

# Accountancy Plus

The Official Journal of CPA Ireland



Professional  
Scepticism –  
Accountancy  
at the crossroads of  
science, art and  
psychology.



**Exclusive  
access to  
Ireland's  
top talent.**



**BARDEN**

Recruitment. But different.

# Editorial

Accountancy Plus  
March 2023

## CPA Ireland

17 Harcourt Street,  
Dublin 2, D02 W963

**T:** 01 425 1000

**F:** 01 425 1001

Unit 3,  
The Old Gasworks,  
Kilmorey Street,  
Newry, BT34 2DH

**T:** +44 (0) 28 3025 2771

**W:** [www.cpaireland.ie](http://www.cpaireland.ie)

**E:** [cpa@cpaireland.ie](mailto:cpa@cpaireland.ie)

### Editor

Patricia O'Neill

### Chief Executive

Eamonn Siggins

### Editorial Adviser

Róisín McEntee

### Technical Adviser

Phyllis Willoughby

### Advertising

Ciara Durham

**T:** 086 852 3463

**E:** [accountancyplus@gmail.com](mailto:accountancyplus@gmail.com)

### Published by

Nine Rivers Media Ltd.

**E:** [gary@ninerivers.ie](mailto:gary@ninerivers.ie)

## President's Message

Welcome to the March 2023  
edition of Accountancy Plus.



2022 was another year of great resilience and accomplishment for CPA Ireland, our members and students. Some of the highlights throughout the year include the signing of a Mutual Recognition Agreement (MRA) with the International Qualifications Appraisals Board in the USA (IQAB). IQAB represents the interests of both the American Institute of CPAs and the National Association of State Boards of Accountancy in the USA (NASBA). This MRA provides an abbreviated qualification pathway for eligible accounting professionals in the U.S. and Ireland to practice in the partner countries.

We had the pleasure of announcing a new partnership with the Chartered Institute of Internal Auditors (CIIA). Members of CPA Ireland now have the option to join the Chartered Institute of Internal Auditors by passing the online CIA challenge exam and satisfying the qualifications for good standing.

Sustainability continues to be big on the agenda for CPA Ireland in 2023. In September 2022, we launched the CPA Ireland Sustainability Hub to ensure CPAs are at the forefront of Sustainability and to help guide members and students to develop Sustainability strategies for business. This hub has proven to be extremely successful, and we will be expanding on this hub in 2023 to introduce micro credentials in different areas of Sustainability. You can access the hub at <https://www.cpaireland.ie/Resources/CPA-Sustainability-Hub>

Towards the end of 2022, we were delighted to return to our in-person events. We ran three in person networking events in the final quarter of 2022, the President's Business Breakfast in Cork as well as two Women in Business events, one in Cork and one in Dublin. The positive atmosphere, the enjoyable networking and the exceptional speakers all contributed to these wonderful events and reminded us of the great community we have at CPA Ireland.

We were delighted to once again host an in person Conferring Ceremony which took place on 3 December 2022 in the O'Reilly Hall in UCD. It was uplifting to celebrate the success and dedication of our new members and student prize winners, and I would like to wish them every success in their future careers and look forward to them becoming involved with the Institute on many levels. It was particularly enjoyable to spend time with the conferees and prize winners after the ceremony and to meet their family and friends..

2023 looks to be another exciting year with many projects in the pipeline. Later this year we will be launching a new post qualification specialism in Fintech, Cryptocurrency and AI. This qualification will offer participants the option to complete a full Diploma or to take standalone modules.

This year CPA Ireland is working on a particularly exciting project that will benefit both our students and our members. With funding from Skillnet Ireland we are developing a training programme using immersive technology tools. The finished product will be accessed in The Metaverse which provides a platform for immersive, collaborative, and customizable learning that can enhance learning outcomes and make the learning process more enjoyable.

At the beginning of this year, we were sorry to say farewell to Gillian Peters and Caroline Moloney who have left CPA Ireland to pursue new endeavours, and we wish them all the best for the future. We are delighted to welcome Jude Condell who took up the position of Business Development Lead, and we look forward to working with Jude on new and exciting projects throughout the year.

We are looking forward to another busy year and all that is to come in 2023.

**Áine Collins**  
President CPA Ireland

# Contents

<b>Institute</b>		<b>Law &amp; Regulation</b>		<b>In Practice</b>	
President's Message	01	Law & Regulation News	14	In Practice News	38
Institute News	55	Employment Law Changes, What to Expect in 2023	15	Professional Scepticism – Accountancy at the crossroads of science, art and psychology	39
Institute Info & Disclaimer	63	<i>Sarah Fagan</i>		<i>Brendan Lenihan</i>	
Publication Notices	63	Corporate Authority Enforcement Regulatory Update	18	The Importance of Auditing Related Party Transactions	42
		<i>Ian Drennan</i>		<i>Phyllis Willoughby</i>	
<b>CPA Profile</b>		5 billion reasons to get comfortable with compliance	20		
Michael Smyth	06	<i>Paul Moore</i>			
Chloe O'Sullivan	07				
<b>CPD</b>		<b>Finance &amp; Management</b>		<b>Personal Development</b>	
News & Events	58	Finance & Management News	22	How our thinking can impact our decisions...	45
<b>Student</b>				<i>Fiona Buckley</i>	
Student News	62	Spotlight on AIB Business Banking Sector Team	24		
<b>Opinion</b>		<i>AIB</i>		<b>IT</b>	
Cryptocurrency		Managing Insolvency and SCARP	26	Is it time to ditch the spreadsheets?	47
<i>Henry Duggan, Andrew Pimlott and Madhur Mishra</i>	03	<i>Tom Murray</i>		<i>Ayman Kaouri</i>	
<b>Financial Reporting</b>		<b>Taxation</b>		CPAs are using the new .cpa domain to supercharge their online presence. Here's how.	49
Financial Reporting News	08	Tax News	30	<i>Chris Cromer</i>	
IFRS 17 Insurance contracts in a nutshell	11	New Revenue Audit Code of Practice – The Experience So Far	32	Is the exponential growth in accounting software destroying critical thinking ?	52
<i>Robert Kirk</i>		<i>Mairead Hennessy</i>		<i>Danielle McWall</i>	
		Sustainability In Irish Agriculture	34		
		<i>Declan McEvoy</i>			

# Cryptocurrency

by Henry Duggan, Andrew Pimlott and Madhur Mishra

The concept of cryptocurrency has attracted widespread attention in recent years. At the simplest level, a cryptocurrency is essentially a digital currency which utilises advanced cryptography to facilitate anonymity and security in transactions. Cryptocurrencies can therefore be viewed as forms of digital money which can be used to purchase goods and services. Examples of such cryptocurrencies are Bitcoin, Ethereum, Ripple and Cardano.

Cryptocurrency trading can be conducted by both retail traders (individual investors) as well as institutional traders (large organisations such as hedge funds). Because of the volatility and potential for high returns, cryptocurrency trading can be inherently risky. As such, traders should be well-informed and cautious when conducting such trades. It's also important to utilise a reliable and reputable cryptocurrency exchange. Some exchanges are more appropriate for beginner traders, while others are designed for those with significant experience of conducting such trading activity.

This article will provide an insight to the basic underlying technology associated with cryptocurrencies, along with a synopsis of the key highlights in their development, advantages and risks, regulatory environment and financial reporting requirements.

## The Blockchain

Most, but not all crypto currencies are established in Blockchain technology, which is in essence a decentralized, distributed public ledger which exists across a network. The Blockchain is essentially a repository, a place to digitally store information, usually transactional. This store of information is called the Block.

These blocks are not stored in one central database but are instead spread-out across various connected computer systems. The reason that the data is very difficult to corrupt is because the same database is stored across different computer networks called nodes.

So, for example, imagine a database containing records of 100 transactions. All the nodes supporting the blockchain will have an identical copy of the database. The correct version of the database is therefore always assumed to be the version that is consistent across the majority of the nodes.

Therefore, if someone wishes to make an unauthorised change by deleting a transaction on one node, there will not be any impact to the overall database because the majority of the databases across the network will still show 100 transactions and the unauthorised change will be disregarded. Given the prevalence and increased media attention on cryptocurrencies in recent years, it is useful to consider some of the key highlights in the evolution of such digital currencies.

**1983:** American Cryptographer David Chaum conceived an anonymous cryptographic electronic money system called ecash<sup>1</sup>.

**1989:** Digicash launched as an electronic money corporation, allowing for anonymous transactions due to the implementation of cryptographic protocols<sup>2</sup>.

**1999:** PayPal electronic payments system launched<sup>3</sup>.

**2008:** "Bitcoin: A Peer-to-Peer Electronic Cash System" published by Satoshi Nakamoto<sup>4</sup>.

**2009:** Bitcoin network came into existence with the mining of the Genesis block on 3 January<sup>5</sup>.

**2014:** Tokyo-based Mt. Gox -- once the world's biggest Bitcoin exchange -- suspended all trading and went offline in February 2014 after losing about 850,000 Bitcoin valued at about \$500 million at the time<sup>6</sup>.

**2014:** OneCoin was founded by Ruja Ignatova and Karl Sebastian Greenwood. In December 2002, Greenwood pled guilty in Manhattan federal court to wire fraud and money laundering charges in connection with his participation in a massive OneCoin fraud scheme, which marketed and sold a fraudulent cryptocurrency by the same name through a global multi-level-marketing ("MLM") network.<sup>7</sup>

**2021:** Beeple Artwork "Everyday: The first 5000 days" sells attached to an NFT

1 <https://www.cpajournal.com/2021/12/13/icymi-an-introduction-to-blockchain/>

2 <https://bitcoinmagazine.com/culture/bitcoin-adam-back-and-digital-cash>

3 <https://www.electronicpaymentsinternational.com/news/paypal-history-milestones/#:~:text=PayPal%20history%20begins%20back%20in,in%202002%20for%20241.5bn.>

4 <https://bitcoin.org/bitcoin.pdf>

5 <https://cryptonews.com/guides/bitcoin-history.htm>

6 <https://www.bloomberg.com/news/articles/2022-07-07/mt-gox-creditors-inch-closer-to-repayment-as-bitcoin-dump-looms>

7 <https://www.justice.gov/usao-sdny/pr/co-founder-multi-billion-dollar-cryptocurrency-pyramid-scheme-onecoin-pleads-guilty#:~:text=OneCoin%20Was%20a%20Fraudulent%20Cryptocurrency,Billions%20of%20Dollars%20in%20Losses>



for \$69 million<sup>8</sup>.

**2022:** Terra Luna crash occurred in June, which had a follow on impact on the entire cryptocurrency market (estimated \$300 billion loss)<sup>9</sup>.

## Pros and Cons of Cryptocurrency

There are a number of significant advantages to the concept of Cryptocurrency.

- **Security**

It is very difficult to attack a blockchain. All transactions are encoded using complex cryptography that is impossible to break using today's global computing power.

- **Transferability**

Cryptocurrency facilitates transactions with parties on the other side of the planet as seamless as paying with cash at a local grocery store.

- **Privacy**

While all transactions recorded on the blockchain are public, the identity of the person carrying out the transaction is private and need not be disclosed.

