards by 1 October 2028. Before adopting reasonable assurance standards, it should be assessed whether reasonable assurance is feasible for both auditors and companies. When adopting reasonable assurance standards, it should be also specified when an opinion on sustainability reporting should be based on a reasonable assurance engagement. The CSRD requires any assurance service provider to conduct assurance engagements according to the assurance standards that the EC will adopt.

The International Auditing and Assurance Standards Board's (IAASB) issued the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Extended External Reporting (EER) Guidance. Accountancy Europe proposes to consider these as key tools to timely respond to the CSRD's assurance requirement. These feature the necessary methodological steps to respond to the assurance demand, either limited or reasonable.

See all Accountancy Europe's work on sustainability assurance. Sign up for our monthly newsletters on audit and sustainability at <https://www.accountancyeurope.eu/tag/non-financial-assurance/>



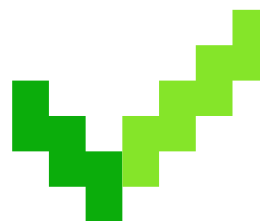
Hilde Blomme

*Deputy Chief Executive,
Accountancy Europe*

Hilde Blomme joined Accountancy Europe in 2003 and has been Deputy CEO since 2011. Hilde provides regulatory and technical expertise in the areas of reporting, assurance, sustainability and practice development and contributes to developing the Federation's strategy as a Board member.



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Law & Regulation News

Sick pay legislation approved by Oireachtas

The Sick Leave Bill 2022 will initially provide workers with statutory entitlement to sick pay for three days per year, rising to five days in 2024, seven days in 2025, and 10 days in 2026.

Statutory sick pay will be paid by employers at a rate of 70 per cent of an employee's wage, subject to a daily maximum of €110, which can be revised by ministerial order in line with inflation and changing incomes.

Leo Varadkar, Tánaiste and minister for enterprise, trade and employment, said: "This is a really important new employment right, that all workers will now have, no matter what their illness or job.

"Many employers pay sick pay, but the pandemic really highlighted the vulnerability of some workers, especially in the private sector and those on low pay. We've also been behind our European counterparts on this, with Ireland being one of the few advanced countries without such a scheme.

"No worker should feel pressurised to come into work when they are unwell. It's not good for their own health obviously, but it's also bad for their colleagues, any customers they deal with and their employer. From later this year, all workers will have the safety net of knowing they will not lose out on payment if they are unwell and can't come into work."

Source: www.irishlegal.com

Law strengthening protections for whistle-blowers enacted

The Protected Disclosures (Amendment) Act 2022 transposes the EU Whistleblowing Directive into Irish law and extends the scope of the Protected Disclosures Act 2014 to provide protections for volunteers, shareholders, board members and job applicants for the first time.

The new law will require private sector organisations with 50 or more employees to establish formal channels and procedures for their employees to make protected disclosures, as is currently the case in the public sector, with the Workplace Relations Commission taking responsibility for monitoring and enforcement.

The law also provides for the establishment of a new Office of the Protected Disclosures Commissioner in the Office of the Ombudsman later this year.

The commissioner will direct protected disclosures to the most appropriate body when it is unclear which body is responsible to help ensure that all protected disclosures will be dealt with appropriately.

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

Source: www.irishlegal.com

Central Bank to report on price walking ban within six months

A report assessing the impact of a new ban on "price walking" in the Irish motor and home insurance markets will be produced by the Central Bank within six months.

Under regulations which came into effect from 1 July 2022, Ireland became the first EU country to ban price walking, whereby renewing customers are charged a higher premium than an equivalent year one consumer renewing their policy.

The government has now commenced the majority of provisions of the Insurance (Miscellaneous Provisions) Act 2022, with immediate effect, which includes a requirement for the Central Bank to assess the ban's impact.

Seán Fleming, minister of state with special responsibility for financial services, credit unions

and insurance, said: "Today's commencement of the key provisions within the Insurance (Miscellaneous Provisions) Act 2022 represents an important consumer protection enhancement, and complements government's ambitious insurance reform agenda.

"In particular, the Central Bank of Ireland is now required to provide a timely assessment of its price walking ban, a new pro-consumer measure, the first of its kind in the EU. Price walking, effectively a 'loyalty penalty', is where customers are charged higher premiums relative to the expected costs the longer they remain with an insurance provider.

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

Source: www.irishlegal.com

Navigating Gender Pay Gap Reporting

by Sarah Fagan

Attaining a better gender equality in the workplace took a significant step forward in June as organisations with 250+ employees are now legally required to report their gender pay gap. The Gender Pay Gap Information Act, signed into law in July 2021, requires businesses to publish their first report by the end of this year.

Under the Gender Pay Gap Information Act 2021, employers are obliged to report the hourly Gender Pay Gap across several metrics and publish this information by December 2022. The Gender Pay Gap information must be published on the employer's website or in an alternative manner that is accessible to all its employees and to the public.

In May 2022, the Department for Children, Equality, Disability, Integration and Youth published its guidance on how employers should calculate the Gender Pay Gap in their Organisation, which was updated in June 2022.

The guidance states that employers choose a 'snapshot' date in June 2022 of their employees and report on the hourly Gender Pay Gap for those employees on the same date six months later (December 2022). The guidance also outlined what information is required to be reported and how it should be used to calculate the gender pay gap. In summary, employers are required to report:

- the mean and median gap in hourly pay between men and women
- the mean and median gap in bonus pay between men and women
- the mean and median gap in hourly pay of part-time male and female employees
- the mean and median gap in hourly pay of temporary male and female workers
- the percentage of men and of women who received bonus pay and benefits-in-kind

- the proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands.

Organisations must also publish a report setting out the reasons for any pay differences in the opinion of the employer and measures (if any) being taken, or proposed to be taken, by the employer to eliminate or reduce such differences.

Gender Pay Gap reporting will extend to other organisations with 150+ employees from 2024 and 50+ employees from 2025.

Addressing confusion

However, since the publication of the gender pay gap regulations, there has been confusion relating to interpretation of elements of the guidance note, such as how bonus payments and statutory leave should be addressed. To provide some further clarity, a supporting document was published in July 2022.

Reduction in headcount: If an organisation reduces its headcount below 250 after their snapshot date in June, they are still obliged to report their data.



The employer should be reporting on those employed on the snapshot date using the data for the previous 12-month period.

Bonus payments including shares:

Further guidance has been provided on how to report bonus payments and when adjustments are required. Annual bonus payments are straightforward given they are within the 12-month reporting period. Additional monthly payments, such as commission, earned in the 12-month period should be included in the hourly rate calculations.

However, if an employee receives a payment that relates to a timeframe longer than the reporting period it should be adjusted to calculate the amount relating to the reporting period only.

Also, if the employee receives shares as part, or in full, of their bonus payment, it should be included in the data based on the value it was given to the employee and at the value of the share when it was issued.

Statutory leave payments: In the original guidance note, statutory pay, such as maternity leave, was not included given the employee is not at work nor are they available to work. However, the guidance published in July by the Department of Children, Equality, Disability, Integration and Youth stated that these payments should be included.

This guidance states the preferred approach to calculate the data for any employee in receipt of statutory payments is to use the notional number of hours that the employee would have worked had they not been on leave.

However, the latest guidance does not outline what to do about periods of unpaid leave. Since periods of paid leave must be included, the general consensus is that employers should use the notional hours during the period of unpaid leave.

Pension contributions: The data used to calculate the hourly rate should be that before deductions at source, i.e. before tax. If payments, such



as pension contributions, are taken before tax they should be included. Any payments taken from the net salary should not be included.

Employment status of employees:

The employment status of employees as of the snapshot date should be noted; full-time, part-time, temporary, contract. The guidance provides details on whether they should be included and if so, how the data of each should be reported.

In terms of the definition of "employee" for the purposes of gender pay gap reporting, the clarification note states that all employees are counted however, in instances where an employee does not self-identify as either gender, an employer may omit the individual from the gender pay gap calculations but this must be handled sensitively and appropriately by the employer.

What can organisations do to improve gender equality?

Gender pay gap reporting has now been in place in the UK for five years and in that time there have been elements that have worked and some that haven't. While our reporting is somewhat different, there is certainly a lot we can take from their experiences. In that time the pay gap has narrowed but the biggest impact has been focusing attention on gender diversity. Issues around the types of work that women do, lack of representation at senior roles and higher paid positions and the impact of having a family.

Having a Gender Pay Gap doesn't necessarily mean an employer has acted inappropriately or in a discriminatory way. Generally, Gender Pay Gaps are about demographics and the roles women do within the workplace. Implementing plans to support greater gender balance in your workplace demonstrates commitment, builds better engagement and helps retention and recruitment.

To help achieve a more meaningful gender balance, a holistic approach must be taken. Awareness is just step one; practical policies and practices should be put in place to back up the intention for real change.

Implement measurable strategies:

There is a need to implement measurable, practical strategies to genuinely shift the scales in favour of a fairer and more transparent gender balance landscape, including setting meaningful targets for change and involving both genders to deliver a better balance.

In addition to the ethical argument for gender balance, there are additional far-reaching benefits to an equal opportunity workplace. We know getting the balance right across organisations drives a more successful and cohesive business environment for everybody. This includes growth in revenue and ultimately success. It creates better workplaces and better decision making led by an engaged workforce with opportunities for everyone.

Encourage employees to highlight bias: People can be unconsciously biased so bias training should be introduced for all staff (can be part of Diversity & Inclusion training). Education is a key tool in raising awareness of gender equality.

It is also important for employers to review all documentation to ensure gender neutral language is used, e.g. job specifications, etc.

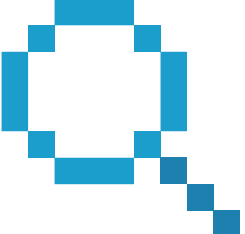
Appropriate supports: By ensuring there are the right supports in place for female employees helps create a better working environment. For example, approximately 600,000 women are affected by menopause at any one time. And, up to 60% of women experiencing menopausal symptoms report that it has a negative impact on their work and therefore, many feel they miss out on promotions, training, lose confidence in their work and some may see their salary drop.

Flexible working arrangements: During the pandemic, it became clear that implementing flexible working arrangements had little or no impact on productivity. By permanently implementing flexible working arrangements it helps to create a more positive work-life balance, regardless of gender. It helps parents share "stay-at-home" responsibilities, redress any negative workplace gender balance.

Gender equality is applicable to all: For change to happen, the workplace must become a more welcoming environment for both men and women. Balance is not exclusively a women's issue, it involves everyone from the top down, and success in shifting the dial comes when balance is embraced by all. There are so many practical initiatives that can be introduced, but these cannot just be targeted at women: there must be a universal approach.

Gender balance is about changing the dynamic towards a more inclusive and welcoming working environment. It is ultimately about fairness and equality, something every employer should be striving for in their organisation.

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Gender-balanced recruitment:

Employers should ensure their recruitment process should reflect diversity in the interview panel, job descriptions should promote gender equality and induction processes.

There are numerous positives to a more gender balanced workforce, such as different perspectives, improved staff retention, wider talent pool for recruitment and improved corporate reputation. While there are additional costs and resources required for gender pay reporting, the benefits in achieving the ultimate goal of gender diversity cannot be overstated.



Sarah Fagan

Recently appointed Managing Director of Adare Human Resource Management.



Finance & Management News

Irish M&A deals fall 52% in value in first half from record 2021

The value of inbound investment and takeover deals involving Irish companies fell by 52% in the first half of the year to \$6.08 billion (€6 billion) from a record-breaking six months at the start of 2021, according to EY Ireland, as the corporate world navigates challenging geopolitical and economic headwinds.

However, the number of transactions declined by only 9.3% to 117, EY said. The value of deals in the most recent period was down only 17 per cent from the second half of last year, underscoring how Irish M&A figures, because of the small size of the market, can be skewed by some large accords.

Feargal McAleavey, head of corporate finance at EY Ireland, said that a slowdown in investment "three to four months ago has slowly spread to Europe, with some impact in Ireland".

While Mr McAleavey said there continued to be a lot of venture capital and private equity money globally looking for investments "there'll definitely be a pullback in valuations" of private M&A deals, in line with a decline by stocks on public markets in recent times. The MSCI All Country World Index, a gauge of equities globally, has fallen by 17.5% so far this year.

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

Source: www.irishtimes.com

Card spending decreased 4% in June - Central Bank

Card spending, including ATM transactions, amounted to €8.2 billion in June, according to figures from the Central Bank of Ireland.

It represented a decrease of 4% compared to May and an increase of 16% compared to June 2021, when public health restrictions limited some in-person spending.

Debit card spending was 87% of total card spending at €7.1 billion, while credit card spending was at €1.1 billion.

The data shows that point of sale spending was 18% higher in June when compared to June 2021, at €7 billion, while ATM transactions increased by 6%, to €1.17 billion. ATM transactions continue to remain subdued compared to pre-pandemic levels and were 14% below February 2020 figures.

The volume of PoS card transactions was 10% higher in June when compared to June 2021. The average value of transactions remained relatively unchanged at €44.57 per transaction in June 2022.

The Central Bank figures show that total card expenditure outside of Ireland increased by 16%, or €66 million, when compared to the previous month. When compared to June 2021 this represents an increase of 170%, or €301 million.

Retail spending decreased by 4% in June compared to May. Spending decreased across all retail sectors on a monthly basis.

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

Source: www.rte.ie

EU Commission approves €5.4 billion hydrogen project with 15 EU states

The European Commission has approved a €5.4 billion hydrogen project jointly funded by France, Germany and 13 other EU countries, its latest measure aimed at boosting the bloc's competitiveness and economy.

Called IPCEI Hy2Tech, the project hopes to attract another €8.8 billion in private investments.

The 27-country bloc has in recent years given the green light to jointly funded projects in batteries, microelectronics and infrastructure, labelling such schemes as Important Projects of Common European Interest (IPCEI).

35 companies, including Alstom, Ansaldo, Bosch, Daimler, Enel, Fincantieri Orsted and Plastic

Omnium will take part in 41 projects in the hydrogen project.

The scheme will cover the generation of hydrogen, fuel cells, storage, transportation and distribution of hydrogen and end-users applications, in particular in the mobility sector.

Source: www.rte.ie

Leadership Insight:

John McCarrick

What led you to a career in accountancy?

During my secondary school education, I enjoyed studying accountancy, economics and mathematics.

My first choice of career was in the area of sport, I had hope to gain an athletic scholarship to one of the American universities back in the early 1980's that was offered to a small few. I was lucky enough to have been able to represent Ireland in track events from 200m, 400m & 800m both indoor & outdoor events European and World Athletic Championships.

From a young age, I knew that this mixture of scholarly pursuits and personal know-how was a space in which I could succeed in and the accountancy profession offered me that fabulous opportunity. I began my career as trainee accountant in 1980 with a firm of Chartered Accountants based in Fade Street, Dublin 2 and had a great mentor in Conor Ryan who allowed me progress to be appointed audit manager and remain with this firm until 1990.

I always had an ambition to start my own practice and commenced John McCarrick & Associates in July 1990.

What have been the greatest challenges you have faced leading teams in the new world of work following the impact of the pandemic?

The Global Pandemic presented enormous challenges both human and operational in the SME & SMP sector. To successfully navigate through the pandemic we needed to focus more on our staff and our client's wellbeing.

The most challenging and stand out event for me was the loneliness faced as leader in the new world of work particularly in the small & medium practice.

As we launch the CPA Ireland Sustainability Hub we appreciate you contributing to our bank of case studies with the work you have done in Kenya. Can you tell us about the work you do?