- **Transparency**

Every transaction on the blockchain is published publicly, without exception. This means there's no room for manipulation of transactions.

Similarly, there are also a number of disadvantages such as:

- **Cyber Security Issues**

There has also been an increased propensity for the holders of digital wallets (these store an individual's passwords or private keys to access their cryptocurrencies) to experience hacking and cybersecurity breaches<sup>10</sup>.

- **Inconsistent Regulation**

The regulation of cryptocurrency varies significantly across multiple jurisdictions. Financial regulation within the context of the Irish

Financial Services market falls within the remit of the Central Bank of Ireland. However, there have been no regulations issued specifically to address cryptocurrencies, save to the extent that such regulation is addressed by activities covered by other legislation. For example, the issuance of the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Bill 2020 provided the foundations for the 5th Anti-Money Laundering Directive in Ireland. In essence this bill moved to amend the existing Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 to give effect to Directive (EU) 2018/843 of the European Parliament and of the Council of 30th May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directives 2009/138/EC and 2013/36/EU. In March 2021, the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2021 was effected which stipulated that Virtual Asset Currency Providers (cryptocurrency) are required to comply with the same AML requirements already imposed on financial institutions, and conduct appropriate due diligence on clients. Notwithstanding this lack of specific regulation, the Central Bank of Ireland has issued numerous warnings relating to cryptocurrency. For example:

- In April 2021, the Central Bank of Ireland warned about the risks of buying or investing in virtual currencies, virtual assets and cryptocurrencies<sup>11</sup>. It was stressed that virtual currencies such as Bitcoin and Ether were unregulated and that while such currencies can be used as a means of payment, they do not have legal tender status, and are not guaranteed or regulated by the Central Bank of Ireland, or any other central bank in

- the EU. Furthermore, some of the risks highlighted previously in this paper (such as volatility) were also emphasised.
- In March 2022, a warning was issued highlighting risks of investing in crypto assets, as part of a European-wide campaign by the European Supervisory Authorities.<sup>12</sup> The speculative and risky nature of such assets was highlighted alongside a message that such investments may not be suitable for retail customers. Derville Rowland, the Central Bank's Director of General Financial Conduct stated that: "In Ireland and across the EU we are seeing increasing levels of advertising and aggressive promotion of crypto asset investments. While people may be attracted to these investments by the high returns advertised, the reality is that they carry significant risk. Before you buy crypto assets, you need to think about whether you can afford to lose all the money you invest. Do the promised fast or high returns seem too good to be true? "People should also be aware that if things go wrong, you do not have the protections you would have if you invested in a regulated product."

## Money Laundering/ Sanctions Evasion and Fraud Concerns

Cryptocurrencies have also been seen to form part of international sanctions evasion networks. For example, in September 2021, it was announced that Virgil Griffith, a U.S. citizen, pleaded guilty to conspiring to violate the International Emergency Economic Powers Act ("IEEPA") by providing services to the Democratic People's Republic of Korea, including providing technical advice on using cryptocurrency and blockchain technology to evade sanctions<sup>13</sup>.

<sup>8</sup> <https://www.theartnewspaper.com/2021/03/11/wtaf-beeple-nft-work-sells-for-astonishing-dollar693m-at-christies-after-flurry-of-last-minute-bids-nearly-crashes-website>

<sup>9</sup> <https://www.forbes.com/sites/qai/2022/09/20/what-really-happened-to-luna-crypto/?sh=7ce6c0734ff1>

<sup>10</sup> <https://www.cnn.com/2022/03/29/hackers-steal-over-615-million-from-network-running-axie-infinity.html>

<sup>11</sup> <https://www.centralbank.ie/consumer-hub/consumer-notice/consumer-warning-on-virtual-currencies>

<sup>12</sup> <https://www.centralbank.ie/news/article/central-bank-warning-on-investing-in-crypto-assets-22-march-2022>

<sup>13</sup>

Fraud is a risk in any financial market, and the cryptocurrency market is no exception. Because crypto markets are relatively new and not as heavily regulated as other financial markets, they may be especially vulnerable to fraud. There are a few different types of fraud that are commonly seen in the crypto markets, including:

- **Ponzi schemes:** As highlighted by the US Securities and Exchange Commission, these are investment schemes in which returns are paid to existing investors from funds contributed by new investors, rather than from any actual profit earned<sup>14</sup>.
- **Pump-and-dump schemes:** These are schemes in which a group of individuals artificially inflate the price of a particular cryptocurrency by buying it in large quantities and then promoting it heavily on social media. Once the price has been artificially inflated, the individuals behind the scheme sell their holdings, leaving other investors with worthless assets.
- **Exit scams:** Exit scams are when fraudulent projects or ICOs simply disappear with the money that investors have invested.
- **Phishing scams:** These are schemes in which individuals attempt to steal personal information, such as login credentials or private keys, by pretending to be a legitimate exchange or service.

It's important to keep in mind that not all cryptocurrencies and blockchain projects are at risk of fraud, but it's always important to conduct sufficient research and due diligence before investing in any cryptocurrency or blockchain project.

### Financial Reporting

Similar to the regulatory environment highlighted previously, there is no specific guidance related directly to accounting for Cryptocurrency holdings. In June 2019, the IFRS Foundation Interpretations Committee published an agenda decision which concluded that IAS 2 "Inventories" applies to cryptocurrencies when they are held for sale in the ordinary course of business. If IAS 2 is not applicable, then an entity should apply IAS 38 to such holdings<sup>15</sup>.

### Conclusion

It is important to remember that cryptocurrency is still a relatively new technology, so such markets can be quite volatile with a high level of uncertainty. Despite the significant attention attracted by cryptocurrencies across multiple jurisdictions, they retain a number of significant risks for investors, both retail and institutional. The prices of cryptocurrencies can be highly volatile and are influenced by a wide range of factors, including regulatory developments, economic conditions, and market sentiment.

It is therefore difficult to predict with certainty what will happen with the crypto markets in 2023. Whilst some believe that the crypto markets may rebound from their slump in 2022, others believe that there could be further adverse fluctuations in the future years. Additionally, cryptocurrency still faces numerous regulatory challenges, and any negative regulatory developments could have a major impact on crypto markets.



**Henry Duggan**



**Andrew Pimlott**

Senior Managing Director



**Madhur Mishra**

Senior Director at Ankura



<sup>14</sup> [https://www.sec.gov/files/ia\\_virtualcurrencies.pdf](https://www.sec.gov/files/ia_virtualcurrencies.pdf)

<sup>15</sup> <https://www.ifrs.org/content/dam/ifrs/supporting-implementation/agenda-decisions/2019/holdings-of-cryptocurrencies-june-2019.pdf>

# CPA Profile

## Michael Smyth



**Title:** Vice President, Financial Planning & Analysis

**Company:** Dell Technologies

**Qualifications:** CPA MBA



### Background:

I was born and raised in Limerick and sat my leaving cert in Castleknock College in Dublin and attended University of Limerick where I graduated with my CPA qualification followed by an MBA. I have worked for Dell Technologies for 32 years, initially in Limerick and later taking assignments in South Africa and Slovakia before settling down with my family in Austin, Texas. I have been married to Caroline for 35 years and have two adult children, Naomi and Andrew who both live and work in Austin.

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

I always enjoyed accounting in school and university. I started my working career in Supply Chain for a tech company, Wang Laboratories, but realised early on my passion was finance. I joined the Dell Technologies finance function, but I knew I needed the accounting qualification to be successful, and to gain the required expertise, credibility and confidence. You can only get so far without the qualification, and it's a game changer and a ticket to entry for leadership positions.

### Why did you choose CPA Ireland as your qualification route?

At the time I wasn't sure if I wanted to make a career in practice or industry. CPA allowed me to get a recognized qualification before I had to make a choice between the two.

Also, CPA offered more flexibility – I was working full time and I was able to complete my program by night and on my own time. Today, the benefits are even greater as the Irish CPA qualification becomes more recognized globally.

### Please provide a brief history of your career.

I started my career in Wang Laboratories in the early 80's, spending 8 years in supply chain. I joined Dell Technologies in Limerick in 1991 and spent the next 13 years working across financial and cost accounting, learning the fundamentals of commercial finance and accounting. Over the next 8 years I moved to South Africa, Slovakia and Dell's headquarter in Austin, Texas, taking leadership roles in Internal Audit, Commercial Finance, M&A and Shared Services. Next, I moved to Dell's Information Technology function, working as the business leader in IT – teaching the IT organization how to think like a business, in addition to running the global program management function. After 6 years in IT, I returned to finance and spent 4 years leading our Sales Operations function – responsible for Sales Compensation design and Quota setting for our ~30k salespeople. Over the past year I have been leading our global sales FP&A organization.....40 years in and still motivated!

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

Confidence

### What has been your biggest career achievement?

Wow...! I think moving to IT and being promoted to Senior Vice President and two years later being asked to interview for the vacant position of Dell's Chief Information Officer! I'm a finance guy – we don't usually get shortlisted to be the CIO of \$100Bn company! Very humbling and satisfying.

### What or who inspires you most in business?

Who - creators and innovators.

Michael O'Leary created travel (I mean, he got us all to travel to places we wouldn't have otherwise based on cost/ease). Elon Musk – takes huge risks because he believes. Michael Dell – pioneered the direct model for PC's and reinvented the supply chain for technology. I may not agree with some of their opinions or principles, but I admire their entrepreneurial spirit and success.

What – passionate leaders with a purpose beyond their self-interest – check out chef José Andrés of World Central kitchen - truly inspirational. Volodymyr Zelenskyy another leader I hugely admire.

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

Remember your brand defines you. Be the best version of yourself you can be by working hard, taking calculated risks (I went to South Africa, Slovakia and into the IT organisation when none of my peers would do it – they all helped my career tremendously) and always operate with the highest integrity. Oh – and have fun! Don't take a job you won't enjoy! If you are still studying, just know with 100% certainty, that the effort will be rewarded many times over. CPA is a hugely recognized credential.

### How do you unwind?

I run every day at 6am with a buddy. It starts my day well. When you feel good about your body, your mind follows! Oh – and wine!! I finish the day with a nice glass of wine and family time!

### What traits do you admire in others?

Humility, honesty, humour, positivity and caring.



# CPA Profile

## Chloe O'Sullivan



**Title:** Assistant Manager

**Company:** Quintas

**Qualifications:** BA, CPA



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

I knew I wanted to go down the business route and after studying all available business subjects in secondary school i.e., Business, Economics and Accounting I was confident that accounting was for me. I spent four years studying at Munster Technological University where I obtained my Bachelor of Business (Honours) in accounting. I knew after second year in college, I definitely wanted to study in a practice environment, so I tried this out for my six months work placement and instantly loved it.

### Why did you choose CPA Ireland as your qualification route?

I wanted to have the option to travel with my qualification and the CPA route offered this. While researching all the different bodies, reading about the experiences of CPA students and their progression following qualification stood out for me.

### Please provide a brief history of your career.

I finished studying in Munster Technological University in 2019 and I then joined Quintas, a medium sized practice based in Cork, shortly after. I found studying and training in a practice beneficial for my exams and especially now, being qualified and meeting new people, I get further clarity on how valuable this broad range of training was.