I have been able to guide The Kenyan Child Foundation CLG and Irish registered charity in the successful development of two education projects in Kenya over the last 8 years.

The building of St Patrick's Primary School in Kawese, Makueni County, Kenya now has 12 teachers, 11 classrooms and 292 pupils built over 5 years from 2015 to 2020. The school is a modern educational facility that provides a breakfast club to the students each day, a sustainable school building with water harvesting & solar power systems, building and ground maintenance programmes.

The opening of the Songa School & Children's Centre a modern and functional, 14,900 square feet educational facility that will serve children living with disabilities and the first of kind in the Mukuru Slum of Nairobi, Kenya.

The school building project is completed within the Project Budget & within the 54 week build time amid the challenges posed by COVID 19 Pandemic.

In addition to supporting the community to deal with these social, health and economic adversities, due to stigma, children and people

living with disabilities are sometimes seen as a source of fear and shame in Kenya. Some tribal cultures even view disability as a curse. Faced with such marginalisation, people living with disabilities are five times more likely to be abused in slums in Kenya.

Part of the Kenyan Child Foundations aim is to use quality education as a tool to dispel such beliefs, primarily by offering new educational opportunities to these children.

That's a huge commitment to take in in addition to running your own accountancy practice, why have you taken it on?

During the last economic recession in Ireland the practice of John McCarrick & Associates had time and the expertise to consider how best our firm could help the less fortunate.

The UN Sustainable Development Goals guided all of this work.

We set clear targets for the SDGs: on quality education, zero hunger, gender equality and clean water and sanitation.

We are equally dedicated to inspiring excellence, teaching our staff to be the best they can be reaching out and building success in the wider community, especially to those less fortunate in Ireland and further afield. Our firm has a developed a culture of diversity and inclusion that is embraced by our Partners and Staff. Developing our outreach programmes and work of the charity and through our advocacy work.

By reaching out to a much wider audience, John McCarrick & Associates is now making a difference to the lives of over 500 children in Kenya.

Our actions will have far reaching benefits into the future for the children and will give them the tools to help them in making a difference to society.

By doing this incredibly important work you are answering the call of the United Nations to take action on the 17 Sustainable Development Goals – which of the goals are you meeting with this work?

Understanding the UN Sustainable Development Goals SDGs & Mapping

While all 17 UN SDGs are relevant for society's progress as a whole, many organisations choose to focus on delivering lasting change in a number of core areas where they hold expertise.

For the purposes of this and following the core work John McCarrick & Associates in partnership with The Kenyan child Foundation activities, the organisation stands prepared to contribute sustainably to the following SDGs:

SDG 2 – Zero Hunger
SDG 4 – Quality Education
SDG 5 – Gender Equality
SDG 17 – Partnership for the Goals

Many of us forget that sustainability doesn't just relate to counting our carbon footprint, why is it important to focus on areas of education and poverty.

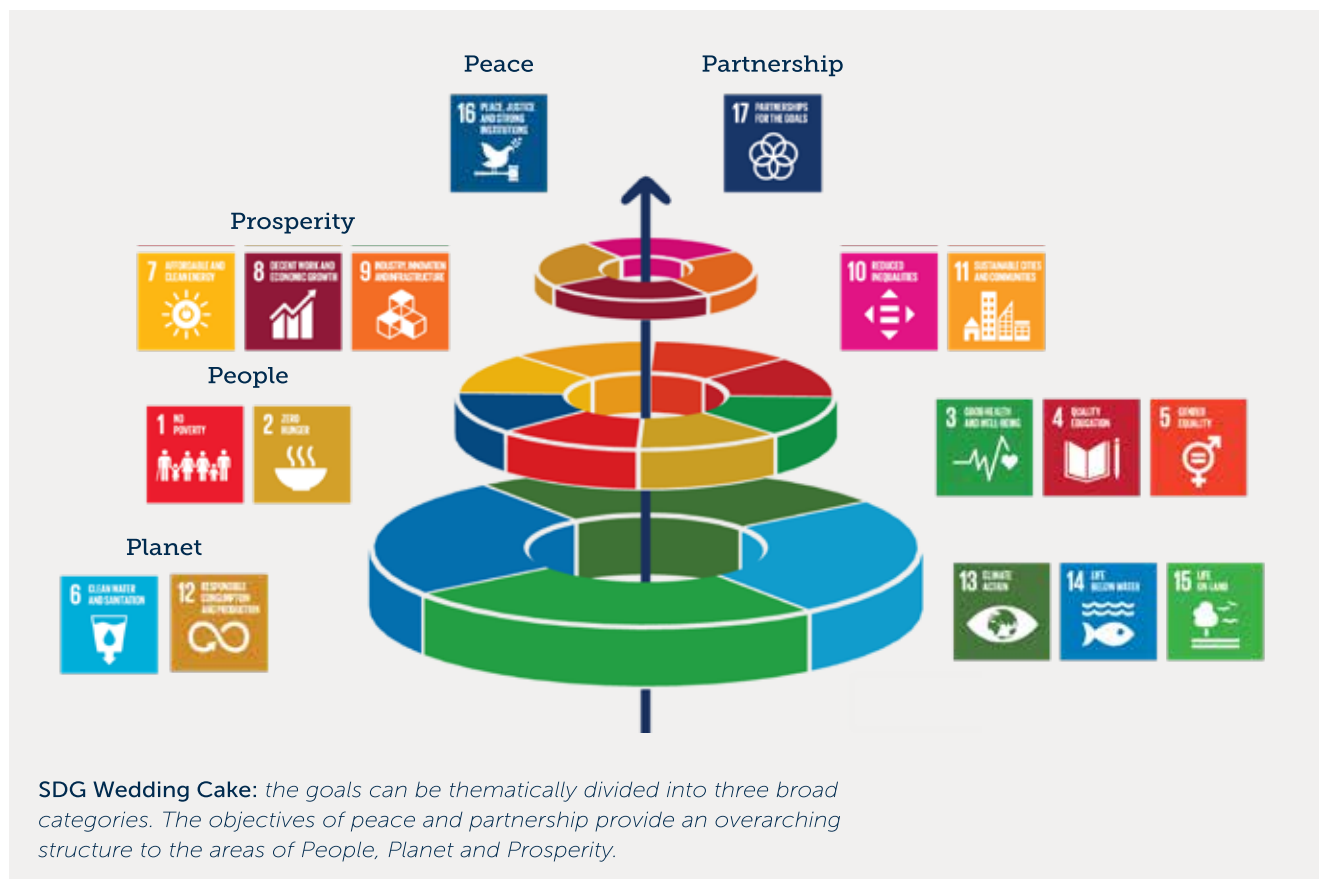


When citizens are offered high-quality educational opportunities, all individuals benefit through providing a long-lasting, intellectual contribution to society, as well as investing in solutions that offer economic, social and environmental growth for their country.

CPA Ireland is one of Ireland's leading professional accountancy bodies. It provides stellar, accredited training opportunities for accountants to qualify in their profession and become recognised by the Irish state, among other jurisdictions.

CPA Ireland and its members provide a secure and solid framework for accountants within which to operate, which is essential for a society to maintain a stable economic, legal and social fabric. Similarly, the institute also offers a range of professional development courses linked to accountancy, touching on the soft skills as well as technical areas in which to take further steps in their career.

Further for the future: in order to completely understand the organisation's impact, it would be highly useful to understand metrics for these capacity building opportunities, alongside setting a target for growth.





What did you find most challenging about starting the project and what are your biggest challenges now?

I believe from my experience working internationally over the last 20 years good collaboration & trust is most important.

This is not always the case and the international volunteer & donor organisations are often taken for granted, by some leaders in civil society these actions are doing the Kenyan people and the wider global community a huge disservice by such bad governance & self-interests.

Finally, you were in Kenya this past August, can you describe how your visits impact you?

This month, we officially opened the SONGA School and Children's Centre in Nairobi.

I was delighted to welcome the Irish Ambassador to Kenya, H.E. Fionnuala Quinlan — to the school for children with disabilities.

The Kenyan Child Foundation has been working hard on this project for the last three years amid

I know that SONGA will make a big difference to over 200 students with disabilities each year — as well as to their families and the broader community of Mukuru in Nairobi, Kenya.

"A dream does not become a reality "True Magic "it takes sweat, determination & lots of hard work". These are the famous words of "Colin Powell "The Famous American Military General and First Black US Secretary of State".

I want to mention our volunteers by acknowledging them and thanking them for making this dream become a reality and being part of the Magic!



John McCarrick

Title: Principal Partner, Trustee & Chairperson

Company: John McCarrick & Associates, The Kenyan Child Foundation CLG

Winner of the Irish Accountancy Award 2022 for CSR initiative of the year: Back to School.



Delivering Sustainability Starts With an Integrated Mindset

by Kevin Dancy

IFAC recently issued a call-to-action titled *Championing an Integrated Mindset to Drive Sustainable Value Creation* encouraging business leaders to promote and enable an integrated mindset to drive trust and sustainable value creation. At its core, an integrated mindset is about improving the quality of sustainability information and processes and connecting these to financial reporting and the value of the business.

Why is an Integrated Mindset Important?

This is one of IFAC's most important initiatives this year on behalf of the profession. An integrated mindset is necessary to deliver high-quality and decision-useful information to management and boards and investors. It involves developing processes and systems to generate robust data, decision making by senior management, oversight by boards, trusted integrated corporate reporting, and ultimately assurance. If companies get this right, independent external assurance delivered by the public accounting firms becomes easier.

Today, sustainability and financial information are often dealt with in separate parts of an organisation. In a world where sustainability and financial risks are converging, these information silos are barriers to developing better systems to enhance the quality and reliability of data and advance sustainability and enhance corporate reporting.

To this end, we need to help companies to bring together sustainability and financial processes and information to enhance overall decision-making inside organizations and external corporate reporting. Maintaining these separate siloes does not reflect the reality of how companies need to think, measure, manage and report when making decisions about how to achieve their sustainability goals and the financial implications of doing so.

With the formation of the International

Sustainability Standards Board (ISSB) under the IFRS Foundation, there is a historic opportunity to embrace a coordinated approach to deliver a comprehensive global baseline of sustainability-related disclosures needed by capital markets and support connectivity between the reporting required by the International Accounting Standards Board (IASB) and the ISSB. Jurisdiction-specific reporting requirements can complement ISSB requirements, especially in providing information that addresses jurisdiction-specific policy goals related to sustainability.

These developments in reporting and disclosure are important to bring about a global corporate reporting system that delivers consistent, comparable, reliable, and assurable information providing all stakeholders with a clear and reliable picture of an organisation's ability to create sustainable value over time.

But ultimately sustainable value creation is not going to be achieved unless organisations work towards sustainable business practices, products and services. And as sustainability reporting moves into the regulatory space, it's important that compliance does not overtake real progress on sustainability within companies.

Without an integrated mindset inside an organisation, incorporating sustainability issues into the way companies think—in the board room; amongst senior management; in the way strategies, business models, and decisions are made; and the way both risks and opportunities are assessed—is not

possible. An integrated mindset is the pathway for delivering sustainable value creation.

How can Companies Achieve an Integrated Mindset?

The CFO and finance function's role in enabling an integrated mindset and overcoming the challenges to achieving sustainable value creation is critical. And there will be challenges.

In IBM's CEO Study this year, more than half cite sustainability as among their greatest challenges in the next three years. However, the results show that over three-quarters are not implementing sustainability investments because of unclear return on investment (ROI) and economic benefits and a lack of insights from data.

Therefore, management and boards need to be equipped to make informed decisions. This involves understanding what sustainability issues matter and what is material. This is the sweet spot for CFOs and their finance teams. They can leverage their central position and expertise in financial processes and information to enhance the connectivity and maturity of sustainability information ensuring it is on a par with financial information. They can consolidate and prioritise relevant issues and information from various corporate functions and external sources and ensure their integration into planning, financial analysis, and scorecards. Unlike today, where financial systems do not typically track the environmental cost of activities, and the financial benefits of changing practices.

Connecting information and reporting processes related to governance, risk, sustainability and financial reporting helps to provide a more comprehensive picture of value creation and will break down any existing information siloes between CFOs and Chief Sustainability Officers.

This integration and connectivity will allow sustainability initiatives to be objectively analysed and trade-offs reconciled. The CFO and finance team is ideally placed to focus the organisation on the key sustainability priorities and assess their financial benefits and relative contribution to value creation.

For example, the risks of climate change are primarily linked to emissions. The finance team can provide insights on the financial risk arising from the cost of emissions which provides an organisation's exposure to climate risk related to its assets and business activities. This information is needed to assess the financial implications of climate change such as changes in profitability and cash flows or impairment charges. It can subsequently provide the foundation for discussing a strategic response to climate change and assessing the benefits and

economic value of changing practices to achieve emission reduction targets.

The importance of professional accountants' expertise in ensuring high-quality and decision-useful sustainability information is critical to building trust in information. Accountants in director roles on boards and audit committees face an opportunity to take on broader oversight responsibilities for interconnected corporate reporting and material sustainability disclosure.

Accountants will need to use their foundational professional skillset and ethics to apply financial reporting principles and controls to sustainability disclosure so that is reliable, relevant, and timely. Today, given sustainability and financial information are often dealt with in separate parts of an organisation, financial and sustainability information and reports are often not connected and issued at quite different times.

Leveraging technology and digital solutions will also be needed to ensure sustainability-related information has confidence and to help break down information siloes. Fragmented information gathering and reporting systems across different functional areas

must be brought together to improve the quality of sustainability information and its connectivity to financial information to provide greater insights. Integrated information technology systems, automation and digital platforms have a key role in sustainability data collection, measurement, and monitoring. All of these are areas where CFOs and finance teams have expertise.

Taking the opportunity

There has never been a more exciting time to be a professional accountant. As sustainability shifts from being voluntary to becoming regulated, boards and CEOs are turning to CFOs and finance teams to deliver an organisation-wide approach to breaking down functional and informational silos and connecting information on sustainability, value creation, and financial performance.

The expertise of professional accountants will be critical in achieving an integrated mindset and thereby influencing the decisions companies must make to accelerate sustainable transitions within companies and the allocation of financial capital by investors. As the profession and accountants turn their attention to the adoption and implementation of ISSB and jurisdictional sustainability-related disclosure requirements, an integrated mindset can support better decision-making within organisations and drive more decision-useful corporate reporting not as a compliance exercise, but as reporting that reflects progress towards becoming a more sustainable company.



Kevin Dancey

*Chief Executive Officer, IFAC
(International Federation of Accountants)*



The Circular Economy: Policy, Disclosure and the Role of the Accountant

by Louise Gorman & Seán O'Reilly

Understandings of the term 'the circular economy' vary in depth and breadth. The Irish Department of the Environment, Climate and Communications has recently advised that participation in the circular economy requires keeping resources in use for as long as possible, extracting the maximum value from them whilst in use, and then recovering and regenerating products and materials at the end of life.

Perhaps the most internationally recognised organisational advocate of the circular economy, the Ellen MacArthur Foundation, describes the circular economy as having a basis on three principles: (i) eliminating waste and pollution; (ii) circulating products and materials (at their highest value); and (iii) regenerating nature. From this perspective, the circular economy is underpinned by a transition to renewable energy and materials and decouples economic activity from the consumption of finite resources. The emphasis is on the resilience of the economic system and the benefits derived for business, people and the environment.