In January 2023, I was promoted to assistant manager. My role consists of monitoring my clients' compliance deadlines and ensuring everything is met including PAYE, VAT, Corporation Tax, Income Tax and CRO.

What I like about my job is there is a variety of clients and different industry's I work with such as medical professionals, construction and hospitality.

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

Pride

### What has been your biggest career achievement?

It was definitely being awarded the Liam Donnelly medal of excellence while being conferred in 2022. This award is made in recognition of the first Chief Executive of CPA Ireland, Liam Donnelly and is given to the highest scoring candidate in the CPA exams. This award was an amazing recognition of the hard work I put in over the last 3 years. It showed me that I have a tremendous amount of drive and dedication and I am very proud of myself for that.

### What or who inspires you most in business?

I greatly admire my colleagues for the time and effort given to training new students. This is one of Quintas's values and we call it future proofing – Quintas value's sharing our time and knowledge to support the development of our colleagues and do so with patience and understanding.

I myself now know the dedication it takes to take time out of your working day to help improve the skills and knowledge of another person, especially since qualifying.

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

Don't put too much pressure on yourself. Try and find some sort of balance with studies, relaxation, and social life. Time management really is fundamental. Set small goals for yourself and try not to rush to the finish line, slow and steady wins!

### How do you unwind?

Going for a long walk with my friends at the weekend, meeting at the marina market for a coffee and a good chat. Listening to my favourite podcasts and as of recently I have started to read which I have found great to unwind and stay away from my phone.

### What traits do you admire in others?

People who are constantly striving to be better and having the resilience when things don't go your way to try again.



# Financial Reporting News

## CPA sample sets of Financial Statements

CPA Ireland have sample sets of financial statements on the website which will be supportive in assisting with appropriate note disclosures of related party transactions.

[Read more](#)

## Disclosure of Related Party Transactions

If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements.

At a minimum, disclosures shall include:

- (a) The amount of the transactions.
- (b) The amount of outstanding balances and:
  - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - (ii) details of any guarantees given or received.
- (c) Provisions for uncollectible receivables related to the amount of outstanding balances.
- (d) The expense recognised during the period in respect of bad or doubtful debts due from related parties.

These disclosures also include key management personnel compensation.

An entity shall disclose key management personnel compensation in total, however if key management personnel and directors are the same, directors' remuneration (or equivalent) is exempt from disclosure unless the entity is subject to a legal or regulatory requirement to disclose.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of the entity. Compensation includes all employee benefits including those in the form of share-based payments. Employee benefits include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity in exchange for services rendered to the entity. It also includes consideration paid on behalf of a parent of the entity in respect of goods or services provided to the entity.

[Read more](#)

## Related Party Disclosures within the Financial Statements

The identification and documentation of related parties per International Standard on Auditing ISA (Ireland) 550 are included within the article on page 42. "The Importance of Auditing Related Party Transactions".

We now take a look at the financial reporting requirements of related party disclosures from an IFRS viewpoint of IAS 24 and the financial reporting requirements of FRS 102 and S1.A FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

## FRS 102 – Related Party Disclosure

Section 33 of FRS 102 requires an entity to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Transactions entered into between two or more members of a group do not require disclosure provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

## Appendix D – FRS 102 – Disclosure requirements for small entities in the Republic of Ireland

This appendix sets out the disclosure requirements for small entities, based on the requirements of Companies Act 2014. Sections 1AD.38 to 1AD.51 deal specifically with related party transactions. It is recommended to review these sections to make the necessary disclosures in the financial statements.

[Read more](#)

## IAS 24 Related Party Disclosures

The objective of IAS 24 is to ensure that financial statements contain the necessary disclosures to draw attention to the possibility that a reporting entity's financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Related party transactions are the transfer of resources, services or obligations between related parties regardless of whether a price is charged. Where there are transactions between a parent and subsidiary, the entity must disclose the name of its parent and if different the ultimate controlling party.

If there have been transactions between related parties, it is necessary to disclose within the

financial statements the nature of the related party relationship as well as information about the transactions and outstanding balances. These disclosures are made separately for each category of related parties and include:

- The amount of the transactions
- The amount of outstanding balances, including terms and conditions and guarantees
- Provisions for doubtful debts related to the amount of open balances
- The expense during the period for bad or doubtful debts due from related parties

[Read more](#)



## Is it time to change to True-Cloud versatile accounting software?

Are you struggling with legacy server or entry level cloud software, and need a feature rich exceptionally powerful cloud accounting software without costing the earth?

Why not see how iplicit offers unprecedented flexibility and functionality in a True-Cloud environment. You might be surprised at what you're missing.

Visit [iplicit.ie](https://iplicit.ie) to find out more



**MULTI-AWARD WINNING**

**Mid-Market & Enterprise  
Accounting/ERP Software**





# INSIGHTS, IN SIGHT.

## CPA Interactive Digitalisation Hub

Giving you clarity on the future of digital accounting.

Now available at [cpaireland.ie/hub](https://cpaireland.ie/hub)

# IFRS 17 Insurance contracts in a nutshell

by Robert Kirk

Initially one might assume that a standard on insurance contracts would be very specific to insurance companies but, in fact, it encompasses any company which has contracts that meet the definition of an insurance contract. An example might be a patient entering into a private clinic for healthcare. Is that an insurance contract between the patient and the private clinic? If so, the clinic would have to ensure that their financial statements comply with IFRS 17.

It is not the first standard on the subject. IFRS 4 Insurance contracts was introduced in 2004 but was meant to be an interim standard, so there were limited changes to existing insurance accounting practices. Insurance companies were still able to measure similar insurance contracts with different accounting policies. These practices evolved based on specific insurance contracts in a specific country, which also resulted into variations across accounting models used by the insurance industry and IFRS standards applied by other industries. This resulted in limited comparison possibilities between insurance and non-insurance sectors.

There was therefore the need to develop a new standard that could:

- Optimise comparability across insurers; and
- Enhance the transparency and quality of investor information.

The standard was eventually published in July 2017 but it has taken five years before its implementation into practice for accounting periods commencing on or after the 1st January 2023.

## Objective

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This

information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

## Scope

Under paragraph 3 an entity must apply IFRS 17 to:

- Insurance contracts, including reinsurance contracts, it issues;
- Reinsurance contracts it holds; and
- Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

## Definitions

There are a number of important definitions to understand first before examining the accounting treatment.

### Insurance contract

"A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

Insurance contracts are then grouped into separate portfolios as defined below:

### Portfolio of insurance contracts

"Insurance contracts subject to similar risks and managed together".

However, once the portfolios are determined they are then split into three separate groups none of which can be issued more than one year apart within the same group.

Under paragraph 16 each portfolio of insurance contracts issued must be divided into a minimum of:

- A group of contracts that are onerous at initial recognition, if any;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- A group of the remaining contracts in the portfolio, if any.

## The general measurement accounting model

IFRS 17 introduces a general measurement model (GMM). It is based on a fulfilment objective and using current assumptions it introduces a single, revenue recognition principle to reflect the services provided. However, it can be modified for certain contracts.

Under paragraph 32, on initial recognition, an entity must measure a group of insurance contracts at the total of:

- the fulfilment cash flows ("FCF"), which comprise:
  - i. estimates of future cash flows;
  - ii. an adjustment to reflect the time value of money ("TVM") and the financial risks associated with the future cash flows; and a risk



adjustment for non-financial risk.

iii. the contractual service margin ("CSM").

are consistent with those of the insurance contracts; and

Of course, there will be some groups of contracts where the outflow in step 3 exceed the inflow in step 1 thus creating a loss. In that situation the loss must be written off to profit and loss immediately. There can be no negative CSM created.

After initial recognition, subsequently, the book value for a group of insurance contracts at the end of each reporting period must consist of the sum of:

- the liability for the remaining coverage comprising:
  - the future cash flows related to future services and
  - the CSM of the group at that date
- the liability for incurred claims, comprising the future cash flows related to past service allocated to the group at that date. (see diagram below)

Source: KPMG IFRS 17 Insurance contracts: A new perspective on insurance accounting. May 2017

The above diagram reflects the procedures that must be undertaken on the initial recognition of each group of insurance contracts.

The **first step** is to ensure that all future cash flows within the boundary of each contract in the group are incorporated. It is possible to estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfilment cash flows to individual groups of contracts.

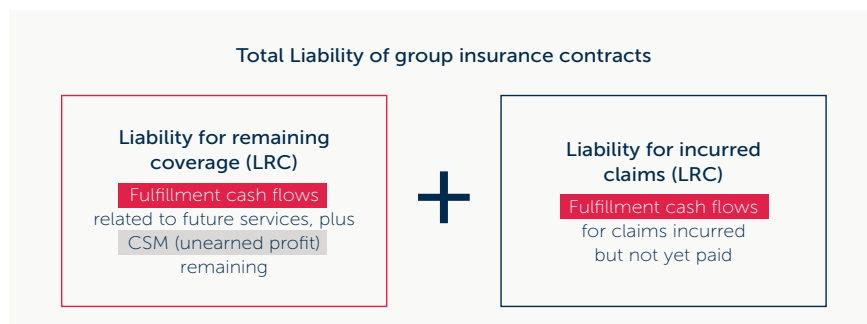
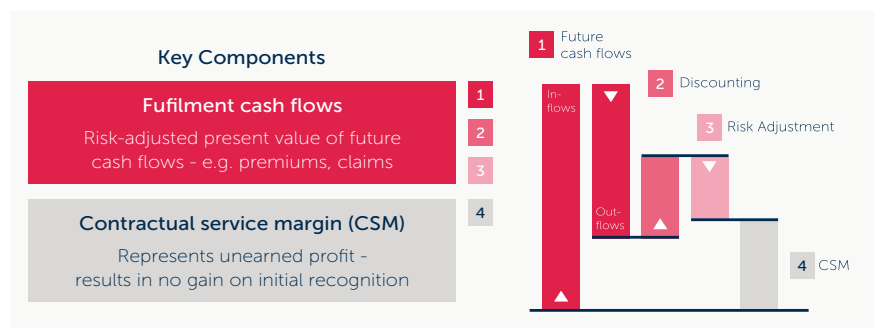
The estimates of future cash flows must be current, explicit, unbiased, and reflect all the information available to the entity without undue cost and effort about the amount, timing and uncertainty of those future cash flows. They should be always based from the perspective of the reporting entity, provided that the estimates of any relevant market variables are consistent with observable market prices.

The **second step** is to discount the future cash flows to present value. The discount rates applied to the estimate of cash flows have to:

- reflect the time value of money (TVM), the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices (if any) of those financial instruments whose cash flow characteristics

- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The **third step** is to recognise that there is considerable uncertainty regarding the measurement of future cash flows and so the discounted



Source: KPMG IFRS 17 Insurance contracts: A new perspective on insurance accounting. May 2017

### Possibility of adopting a simplified premium allocation approach

It may be possible to adopt a more simplified approach for a group of insurance contracts using the Premium Allocation Approach (PAA) but only on the condition that, at the inception of the group:

- the entity reasonably expects that this will be a reasonable approximation of the general model, or
- the coverage period of each contract in the group is one year or less

However, if at the inception of the group, an entity expects significant variances in the future cash flows during the period before a claim is incurred, such contracts are not eligible to apply that option.

ii. insurance finance expenses from insurance obligations; the effects of discount rates and other financial variables on the value of insurance obligations

IFRS 4	IFRS 17
Underwritten premiums	(+) CSM depreciation
Interest income	(+) Risk adjustment depreciation
Gain on liabilities	(+) Rick margin depreciation
Gain on assets's fare value	(+) Best Estimated Liabilities depreciation
<b>(+) Total of income</b>	<b>Underwriting Profit</b>
Claims charges	
Interest cash-out	
Commissions	(+) Interest income
Insurance Charges	(-) Investment expenses
<b>(-) Total of operation expenses</b>	<b>Financial Profit</b>
<b>Operation profit</b>	<b>Operation profit</b>
(-) Others expense	(-) Others expense
(-) Company Tax	(-) Company Tax
<b>Net Profit</b>	<b>Net Profit</b>

By adopting PAA, the liability for the remaining coverage of the group of contracts is initially recognised as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. Subsequently the book value of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus amortisation of acquisition cash flows, minus the amount recognised as insurance revenue for the coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

### Presentation in the financial statements

IFRS 17 requires a company to provide information that distinguishes the two ways that insurers earn profits from insurance contracts:

- the insurance service result, which depicts the profit earned from providing insurance coverage; and
- the financial result, which captures:
  - investment income from managing financial assets; and

In the diagram below one can see the insurance service result being reported separately from other financial services activity.

### Disclosure

The objective of the disclosure requirements is for reporting entities to disclose information in the notes that, together with the information provided in the Statement of Profit and Loss, Balance Sheet and Statement of Cash Flows, provides a basis for users to assess the effect that contracts within the scope of IFRS 17 have on the entity's financial position, financial performance and cash flows.

To achieve that objective, an entity must disclose qualitative and quantitative information about:

- the amounts recognised in its financial statements for contracts within the scope of IFRS 17
- the significant judgements and changes in those judgements made when applying IFRS 17; and
- the nature and extent of the risks from contracts within the scope of IFRS 17.

### Summary

IFRS 17 introduces an approach that tackles some of the key challenges in accounting for insurance contracts which have been addressed inconsistently when reporting entities applied IFRS 4.

It achieves this by:

- providing updated information about the obligations, risks and performance of insurance contracts;
- increasing transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry; and
- introducing consistent accounting for all insurance contracts based on a current measurement model

Although geared to the insurance industry itself, it must be remembered that it is a general standard for all companies and it is important that non insurance companies look carefully at their existing contracts to see whether they also meet the definition of insurance contracts and thus also have to apply the standard to those contracts.



**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*.



# Law & Regulation News

## New Regulations on Transparent and Predictable Working Conditions

The European Union (Transparent and Predictable Working Conditions) Regulations 2022 was signed into Irish Law on 16 December 2022.

The aim of the new directive is to improve working conditions by encouraging transparency and predictable employment terms. Whilst Ireland had existing legislative protection in place regarding written terms of employment, this new directive introduces further obligations for employers, and we strongly encourage employers to review their terms of employment to ensure that they are compliant.

The major changes are to the following:

<b>Probationary Periods</b>	Probationary periods are limited to six months; but this period can be increased if it can be justified by the Employer or if the Employee is absent due to illness or leave
<b>Information Relating to Employment</b>	Irish Employers are already obliged to provide certain information to Employees within 5 days of commencing employment. The Directive now provides that a number of items, that were previously part of the written statement to be provided within two months of commencing employment, must now be provided as part of the "Day 5" statement. Separately, all other terms of employment required to be provided to Employees as per the Terms of Employment (Information) Act 1994 are now required within one month of the employment commencement date (previously two months).
<b>Exclusivity Clauses</b>	The Directive prohibits exclusivity clauses and places limits on incompatibility clauses. It also provides the right to Employees to take up parallel Employment, subject to certain exceptions. Any adverse treatment of an Employee who does take up other employment is prohibited.
<b>Predictable Work</b>	Employees with very unpredictable working schedules, and those carrying out "on-demand" work now have the right to know in a reasonable period in advance when work will take place. There is anti-abuse legislation for zero-hour contract work and the Directive also provides for right for employees to request to be transferred to a form of employment with more predictable and secure working conditions where available and to receive a reasoned written reply.
<b>Training</b>	If mandatory training is required for an Employee to carry out their job, then this must be provided at no cost to the Employee and the training provided during working hours.

This is just one of the updates that Irish businesses need to be aware of in 2023.

There are many more pending. The Work Life Balance Bill which covers off the much debated "Right to Request remote Work", is still pending this was expected to have been delivered by the end of 2022 however it seems to have stalled.

[Read here](#)

## Corporate Enforcement Authority (CEA) publishes informative note on the topic of Early Warning Tools and Restructuring Frameworks

The Corporate Enforcement Authority (CEA) published an Informative Note on the topic of Early Warning Tools and Restructuring Frameworks.

The purpose of the document is to provide assistance to company directors in understanding certain aspects of the European Union (Preventive Restructuring) Regulations 2022. Specifically, the Information Note has been prepared with a view to assisting company directors to understand:

- The importance of maintaining adequate accounting records,
- what is meant by a company being in financial difficulty, being unable to pay its debts and being insolvent respectively,
- specific aspects of company directors' duties where a company is in financial difficulty, and
- the potential consequences of non-compliance with company directors' duties.

The Information Note also:

- Provides a series of easy-to-understand indicators that can help to identify whether a situation might be developing in which a company will experience difficulties in paying its debts
- Sets out certain key steps that company directors can take to ensure, on an ongoing basis, that they are aware of a company's financial position.
- Details of various restructuring options open to companies and their directors where financial difficulties are being experienced. These include Small Company Administration Rescue Process (SCARP) and examinership.

The CEA would like to thank those who responded to the consultation exercise that preceded publication of the Information Note for their thoughtful and considered contributions.

The Information Note and accompanying Feedback Statement can be accessed on our Information Notes page.

[Read here](#)

# Employment Law Changes, What to Expect in 2023

by Sarah Fagan

## Integration of the Right to Request Remote Work and Work Life Balance

The employment landscape is set to see many new legislative changes enacted throughout 2023, a key one being the integration of the Right to Request Remote Work into the Work Life Balance and Miscellaneous Provisions Bill. This integration means that employers and employees will now be making and considering requests for flexible or remote working under one piece of legislation and one Code of Practice to be developed by the Workplace Relations Commission (WRC).

These rights are part of the Work Life Balance and Miscellaneous Provisions Bill (2022), anticipated to be enacted this year. These measures by the

government aim to bring Ireland into compliance with the EU Work Life Balance Directive, 2019.

Under the integrated Bill, remote working will be defined as one type of flexible working and the right to request any other type of flexible working will be limited to parents and carers. The primary difference between the previous Right to Request Remote Working Bill are in the grounds of refusal and the redress that will be available. Under the integrated bill, an employer will have an obligation to consider both the needs of the organisation and the employee when contemplating any request as well as having regard to the Code of Practice. Where an employer has not complied with the Code of Practice or other requirements of the Bill a complaint

can be made to the WRC, which is seen as an enhanced right.

## Other key changes to be introduced include:

- i. A right for parents and carers to request flexible working arrangements for caring purposes.
- ii. The introduction of five days unpaid leave per year relating to medical care and domestic violence for certain categories of people.
- iii. The extension of the current entitlement to breastfeeding breaks under the Maternity Protection Act from six months to two years.

## Flexible Working:

The Bill provides for the introduction of a right to request a flexible working

## Become a Chartered Tax Adviser (CTA)

Course starts  
April 2023

Learn more at  
[www.taxinstitute.ie](http://www.taxinstitute.ie)

Irish Tax  
Institute



arrangement for caring purposes for a set period of time. This is much narrower than a general right to request flexible or remote working arrangements, although it does include a request to adjust the employee's working arrangements, work patterns and/or working hours.

The request may be made by a parent of a child up to the age of 12 (or 16 if the child has a disability or long-term illness) and by employees providing 'care or support for a serious medical reason'. Employers may request evidence of the medical issue and the nature of the relationship.

The Bill sets out the responsibilities of both employer and employee in relation to this request. Firstly, employees must have at least six months' service before they are entitled to request flexible work and notice of eight weeks is required, with the employer having to respond to the request within four weeks.

An employer may postpone the start of the proposed flexible working arrangement if the arrangement would have a substantial adverse effect on their business for reasons such as seasonal variations in the volume of the work concerned, the unavailability of a person to carry

out the duties of the employee in the employment, or the nature of those duties, but must provide a reasoning for this and consult with the employee.

It is worth noting that a postponement can only be made once unless the reason relates to seasonal variation in the volume of the work concerned, in which case, the arrangement cannot be postponed more than twice.

When the agreed period of flexible working ends, the employee shall be entitled to return to the working arrangements held immediately before it started.

Changes in working patterns and operational processes must be viewed as part of the overall employer's effort to retain staff and recruit top talent. Adare Human Resource Management's most recent HR Barometer Report found that Retention, Recruitment and Talent Acquisition are the top two priorities for employers this year and with 63% of employers planning to increase headcount in 2023 it will be important that businesses develop a remote work strategy considering how new policies can be introduced to both support business objectives

and assist employees with work-life balance.

### Five Days Unpaid Leave for Serious Medical Care

Under the Bill employees will be entitled to five days unpaid leave per year to provide "significant care or support for a serious medical reason" to certain categories of people for serious medical reasons. This will be reserved for instances of care given to a specified person who is a child, co-habitant, parent, grandparent, sibling or someone who resides with the employee.

Employees will be required to confirm to their employer in writing, as soon as reasonably practicable, that they intend to take or have taken this leave.

Employers may request evidence of the employee's relationship with the person requiring care, the nature of the personal care or support required and a medical certificate to evidence the person's serious medical issue.

This type of leave is subject to a maximum of 5 days in any 12-month period.

### Domestic violence

The Bill provides for the introduction of leave for employees for reasons relating to domestic violence. This category of leave will allow an impacted employee to seek medical attention, seek help from victim services organisations, get counselling, relocate, get a court order, take advice, or seek assistance from the Gardaí.

Domestic violence leave will be paid at a rate which may be prescribed by the Minister and will be subject to a maximum of 5 days in any 12 months period.

### In addition

The Bill will amend the Maternity Protection Acts to increase the amount of time allowable (without loss of pay) for breastfeeding purposes from 26 to 104 weeks.





## Statutory Sick Pay

Since January 1st, 2023, eligible employees are entitled to statutory sick pay (SSP), bringing Ireland in line with most other European countries. The entitlement includes three days paid sick leave in 2023, increasing to five days in 2024, seven days in 2025 and 10 days in 2026.

To qualify for SSP an employee must have worked for their employer for at least 13 weeks and provide a medical certificate confirming that they are unfit to work. The rate of sick pay is set at 70% of an employee's wage, up to a maximum of €110 a day.

Many employers will already provide sick pay to their employees, in some cases an amount more than the statutory entitlement. Where this is the case, contracts and policies should be updated to provide that contractual sick pay is inclusive of SSP.