There are clear financial aspects and implications for businesses and organisations engaging in the circular economy, highlighting various roles for accountants and financial experts in areas such as planning, decision-making, and reporting. As policy developments suggest an expectation that all entities will engage in the circular economy in the coming years, the development of knowledge and skills in this area is a priority for third-level accounting and finance programmes and for continuous professional development.

The Circular Economy and Miscellaneous Provisions Act (2022)

The Circular Economy and Miscellaneous Provisions Act (2022) was signed into Irish law on 22 July 2022. The introduction of the Act heralds a phasing-in of levies on all single-use

packaging over time. The Act also establishes a basis to ensure a system is in place to allow hundreds of thousands of tonnes of material to be safely and sustainably re-used as secondary raw materials. Levies are somewhat balanced with incentives to use reusable and recyclable alternatives to single-use disposables. It appears inevitable that businesses in industries such as construction, retail, consumer goods and hospitality, to name but a few, will face greater pressure to evaluate the environmental impact of materials used in processes, products and packaging. The Act, through its introduction of mandatory segregation and incentivised charging regime for commercial waste, will also drive businesses to focus on their waste management systems. Many of the changes required by businesses may require a significant initial outlay in terms of financial and human resources. Financial advice will be needed by many who seek to make this investment in an efficient and astute manner.

International sustainability reporting standards

International sustainability reporting standards are currently issued by three primary bodies, the Global Reporting Initiative (GRI), the Task-Force for Climate Related Disclosures (TCFD), and the International Sustainability Standards Board (ISSB). All sets of standards cover the essential aspects of the circular economy including materials usage, waste management, energy sourcing, emissions and water usage and discharge. One of the most pertinent areas of the circular economy

is the use and recycling of materials; this is dealt with in detail by all of the standard-setting bodies. The GRI, for example, guides companies to measure and report on the volume or weight of recycled input materials used to manufacture products and services. It also advises the measurement and reporting of the weight of waste diverted from disposal, and that directed to disposal by the composition of the waste. Similarly, the TCFD encourages companies to disclose metrics regarding their use of materials and their waste management systems. In doing so, companies are guided to report the resulting climate-related risks they pose while also disclosing the related risks they face, such as the rising cost of materials. While still in the consultation stage, the ISSB currently proposes to set standards in this regard.

Currently, Irish companies are not required to adopt any of the international sustainability reporting standards. Nonetheless, Irish firms listed in the UK are required to adopt the TCFD and those standards currently under development by the ISSB may become relevant vis-à-vis IFRS. Interestingly, none of the standards directly prescribe a circular economy approach to reporting. While large and listed firms are increasingly building in-house teams to manage sustainability and related communications, smaller firms are referring to their accountants for the measurement and reporting of environmental impact (IFAC, 2021). Given that sustainability reporting is a new departure for the profession, navigating the landscape of reporting

standards in itself may be challenging. Many bodies have already begun to devise models as to how this may be achieved in a manner consistent with the circular economy. Business In The Community (BITC) UK, for example, has devised a circular economy maturity matrix which is consistent with the TCFD standards. This is based on three indicators- material flows; governance, strategy and processes; and carbon impact, although more indicators may be added or alternative indicators used as companies deem appropriate. The matrix may be adopted by businesses which are at different stages of progress or maturity in measuring and reporting their participation in the circular economy. For instance, gathering data on emissions from both upstream and downstream is complex, such that the company in the illustration has indicated acknowledgement of the need to report this information in the future.

amends the Non-financial Reporting Directive (Directive 2014/95/EU, the NFRD).

Aligned to the CSRD and particularly significant in the context of the circular economy is Regulation (EU) 2020/852 which establishes the basis for the EU Green Taxonomy. The Taxonomy Regulation establishes six environmental objectives, including that of the transition to a circular economy. A first delegated act on sustainable activities for two of the objectives, climate change adaptation and mitigation, was published on 9 December 2021 and is applicable since January 2022. A second delegated act for the remaining objectives will be published later in 2022. The Regulation contains 'Do No Significant Harm' (DNSH) criteria, which require that companies, in addition to disclosing their contribution to relevant objectives, provide assurance

on disclosing adherence to the DNSH criteria for the circular economy. For a company manufacturing cement, an eligible activity for the purposes of the Taxonomy, a disclosure would be expected as to whether the manufacturing plant accepts alternative fuels such as solid recovered fuel. For a cement production site using hazardous wastes as alternative fuels, the disclosure should confirm whether its waste management plan that meets EU standards exists. DNSH to the circular economy disclosures for a company manufacturing low carbon technologies, another eligible activity, would be expected to confirm that embodied carbon emissions represent less than 50% of the total carbon emissions saved by the use of the energy efficient equipment.

July 2022 saw the introduction of 13 Regulatory Technical Standards

	Material Flows	Governance, Strategy, Processes	Carbon Impact
STARTING POINT	Material / product inflow (tonnes) <i>Circulytics, Circular Transition Indicators</i> The amount of raw materials and products that come into your business, measured in tonnes	Governance, strategy, and process enabler indicator <i>Circulytics</i> The extent to which business have embedded circular economy in how they work	GHG impact of waste management (kg CO₂e per tonne of material relative to landfill) <i>Circulytics</i> The amount by which greenhouse gasses are reduced by recycling, composting, or recovering energy from waste rather than sending it to landfill and creating new material in its place
HIGHER MATURITY	% Circular inflow <i>Circulytics, Circular Transition Indicators</i> The proportion of material / product inflow that is renewable, or that has been reused or recycled	% (by mass) of physical products designed along circular principles <i>Circulytics</i> The proportion of the business's products which are designed to be durable, repairable & recyclable	GHG savings through use of recycled material input (kg CO₂e per kg of material or % reduction from virgin material) <i>Circular Transition Indicators</i> The percentage by which carbon savings can be reduced by using recycled materials rather than virgin materials
	% Circular outflow <i>Circular Transition Indicators</i> The proportion of materials leaving the business - either as products being sold or as waste - that are likely to be recycled or reused	% of revenue from circular services <i>Circulytics</i> The proportion of business revenue which comes from selling services that grow the circular economy, e.g. consultancy support to circular businesses	Product related Scope 3 emissions (tonnes CO₂e) <i>N/A</i> The amount of greenhouse gas emissions released during the creation and use of products which the business makes or sells

Source: BITC UK/Circular Online (2022)

EU-Level Developments

At European level, the proposed Corporate Sustainability Reporting Directive (CSRD)¹ sets out that 'achieving a climate neutral and circular economy and a toxic-free environment requires the full mobilisation of all economic sectors'. The Directive, which comes into force on 1 January 2024 with respect to the 2023 financial year,

that their activities do not impede achievement by others of the objectives, consequent to a risk-based assessment. While currently, only certain business activities are deemed eligible to report alignment with the Taxonomy, further activities are expected to be included later in 2022. Current guidance on disclosing Taxonomy alignment, issued by the Technical Expert Group on Sustainable Finance, focuses primarily on reporting contribution to the first two objectives but it does include advice

(RTSs) under the Sustainable Finance Disclosure Regulation, which were published in the Official Journal of the EU on the 25th of the month. Applicable from 1 January 2023, the standards require a wide range of financial market participants to produce a statement on the principal adverse impacts of investment decisions on sustainability factor, and also to provide a description of the principal adverse impacts of investment decisions on sustainability factors² using a range of indicators set

1 COM/2021/189, para 42.

2 Article 1

out within the regulation³. With regard to waste, investors must disclose the weight of non-recycled waste generated by investee companies per million Euro invested (expressed as a weighted average). In terms of recycling of water, disclosures of the weighted average percentage of water recycled and reused by investee companies must be provided. The standards are particularly significant for the construction sector in that they require real estate investors to achieve an indication of the share of raw building materials (excluding recovered, recycled and bio-sourced) compared to the total weight of building materials used in new construction and major renovations. The share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract must also be disclosed by investors.

The future role of the accounting profession in the circular economy

The pace with which action is being taken by accounting bodies with regard to reporting for the circular economy varies internationally. The Netherlands offers the most notable example of a

progressive movement in the area. The Royal Netherlands Institute of Chartered Accountants has partnered with the Dutch Circle Economy organisation to found Coalition Circular Accounting (CCA), a body aiming to identify and overcome accounting-related challenges that hinder the transition to the circular economy. CCA (2022, p.4) explains that 'circular accounting describes the practice of measuring, analysing and reporting on a company's financial and non-financial performance, to truly reflect the value and impact of circular businesses on all relevant stakeholders'.

Gaining sufficient environmental literacy and accessing the requisite data to take relevant measurements for materials, water, waste, and emissions is a challenge for many; yet, the CCA point out further issues facing the accounting profession in the future with respect to reporting for companies engaged in the circular economy. While in the circular economy, waste should theoretically cease to exist, residual resources, or by-products, will remain. In the absence of mature markets, pricing of such resources may be difficult. The CCA advises that these are best treated as contingent assets, to the extent that

their future economic value is yet to be determined and will depend on future events that are not under the control of the company. Furthermore, assets which are deployed in the circular economy, in theory, should have an infinite useful economic life. On this point, the CCA suggests the term 'scrap' or 'residual' value be replaced with the term 'harvest' value, i.e. the value of the benefits that may be derived from an asset at the end of its UEL. The body encourages accountants to discuss this with clients and adjust depreciation schemes accordingly. Indeed, the balance sheet as a whole may take on a new form such that it represents not just the firm's position in terms of financial capital, but also in terms of social and environmental capital. Future audits may require a redefinition of risk to encompass aspects relating to the societal and environmental impacts on a double materiality basis, i.e. incorporating the impact of the company's business on society and the environment as well as the impact of society and the environment on the business.

Global multinational and other large companies increasingly establish and expand departments solely tasked with



³ Article 3

transitioning to this new economic model and providing related reports and disclosures. However, smaller companies will face difficulties due to a lack of necessary resources, likely leading them to refer to their accountants who have traditionally served as sources of financial advice and reporting functions. Leading to the conclusion that education and training in accounting for sustainability and the circular economy is a fundamental priority, one which much of the national and international policy formation discussed in this article has devoted little attention to.

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Progressing the Sustainability Agenda for Our Customers and Our Business

by AIB

As Ireland's largest financial services provider, we have a responsibility to lead the way in the fight against climate change. In doing our part to help achieve this, we have put sustainability at the heart of our strategy at AIB.

Every day we are working hard to support our customers in their transition to a low carbon future, with green lending options available to mortgage borrowers and personal customers, large corporates and SMEs. Our ambition is that green and transition lending should account for 70% of overall new lending by 2030 as we aim to play a significant role in helping the Government and European Union meet their carbon reduction targets.

AIB continue to embed Environmental, Social and Governance (ESG) considerations into our business processes.

For business customers we introduced an ESG questionnaire for borrowers in sectors more exposed to climate risk as well as launching the AIB Sustainable Lending Framework which outlines clear criteria by which we will report our green, transition and social lending.

We will take a look at both in more detail now.

Environmental, Social and Governance (ESG)

AIB has taken significant steps in the development of our climate risk quantification capabilities to better understand the impact of physical & transition risk for our business and customers. The Group updated its policies for all sectors, requiring consideration of ESG factors in the credit process at origination. These new requirements were implemented through the development and rollout of a sectoral heatmap to identify the high climate risk sectors - both transition and physical risk (more on them below). By creating the heatmap this led to the creation of the ESG questionnaire to assess the ESG risk of customers in the high-risk sectors during the lending

process. This section summarises some of the risks we have identified by undertaking forward-looking climate scenario analysis for both physical risk and transition risk.

- Physical climate risks can be either acute or chronic. Acute risks include droughts, floods, extreme rainfall, and wildfires. Chronic risks involve longer term shifts in climate patterns, for example higher temperatures that may cause a rise in sea levels or chronic heat waves. AIB is focussing on flood risk as the most significant physical risk. In a review of the likely severity of the risks, from an Irish & UK perspective, flooding was identified as the most material risk for the Group. The first phase of the risk quantification work focusses on Irish residential property assets which are used as security for 48% of AIB Group's loan book.
- Transition risks arise from the transition to a low carbon economy and include policy, legal, technology, market, and reputational risks. Examples of transition risk include emissions caps, carbon taxes, changes in consumer behaviour and disruptive low carbon technologies. A climate risk heat-mapping exercise was completed to assess the most significant transition risk impacts across the sectors.

The high-risk sectors identified by AIB as the most prone to climate risk are:

- (i) Agriculture - Dairy & Cattle Farming,
- (ii) Manufacturing - Food Processing,
- (iii) Transport - Road, Rail & Water Transport; or Airlines, Aircrafts & Airports &
- (iv) Non-renewable energy - Electricity Production & Supply; or



Oil and Petrol-related. These sectors are estimated to account for 4.8% of AIB Group's loan book.

The new ESG questionnaire has been incorporated into credit applications for borrowers in high climate risk sectors where new lending is over €300k / £300k and was introduced to ensure a better understanding of the ESG risk associated with the borrower. The questionnaire incorporates both generic and sector specific questions to determine an ESG risk rating. The risk rating and assessment must then be considered as part of the credit assessment.

- For example, in the case of the Agri Sector, lenders might consider current levels of on-farm efficiency, the borrowers focus on farm sustainability or whether there are other available cash flows / revenue streams on-farm which could grow and potentially mitigate any ESG related risk over the term of loan proposed. The questionnaire was implemented for new applications in the second half of 2021 and early indications indicate a good awareness and understanding of the impact of ESG risk factors in their business.

There will be further embedding and refinement of these credit processes during 2022, and AIB will incorporate further ESG requirements into the risk policies and processes for the other Principal Risks impacted by climate threat.

Sustainable Lending Framework

In 2021 AIB developed a Sustainable Lending Framework (SLF) to enable the classification of customer loans as green, transition and also social. The SLF is based on industry best practice and is largely aligned, where applicable, to the EU Taxonomy regulation. Within sectors such as agriculture, the EU Taxonomy does not provide specific criteria for classification of activities, and therefore, a combination of industry best practice and sector expertise was utilised in developing appropriate criteria for the framework.

The framework adopted an approach to split lending between Use of Proceeds, which is for a particular activity e.g. lending for an electric vehicle, a wind farm or a high energy efficiency building, and General Purpose, which is not tied

to a particular activity or purpose. The SLF contains clear criteria by sector for each of AIB's lending activities, to assess whether or not a loan can qualify as green or transition.

The same approach for use of proceeds and general-purpose lending is adopted for social lending, with key social areas classified within the framework. These include providing finance to healthcare, education, affordable and social housing and also financing for disadvantaged groups e.g. SMEs providing services to economically deprived communities.

The SLF was launched in 2021 initially within AIB Capital Markets and will be rolled out across AIB to capture all of our new lending.

Looking Forward

In AIB's Sustainability Index (last undertaken in July 2021 and completed annually) 92% of the adults surveyed responded that they expect businesses should help them make more environmentally friendly choices and among Under 35 years 69% of them stated that the 'positive sustainability credentials' of a business impacts on their decision to buy products and

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services. This reinforces that there is an opportunity ahead for businesses and it is growing all the time.

AIB have a key role to play in helping to address the environmental issues where we operate. We do this through:

1. Backing Personal Customers

- Providing finance for energy efficient homes, through our Green Mortgage products;
- Providing finance for retrofitting less energy efficient homes through our Green Consumer Loan;
- Supporting customers to move away from transport options reliant on fossil fuels. In addition, in 2021 we launched our Green Living Hub, where we provide visitors with information on how they can reduce their negative impacts on the environment and increase their positive impacts, as well as profiling the products and services we provide to support them.

2. Backing Business Customers

We are continuously working to expand our sustainable finance products and services for our customers. While we have made significant progress, there are still opportunities for us to progress.

- AIB is very active and engaged with customers in the agri space and is a key partner in a number of industry initiatives aimed at supporting the transition of Irish farms like the Teagasc Grass10 multiyear initiative for farmers, and the Signpost programme which promotes 100 demonstrator farms and their sustainable farming practices.
- We are running Agri Clinics in select regional branches and featuring

agri sustainability articles in specific publications.

- Our Capital Markets segment will launch a Green Purpose Loan in 2022 which will provide funding to SME customers at competitive rates that can be offered to customers if the use of proceeds are for green or transition purposes. We are also considering a proposition specifically in relation to office retrofits.
- AIB has joined forces with Foresight Group, a UK-based sustainable infrastructure investment manager, to set up a €75 million fund to invest in equity in SMEs focused on accelerating Ireland's transition to a low-carbon economy. AIB is providing a cornerstone investment of €30 million to the fund, which will be managed by Foresight, and which aims to raise a total of €75 million. The AIB Foresight SME Impact Fund will typically provide equity investments of €2 million to €5 million but it will have the ability to make larger or smaller investments.
- In October 2021 we doubled our Climate Action Fund to €10bn, due to strong customer demand. The fund was originally launched in 2019 with a target of lending €1bn per annum for green lending over five years. AIB comfortably exceeded this annual target for two years with €2bn of Green Lending in 2021 which accounted for 19% of all new lending. In addition, during 2021, our Energy, Climate Action and Infrastructure lending continued to be both the fastest growing book and the best performing loan book in AIB, underlining that banking green can also deliver resilient sustainable returns.

3. Growing your Sustainability Knowledge

- Climate Finance Week Ireland (CFWI) is now in its sixth year and will be held from the 17th -21st of October 2022, and once again is proudly sponsored by AIB. CFWI has developed into the landmark sustainable finance event covering broader environmental, social and governance (ESG) topics in Ireland. In 2021, there were 41 events hosted, covering topics such as green finance, Net Zero, ESG disclosures and reporting, talent and innovation and the launch of Ireland's Sustainable Finance Roadmap.
- The AIB Sustainability Conference is an annual event and will take place on the 17th of October as part of CFWI where the bank hosts global and local leaders to share insights, learnings and best practice. In 2021 there were over 3,900 attendees, and the event covered how business can address the issue of climate action as part of a broader Sustainability approach. Speakers at the 2021 conference included James Cameron, Dr Gro Harlem Brundtland and Professor Scott Galloway.

We want to ensure a greener tomorrow by backing those who are building it today. By using ESG Questionnaires and the Sustainable Lending Framework to shape our lending practices and our customer initiatives these together can help play a role in reducing the amount of harmful greenhouse gas emissions released into the atmosphere. It is a good start, but we have a lot more to do and we will have more to come later this year on new initiatives.



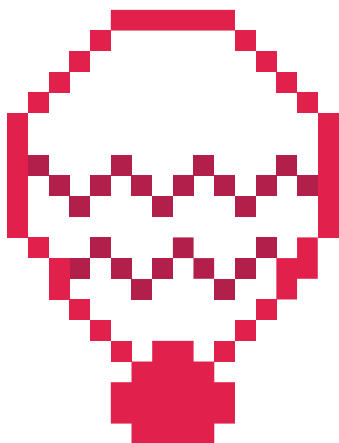
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AIB Sustainability Conference; Join us virtually for our annual conversation around sustainability with global and local experts on October 17th 2022





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Taxation News

VAT treatment of the Special Flat-rate scheme for Farmers

A new Tax and Duty Manual (TDM) has been published to provide guidance with regard to the VAT treatment of the Special Flat-rate scheme for Farmers.

In addition, TDM Farmers and intra EU Transactions has been marked as no longer relevant.

Source: www.revenue.ie

Accelerated Capital Allowances for Energy-Efficient Equipment

Tax and Duty Manual Part 09-02-04 - Accelerated Capital Allowances for Energy-Efficient Equipment - has been updated to reflect an amendment made by Finance Act 2021 to the scheme of accelerated wear and tear allowances available under section 285A TCA 1997.

Capital expenditure incurred on or after 1 January 2022 on equipment operated on fossil fuel (other than equipment operated on electricity generated using such fuel) does not qualify for accelerated allowances.

Source: www.revenue.ie

Movement of excisable products manual updated

Following on from amendments to the Finance Act 2003 made under section 43 of the Finance Act 2021 including the introduction of the Certification System for Small Alcohol Producers by section 78B of the 2003 Act and changes to sections 77(c) and 77(d) of that Act regarding Denatured Alcohol the following Tax and Duty Manuals have been updated.

- The Movement of Excisable Products Manual

- The Administration & Control of Tax Warehouses Manual Part 2 - Breweries, Micro-Breweries and Cider Manufactures
- The Alcohol Products Tax and Reliefs Manual
- Guidance is also provided regarding the judgement given in the Y GmbH case (C668/20) concerning alcoholic products used in the flavouring of foodstuffs.

Source: www.revenue.ie

Donohoe to look again at corporation tax risks ahead of Budget 2023

Paschal Donohoe has ordered his officials to carry out a fuller examination of Ireland's reliance on corporation tax receipts, which several high-profile economists have warned represents a threat to financial stability.

The finance minister has asked officials to analyse the situation "more comprehensively" in advance of Budget 2023.

In correspondence with Sebastian Barnes, the head of the Irish Fiscal Advisory Council (Ifac), Donohoe said the "resilience" of Ireland's

record corporation tax take was facilitating a "significant increase" in public investment while at the same time setting the country on course to record a financial surplus this year.

"However, the strong performance of corporation tax also increases the risk of relying on volatile and unpredictable receipts to fund permanent increases in expenditure," he added.

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

Source: www.businesspost.ie



Employee vs Self Employed

by Mairéad Hennessy

There has been much activity regarding the employment status of individuals in recent years. The area continues to be a target for Revenue scrutiny and there have been cases before the Tax Appeal Commission (TAC) and the Irish courts in recent years.

The implications for businesses are stark. From a practical perspective, businesses need to be aware that if Revenue find that an individual is an employee rather than a self-employed contractor, then the business engaging the individual will be held liable to account for any shortfall of PAYE, PRSI and USC due.

Dominos Pizza Case

In December 2019, the Irish High Court delivered its verdict on the employment status in the "gig economy" in the Dominos Pizza case (Karshan (Midlands) Limited (t/a Dominos Pizza) v Revenue Commissioners [2019] IEHC 894).

The facts of the case may be summarized as follows:

- Karshan offered customers the option of having orders delivered to their home and it engaged a number of drivers to carry out the deliveries using their own vehicles;
- Karshan regarded the delivery drivers as self-employed contractors and paid

them gross, without deduction of payroll taxes;

- The drivers signed a contract which included some specific terms, such as:
 - The drivers were "independent contractors".
 - The drivers were required to provide their own transport and insurance.
 - Payment to drivers was based on the number of deliveries undertaken.
 - Drivers were required to wear a uniform and carry logos on their cars.
 - No guarantee of a minimum number of deliveries or remuneration was given.
 - The drivers could engage a substitute provided that the substitute could undertake all of the contractual obligations of the driver.

The drivers completed an "availability sheet" about a week before a roster was drawn up, indicating availability for work and the roster would be drawn up by a store manager based on the availability sheets. The drivers could substitute another driver out of the pool if they were unavailable, and the substituted driver would be paid by Karshan for that shift.

The High Court upheld a previous determination of the Tax Appeals Commission that Domino's delivery drivers were employees and not self-employed contractors. The key point from the judgement is that the determination of employment status is not a "one-size-fits-all" answer, and it must be determined by applying the concepts to the particular facts of each case.

Mutuality of obligation

This concept refers to whether there was an obligation on the company to offer work and a corresponding obligation on the part of the drivers to accept it. The existence of mutual obligations is fundamental to the existence of a contract of service.

In the Dominos Pizza case, the appellant argued that there was no ongoing obligation under the terms of the contract for it to provide work, nor for the drivers to accept it and hence there was no mutuality obligation in the engagement between it and the drivers. The drivers could decide what shifts they wanted to undertake, and there were no negative consequences for them if they opted not to.

However, the Court found that the appellant drew up a roster for drivers who had indicated that they were available to work in a particular week



that retained mutual obligations. The drivers could only cancel a shift if they engaged a substitute, provided advance notification and worked out the remainder of the shifts as agreed. On this basis, the High Court agreed with the Tax Appeal Commission that mutual obligations existed between Karshan and the drivers.

Substitution

This refers to whether the drivers had a genuine right of substitution. The right of a worker to provide a substitute to carry out work is central to the determination of whether an individual is engaged under a contract of service or a contract for services. An employer expects employees to attend work personally to carry out the responsibilities of their roles. This differs to contractors where there is "tremendous latitude" to decide whether to do the work personally or to send a competent assistant to do it instead.

The Court noted the Tax Appeal Commissioner's decision that:

"the absence of an ability to genuinely subcontract is a factor which indicates that the drivers worked under contracts of service as opposed to contracts for services."

In reaching the decision the Court noted that:

"the drivers did not hire assistants, rather one driver was replaced with another driver from the appellant's pool of drivers. The substitute was paid by the appellant. A substitute was not a sub-contractor of the driver".

It was held that the drivers did not have a genuine right of substitution and the contract between the appellant and the drivers was one for personal service i.e. a contract of service rather than a contract for services.

Employment Status of Medical Practitioners

This recent determination of the Tax Appeal Commissioners (117TACD2021) concerned the question of whether dentists, doctors and a dental hygienist engaged by the appellant were self-employed persons. The appellant was a

sole trader operating a "clinic" providing dental and medical services. The appellant was not a qualified dentist or doctor. Dentists were engaged under a "Dental Associate Agreement" and the dental hygienist and gynecologists were engaged under written contracts. The appellant provided the use of premises, equipment, instruments including a functioning surgery for dentists and doctors. Nursing and reception staff were employed and remunerated by the appellant.

Payment made by patients were paid into the appellant's clinic bank account and accounted for as turnover of the practice. Payments to the practitioners were treated as expenses of the practice. The practitioners were registered as self-employed, engaged their own accountants and filed their own tax returns. A monthly reconciliation of fees was undertaken based on agreed fee-sharing percentages. For PRSI and GMS patients, the patients provided details at the clinic reception and payment in relation to these patients came directly from the insurer to the practitioner.

The contracts between the appellant and the practitioners contained substitution clauses and stated that

where the practitioners were required to correct faulty or substandard work, they were obliged to do so in their own time and cost. Practitioners were responsible for their own professional indemnity and public liability insurance costs.

Having examined the case facts, the Appeal Commissioners determined the following:

- The appellant did not prove that there was no mutuality of obligation;
- The appellant exercised no control over how the practitioners performed the work but did exercise control over all other aspects of the operation;
- The work of the practitioners formed an integral part of the business;
- The practitioners had no role in the management of the clinic and were not found to be in business on their own account;
- There was minimal opportunity for the practitioners to profit from their work
- The appellant held the stronger bargaining position
- In practice, all work was performed personally by the practitioners





Taking all factors into consideration, the Appeal Commissioner determined that the practitioners were employees working under contracts of service.

Code of Practice on Determining Employment Status

The most recent Code of Practice on Determining Employment Status was released in July 2021. The Code has been updated by an interdepartmental working group from the Department of Social Protection, Revenue and the Workplace Relations Commission.

It is noted in the Code that it is intended to be a "living document" that will continue to be updated to reflect changes in the labour market, legislation and case law. It is proposed that the Code be placed on a statutory footing, with legislation to be brought forward this year.

The purpose of the Code is to provide an understanding of employment status, taking into account labour market practices and developments in caselaw and legislation.

The Code aims to benefit employers, employees, independent contractors and legal and HR professionals.

The Code acknowledges that there is no single, clear definition of the terms "employed" or "self-employed" in Irish or EU law. It describes typical characteristics of employment and self-employment and it provides details on the key factors to be considered:

- Mutuality of obligation
- Substitution
- The Enterprise Test
- Integration
- Control

The Code confirms that none of the factors is determinative on its own and when making a determination on an individual's employment status, it is necessary to take all factors into account and to weigh them up.

The Code states that where misclassification occurs PRSI and tax must be paid for the full period concerned.

Final Comment

Recent cases heard by the Tax Appeal Commission and Courts provide

important guidance to approach analysing arrangements between businesses and workers for the purposes of determining individuals' employment status. The employment landscape continues to evolve with growing number of individuals working in the so-called gig economy. It is advisable for employers to continually review payments made to contractors to ensure that they are being dealt with correctly for PAYE, PRSI and USC purposes.



Mairéad Hennessy

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



Cryptocurrency & Common Tax Issues

by Robert Halley

The whirlwind growth in cryptocurrency assets in the past couple of years means that if you haven't already had clients enquiring to you about associated tax issues, that day isn't far off. Indeed, such is the simplified nature of trading and initial exponential growth that created a hype around these, it is likely that there will be many amateur investors out there who would not have traditionally been within the self-assessment system, and who may come to you now for advice as personal tax season approaches. The aim of this article is to tease out the variety of considerations across different tax heads, while bearing in mind this is a volatile and ever-changing market sector.

Since this is such a new type of asset and is neither regulated nor covered specifically within tax legislation, the updated Revenue guidance¹ published in April 2022 has proved helpful in demystifying some of the issues. As a further reference point, HMRC have published very detailed material² which can be useful in understanding some of the technical aspects involved in dealing in these assets.

The term cryptocurrency covers a wide variety of investments, such as Bitcoin, Digital Currencies and Tokens. While the types differ, in simple terms what we need to consider for tax purposes is that these are assets which can be bought and sold and to assess the tax impact of such transactions. Given that these types of assets can often be used to purchase goods or services, this raises an additional complication compared to share trading. In looking at whether a disposal has been made, we are not only considering straight sales of the asset for traditional currency, but also the exchange of the asset for a different asset type, and the exchange of the asset for goods or services received.

Direct Tax Issues – Income Tax, Corporation T and Capital Gains Tax

It is important to note that there is no hard and fast rule in assessing the treatment of the disposal for individuals and corporates, and each case will need to be determined based on its own facts.

In their guidance, Revenue have clarified the key distinction to be made here is whether the individual or corporate is trading (in the normal vernacular as opposed to making trades) or whether they are investing.

In order to assess this, it is necessary to revert to first principles and consider the Badges of Trade in looking at any scenario. Key factors to consider would include the volume of transactions entered into, the length of ownership, the financial expertise of the person involved, their motive in entering into the transactions.

Given the nature and complexity of the assets involved and considering the Badges of Trade, it is likely that the concept of trading will be a high watermark to reach in the vast majority of cases. As an example, an experienced financial trader who is working on a full time basis in buying and selling financial assets with a view to realisation of profit is probably going to be seen as falling within the trading category whereas an individual who has purchased the asset as an investment in the hope that this will appreciate in value and is not involved in making ongoing trades or a company with surplus cash which is likewise not devoting any personnel to engaging further in the market are more likely to be seen as investors and not trading.

In assessing the direct tax implications these are clearly distinguished between both categories.

For individuals where they are seen as trading then this will be reflected in their accounts and taxed under normal Income Tax principles. In the event that a loss arises then there may be a possibility to offset this against their other income for the year.

Alternatively, where the individual is not trading, then the transaction will fall under the CGT rules.