Employers who don't already pay sick pay must ensure appropriate processes and systems are in place to administer payment during sick leave and to maintain records since 1 January 2023.

## Terms and Conditions

The European Union (Transparent and Predictable Working Conditions) Regulations 2022 has now been transposed into Irish law and places a number of obligations on the employer to ensure compliance, with the aim of improving working conditions by encouraging increased transparency and predictable employment terms. Whilst Ireland had existing legislative protection in place regarding written terms of employment, this new directive introduces further obligations for employers, and we strongly encourage employers to review their terms of employment to ensure that they are compliant.

The primary changes include the following:

- Probationary periods are limited to six months; but this period can be increased if it can be justified by the employer or if the employee is absent due to illness or leave.



- Previously an employee had to be provided with five core terms within 5 days of commencing employment, this has now extended to include ten core terms (the additional items having previously been part of the written statement issued within two months). All other terms of employment required to be provided to employees must now be provided within one month of the employment commencement date (previously two months).
- Under the directive exclusivity clauses are prohibited and the right of employees to take up parallel employment is permitted, subject to certain exceptions.
- Predictable Work - employees with very unpredictable working schedules, and those carrying out 'on-demand' work now have the right to know in a reasonable period in advance when work will take place. There is anti-abuse legislation for zero-hour contract work and the directive also provides the right for employees to request to be transferred to a form of employment with more predictable and secure working conditions where available and to receive a reasoned written reply.
- Where mandatory training is required for an employee to carry out their job, then this must be provided at no cost to the employee and the training provided during working hours.

With so many additional obligations set out this year employers need to ensure they are actively reviewing their requirements for compliance and updating relevant policies, procedures and contracts of employment in order to avoid any negative implications.



**Sarah Fagan**

*Recently appointed Managing Director of Adare Human Resource Management.*



# Corporate Authority Enforcement Regulatory Update

by Ian Drennan

The Corporate Enforcement Authority ('CEA') was established by statute and commenced operation through Ministerial Order on 7 July 2022. The CEA's functions are set out in the Companies Act 2014 ('2014 Act') and include:

- encouraging compliance with the 2014 Act,
- investigating suspected offences under, and suspected non-compliance with, the 2014 Act, and
- enforcing the 2014 Act, whether by prosecuting summarily (i.e., in the District Court) or by referring matters to the Director of Public Prosecutions for decision as to whether or not to prosecute on indictment (i.e., in the Circuit Court) matters we have investigated.

## First six months

During its first six months of operations, the CEA has:

- launched its new brand, website and social media channels,
- published information and guidance on a range of topical matters,
- welcomed both An Taoiseach, Leo Varadkar TD, and Minister of State, Dara Calleary TD, to its offices,
- engaged in a recruitment campaign aimed at enhancing the CEA's investigative and enforcement capabilities.

## Sources of work

The CEA's work comes from a range of sources, including:

- mandatory reports, e.g., from liquidators and auditors,
- complaints from members of the public, from 'workers' under the Protected Disclosures Act 2014, from other statutory enforcement/regulatory bodies, and from investigations that we open on our own initiative.

## Resourcing

As a specialist agency, the CEA's staff complement includes forensic accountants, lawyers and digital forensics professionals. CEA officers also include seconded members of An Garda Síochána.

## Confidentiality

The CEA operates under a strict regime of confidentiality and is prohibited from disclosing material obtained in the performance of its functions that has not otherwise come to the attention of the public. There are statutory exceptions to this principle in order to facilitate information sharing with other statutory enforcement and regulatory bodies.

## Mandatory reports

Where a company's auditor has reasonable grounds for believing that an indictable offence under the 2014 Act may have been committed by the company or its officers or agents, that auditor is obliged to report the matter to the CEA forthwith. The CEA's predecessor saw a significant increase in the number of indictable reports received in 2021 (131) compared to 2020 (75), with reports concerning entity financial statements being the predominant source of reports in both years. The CEA also notes an uptick in reports concerning failure to maintain proper accounting records between both years.

The CEA receives liquidators' reports, concerning both creditors' voluntary and court ordered liquidations under section 682 of the 2014 Act and, therefore, has an insight into the level of liquidations occurring and their characteristics. It is fair to say that the significant increase in the

number of liquidations that has long been predicted as a consequence of Covid-19 has not yet crystallised. However, there is a gradual increase in the number of insolvencies, and it is anticipated that the gradual withdrawal of supports from both Government and the Revenue Commissioners may see this increase further.

## Criminal investigative activity

The CEA is actively engaged in the investigation and prosecution of criminal breaches of the 2014 Act, with a number of cases pending before the criminal courts.

In addition to serious breaches of company law, such as fraudulent trading, where offences under other legislation (e.g., Criminal Justice legislation) are suspected as a result of evidence gathered during the course of an investigation, the CEA also recommends the prosecution of other, non-company law, offences to the DPP – for example, theft, deception and money laundering.

Of relevance to practitioners will be a recently concluded case prosecuted by the CEA concerning the unauthorised and unlawful use of an Auditor Registration Number in the submission of annual returns to the Companies Registration Office.

The accused in that case entered a plea of guilty to only one count of providing false information contrary

to section 876 of the 2014 Act and subsequently pleaded guilty to a further six counts of the same offence. The accused received a two-year suspended sentence and was ordered to pay €30,000 in compensation.

## Topical issues

### Preventive Restructuring Directive

EU Directive 2019/1023, known as the Preventive Restructuring Directive ('PRD') was transposed into Irish law by the European Union (Preventive Restructuring) Regulations 2022 ('the Regulations') with effect from 27 July 2022. The purpose of the PRD is to ensure that, across the EU, there are restructuring frameworks in place to assist viable business that are in financial difficulty to continue to operate.

The CEA has recently published an Early Warning Tools and Restructuring Framework document, as foreseen by Article 3 of the PRD. For the purpose of assisting company directors:

- the early warning tools element of the document seeks to identify, in a clear and accessible manner, the principal indicators that a company may be in financial difficulty, and
- where those circumstances arise, the restructuring framework element of the document points company directors towards the various mechanisms that are now in place to assist companies that are experiencing financial difficulties.

The Regulations also require company directors to have regard to certain matters where the company is unable, or is unlikely to be able, to pay its debts as they fall due. These include obligations to have regard to:

- the interests of the creditors (the duty to have regard to the interests of creditors restates an existing common law position in this regard),
- the need to take steps to avoid insolvency, and
- the need to avoid deliberate or grossly negligent conduct that threatens the viability of the

business of the company.

The Companies (Rescue Process for Small and Micro Companies) Act 2021, created a process known widely as 'SCARP'. This process has been available since December 2021 and provides for the benefits of rescue and restructuring being made available to small and micro companies who are ultimately viable but are experiencing financial difficulties. One of the key features of the process is the appointment of a Process Adviser who prepares a report to assess the viability of the company and submit proposals regarding the rescue plan. Process Advisers have an obligation to report to the CEA where it appears to them that any past or present officer, or any member of the company, has been guilty of an offence in relation to the company. Process Advisers are also obliged to provide the CEA with certain information (section 558 ZR).

### Protected disclosures

The CEA is a 'prescribed person' under section 7 of the Protected Disclosures Act 2014 to whom reports can be made concerning matters relevant to the CEA's functions. Protected disclosures legislation has recently been amended and the categories of persons who may make a disclosure that is protected under the legislation have been extended. These now include shareholders of a company, volunteers and persons working in companies as interns.

The CEA facilitates the making of both written and oral protected disclosures. It is notable in this context that one of the largest investigations conducted recently by the CEA's predecessor, culminating in the appointment of Inspectors by the High Court, commenced through the making of a protected disclosure.

### Sanctions

The CEA has received enquiries concerning the operation of the EU sanctions regime, in particular in the context of sanctions against Russia arising from its invasion of Ukraine and the suite of sanctions that followed that invasion. The CEA received queries concerning the operation of Trust or Company

Service Providers and the provision of audit services to Irish owned companies with significant Russian business interests. The CEA has published an information note in this regard, emphasising the importance of complying with audit obligations, and the potential consequences for them if their obligations are not complied with.

### Covid-19

Last December the 'interim period', as provided for by the Companies (Miscellaneous Provisions) (Covid-19) Act 2020, was further extended to 31 December 2023. That Act made several temporary amendments to the 2014 Act to address issues arising as a result of Covid-19, including temporary provision in respect of increasing the threshold at which a company is deemed unable to pay its debts to €50,000. The Act also permits the holding of AGMs and general meetings by electronic means. The rationale of the continuation of these important amendments is to "provide additional breathing space and continuity for businesses to the end of 2023".

### Further information

Further information on the CEA, its publications and activities can be obtained from its website ([cea.gov.ie](http://cea.gov.ie)) and from its social media channels on LinkedIn and Twitter. In particular, and in order to assist company directors and secretaries in discharging of their duties and responsibilities, and to inform company members, shareholders and creditors as to their rights under company law, the CEA has published a range of information and guidance booklets.



**Ian Drennan**

*Chief Executive Officer of the CEA*



# 5 billion reasons to get comfortable with compliance

by Paul Moore

It was a tumultuous year for companies in the financial services space in 2022. Fines, at least for the first half of 2022, were significantly down when compared to the first half of 2021. Does this mean companies are finally spending enough on compliance or taking it seriously? No, it seems. Figures for all of 2022, according to a report from the Financial Times, show an increase on the previous year to almost \$5 billion in total. So, it seems regulators worldwide had a busy finish to the year.

As is the delayed nature of any financial penalties, the offending actions most likely happened a few years back. What is further alarming is the apparent repeat offending by large firms with the worst offender tipping the scales at over \$8 billion and counting in fines since 2008 (the Financial Times Report). Perhaps the penalties being enforced on firms are not enough of a deterrent.

If you are a repeat offender, should you be penalised even further in a way that will affect your business until the message is received? With respect to banks, if they are always deemed as too big to fail, they will always be above the law. Is it simply cheaper to pay a fine than implement correct AML procedures? If so, then the way in which penalties are imposed will need to be revised.

## Reputational damage

Inadequate AML/KYC processes not only incur financial damages. Reputational damage is just as much of a factor and harder to measure. Perhaps this is more damaging to a

large firm than financial penalties. A large organisation might be quicker to achieve and remain compliant if future business earnings were directly threatened by the publicity of their failings.

Customers and shareholders are not going to be satisfied with an organisation that is supposed to be operating with their best interests in mind but instead repeatedly fails to fulfil their compliance regulations. Perhaps there should be some movement towards recognising companies that are consistently on the right side of regulation and compliance as a way of enhancing their reputation.

Not a reward, as companies should be doing all they can to remain compliant, but some positivity towards their efforts might encourage companies to consistently meet their AML requirements. If customers were more likely to choose companies like this, there is even more reason for organisations to pursue consistent compliance.

## Weaknesses

Whilst there might have been fewer fines than the previous year, the sheer size of the penalties handed out suggest that financial institutions need to be much more proactive in managing the risks they may be exposed to. Without sufficient and strong AML/KYC programs and systems in place, organisations will be at risk of criminals exploiting their weaknesses.