It is important for practitioners to bear in mind the advanced in year payment dates for CGT as in many cases taxpayers are not aware of these, so it is something to highlight in the event that someone has made a gain in the current year. In the current market circumstances, there is a likelihood that many people could be sitting on uncrystallised losses, and where the assets are disposed of before year end, these can be offset against current year gains.

One aspect that is not fully fleshed out in Revenue's guidance is the matter of allowable sale costs for CGT. The gain is simply referenced as sales proceeds less the costs of the asset. By contrast HMRC have gone into some level of detail in assessing which costs are and are not allowable. Many of these would follow a similar treatment to the Irish position. Although one item of interest is that the exchange transaction costs for swapping different assets are seen to be relating to both transactions and are attributed under UK rules. For Irish purposes since the matter of sales costs has not been covered, we would need

¹ www.revenue.ie/en/tax-professionals/tadm/income-tax-capital-gains-tax-corporation-tax/part-02/02-01-03

² www.gov.uk/hmrc-internal-manuals/cryptoassets-manual/crypto10000

to refer to s.552 TCA97 and the general rules on deductions for disposal costs. It is reasonable to suggest here that the incidental costs of making a disposal would include the exchange fees referable to that transaction, whereas general service costs of the operator that are not referable to the transaction would not be deductible.

One important residence matter to consider for individuals relates to the CGT remittance basis for non-domiciled persons. S.29 TCA97 provides that an individual who is resident or ordinarily resident but not domiciled in Ireland is not chargeable to CGT on a gain made on an asset that is situated outside the State. Revenue have stated that the onus is on the taxpayer to demonstrate the situs of the asset, and where they cannot demonstrate that this is outside the State, then CGT will still apply. They have further clarified that an asset located in the cloud, is not technically located anywhere, and so cannot be said to be located outside the State.

The tax position for companies follows a similar pattern. If this forms part of the trading activity of the company, then any profits or losses are reflected in their financial statements and subject to the normal rules. Where this is instead treated as an investment asset, then the chargeable gain is calculated with CT paid on that.

Another point of interest from a CT perspective is that since this is not a currency in the traditional sense, the accounts cannot be prepared in that currency, these must be laid out in Euro or another functional currency instead. Also since there are multiple exchanges in operation and not a single rate in operation, Revenue will be satisfied where a reasonable effort is made to assess an appropriate valuation.

VAT Considerations

A detailed analysis of the VAT treatment of different asset types is possibly beyond the scope of this article but just to cover some of the headline issues.

The Court of Justice of the European Union in the Hedqvist case ruled that transactions in Bitcoin could be viewed as equivalent to traditional currencies. A transaction involving the exchange of Bitcoin or similar assets for traditional currency is exempt from VAT, where the person that makes the exchange does so as Principal (i.e. they buy and sell the asset in their own right as owner).

Where a person receives cryptocurrency in exchange for the supply of goods or services, that constitutes consideration in the same manner than as if they had received traditional currency. The taxable amount is the value of cryptocurrency exchanged at the time the supply is made.

PAYE Issues

Revenue have also provided clarity on a number of PAYE matters. Where an employee or director is provided with cryptocurrency in consideration for their work, that will be treated as salary as normal. In determining the amount to be declared on the payroll submissions on which taxes arise, this must be reflected in Euro and that is calculated based on the applicable rate at the time of payment.

Where an individual is provided with cryptocurrency for no cost or at undervalue, that is treated as a benefit in kind in the same manner as any other asset transfer. Lastly where the employee or director is granted an option to acquire the assets by their employer, Revenue will apply a similar treatment to the right to acquire share options.

In closing, late last year HMRC issued a series of 'nudge' letters to individuals and agents, based on information shared by exchange operators.

This was an information campaign to make taxpayers aware of the tax treatment for various transactions, and there is every chance Revenue could follow suit with a similar campaign in future. This marks an opportune time to consider these issues in the context of your client base and address any matters to be resolved.



Robert Halley

Robert works within the Corporate and International Tax team at Deloitte. He has extensive experience in advising domestic and international clients across all tax heads.



In Practice News

Leading Financial Market Participants Call for Stronger Alignment of Regulatory & Standard Setting Efforts around Sustainability Disclosure

The global accountancy profession is on a journey—along with investors, companies, regulators and other stakeholders—toward a unified, coherent, global and authoritative standard-setting process for reporting on sustainability information.

IFAC welcomes the establishment of the International Sustainability Standards Board (ISSB), as well as jurisdiction or regional initiatives that can contribute toward the creation of a global system for consistent, reliable and assurable sustainability disclosure.

In a joint statement today, IFAC joins with leading capital markets participants—PRI (Principles for responsible Investment) and WBCSD (World Business Council for Sustainable Development)—in calling for simplicity and alignment in the standard-setting process. At this critical juncture, regulatory and standard-setting fragmentation must be avoided through efforts to align key concepts, terminologies, and metrics upon which disclosure requirements are built.

Read the statement on IFAC's website or download the PDF [here](#).

Source: www.ifac.org

FRC publishes latest audit quality review results

The Financial Reporting Council (FRC) has published its annual inspection and supervision results of the largest audit firms (BDO, Deloitte, EY, Grant Thornton, KPMG, Mazars and PwC). Overall, 75% of audits inspected were good or required limited improvement (compared to 71% in 2021 and 67% in 2020).

The number of audits considered good or requiring limited improvement has improved on the previous two years. It is clear that a combination of the FRC's increasingly assertive supervision approach, as well as investment from the firms in their systems, people and capabilities to improve audit quality, is starting to have a positive impact.

Encouragingly, five of the largest firms had no audits requiring significant improvements. KPMG's individual audit inspections have significantly improved, which is promising, but is not yet a trend.

The FRC will continue to closely monitor KPMG banking audits.

The inspection results at Mazars and BDO remain unacceptable. Four of the eight audits reviewed at Mazars, and five of the 12 audits reviewed at BDO required more than limited improvements. Specific supervisory plans have been developed to closely monitor BDO and Mazars' priority actions.

The FRC will continue to ensure the challenger firms are prioritising high quality audit with a view to offering increased choice and resilience in the market, but growth ambitions must also be tempered by a focus on quality first and foremost.

Read the FRC audit quality inspection and supervision overview report [here](#)

Read the seven individual audit firm specific reports [here](#)

Source: www.frc.org

Consultation on funding the Audit, Reporting and Governance Authority

The Financial Reporting Council (FRC) has launched a consultation on its draft proposals for how the new regulator, the Audit, reporting and Governance Authority (ARGA), should be funded.

This follows the Government Response to its consultation on Restoring Trust in Audit and Corporate Governance, which set out its intention to give ARGA statutory powers to raise a levy so that it has a sustainable and independent basis on which to carry out its regulatory activities.

ARGA will play a key role in protecting and promoting the interests of investors, other users of corporate reporting and the wider public interest.

The FRC is seeking the views of its stakeholders on the overall approach to

ARGA's funding, the proposed funding model, and the groups that should fund each of its regulatory activities. This is to ensure ARGA can fulfil its aims and that the right people and organisations are levied proportionately.

Following this consultation, and subject to the Government's legislative plans, the FRC expects to consult further on detailed aspects of the proposed arrangements, to be contained in a Rule Book.

The consultation will run until Friday, 21 October. Respondents should submit their comments to FRC.Plan.Budget@frc.org.uk by close of business on that date.

View the full consultation document [here](#)

Source: www.frc.org.uk

FRC publishes guidance on running effective AGMs

The Financial Reporting Council (FRC) has released new guidance for listed companies to enhance effective shareholder participation when planning and conducting AGMs. This is the first time the FRC has published specific guidance on the topic.

With input from a wide range of stakeholders, the guidance gives practical advice to help companies ensure that their AGMs are well-run constructive forums for effective engagement. It covers key aspects such as

board engagement with shareholders, communication of meeting arrangements, using proxies, and voting processes.

Historically, general meetings have been held in physical venues, however, since the start of the COVID-19 pandemic, many companies have now moved to a hybrid form of meeting using electronic platforms. The new guidance sets out actions to assist companies in making the most of new technologies to increase shareholder engagement.

Recognising that all companies are different, the guidance offers flexibility. Some companies have a small number of shareholders while others have many thousands in multiple jurisdictions, and companies will need to take different approaches and use different technologies and methods depending on their circumstances.

The full guidance is available [here](#).

Source: www.frc.org

New Guidance on Professional Judgement for Auditors

by Emer Kelly

In June 2022 the UK's Financial Reporting Council (FRC) issued the publication "Professional Judgement Guidance". This guidance for auditors seeks to provide a framework for the auditing profession to improve how they exercise professional judgement. The guidance is the first of its kind and will no doubt become an essential tool for auditors when faced with challenging decisions during an audit.

The guidance was developed with a working group of audit practitioners, independent experts, and colleagues from FRC Enforcement and Supervision. The FRC has identified poor professional judgement as one of the most significant issues affecting audit quality. It is anticipated that use of the guidance by the profession will enhance audit quality by improving the consistency and quality of professional judgement.

The FRC intend the framework to have the status of non-prescriptive guidance. It is intended to be persuasive, encapsulating good practice.

Professional judgement is defined in ISA (Ireland) 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing as follows;

The application of relevant training, knowledge, and experience, within the context provided by auditing, accounting, and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.

Professional judgement sits at the cornerstone of the audit process and the need for quality judgement and decision making is fundamental. This is particularly true in the assessment of areas such as risk, going concern, the appropriateness and sufficiency of audit evidence. These are typical areas where an auditor's professional judgement can be called upon. This list is not

exhaustive, and each circumstance is different. There is no precise formula for professional judgement but with a framework the auditor can look objectively at the set of circumstance and use the framework to guide them and support them in their decision making.

The guide notes that when professional judgement is not exercised effectively, audit quality suffers and states that the most significant quality issues identified by the FRC's Audit Quality Review (AQR) team over a number of years involve the poor exercise of auditor professional judgement in some capacity.

The guidance includes a framework for making professional judgements, followed helpfully by a series of illustrative examples.

At a time when firms are considering the impact of the move to the new suite of quality management standards by December of this year, this guidance is timely, and it is recommended that firms review the guide and incorporate its contents into their quality management policies and procedures.

The intent of the guide is that it can be used in multiple circumstances and in a variety of ways, for example:

- At a firm-wide level, it may be incorporated into the firm's training, methodology and other intellectual resources.
- More widely, it may be an important consideration in the design, implementation, and operation of

a system of quality management in accordance with ISQM (Ireland) 1.

- It can be used by individual practitioners at any level of seniority in the conduct of an audit or assurance engagement, as a stand-alone guide to the application of professional judgement.
- Although written for auditors, it may be useful for others in the financial reporting chain, or for specialists in other fields providing expert input into an audit, in making their own professional judgements.
- It could be useful for audit committees, and those charged with governance of audited entities more broadly, in enhancing their understanding of an auditor's judgement process.

The Framework

The framework consists of four main components:

- Mindset – an appropriate mindset for auditors exercising professional judgment;
- Professional Judgement Trigger and Process – a suggested professional judgement process, together with a reminder to remain alert to situations which may require professional judgement;
- Consultation – effective communication with a range of relevant parties; and
- Environmental Factors – factors that

may be present in the environment of those making a judgement, that can impact on how challenging it is to exercise professional judgement in an appropriate manner.

Mindset

This section highlights five aspects of mindset as follows:

- Appreciation of the purpose of audit and its public interest benefits
- Professional Scepticism
- Understanding of biases and other relevant psychological factors – these include:
 - Availability bias
 - Confirmation bias
 - Groupthink
 - Overconfidence
 - Anchoring bias
 - Automation bias
- Sensitivity to uncertainty
- Commitment to quality

Professional Judgement Trigger and Process

This section of the framework includes a number of steps which may aim to structure the way in which a judgement is carried out and documented, as well as a “trigger” step setting out the importance of staying alert to when professional judgement might be called for, and when a more formal judgement process might be warranted.

The discrete steps, although not intended to imply that decision making is linear, are provided for as follows:

- Remain alert to situations which require the exercise of professional judgement
- Consider who is the right person to make this judgement
- Appropriately frame the issue
- Marshal your information
- Carry out the analysis
- Stand back, and conclude
- Document, communicate and reflect

Consultation

This element of the framework focuses on the benefits of consulting with others, whether that is internally within the firm or for example with an external expert or an engagement quality reviewer.

This section promotes the advantages of encouraging a healthy culture of debate and challenge within the audit team to support the exercise of objectivity and scepticism.

Environmental Factors

This is especially important and encourages the auditor and the audit team to consider specific factors in their environment that may impact on their decision-making process.

Within the audit firm the framework considers the culture of the firm, its resources, training, and processes. For example, considering the reward structures such as compensation and promotion within the firm.

Other considerations by the firm should be around the time and resources available to them to make judgements. For example, is the auditor under pressure to make a judgement or reach a deadline and are there restrictions on the capability and capacity of the team to make the judgement?

Within the audit client itself then there may be factors related to management and those charged with governance that should be considered, such as the culture of the client entity, the audit committee (if there is one) and the provision of clear and timely information to support a well-timed judgement process.

Illustrative Examples

Very usefully the guide also provides a series of examples, which provide an overview of how the framework could be applied in a number of scenarios.

The cases presented provide helpful examples of professional scepticism and good self-awareness.

The risk of groupthink and confirmation bias are also explored.

One of the examples explores a challenging judgement around going concern. The challenges of anchoring bias are outlined. All three examples show the potential steps in the decision-making process and how the framework can be applied into practice to different scenarios.

Application of the Framework by Audit firms

Audit firms are encouraged to become familiar with the contents of the framework and to consider how best the high-level principles presented can be incorporated into audit methodologies and practice.

The guide should be used as an important consideration in the development of a Quality Management System in accordance with ISQM (Ireland) 1.

There are real advantages to using the illustrative examples provided as training tools for audit staff and trainees, to support and demonstrate a strong culture within the firm of sound decision making and the robust challenging of professional judgements, all ultimately leading to enhanced audit quality.

The principles and framework presented can also be used across many areas of practice, where an auditor or accountant is faced with circumstances that require sound and professional judgement. This framework provides a strong basis upon which to reach informed and consistent judgements and it should provide a useful tool for firms of all sizes and disciplines.



Emer Kelly

*Manager, Quality Assurance CPA
Ireland*



Building a Coaching Culture in the Workplace

by Edel Walsh

Coaching embodies the idea that with the support of a coach every individual can achieve their full potential. Not only will coaching benefit the individual personally but it can also benefit their workplace.

A business or workplace can hire coaches who have professional qualifications and accreditations. However, with the right tools and guidance, we can all be coaches. We can support our colleagues, teammates, direct reports and even our friends through coaching.

This article sets out what is meant by coaching, the benefits of coaching and some core coaching skills. We will also look at a simple and effective coaching model, the "GROW" model.

What is Coaching?

My definition of coaching is:

"Coaching is connecting and collaborating with a person in a deep and meaningful way that stimulates and encourages them to learn and live their best life both personally and professionally".

There are many definitions of coaching, and they all fundamentally resolve into the same meaning. Coaching is essentially a journey of deep learning and self-reflection which will ultimately result in change, growth, and fulfilment for the individual being coached.

Benefits of Coaching

Coaching is not only rewarding for the individual being coached but also for their teams and their workplace.

For individuals, coaching can lead to personal growth, better leadership skills, higher motivation, better communication skills and self-awareness.

For the team, coaching can result in improved efficiency, morale, trust, accountability, and a clearer team vision.

For the workplace, coaching can lend itself to improved capability for change, more effective communication and sustainable learning and development.

Perfecting your Coaching Skills

Before you help others to learn and grow through coaching, you will need to hone your own coaching skills.