If exploited by criminals or not, they will also be at risk of being fined by Regulators, so it really is essential from a business operations perspective to ensure they are compliant. It is in the name but correct Know-Your-Customer procedures will allow firms to fully get to know their customers and any associated risks that could happen thus allowing them to safeguard their operation from such risks.

## Fines

Looking at the penalties handed out last year doesn't instil too much confidence in the parties affected. Some of the fines handed out last year include:

- Santander were issued £108 million after the FCA found the UK division of the bank had failed to maintain its AML systems correctly which affected over 560,000 customers. From 2012 – 2017, the bank's systems failed to properly verify the information that customers provided for their businesses. Failing to correctly verify basic information





like this is a glaring error and one you would assume would not happen in such a major bank.

- Coinbase Dec 2022: Coinbase, a publicly traded cryptocurrency trading exchange based in the USA, was fined \$50million after it was discovered that they were letting customers open accounts without conducting sufficient background checks. Upon deeper inspection, Regulators found that Coinbase performed "only the most rudimentary KYC checks" on people before allowing them to open accounts.

What do all these fines have in common? They're all arising from incredibly basic mistakes. Either a failure to take AML seriously or a lack of knowledge as to how to properly implement a rigorous AML program. Given the size of potential fines, it is prudent for a business to be on the side of the Regulator rather than hoping the regulation monster goes away.

The good thing about all of this is that the roadmap to being compliant can be traced from exactly what each firm was not doing. Furthermore, it is becoming increasingly simple and cost effective to deploy a sufficient compliance program. So, perhaps it is an internal organisational hesitancy that is the main obstacle rather than an inability to do so.

## Standing

The respect or attention that compliance has within an organisation has improved but it still has some way to go before it is seen as a business imperative. Perhaps we are getting closer to this point as Firms now stand to benefit from not only being compliant, but the associated benefits that come being compliant.

For example, a company with a rigorous compliance section in place is more appealing to shareholders and instils more confidence in senior management. Also, they will be more appealing to future employees as it demonstrates they have invested in the future instead of just reacting to what comes their way.

## Cost of compliance vs non-compliance

Ponemon Institute and Globalscape conducted a study on multinational businesses to determine the impact of compliance vs non-compliance. They found that non-compliance was almost three times as high as the cost of being compliant. Another way to look at it: every euro that isn't being spent now could cost you three down the line.

It demonstrates there are inherent dangers in delaying the building of this part of your business and that it should be a priority. Risking it in the hope that your business won't be affected could be detrimental to the future of your operation. Therefore, all investment into remaining compliance matters should be seen as safeguarding what is to come as opposed to unnecessary spending. The study referenced above was from 2018 so the cost, and risk, of being non-compliant is most likely even higher.

We seem to be in this grey area whereby companies are aware of what is expected of them but simply either don't want to comply or are not taking the risks seriously enough. Perhaps there will always be an attitude of 'let's get away with what we can' as there is in some industries, but the size of the fines is surely some deterrent. Added to this is the increasing amount of legislation that is being brought in to regulate certain sectors.

One example is the gambling and gaming sector whereby the Gambling Regulatory Authority of Ireland (GRAI) has been established and will be supported by the Gambling Regulation Bill once signed into law. It will be the GRAI's responsibility to ensure gambling companies are complaint and, with the power to suspend or revoke licenses, compel ISPs (Internet Service Providers) to block access to an online provider, or freeze bank accounts, said gambling companies will be eager to remain compliant. The GRAI will have the power to impose financial sanctions of up to €20m, another reminder of the cost of falling foul of Regulation.

## Why is it so high and why is it rising?

The introduction of new laws has resulted in a dramatic increase in the number of fines being handed out.

The size of the fines is representative of the importance of safeguarding an individual's private information. Organisations can no longer place their customer's data at risk and must treat it with the same respect/place the same value on it as they would their most valuable company IP (Intellectual Property).

The cost of safeguarding sensitive information is suddenly becoming clear and this is where an organisation must use innovative technology to ensure they are on the right side of regulation. Whilst it can be initially difficult to integrate new technology, if enough research is carried out and sufficient support is provided, an organisation will eventually reap the rewards.

Of course, there will always be some issues that arise with deploying a new technology, like adoption, implementation, and acceptance by their staff members.

Furthermore, it can be a testing time when a new program or software is introduced but it should hopefully have a positive impact on the team, and overall organisation, eventually. It will also benefit their customers, shareholders, and future performance, which underlines how valuable the right technology could be.



**Paul Moore**

Marketing Manager of valid8Me





# Finance & Management News

## Minister Calleary encourages Irish businesses to prepare for new European Sustainability Reporting Standards

The public consultation on the corporate sustainability reporting directive opened 30th January 2023 where the Department of Enterprise, Trade and Employment were seeking the views of stakeholders and interested parties on the Member State options contained within the Corporate Sustainability Reporting Directive (EU) 2022/2464, ahead of its transposition into Irish Law.

<https://enterprise.gov.ie/en/consultations/public-consultation-on-the-corporate-sustainability-reporting-directive.html>

Minister of State with responsibility for Company Regulation at the Department of Enterprise, Trade and Employment, Dara Calleary T.D., held a webinar 26th January 2023 on the Corporate Sustainability Reporting Directive (CSRD).

The webinar was not recorded however the full list of slides presented by the various speakers on a range of topics relating to Ireland's transposition and implementation of the Corporate Sustainability Reporting Directive can be found here:

<https://enterprise.gov.ie/en/publications/presentations-webinar-csrd.html>

Fiona Hackett, Director PWC gave an excellent presentation on the CSRD particularly from the practical challenges point of view and next steps timeline:

Practical Challenges	
<b>Ownership</b>	Who owns the process? The annual report might have historically been owned by finance, but the sustainability reporting needs cross organisation ownership
<b>People</b>	Sustainability reporting will require input from all departments of an organisation
<b>Systems</b>	How does the organisation collate and identify all the necessary information for the sustainability report?
<b>Assurance/Audit</b>	Limited assurance; later transition to reasonable assurance (timing to be determined and standards to be determined).
<b>Timing</b>	Sustainability report may delay the completion of the annual report
<b>Consolidation Process</b>	Organisations will be preparing consolidated sustainability reports that have never prepared consolidated financial statements. How do they obtain the necessary information from subsidiaries?

Company Timeline	
1. Understand your organisation's scoping	
2. Identify who owns the project, who are stakeholder and get their buy in	
3. Assess and analyse existing sustainability reporting processes (internal controls and governance)	
4. Engage with key internal stakeholders to get an understanding of existing data management process and identify actions going forward	

EU Member States now have 18 months in which to transpose the directive into law.

The purpose of the webinar was to introduce the Directive, and the European Sustainability Reporting Standards arising out of it, to Irish businesses so that they can begin their preparations.

The Minister was joined by over 500 stakeholders including members of the EU Commission, the European Financial Reporting Advisory Group (EFRAG), Chartered Accountants Ireland and officials from the Department of Enterprise, Trade and Employment. Presentations covered topics such as, the overall goal of the directive, the sustainability reporting standards, how business can prepare, and the transposition process.

### Speaking at the event, Minister Calleary said:

*"Sustainability reporting offers Irish companies a chance to gain a competitive advantage in global markets. Through positive engagement and by taking proactive steps, businesses can ensure they are a step ahead of the competition."*

*"Shareholders, investors, and the public's expectations have risen on what companies should be doing in the ESG arena and embracing this change in the paradigm will add value to companies in the long term."*

*"I strongly encourage all Irish businesses to engage with the new standards and know there are supports there to help make the transition. The Government is committed to working with businesses to ensure that our climate ambitions are met without placing undue burden on them."*

### Timeline

Ireland and other Member States now have 18 months to transpose the Directive i.e., mid 2024, with a view to mandatory requirements commencing for financial years on or after:

- 1 January 2024 for companies and public interest entities in scope of the existing rules (greater than 500 employees);
- 1 January 2025 for other larger companies and public interest entities (greater than 250 employees); and
- 1 January 2026 for listed SMEs, with an 'opt out' possible until 2028.

<https://enterprise.gov.ie/en/news-and-events/department-news/2023/january/minister-calleary-encourages-irish-businesses-to-prepare-for-new-european-sustainability-reporting-standards.html>

The closing date for views from stakeholders and interested parties was Thursday 9 March 2023.

<https://enterprise.gov.ie/en/consultations/public-consultation-on-the-corporate-sustainability-reporting-directive.html>

## CPD requirements for members in Industry

A new CPD cycle commenced in 2023 and per CPD requirements of CPA Bye-Law 8 Members not in Practice and not working in Practice are required to complete a total of 120 hours CPD over

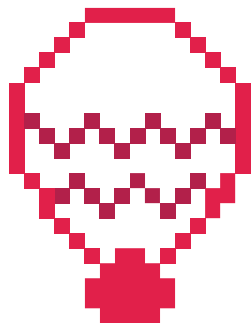
a three year CPD cycle of which 60 hours are structured CPD and 60 hours unstructured.

The minimum requirement is 20 hours of CPD of which at least 10 hours must be

structured in any one year.

[https://www.cpaireland.ie/getattachment/About-CPA/Bye-Laws/Bye-Law-8-1-Jan-2022-\(1\).pdf?lang=en-IE](https://www.cpaireland.ie/getattachment/About-CPA/Bye-Laws/Bye-Law-8-1-Jan-2022-(1).pdf?lang=en-IE)

## Certified Tax Adviser



Deepen your  
understanding of tax

**Update You**

### **Key Details:**

Where: Dublin & via live stream

When: September 2023 - March 2024

CPD: 50 hours

Cost: €1,950 (\*€1,755 with discount)

**\*Book before 30th June and receive a 10% early bird discount**

**Book now at: [cpaireland.ie/ctax](https://cpaireland.ie/ctax)**



# Spotlight on AIB Business Banking Sector Team

by AIB

Our Business Banking Sector Team empowers businesses and clients to optimise opportunities, minimise potential risk, and provide insight and thought leadership in their industry of expertise. We speak with John Reynolds (JR) Head of Business Banking Dublin, East and Sector, Alan Makim (AM) Head of Retail Sector Strategy and some of the Sector Team as they share their 2022 highlights and look ahead for 2023.

**Q: Firstly John, can you tell us about Sector Specialists in AIB and what role they perform?**

**JR:** We have developed strong sector expertise to support traditional business sectors such as Agri, Retail, Hospitality, Transport & Logistics, Services and Manufacturing. We also support high innovation sectors such as Technology and high growth sectors such as Life Sciences. We believe that understanding our customers sectors helps us understand their needs and challenges which enables us to provide proactive and valuable support. Our Sector Specialists are experienced in their respective industries so that they can best serve the needs of our customers with their deep knowledge and up to-date insights.

Our Business Banking teams across the country are supported by Sector Specialists all of whom are available to meet customers and provide valuable insights. For example, we have 11 dedicated Agri Advisors based in our Local Markets. Over the years we have found this model to work exceptionally

well in facilitating us to provide the best possible service to our clients in conjunction with our colleagues across the organisation.

**Q: Where does the Sector Specialists knowledge come from?**

**JR:** Our Sector Specialists are well established in each of their respective industries and are able to understand the complex needs of their industry. They often come from the industry itself and bring first-hand perspectives or they have worked on extensive commercial deals within the sector.