Coaching requires you to ask questions and listen intently to the person you are supporting. Rather than telling the person what they need, ask them.

Coaching questions should be open ended. For example, an open-ended question starts with "who", "what", "when", "where", "how much", "how many".

It's better to avoid "why" questions as sometimes they can come across as confrontational.

Closed questions lend themselves to Yes/No answers where there is little room to delve deeper with the person you are coaching.

Some practical coaching questions to start the coaching conversation might include:

- What would you like to discuss?
- What would you like to achieve from this conversation?
- What else is important to this discussion?
- How do you feel about this?
- Who can support you with this?
- What do you gain from this?
- What excites you about this?
- What is your heart saying?

- What can you learn from this?
- What changes can you make?

Once you have listened intently and the person has answered, it is good to ask, "and what else". This question probes a little deeper. Some people tend to stay on the surface when you ask them a question but by following it with "and what else", it allows them to dig deeper and unravel the situation or issue further.

As a coach it is crucial to actively listen. To really hear what the person is saying, ignore all other interruptions such as notifications and emails and avoid interrupting them.

To feel useful, you can feel you should be saying something. Sometimes a person just needs to be heard and this can provide them with a great deal of clarity.

Some active listening tips include:

- **Build rapport** – Make the person feel comfortable and try to build a connection between you.
- **Paying attention** – Maintain eye contact and avoid distractions.
- **Body language** – Not only should you listen intently to what the person is saying, look out for their body language cues. What is the tone of their voice saying to you? What is their facial expression saying? For example, a person might use their hands a lot if they are getting excited about something. They might slump their shoulders if they are upset about something. Be mindful of what your body language is telling them, don't move around too much, maintain focus.
- **Paraphrase what you hear** – "If I understand correctly, what you are



concerned about is....." This also helps you as a coach ensure your own understanding of the situation is correct.

GROW Model

When coaching our colleagues or direct reports, it is useful to have a model in our coaching toolbox.

One of the most common coaching models or tools is the GROW model developed in the 90's by Sir John Whitmore. It is known for its user-friendly simplicity. Whitmore's book *Coaching for Performance* is one of the founding texts of the coaching profession.

The GROW model is a simple yet effective way of structuring a coaching conversation. The acronym GROW stands for

- **G**oal
- **R**eality
- **O**ptions
- **W**ill

Firstly, allow the person to reflect on a **G**oal they may have. It is helpful to ensure that the goal is specific, feels achievable in the time frame available and is realistic. In other words, the goal is a SMART (**S**pecific, **M**easurable, **A**ttainable, **R**ealistic and **T**imely).

Some useful coaching questions to ask may be:

- Tell me about your goal?

- What does success look like to you?
- How could you rephrase this goal, so it only depends on what you do and not on others?
- If this seems like a stretch, give me some steppingstones along the way.

The second stage is the **R**eality stage. In other words, how realistic is this goal they are setting for themselves? If a goal is not realistic, it's likely it won't be achieved which can be de-motivating.

Some useful questions to ask are:

- What is the current reality of the situation?
- What have you tried already?
- What is standing in your way?

In the third stage of this model, the conversation looks forward to exploring the various routes (the **O**ptions) available to the person. The coach could ask:

- What could you do as a first step?
- What options do you have to resolve this issue?
- And what else?

The final stage is supporting the person to reach their destination or goal (their **W**ill to succeed). The objective here is to help the person identify specific steps to help them achieving their goal.

Some helpful questions here are:

- On a scale of 1-10 how motivated do you feel about putting this into action? How can we move that say 7 to an 8?

- What support do you need and from whom?

The GROW model is a simple tool to help people refine their goals and break them into more manageable bitesize goals.

At the end of the conversation, it is always a good idea to ask the person what actions they are taking away with them. Actioning their goals encourages accountability and provides a reference point as the coaching relationship continues.

Following up after the coaching session

The real work of coaching happens after the coaching conversation. This is where the person's suggested actions are put into practice.

After the coaching session you can support the person in several ways. For example, you can check in with them regularly to check their progress, and where possible provide them with constructive feedback.

Final Thought

The formula for coaching success is understanding the person's goals, asking open ended questions, listening carefully, and ensuring they leave the coaching conversation with some actions so they can progress with their goal.



Edel Walsh,
Personal Leadership Coach

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



The Collaborative Accountant

by Ben Rawal

As an accountant, we rely on our individual skills and training to be effective in our role. After all, becoming a qualified accountant relies on strong levels of resilience, dedication and at times, compromise. But how can becoming more effective in a team environment make you a better accountant? Ben Rawal explores the importance and value of developing your collaboration skills.

Time to collaborate?

Arguably one of the most overused phrases in recent times, 'collaboration' or 'working collaboratively' is now used on a daily basis. Frequently confused as a phrase that equates to good teamwork, collaboration goes beyond these skills into aspects of relationship building, trust and vulnerability.

Most commonly used in an environment that requires the successful interaction of at least two teams, collaboration has become increasingly important during the past 15-20 years. As a concept, it now has the potential to expand into other team-based areas, including accountancy and finance.

At its simplest level, collaboration covers the ability of two or more individuals to work towards achieving a common goal, through mutual trust, support, and challenge. Individuals and teams must be prepared to accept and even

encourage conflict, whilst recognising that the objective(s) of the team is always more important than the needs and contribution of the individual.

Why collaborate?

You'd be forgiven for asking the obvious questions around why collaboration is so important, and what benefit(s) it can really bring to an accounting team. After all, if everyone does their job, what value can building relationships and trust actually offer within a team?

To answer these questions, we need to understand some of the basic dynamics that occur when we bring people together.

These dynamics usually take place at an unconscious level, but frequently relate to whether we feel a sense of belonging and whether we perceive that we can add value and make a difference. Often cited as the source of an unhappy

employee, how an individual feels about working within a team is often a key factor around retention or resignation.

With this in mind, high performing teams use collaboration as a way of ensuring that each individual understands how they can add value to the team – through using both their strengths and weaknesses. In turn, this builds a sense of trust as each team recognises that they don't need to be perfect to have their contributions recognised by others.

Notwithstanding the points above, some members of a team can also create a toxic environment, if they are not truly bought in to the benefits and value of collaboration. This increases the importance of selecting the right people to fit your team's objectives, culture and style – not a task to be taken lightly.

"How an individual feels about working within a team is often a key factor around retention or resignation."

Working as a team

Before we can begin to understand the mechanics of collaboration, we need to consider the basics of effective team working and why it's important. The true value of an effective team will always provide more than each individual working on their own. Although this is commonly understood, it is rarely appreciated when teams are created.

It is often the case that organisations pay more attention to the individual skills and attributes of an employee, rather than how they will fit within



the dynamics of a team. Accountancy practices are no different in my experience – they will often concentrate on the employee's technical abilities to 'do the job', rather than the value they can add to the team. This becomes even more important when we consider the other interactions that our employees are likely to have – both internally within the firm, and with external stakeholders – clients, government bodies and other firms.

One of the common reasons for ignoring the team dynamic is the level of expertise required to create a high performing team of individuals. This is often seen as being beyond the boundaries of the accountancy profession, yet it is just as relevant as any other environment such as sport or in a larger team setting.

Overcoming these challenges begins with a firm understanding of not only what each individual brings to the team – but also whether these individuals complement one another. This equates to strengths and weaknesses cancelling each other out, but also requires each team member to be suitably skilled at the 'basics' – communication, self-awareness, empathy, and when it comes to the team – altruism.

"It is often the case that organisations pay more attention to the individual skills and attributes of an employee, rather than how they will fit within the dynamics of a team."

The added value of collaboration

The ability to understand how to perform effectively as a team clearly provides an excellent opportunity to add value to your approach. Collaboration offers an attempt to progress team working to a higher level, introducing skills and attributes that require different mindsets and behaviours.

Trusting each other

Although trust is an important aspect of team working, collaboration extends the remit of the relationship beyond a single team.



For example, as an accounting firm or team of finance professionals, you may have already created a strong sense of trust amongst your teams individually. Perhaps your tax team is high performing, or you have an award winning assurance function?

Genuine collaboration considers the relationships in place across different teams, and whether each team recognises that for organisational success, all teams must work together for a common goal. In my experience, this is one of the most difficult arrangements to achieve due to each team often becoming overly focused on their own goals and objectives, rather than supporting (and trusting) other parts of the firm or organisation.

Trust also extends beyond the internal boundaries of a firm to other key stakeholders, including clients. This may appear slightly perverse given the effort that is usually undertaken to ensure that your clients are trusting of your firm, rather than the other way around!

However, when you develop a high level of trust in your clients, you can rely on them in the same way that they rely on you – you will have faith that they will supply all necessary documentation, to the right level of quality and on time.

"Genuine collaboration considers the relationships in place across different teams, and whether each team recognises that for organisational success, all teams must work together for a common goal."

Letting go of the past

As most of you already know, creating a trusting relationship takes time. Although many of us will take a chance (and a risk) at one point or another, most of us have experienced the feeling of being let down after placing a level of trust in another individual.

When this occurs, our natural response



is to become more cautious in the future, especially if we have experienced a breakdown or loss of trust on more than one occasion. Imagine one of your clients that has been let down by other accounting firms. Perhaps they were overcharged or the firm was negligent. Regardless of the situation, your client is likely to be apprehensive in trusting another accounting firm, even though the partners and team are completely different. The client has now created the association between the behaviours of a minority, and the remainder of the profession.

This example highlights the human tendency to generalise across a group of similar individuals, based on past experience or events. Letting go of the past is incredibly difficult, especially

when you have experienced a negative emotional response elsewhere. I always encourage my accounting clients to understand as much about prospective customers as they possibly can – how do they feel about becoming one of your clients, and what reservations do they hold about the accounting profession?

This information can provide excellent clues into how you and your firm can adapt its approach to dealing with particular customers.

“The client has now created the association between the behaviours of a minority, and the remainder of the profession.”

Developing trust

Whether your focus is building trust internally across your firm, or externally with your clients, the way individuals behave holds the key to developing and maintaining trust.

Notwithstanding our past experiences and beliefs, which can potentially ‘blind’ us from what is happening in reality, trust is created through an emotional connection. One of the key aspects of this connection relates to whether we feel psychologically safe when interacting with other team members or clients – this is a simple matter of self-preservation – if we feel safe, we are more likely to survive.

Psychological safety is achieved from a variety of sources, including how others behave or react when we display vulnerability. If we show weakness and get ridiculed, the future risk of similar behaviours may now be too much to accept.

This ultimately aligns to whether your teams are prepared to promote the needs of the firm above their own individual concerns. Are you ready for true collaboration?



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5 Major Cyber Security Threats You Need to Watch Out For

by Paul Delahunty

When you start a conversation with someone about Information Security, it will almost immediately turn towards phishing, hackers, data protection/the GDPR and other commonly known threats. Ransomware in particular is usually one of the first threats people mention.

While these are certainly important and need to be addressed, there are many other threats that people and companies often overlook.

1. The Internet of Things

We have all heard of the Internet of Things (IoT). Basically, it is a nice way of describing how all devices and "things" can connect together. It is an internet of devices, software, sensors, and other 'things' which enable the world, and the devices in it, to be connected. It is an incredibly powerful concept, and over the last few years, it has left the realm of science fiction and entered normal, everyday life. After all, even if you don't have an Alexa yourself, I'll bet someone you know does!

More connected "things" means a much bigger attack surface. The bigger the attack surface, the harder it is to defend. To put some numbers on that, today we have about 30bn connected devices. This is predicted to rise to 75bn by 2025.... less than 3 years from now.

We have never before experienced such a monumental increase in the threatscape, or attack surface. That's 75bn attack vectors now open to hackers....to the "bad guys".

The potential for chaos is huge. Almost everything can, or will be, connected, which means almost everything can, or will be, hacked. While the convenience of having your heating, fridge, cooker, garage door, lights and alarm system all accessible remotely is very attractive, if someone breaks into just one of those things, they potentially have access to everything. If someone hacks into your baby monitor and your laptop is on the

same network, is it protected? With so many people working from home at the moment, this is a soft underbelly which attackers can use to target companies.

With consumers demanding greater and greater functionality and connectivity, vendors who don't provide this get left behind. Many of the connected devices are not properly secured yet are connected to everything. Does your ordinary everyday person know how to properly secure the new device they just bought? Do they care? Are they aware of the risks? Do they bother to change any default passwords? Is it even possible to do this on the device they just bought? Have they segregated their home network?

Whereas it's one thing having these in your home, concerningly, more and more organisations are introducing

them into their work environment. This poses a huge danger, as the amount of data in most organisations means they're a very attractive target for hackers.

Connected "things" aren't generally designed with security in mind. Security doesn't sell.....functionality and ease of use sells. Security just isn't sexy. It's not something you put on the front of the box to generate sales. So many manufacturers just don't care about it, as it's not worth the investment.

The result is a race to be the "latest and greatest", where security is often the last thing to be considered.

2. Lack of an Information Security Mindset

Information security is a mindset: a mindset that comes from the top down.



The C-suite management must buy into it and that buy-in must percolate through the organisation.

Companies can invest thousands and thousands in the latest firewalls and security systems but, if the InfoSec culture and mindset isn't ingrained in the organisation, it is only a matter of time before there is a breach.

Too often, security is thought of as being a technology problem. The truth is security begins and ends with every single individual in your organisation. Little things, like locking your laptop when you get up from your desk or wiping off a whiteboard at the end of a meeting, actually have a big impact when it comes to protecting your company.

Every single employee, from entry-level to C-suite, should have regular InfoSec training. InfoSec posters should be visible throughout the office. Regular penetration testing should take place. If employees walk away from their desk and leave an unlocked laptop, remove it from their desk.

The people in any organisation are both your strongest line of defence and your weakest underbelly. They are the strongest when properly trained to have a cyber security outlook. From day one, the company must display a cyber security ethos and instil a cyber security mind frame in all employees.

Building an Information Security mindset isn't something that can be achieved in a week or a month or by any specific action; it is something that is built over time by repeated good behaviours and by example from the top down.

3. Data on Mobile Devices

Mobile devices have become an integral part of people's work lives. Smartphones, tablets etc, are being used more and more for work-related activities and are, in many cases, replacing the traditional laptop. However, these devices were not designed for storing data in the way laptops were. Mobile devices are designed for ease of use and ease of connectivity – things that don't often go hand in hand with information security. While it is possible to lock down these devices and configure them so that data is stored in the right place, this is rarely

done. Moreover, company policies to enforce this practice are even rarer.

The amount of personal and company information held on mobile devices is stunning. Furthermore, the lack of security awareness among mobile device users and the ease with which such devices can be compromised makes for a huge security threat. Yet, many companies don't even have this on their radar. On top of that, organisations must also consider the possibility of mobile devices being lost or stolen.

At a minimum, mobile devices should be encrypted, with 2-Factor-Authentication (2FA) enabled. Where possible, organisations should look at employing a Mobile Device Management (MDM) solution. In cases where neither of these solutions are available or practicable, the removal of mobile devices from the work network should be considered.

4. Physical Security

Often companies spend thousands on their IT infrastructure but completely forget about the physical environment. It's as if physical security just isn't seen as being important. However, it is an essential part of an organisation's cyber security. Cyber security is all about protecting data. Physically securing your organisation against attacks from nature and malicious actors is a key part of this.

Do you have a plan in case of floods, fire, or some other natural disaster? Do you have access control in place? Is your server room locked and secured? Are your offices (and therefore data) easily accessible from the street? If someone from outside your organisation gains access to your office, are your employees trained and empowered to challenge them or alert security/senior management?