They have strong ties to their respective industries and are often involved in the many committees, federations and associations that support each industry. They have been there through various economic cycles and challenges in each sector and can help steer a business where required.

**Q: Alan, we can clearly see the depth of knowledge, how do you share your knowledge and expertise out in the Business**

**Banking market and with AIB staff?**

**AM:** We are committed to providing our knowledge and specialist support to our staff and businesses within each sector. We have a strategy which delivers a programme of external activities to support businesses through sponsorships, partnerships, webinars, roundtable discussions and sector publications such as Agri Matters and Sector Outlook reports. When we look back on each quarter it is great to see the level of market engagement and the volume of content produced across a variety of channels by the team.

In addition, we provide sector specific training to our staff regularly throughout the year. Presentations and briefings to individual teams assist in disseminating industry knowledge to all staff.

**Q: You mentioned the reach of the Sector Specialists, in 2022 there was a number of sector publications and reports, any highlights?**

**AM:** 2022 saw the publication of reports



- Voluntary strike-off advertisements for only €99 plus Vat per company
- Full strike-off service for only €195 plus Vat and CRO fees (includes advert)
- Discounted rates on liquidation advertisements

"formerly mystrikeoff.ie"

**Call us today for more information!**

**Tel: 041 981 0541**

**Email: [info@closedforbusiness.ie](mailto:info@closedforbusiness.ie)**

examining and analysing the key issues affecting particular sectors within the Irish economy. There were Outlook Reports, Retail Spend reports and Industry handbooks.

The Outlook Reports provide an extraordinary amount of detail and insight into each sector:

- **Transport and Logistics Outlook report by Alan Waters, AIB Sector lead for Transport and Logistics** reminded us again of the critical importance of the sector during the Covid 19 pandemic and as an export driven economy. The Irish economy continues to rely on the transport and logistics sector to keep the economy moving by ensuring the efficient supply of goods to businesses and consumers around the island while helping Irish exporters get their goods to overseas markets. The report also features industry commentary from Eugene Drennan, President of the IRHA, along with Michael Dixon of Dixons Transport and Stephen Ferriter Managing Direct of DAF Cork.
- **Manufacturing Outlook report by John McGeown, AIB Sector Head of Manufacturing**, highlighted the significant transition risks facing the Irish manufacturing eco-system. For the report, the team partnered with key industry stakeholder Irish Manufacturing Research (IMR) to undertake a survey to assess the progress of the sector on its move to a more sustainable footing. The report featured insights from Micheal Cassidy (Chief Technology Officer - IMR), David McCormack (Director of Sustainable Manufacturing - IMR) along with examples of Capital Markets customer progress in the space from Niall Fay (Director - Grant Engineering) and Rosy Temple (CEO - Magee Clothing).
- **Nursing Home Outlook report by Anne Bannon, AIB Sector Head of Healthcare** showed that with an ageing population in Ireland, demand for nursing home beds is forecast to increase significantly in the future. Our reports take a close look at the private and voluntary nursing home sector and the important roles they play in the provision of healthcare in Ireland. In the report, Tadhg Daly, Chief Executive of NHI, discusses the challenges facing the Nursing Home sector. As part of the report three nursing home customers gave their views on the sector and the

steps they are taking to future proof their homes by expanding bed capacity and investing in energy efficient technologies.

We were also proud to support the launch of SIRA Sustainability in Retail Handbook. The breadth and scale of sustainability can create challenges for retailers and business owners implementing their own sustainability strategies. The handbook was designed as a simple, easily understandable point of reference to support retailers around sustainability, help navigate retailers towards funding, and learn tips and advice from some of the great case studies that have been contributed by retailers such as Meaghers, Faerly, Cork Flower Studio and many more.

<https://aib.ie/business/sector-expertise/sector-reports>

### Q: The year closed out with the start of the Sustainability Sector Guides, can you tell us a little about the first guide?

**AM:** We just released the first two reports in a series of sustainability sector guides. "Sustainability Guide – Bars and Restaurants" and "Sustainability Guide – Transport". These guides provide businesses with sector specific tools and resources to support them to reduce cost and become more sustainable. The guides have been completed in conjunction with Mabbett who are a leading environmental consulting and engineering firm with offices throughout Ireland and the UK.

Speaking on the release Jonathan Clarke, AIB Sector Head of Hospitality and Tourism noted that our customers are becoming increasingly aware of the impact of their purchasing decisions on the environment, improving resource efficiency is becoming more important than ever for bars, pubs, and restaurants. By implementing strategies to reduce energy, waste, and raw material consumption, businesses can not only save money, but also improve their reputation with customers and reduce their environmental impact. The AIB Sustainability Guide for Bars & Restaurants provides valuable information and ideas for enhancing sustainability performance in these key areas.

<https://aib.ie/business/sector-expertise/sustainability-sector-guides>

### Q: What can we expect from the rest of the Sustainability Sector Guides?

Speaking on the upcoming series John McGeown, AIB Sector Head of Manufacturing notes that "Sustainability is playing an increasing role in our customers' business decisions, as consumer preferences and regulatory drivers increase the focus in this area. The upcoming series of Sustainability Sector Guides is designed to help them take practical and tangible steps to improve the sustainability of their operations."

The guides for each topic identify key environmental impact areas and share ideas for addressing same. The guides also put a spotlight on social sustainability which assesses a company's engagement with, and impact on, its workers, customers, suppliers, and the local community. In addition, the sector guides also seek to signpost supports and resources for businesses.

### Q: Looking ahead into 2023, what are you looking forward to seeing?

**JR:** Irish SMEs continue to demonstrate how resilient they can be when facing challenges – in particular when many businesses had to quickly adapt their own business model in response to COVID-19. While there is no doubt that all businesses face a challenging cost environment I am confident Irish SMEs can still innovate further and look forward to seeing how they will continue to grow their businesses.

**AM:** We are seeing an increase in the number of SMEs considering their sustainability credentials and starting to make investment in this area. Given the soaring cost of energy experienced during 2022 I would expect more businesses to start investing to reduce their energy consumption and costs.

Contact Details: [sectors@aib.ie](mailto:sectors@aib.ie)



AIB



# Managing Insolvency and SCARP

by Tom Murray

There has been a marked increase in the number of companies entering into creditors voluntary liquidation since Q4 2022. That trend has continued in Q1 2023 with creditors meetings averaging 10+ per week for the year to date. The trend is across all sectors, but particularly vulnerable sectors of Retail, Hospitality and Construction. Many companies are finding themselves in the situation of being unable to pay their debts as they fall due.

This situation can be stressful for directors who are responsible for the company, and who in many cases are facing this situation for the first time.

The need to be cognisant of the implications for the company and for themselves personally by continuing to trade, when not being in a position at this time.

At the outset, directors of a company facing challenges need to be able to **assess the situation**. In this regard, they should conduct a thorough assessment of the company's financial position, including liabilities, assets, and cash flow.

Cash flow is critical as the key test of insolvency is the ability of a company to pay its debts as they fall due.

Assessing this will help the directors determine the extent of the problem and identify any areas where the situation can be remedied through a turnaround process or a financial restructuring or if indeed there is no alternative liquidate the company.

This is often the appropriate time to **engage with an Insolvency Practitioner** who has been through this process many times before. An experienced insolvency practitioner will be able to give directors an experienced, unbiased view on the company situation and assist them in considering the alternatives that are available to them.

At this stage it is important to note that whilst the principal duties of a director are owed in the first instance to the company itself, that once insolvency becomes a real possibility

for the company, the primary duty of the directors pivots in favour of the company's creditors.

In this regard, steps should be taken to preserve assets and to minimise loss to creditors. Those steps may include the following:

- Review its costs and take whatever steps may be appropriate to reduce them.
- Keep detailed records of the commercial basis of decision that are taken in order to be able to show that they were responsible decisions made with creditors best interests.
- Any commercial decision that the company should continue to trade although it faces the prospect of insolvency, or is insolvent, should always be informed by the appropriate professional advice and that advice should be recorded.
- Ensure that accounts are being properly prepared and are up to date.
- Payments to connected parties should be avoided.
- Annual returns and tax filings should be kept up to date and any tax liabilities should be paid to Revenue as they fall due.

Some of the common mistakes directors make at this time include:

- Transferring assets to related entities for less than fair value.
- Lend money to their company if it can't be repaid.
- Pay certain creditors in priority to others. (e.g. creditors with personal guarantees).

- Continue trading whilst insolvent.
- Obtain advice from unregulated and unqualified advisors.
- Use personal bank accounts / intermingling company and personal finances.

Making an educated informed decision at this time is important. It necessary to say that directors should not assume that the safest course of action is to cease trading. Directors may be criticised in certain circumstances for a premature cessation of trade as for continuing to trade while insolvent.

However, equally important is that very much at the same time, a decision to continue to trade while insolvent risks personal liability for the directors and should only be taken based on clear legal and financial advice which directors should carefully document review and update frequently.

Some of the implications for directors who did not act "honestly and responsibly" include:

- Be subject to a negative report to CEA leading to Restriction or Disqualification as a director.
- Be accused of Reckless Trading or Fraudulent Trading and be possibly held personally liable for debts.
- Have transactions overturned as a result of:
  - Fraudulent Disposition of Property
  - Unfair Preference
- Be held personally liable for debts



arising out of a failure to maintain proper books of account.

### Consider Alternatives

So having met with an Insolvency Practitioner and having established the situation the company is facing the next thing to consider all the available options.

The key question is whether the company can be made viable. There is a dividing line between when a company is suitable for a turnaround or whether it should be placed into a formal insolvency procedure.

If a company can be made viable then a Turnaround or Restructuring through SCARP or Examinership may be possible. If the company cannot be made viable then the directors should place it into Creditors Voluntary Liquidation.

Business turnaround strategies focus on assisting struggling firms plan for their short- or long-term financial recovery. If turnaround is not an option because a company's problems are so severe, restructuring can still enable the company and/or its business to survive. The term 'restructuring' refers to a range of formal insolvency processes aimed at helping businesses in significant distress – including SCARP or Examinership.

Every company which is considering liquidation should consider SCARP or Examinership in the first instance. Given that Examinership has been around in one shape or another since 1990, and that it is not a viable option for many micro, small or medium sized entities by virtue of costs involved, we will focus on SCARP for this article.

SCARP (or to give it its full title - Small Company Administrative Rescue Process) is a simplified corporate rescue mechanism specifically geared towards small and micro companies. It is an alternative to Examinership which can often be overly costly for smaller businesses.

The primary objective of the Small Company Administrative Rescue Process is to save a company and any

jobs provided by it.

In order to avail of it a company must meet certain eligibility criteria, namely:

1. Be a Small or Micro Company
2. Be unable or unlikely to be able to pay debts
3. Be not in liquidation and
4. Not have used the process in previous 5 years

The SCARP process is as follows:

#### Step 1:

The company will engage an Independent Insolvency Practitioner

(IP) to act as a "Process Advisor".

This is often the IP they meet to consider the options. The company's Auditor/Accountant cannot act as Process Advisor.