Even if you do have access control, do your employees regularly tailgate into the office? When your employees leave in the evening, is equipment and sensitive data securely put away? It is not uncommon to find organisations, with top of the range network security, whose employees leave sensitive data lying around when leaving at the end of the day, fully accessible to the third parties.

Physical security, and education around physical security, is an essential part of every organisation's information security armour.

5. Lack of a Disaster Recovery Plan (& Lack of Training for Disaster)

Most of us, instinctively, try not to think about disasters, rather, we focus on success. However, organisations need to plan for all of those "what if" scenarios. In times of trouble, having a good (& tested) disaster recovery plan in place can be the difference between the success and failure of your business.

Many organisations have a "plan" written down, gathering dust somewhere. But, in the white heat of disaster, are you sure it will really do its job? And even if it is sufficient, will your employees know how to follow it? Do they even know it exists?

A disaster recovery plan can cover anything from what to do if there is a flood and employees can't enter the office, to a ransomware attack where hackers have gained access to your organisation's systems. Once disaster strikes, it is essential that your employees know how to react. Therefore, regular training is vital.

Given the potential for such disasters to be business-ending, it is essential that every business has a robust, and tested, disaster recovery plan in place.



Paul Delahunty,

Paul Delahunty, one of the country's top Information Security experts, is the Chief Information Security Officer at Stryve, a Carlow headquartered private cloud and cybersecurity company.



Institute News

New: CPA Ireland Sustainability Hub Coming Soon



In keeping with our aim of Leading the Way in Digitalisation, Well-Being & Sustainability and following the success of our Digitalisation Hub and Well-being Platform, we are excited to announce that in October 2022, we will be launching our bespoke Sustainability Hub. The hub will be officially launched at an Online Sustainability Event on 20 October featuring sustainability experts from Sustainable Finance Ireland, AIB, TUD and Pragmatica as well as SME sustainability strategy expert, Pat Kane.

In addition, Andrew Tobin from Stryve will take us through his experience with creating a carbon neutral business.

This event can be booked at <https://portal.cpaireland.ie/Showcourses.aspx?id=22487>.

Key developments in sustainability standards for non-financial reporting will be monitored by CPA Ireland with detailed information on when and how that reporting will impact your business and clients. The hub will cover all areas of importance to Irish businesses including Audit, Financial Reporting, Strategy, ESG Reporting, Sustainable Lending, Carbon Footprint reduction, Employee Health & Wellbeing as well as offering live sessions with key industry experts' in sustainability and case studies of those who have managed a sustainable journey.

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

Accountancy Plus Digital Only

From this edition onwards, the Accountancy Plus journal will be published as a digital-only publication. CPA Ireland is dedicated to becoming a sustainable organisation and having a digitally confident membership makes our journey to becoming carbon neutral possible. We are excited to be moving to a digital future with reduced printing and being able to significantly reduce CPA Ireland's environmental impact.

This newly designed digital version has been developed using a platform called Vertiquil. This platform allows members to easily share content, you can access the journal at any time and the digital copy also allows you to easily navigate to links within the content. The digital copy includes hyperlinks, the ability to bookmark, share, and download content, and an option to click through to additional resources on relevant topics.

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

Winning the War on Trainee Talent

The war for accountancy talent has intensified over the last few years. Globally organisations are struggling to attract and retain trainee talent. In Ireland, a decline in student registrations across all professional accountancy bodies exacerbated the situation and in 2018 the number of new accountancy students stood at -27% below pre-recession levels making it extremely challenging for members and employers to source accountancy trainees.

In response to the challenging recruitment market CPA Ireland launched the Trainee Placement Service in 2019. This complimentary recruitment initiative was set up to support members and employers in finding the right trainee talent for their organisation and to assist prospective students in finding a CPA trainee role. The team at CPA Ireland built out a robust trainee candidate attraction strategy including a brand-new job board, digital advertising, email campaigns and candidate personas. Trainee candidates receive ongoing support throughout their trainee job search with the ability to access a CV review, interview coaching and feedback. Members & employers have access to high calibre trainee talent without the high - costs associated with recruitment agencies and receive expert advice throughout the hiring process.

The Trainee Placement Service has been a huge success for CPA Ireland. Candidates who secure roles through the placement service are automatically registered as CPA students and in 2021 the service was cited as one of the top reasons prospective students choose the CPA Qualification. This year we have witnessed a notable uptick in interest from students and employers in both practice and industry.

Along with an increase in engagement we have achieved some impressive recruitment metrics which included filling a recent trainee role with a leading aviation company in just 10 days!

If your organisation has trainee recruitment plans now or in the future, please reach out directly to Caroline Moloney: cmoloney@cpaireland.ie

Response to the Ukraine Crisis

CPA Ireland has introduced a range of measures in support of Ukrainian refugees seeking to live and work in Ireland and to have their professional accountancy qualifications recognised.

These measures relate to displaced Members of the Ukrainian Federation of Professional Accountants and Auditors and to those studying for that qualification. The CPA Ireland initiatives have been outlined to the Embassy of Ukraine to Ireland and can be found at <https://www.cpaireland.ie/Resources/Response-to-the-Ukraine-crisis>

CPA Ireland members are encouraged to support Ukrainian refugees live and work in Ireland in whatever way possible.

National Accounting Competition Winners

CPA Ireland and gamification application Quitch announced the winners of the 2022 National Accounting Competition.

1st Place, €1000 - Dylan Donnelly from Technological University of the Shannon Midlands Midwest Athlone Campus

2nd Place, €600 - Denis Nevin from the Southeast Technological University Carlow Campus

3rd Place, €300 - Ellie Graham from the Atlantic Technological University Letterkenny Campus

Winning College, €500 - Technological University of the Shannon Midlands Midwest Athlone Campus

Dylan Donnelly, a student of the Technological University of the Shannon, Athlone Campus took first place with 88619 points. The Technological University of the Shannon Midlands Midwest Athlone Campus was the 'Winning College' of the competition.

Participants included first to final year

accounting students as well as Masters students. Each week a range of theory-based accounting questions were released to participants on Quitch. Participants could monitor their progress under their avatar name and see their score on a leader board along with the other participants.

During the ten weeks of the competition 17 colleges across Ireland and Northern Ireland took part and the total amount of hours played was 12 days and 18 hours. There was a 76% average class accuracy and 35,871 questions were answered in one day at the peak of the competition.

Gillian Peters, Director of Business Development at CPA Ireland said at the time, "CPA Ireland was delighted to partner with Quitch to bring the inaugural National Accounting Competition to accountancy and finance students on the island of Ireland. As an Accountancy Body, we are focused on innovation and we were excited to bring a new gamified learning platform to the students. Congratulations to Dylan on this great achievement."



Pictured L to R: Adam O'Reilly, CPA Ireland, Dylan Donnelly, National Accounting Competition Winner



Pictured L to R: Dylan Donnelly, National Accounting Competition Winner, Brendan McLarney, Accounting Lecturer, TUS Athlone Campus, Trevor Prendergast, Head of Department, Accounting and Business Computing, TUS Athlone Campus, Adam O'Reilly, CPA Ireland)

The Annual Irish Accountancy Awards

The Annual Irish Accountancy Awards took place on the 1st September which celebrated the success of many CPAs and other accountants for their contribution to the profession over the past 12 months.

We were delighted to recognise the achievements of Geoff Meagher, a former President of CPA Ireland, who was presented with the Global Contribution to Accountancy Award. Nominated by CPA Ireland, this award recognises and celebrates the significant international achievement of an accountant who exemplifies the global nature of the profession. Geoff received this award for his contribution with emphasis on the growth of Glanbia in global markets.

At the ceremony Geoff commented that "The role of an accountant has evolved enormously over the years and continues to do so. The challenge for all involved in the training of future accountants will be to make them relevant to the times we live in, I don't envy that challenge but it is one that needs to be taken on."

Congratulations to all the nominees, in particular the CPA members who won the following categories:

Bookkeeping team of the year: ifac

CSR initiative of the year: Back to School – John McCarrick & Associates and the Kenyan Child Foundation

Client Service Award & Large Practice of the Year: Contracting Plus



Aine Collins, CPA Ireland President with Geoff Meagher, Former President, CPA Ireland



Bookkeeping team of the year: ifac



CSR initiative of the year: Back to School – John McCarrick & Associates and the Kenyan Child Foundation



Patricia O'Neill, Director Member Services presents Michael Sands, Clonallan Laboratories with the award for Finance Director of the Year



Client Service Award & Large Practice of the Year – Contracting Plus

Resignations:			
Member ID	First Name	Last Name	Date
001456	Gerard	Clune	07/07/2022
001670	Noreen	Hunt	12/07/2022
001606	Garret	Galvin	08/07/2022
005297	Anne	Turkington	29/06/2022
001889	Edward	Nelligan	12/07/2022
004531	Evelyn	Brennan	16/06/2022
000296	Jeremiah Martin Paul	Daly	29/06/2022
000858	Liam P.	McMenamin	05/07/2022
033404	Rafael	Moreira	23/06/2022
000465	Raymond	Gavin	04/07/2022
001283	Tom	Weymes	29/06/2022
000897	David	Meeke	29/06/2022
001689	Mary J.	Keating	23/06/2022
Deaths:			
Member ID	First Name	Last Name	Date
001724	Thomas	Kenny	29/06/2022
001874	Patrick O.	Murphy	04/02/2022
001817	Nuala	McDonald	13/08/2020
002096	Francis A.	Wall	30/04/2022
001283	Tom	Weymes	29/06/2022
000897	David	Meeke	29/06/2022
001689	Mary J.	Keating	23/06/2022
Removals:			
Member ID	First Name	Last Name	Date
026886	Olatunji Daniel	Oshineye	05/08/2022
018100	Farai	Zisengwe	05/08/2022
020705	Anthony Chukwuemeka	Nzom	05/08/2022
019711	Patrick	Mwashita	05/08/2022
027400	Kasturi	Mahajan	05/08/2022
026936	Orikara	Chioma Patience	05/08/2022
026810	Junaaid Mohammad	Nawaz	05/08/2022
026419	Muhammad Khalid	Khan	05/08/2022
026236	Watson	Mills	05/08/2022
026235	Minnoo Rose	Kizhakkethottam	05/08/2022
025747	Umair	Waheed	05/08/2022
025743	Cyril Yiltzen	Tsenyil	05/08/2022
025742	Ibeakanma	Chioma Glory	05/08/2022
025740	Aminu Anas	Ibrahim	05/08/2022
025446	Sekeenat Oluwatoyin	Mustapha	05/08/2022
025100	Sani Abdulqadir	Dambo	05/08/2022
025096	Yusuf	Haruna Rulwan	05/08/2022

025081	Joseph	Udo-Inyang	05/08/2022
025079	Jamal	Haider	05/08/2022
025069	Francis	Ibekwe	08/08/2022
025068	Augustine	Efam	08/08/2022
025066	Chizoba Marcella	Ekwueme	08/08/2022
025064	Adefemi Kazeem	Adewole	08/08/2022
024399	Bekweri Imenwo Boniface	Woko	08/08/2022
023853	Austin	Iloba Ezeike	08/08/2022
022992	Vincent	Ezeabasil	08/08/2022
022989	Muhammad Sabo	Lamido	08/08/2022
022655	James Eyoma	Obaka	08/08/2022
021423	Shehu Olayiwola	Bayo	08/08/2022
021199	Muhammad	Umer	08/08/2022
020704	Shehu Usman	Ladan	08/08/2022
019974	Ahmed	Salaheldin Mohammed Mou	08/08/2022
011674	Justyna	Radecka	08/08/2022
005982	Yogeswaran	Kalian	08/08/2022
005257	Anastasios E.	Panayides	08/08/2022
027802	Vedprakash	Sharma	08/08/2022
023577	Pius Vincent Chukwubuike	Okoye	08/08/2022
020564	Fatima	Abdussalam	08/08/2022
005049	Catherine	O'Keeffe	08/08/2022
006747	Mildred	Reynolds	08/08/2022
004298	Vincent	Power	08/08/2022
025072	Habibu Tijani Mohammed	Tijani Mohammed	09/08/2022
022982	Davison	Ukachukwu Ohurogu	09/08/2022
028775	Tracey	Byrne	09/08/2022
000197	Raymond	Colreavy	09/08/2022
017745	Pamela	Daly	09/08/2022
015423	Jennifer	Mahon	09/08/2022
008728	Sheila	Judge	09/08/2022
007489	Edel	Downes	09/08/2022
004892	Michelle	Geaney	09/08/2022
004800	Breda	Rogers	09/08/2022
004334	Marie	Ryan	09/08/2022
003626	Susan Margaret	Mullane	09/08/2022
008108	Ronan	McMahon	09/08/2022
000545	Niall	Hayes	09/08/2022
000017	Brendan	Barry	09/08/2022
026225	Thomas	Oluwasgun	18/08/2022
025099	Jamilu	Salisu Ahmad	18/08/2022
023862	Stephen	Sharang	18/08/2022
007457	James	McKeon	18/08/2022

CPD News

Women in Business - "Celebrating Women"

We are looking forward to bringing you the Women in Business events in December.

The Women in Business 2022 events are taking place in Cork on 7th December and in Dublin on 15th December.

As usual we will hear from top class speakers and enjoy some canapes and wine whilst we network.

Key event details:

Dates & Locations:

7th December
Hayfield Manor, Cork

15th December
CPA Ireland offices,
17 Harcourt Street, Dublin 2

Time: 5pm – 8pm
(registration will start from 4.30pm)

CPD Credit: 3 hours

Cost: €50 for CPA members

End of CPD Cycle

As we are fast approaching the final quarter of 2022, we would like to remind our members that this is the final year of the 3-year CPD Cycle. This means that you must complete all of your CPD hours by 31 December 2022.

Requirements

Practice:

- 75 structured hours
- 45 unstructured hours

Industry:

- 60 structured hours
- 60 unstructured hours

For our newer members who have qualified in the past two years your CPD requirements are calculated on a pro rata basis.

For example, if you work in practice and you were conferred in December 2021 you must complete 25 hours by the end of 2022 (50 hours if you were conferred in December 2020). If you work in industry and you were conferred in December 2021 you must complete 20 hours by the end of 2022 (40 hours if you were conferred in December 2020).

We will be running an extensive programme of conferences, webinars, full day courses and Post Qualification Specialisms throughout the remainder of the year – more than enough to fulfil all your requirements!

If you have any queries on your CPD hours please visit our CPD section of the website or contact Rachel Hawker, rhawker@cpaireland.ie

CPD Wrap Ups

CPA Ireland's CPD Wrap Up is a key event on the CPD calendar each year. Rounding up some of the main issues affecting accountants in both practice and industry, this two-day event offers the ideal opportunity to gain valuable CPD hours while brushing up on your knowledge!

The CPD Wrap Up 2022 will take place online on 13th & 14th December.

Topics this year include:

- Economic Update
- Finance Bill Update
- Professional Scepticism
- Mental Well-being / Stress Management
- Cyber Security / GDPR
- Pensions Update
- Ethics Issues for Accountants

Key Event Details

Time: 9.30am – 4.40pm
each day

CPD Credit: 16 hours
for both days

Cost: €340 for both day,
or €190 for one day

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

CPA Ireland have partnered with accountingcpd to help you successfully navigate 2022 with the online Accountant's Update Programme 2022 (Ireland). Keep up to date and confidently face everything the year ahead might throw at you. Throughout the year, stay informed on the latest developments and regulation changes in the accounting world, all accompanied by expert analysis.

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

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

Enrol today!

Was: €380

Now: €342+vat **SAVE 10%**

Code: CPA101

22 CPD hours online:

All-year round

Sign up now

Programme Features

- 22 CPD hours across the year
- Updates on technical accounting
- Topical news impacting

accounting

- Audit-proof CPD certificate
- New content every month
- Facilitator to keep you on track

How it works



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



Complete your CPD reflection after each module.



Your CPD Certificate is stored securely until you need it.

 **accountingcpd**

Post Qualification Specialisms

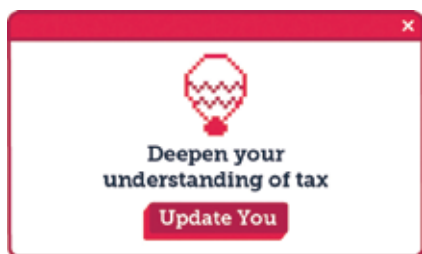
CPA Ireland offers a range of Certificate and Diploma post qualification specialisms to develop your skills and professional knowledge. Participants are given access to our award-winning, online learning

management system Canvas, where they can view the live stream of all lectures, lecture recordings as well as accessing additional resources such as articles and exam tips & techniques, notes, past exam

papers and assignments. The use of Canvas has increased dramatically in Ireland and Worldwide over the last number of years as it is recognised as the Number 1 Learning Management System in the world.

Certified Tax Adviser

Last chance to enrol on the 2022/2023 course



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

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

The new CTax course includes:

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

We are still taking bookings for the 22/23 course which commenced on 3rd September. All lectures are recorded so you can catch up online!

Book your place now at cpaireland.ie/cpd

Key Details:

Method: Dublin & Online via Live Streaming

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

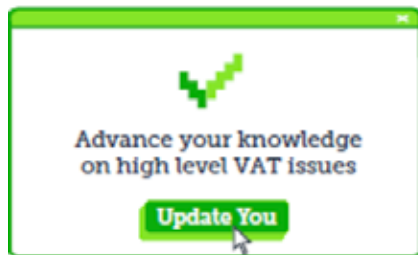
Cost: €1950

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

– Lisa Leonard, ACCA CTax

Advanced VAT for Accountants

Book your place now for November 2022



Due to the continued success of the Advanced VAT for Accountants course, we are delighted to once again be offering this course, commencing in November 2022.

This course provides an in-depth analysis of Advanced VAT Issues and will equip participants with the knowledge and confidence to deal with them.

Book your place now at cpaireland.ie/cpd

Key Details:

Method: 3 full days plus online assessment

Location: Dublin & online via live streaming

Date: November 2022 to January 2023

CPD Credit: 24 hours

Cost: €850

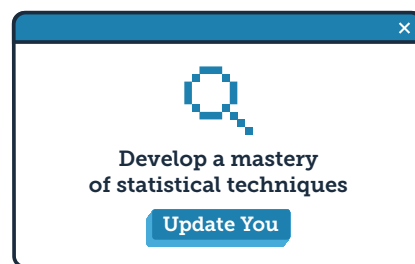
"I found the entire course to be useful in my role as an accountant in practice. Vat queries often arise from clients and this course has given me the knowledge/confidence to deal with Vat queries/issues as they arise".

Save the Date!



Diploma in Data Analytics

Book your place now for October 2022



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

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

Book your place now at cpaireland.ie/cpd

Key Details:

Method: 5 full days & assessment

Location: Dublin & online via live streaming

Date: September 2022 – March 2023

CPD Credit: 40 hours (8 hours per day)

Cost: €1550 (non-members: €1750)

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

– Gabriel Oguntuase, CPA

Analytics Institute
PROBLEMS WORTH SOLVING

Webinars & Online Courses

CPA Ireland continues to provide insightful and topical webinars on a wide range of interesting and relevant topics including, Brexit, succession planning, tax, the economy, audit and leadership.

We also provide a range of online courses to keep you up to date and informed on a range of topics from VAT, FRS 102, US GAAP, Python and Governance for the Charitable Sector. Further details on what we have to offer can be found at cpaireland.ie/cpd

Location	Dates	Title	Price	NM Price	CPD Credit
Livestreaming	Saturday 24 September 2022	CTax: Taxation of Employment Law	€250.00	€295.00	6 hours
Webinar	Wednesday, September 28, 2022	Company Secretarial Webinar 4	€29.00	€36.00	1 hour
Webinar	Thursday, September 29, 2022	Budget 2023 Webinar	€0.00	€36.00	1 hour
Limerick	Thursday, September 29, 2022	Breakfast Briefing AIB	€18.00	€25.00	1.5 hour
Webinar	Friday, September 30, 2022	Success Skills Series - Presentation Skills	€40.00	€50.00	2 hours
Webinar	Tuesday, October 04, 2022	AIB Webinar	€0.00	€36.00	1 hour
Webinar	Wednesday, October 05, 2022	HR Webinar 1	€29.00	€36.00	1 hour
Webinar	Wednesday, October 05, 2022	HR Webinar Series	€105.00	€130.00	4 hours
Webinar	Thursday, October 06, 2022	Economic Update Q3	€29.00	€36.00	1 hour
Webinar	Friday, October 07, 2022	Success Skills Series - Communication Skills	€40.00	€50.00	2 hours
Webinar	Wednesday, October 12, 2022	HR Webinar 2	€29.00	€36.00	1 hour
Webinar	Friday, October 14, 2022	Success Skills Series - Critical Thinking	€40.00	€50.00	2 hours
Online	Tuesday, October 18, 2022	Update for Industry	€225.00	€275.00	8 hours
Webinar	Wednesday, October 19, 2022	HR Webinar 3	€29.00	€36.00	1 hour
Livestreaming	Friday, October 21, 2022	Diploma in Data Analytics	€1,550.00	€1,750.00	40 hours
Webinar	Friday, October 21, 2022	Success Skills Series - Stress Management	€40.00	€50.00	2 hours
Livestreaming	Saturday 22 October 2022	CTax: Indirect Taxes: Business & Property	€250.00	€295.00	6 hours
Webinar	Wednesday, October 26, 2022	HR Webinar 4	€29.00	€36.00	1 hour
Webinar	Friday, October 28, 2022	Success Skills Series - Problem Solving and Analytical Thinking	€40.00	€50.00	2 hours
Webinar	Friday, November 04, 2022	Success Skills Series - Leadership Skills	€40.00	€50.00	2 hours
Webinar	Friday, November 11, 2022	Success Skills Series - Influencing and Negotiation Skills	€40.00	€50.00	2 hours
Webinar	Friday, November 18, 2022	Success Skills Series - Resilience and Adaptability	€40.00	€50.00	2 hours
Webinar	Tuesday, November 22, 2022	Winter Audit Webinar Series	€29.00	€36.00	1 hour
Livestreaming	Wednesday 23 November 2022	Advanced VAT for Accountants	€850.00	€850.00	24 hours
Online	Thursday, November 24, 2022	Essential Professional Briefing	€225.00	€275.00	8 hours
Webinar	Friday, November 25, 2022	Success Skills Series - Project Management	€40.00	€50.00	2 hours
Livestreaming	Saturday 26 November 2022	CTax: Corporate Tax	€250.00	€295.00	6 hours
Webinar	Monday, November 28, 2022	Winter Tax Webinar 1	€29.00	€36.00	1 hour
Webinar	Monday, November 28, 2022	Winter Tax Webinar Series	€105.00	€130.00	4 hours
Webinar	Tuesday, November 29, 2022	Winter Audit Webinar Series	€29.00	€36.00	1 hour
Cork	Wednesday, November 30, 2022	Business Breakfast	€0.00	€35.00	1.5 hour
Webinar	Thursday, December 01, 2022	Success Skills Series - Conflict Resolution	€40.00	€50.00	2 hours
Cork	Friday, December 02, 2022	Essential Practice Update	€225.00	€275.00	8 hours
Webinar	Monday, December 05, 2022	Winter Tax Webinar 2	€29.00	€36.00	1 hour
Webinar	Tuesday, December 06, 2022	Winter Audit Webinar Series	€29.00	€36.00	1 hour
Cork	Wednesday, December 07, 2022	Women in Business	€50.00	€75.00	3 hours

Student News

Examination Notice

August 2022 Examinations

The results of the August 2022 examinations, which were hosted on our Cirrus online examination platform and remotely invigilated using Proctorio Artificial Intelligence technology will be available online on Friday 14 October 2022, six weeks after the final examination.

The results can be accessed by logging into their 'MyCPA' Dashboard.

Good luck to all students who sat examinations in August and are awaiting results.

Annual Student Subscription

The annual student subscription is now due for 2022/2023. Invoices have been sent by email to all students. In order to make payment, please log in to your MY CPA Dashboard.

Payments are due by 30 September 2022, and prompt payment will enable the Institute staff to continue to provide an efficient and effective service and will ensure that you continue to have access to the Study Support Section of the CPA Ireland Website as well as other key student resources.

Application to Membership Notice

The CPA Ireland annual Conferring Ceremony will be held on Saturday 3 December 2022 in O'Reilly Hall, UCD.

Thanks to all students who have applied for membership as part of "Cohort 1". This group included students who passed their final examinations from 2019 up to and including April 2022. Congratulations to those applicants who have been accepted for membership.

Students who complete their examinations in August 2022 will be included in Cohort 2 and will receive formal invitations to apply for membership following the release of the August 2022 examination results.

Students in Cohort 2 are reminded of the following deadlines:

- 7 October – all outstanding training records to be submitted (this does not apply for those students who have already been confirmed as "Training Complete")
- 4 November – full application for membership

Due to the short timelines between publication of exam results and the deadline for applications we strongly encourage all students to gather, as soon as possible, the relevant information so as to be able to submit their application documentation on time.

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

- Application Form (online)
- Two Employer References on headed paper. (Sent via email to

bdolan@cpaireland.ie)

- 4 Competence Records and 3 Behavioural Records (evidencing four in-depth competence records and all the behavioral attributes via your MyCPA profile).

Details of the application to membership process can be found on the CPA Ireland website.

All applicants are advised to view this webinar before starting the application process

Students who:

- Satisfy the entry requirements for admission to membership,
- Fully comply with the Application to Membership Process, and
- Pay the application to membership fee (€731).

will receive written confirmation of their approval for admission to membership and information about the Conferring Ceremony and induction training which will take place later in the year.

Please note, the above Application to Membership fee does not include the Annual Member Subscription for 2023, which, for members, falls due in January 2023.

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

Best of luck to all students in Cohort 2 completing their examinations.

We look forward to meeting all of our newly conferred members on the day of the Conferring Ceremony.

CPA Approved Educators for 2022/2023 Academic Year

For up-to-date information about the courses offered by our three CPA Approved Educators for the 2022/2023 academic year please refer to the CPA Ireland website as well as each educator's website:

Griffith College (<https://www.griffith.ie/faculties/griffith-professional-accountancy/courses/cpa-certified-public-accountants>)

Canit College (<https://www.canitcollege.ie/>)

Munster Technological University (<https://www.cit.ie/course/CRBCPAC8>)

These educators offer a combination of classroom, online and blended learning options across the CPA Ireland syllabus.

Welcome to all of our new CPA students!

As we start our new academic year, on behalf of CPA Ireland, the Education & Training Department would like to welcome all newly registered students! You are encouraged to avail of the Institute's Virtual Open-Door policy so please feel free to contact us with any questions you may have regarding your study, examinations, or training. Feedback from CPA Ireland students is essential to the Institute's continuous improvement of processes and its 'open door' is one important channel. Others include regular student webinars, online surveys, our student Facebook group, and the more traditional channels such as e-mail and telephone. We look forward to hearing from you while you train to become a Certified Public Accountant.

At the start of each month, you will receive the monthly Student News e-bulletin so be sure to keep a close eye on your inbox. This is essential reading for any CPA Ireland student as it will keep you informed and up to date on Institute news, such as deadlines for applying for examinations, and provide you with important insights into the areas of taxation, business, and practice.

Articles related to the CPA Ireland syllabus are also included on a regular basis.

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

Please refer to the CPA Student Webinar Series which can be updated on a regular basis. These webinars include, for example:

- **New Students Induction** – essential overview for all new CPA Ireland students.
- **Syllabus progression rules** – this is essential viewing before you make your subject choices for the next academic year.
- **Training Records** – explaining the

Institute's training requirements and how to log and submit your training.

- **Exam performance** – tips on how to maximise your exam performance using our online exam system.
- **Online Examination System** – takes you step by step through the Cirrus system used for online exams.

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

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

Your Student Dashboard

Students are reminded of some key features of the Student Dashboard which will be the first screen that will appear when you log in to your MyCPA account.

The dashboard contains some essential information to assist you to manage your payments, examinations, and training. It is each student's responsibility to ensure that the information shown is correct.

The screenshot shows the 'Welcome to your CPA Online Service' dashboard. Key sections include:

- Your CPA Profile:** Displays personal details (Name, Number, Address, Company) and subscription status. Annotations highlight 'Annual Subscription is Due' and 'Are your contact details correct?'.
- Your Upcoming Exams:** Lists exams for August 2022. Annotations highlight 'You are permitted 4 attempts for each exam' and 'You must have completed all exams by this date'.
- Online Training Records:** Shows training hours for various topics. Annotations highlight 'Remind your mentor to sign off on outstanding records' and 'Reminder of next date for Quarterly Training Records'.
- Registered exams:** Lists exams with dates and status. An annotation highlights 'This section confirms the exams registered for at the August 2022 examinations'.

Information & Disclaimer

Accountancy Plus is the official journal of the Institute of Certified Public Accountants in Ireland.

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

The Institute of Certified Public Accountants in Ireland, CPA Ireland is one of the main Irish accountancy bodies, with in excess of 5,000 members and students. The CPA designation is the most commonly used designation worldwide for professional accountants and the Institute's qualification enjoys wide international recognition.

The Institute's membership operates in public practice, industry, financial services and the public sector and CPAs work in over 40 countries around the world.

The Institute is active in the profession at national and international level, participating in the Consultative Committee of Accountancy Bodies – Ireland – CCAB (I) and together with other leading accountancy bodies, the Institute was a founding member of the International Federation of Accountants (IFAC) – the worldwide body. The Institute is also a member of Accountancy Europe, the representative body for the main accountancy bodies. The Institute's Offices are at 17 Harcourt Street, Dublin 2, D02 W963 and at Unit 3, The Old Gasworks, Kilmorey Street, Newry, BT34 2DH.

The views expressed in items published in Accountancy Plus are those of the contributors and are not necessarily endorsed by the Institute, its Council or Editor. No responsibility for loss occasioned to any person acting or refraining to act as a result of material contained in this publication can be accepted by the Institute of Certified Public Accountants in Ireland.

The information contained in this magazine is to be used as a guide. For further information you should speak to your CPA professional advisor. Neither the Institute of Certified Public Accountants in Ireland or contributors can be held liable for any error, or for the consequences of any action, or lack of action arising from this magazine.

Your Future Trainee is with CPA Ireland

The CPA Trainee Placement Service will support you in sourcing top trainee talent in 2022.

- Free Trainee Recruitment Service
 - Faster Hiring
- High Quality Trainee Candidates
 - Hands On Support

Contact Caroline Moloney for more information!
Email: cmoloney@cpaireland.ie
Tel: 0860486347





INSIGHTS, IN SIGHT.

CPA Interactive Digitalisation Hub

Giving you clarity on the future of digital accounting.

Now available at cpaireland.ie/hub