#### Step 2: Prepare a Statement of Affairs

Having identified the need to enter the process and having engaged a suitable Process Advisor, the directors of the company will prepare a Statement of Affairs in a prescribed form.

#### Step 3: The Process Advisors Report

The Process Advisor will then issue a report on whether the company



# Accounting for Now

Upgrade your learning while staying up to date on highly relevant and engaging topics with our brand new bespoke online programme.

**Update You**

Visit [cpaireland.ie/accounting-for-now](http://cpaireland.ie/accounting-for-now) to learn more about this exciting new course



in their opinion has a reasonable prospect of survival and whether a SCARP should be undertaken.

#### Step 4: The Board Meeting

In order to formally commence the SCARP, the directors of the Company will call a board meeting within 7 days of receiving the Process Advisors report at which they will pass a resolution to commence the process.

#### Step 5: Process Advisor engagement

Creditors are then informed of the process and are sent the Statement of Affairs and the Process Advisor's Report. Creditors will also receive a Proof of Debt form which needs to be sent back within 14 days. During this period, creditors are afforded an opportunity to provide input to the process advisor and to disclose any facts they consider material to the process.

#### Step 6: The Process Advisor's Rescue Plan

The Process Advisor having reviewed the Company's financial circumstances and consulted with stakeholders including directors, creditors and shareholders, will prepare a draft rescue plan.

In terms of this plan, which is in simple terms, an agreement between a company and its creditors to settle company debts. There are:

- No prescribed components or exclusions.
- No creditor may be unfairly prejudiced.

*Critically the plan must satisfy the 'best interest of creditors' test (i.e. provide each creditor with a better outcome than a liquidation).*

In terms of the approach the Process Advisor's rescue plan can take, there is no express limitations. In this regard,

- Debts can be written down.
- Different classes of creditors receive different treatment.

For example, whilst in Examinerships, creditors are normally settled with a "lump sum", Companies could pay creditors over a period in a SCARP, of say, three years.

#### Step 7: Rescue Plan Approval

Having formulated a rescue plan, the Process Advisor summons meetings of members and each class of creditor within 42 days of their appointment. Facilitating a timely process, notices may be sent via email.

Creditors are invited to vote (having been provided with 7 days-notice) on the plan by day 49.

For the Rescue Plan to be approved by Creditors there must be a 60% majority in number and a SIMPLE majority of value in respect of at least one class of creditor.

Such approval of one class of creditor voting in favour of the rescue plan will result in it being binding on all creditors.

If there is no objection to the plan and it is approved by creditors there is no requirement to obtain Court approval and the plan becomes binding 7 days after Statutory notices are filed unless objected to within 21 days.

An experienced and creative Process Advisor can formulate different types of schemes of arrangement. There is no one size fits all solution, so it

can be tailored to each company's specific situation i.e., it can involve for example:

- no write down of debts but extend repayment dates or
- it can involve a write down of debts for creditors across the board or
- different levels of write down for different classes of creditors.

Critically though – the outcome must be better for each class of creditor than the alternative outcome in liquidation. No creditor can be prejudiced in this regard.

In conclusion, any company which can be saved, should be saved as liquidation has a detrimental effect on jobs and on asset values.

Essentially, every eligible company facing difficulties should contemplate SCARP before Liquidation as SCARP gives many companies the opportunity to turnaround their fortunes protecting jobs and the assets of the company.

It is also important to recognise that corporate insolvency can be a difficult and stressful time for directors. It's important to seek support from friends, family, and colleagues during this period. With the right approach and support, it's possible to minimize the consequences to all parties involved and help the company navigate the challenging situation.



**Tom Murray**

Member Tom Murray is one of Ireland's leading Corporate Restructuring and Insolvency Practitioners. He can be contacted by email at [tom.murray@friestafford.ie](mailto:tom.murray@friestafford.ie)



# STAFFING ISSUES?

Make your accountancy  
practice more profitable  
with Axon Outsourcing.

**YOUR PREFERRED IRISH  
OUTSOURCING PARTNER**



Axon Outsourcing Limited is an Irish Limited entity with ISO 9001:2015 and ISO 27001:2013 Certified Company, GDPR compliant. We are a dedicated supplier of accounting services to accounting professionals and practices in Ireland, our business model enables our practices to manage their workload efficiently and concentrate on core competencies of their business model. Some of our marquee practices are also among the Top 100 Accounting Firms in Ireland who can vouch for our quality and who have also benefited by using Axon.

## Our practices are using Axon for Outsourcing Services

1. Bookkeeping and Accounting.
2. VAT returns preparation and filing.
3. Payroll preparation and online filing at ROS.
4. Year end accounts preparation and Filing at CRO.
5. Companies secretarial work and online filing at CRO.
6. Preparation and filing of Form 11 and CT 1 at ROS.
7. Preparation of excel working papers, control accounts, Lead schedule, and management accounts.
8. Posting draft TB in accounts production software under FRSE102 & 105.
9. Preparation of Audit and Non Audit PQA/SCAPS in regulated formats of Irish professional bodies.
10. Contractor accounting, payroll and tax returns preparation.

If you want to know more about Axon and how this works for your practice please feel free to get in touch with us. We have made outsourcing a big success in Ireland in last 10 years. There is wonderful saying "The proof is in the pudding" so why not try before it's too late.



Managing Partner  
Rohith Garg  
CPA Ireland



Outsourcing Partner  
Geetika Garg  
CPA, FCA (India)



# Taxation News

## Revenue eBrief No. 012/23 – Enhanced Reporting Requirements

The introduction in Finance Act 2022 of Section 897C of the TCA 1997 will require employers to report to Revenue details of certain payments made to employees and/or directors. The requirement to provide this information will commence in 2024.

Revenue is now seeking the engagement of Employers, Software Providers and Agents in the implementation of this reporting requirement. Further information, together with a link to a survey, has issued through their ROS inbox allowing stakeholders to provide information on their current processes that will assist in the design of this new reporting obligation.

[Read more](#)

## Section 897C of the TCA 1997 – Returns of Employees' Emoluments, etc.

In this section, payments made to persons in respect of their employment and to the remuneration of persons in their employment shall be deemed to include references to:

- Any payments made to employed persons in respect of expenses.
- Any payments made on behalf of employed persons and not repaid, and
- Any payments made to the employees in a trade or business for services rendered in connection with the trade or business, whether the services were rendered in the course of their employment or not.

Every employer, when required to do so by notice from an inspector, shall within the time limited by the notice prepare and deliver to the inspector a return containing:

- Names and places of residence of all persons employed by that employer.
- Particulars of any car within the meaning of Section 121 made available to those persons by reason of that employment.

[Read more](#)

- Particulars of any preferential loan within the meaning of Section 122 made, released or written off by that

employer in whole or in part and particulars of any interest released, written off or refunded by that employer in whole or in part and which was payable or paid on such loan.

[Read more](#)

- Particulars of any relevant scholarships within the meaning of Section 193 in relation to those persons, not being a payment made before the 6th Day of April 1998, in respect of a scholarship awarded before the 26th day of March, 1997.

[Read more](#)

- Particulars of the payments made to those persons in respect of that employment, except persons who are not employed in any other employment and whose remuneration in the employment for the year does not exceed €1,500.

Where an employer is a body corporate (including a company), that body corporate, as well as the secretary or other officer performing the duties of secretary to the body corporate, shall be liable to a penalty for failure to deliver a return under this section.

[Read more](#)

[Section 897C of the TCA 1997](#)

## Revenue publishes headline results for 2022

Revenue published preliminary results for 2022 including tax and duty collected, details of assistance provided under critical government support schemes, services provided to customers, timely compliance rates and yield from a range of compliance and enforcement interventions.

Revenue collected €82.2 billion in taxes and duties for the Exchequer in 2022 an increase of some €14.7 billion or 21.5% on 2021. In addition, Revenue collected over €22.3 billion on behalf of other Departments, Agencies and EU Member States.

The unprecedented Exchequer receipts are underpinned by continued high levels of voluntary timely compliance, notwithstanding the challenging circumstances in which many taxpayers found themselves. Revenue acknowledge the cooperation of businesses, individual taxpayers, and tax practitioners.

During 2022 Revenue continued to evolve their compliance approach with the launch of a new Compliance Intervention Framework to underpin support for voluntary compliance, non-compliance and risk management.

427,000 audit and compliance interventions were completed during 2022 which yielded €813 million.

Revenue also secured 9 criminal convictions for serious tax evasion and fraud, published 53 tax settlements in the List of Tax Defaulters and settled 104 tax avoidance cases yielding €16.1 million.

The identification, targeting and disruption of shadow economy and other illegal activity continues to be a key focus for Revenue.

[Read more](#)





# Save the Date!

## Annual Conference 2023

25th May 2023  
The Gibson Hotel, North Dock

[www.cpaireland.ie/cpd](http://www.cpaireland.ie/cpd)

**Update You**



# New Revenue Audit Code of Practice – The Experience So Far

by Mairéad Hennessy

**The revised Code of Practice for Revenue Compliance Interventions (the revised Code) came into effect on 1 May 2022 and applies to all interventions notified from that date. The revised Code applies to all taxes and duties except Customs. It includes all forms of withholding taxes, including applicable interest and penalties.**

Customs interventions do not fall under the Code. This is because these activities are provided for by the EU Union Customs Code and EU legislation rather than national legislation. Finance Act 2022, which was enacted in December 2022, extends the Code to include Excise Law.

It replaces the Code of Practice for Revenue Audits and other Compliance Interventions 2019 (the 2019 Code) however compliance interventions that were in progress prior to 1 May 2022 will continue under the 2019 Code.

## Aim of the revised Code

The revised Code reflects Revenue's new Compliance Intervention Framework which introduces changes to Revenue's approach to compliance interventions and changes to disclosure opportunities for taxpayers.

The revised Code introduces a new three-level Framework for compliance interventions, as follows:

- Level 1
- Level 2
- Level 3

These levels reflect a new graduated response by Revenue to compliance risks and taxpayer behaviour. This approach is based on Revenue's fundamental principle that it is the responsibility of taxpayers to file accurate and timely tax returns.

## Communications from Revenue

All compliance intervention notifications issued from 1 May 2022 will include a reference to their categorization as

Level 1, Level 2 or Level 3 compliance interventions. The issue of non-audit interventions (referred to as "Aspect Queries") ceased from 1 May 2022.

## Level 1 – Compliance interventions

Level 1 compliance interventions are intended to support voluntary compliance through reminding taxpayers of their obligations and providing the opportunity to correct errors before Revenue commences an inquiry into the matter.

Level 1 interventions only occur where Revenue has not already engaged in any detailed examination or review of the matters under consideration. Examples of such interventions are reminder notifications of outstanding tax returns, requests to a group of taxpayers to self-review their tax returns for a particular issue, profile interviews and engagement under the Cooperative Compliance Framework.

Taxpayers can address and rectify compliance matters under the Level 1 category through the self-correction provision (where the taxpayer is within the relevant time limits) or by making an unprompted voluntary disclosure.

## Level 2

There are two types of Level 2 compliance interventions – Risk reviews and Revenue audits. These interventions are focused on confronting compliance risks.

### Risk Review

Risk reviews are a new type of Revenue enquiry which Revenue has stated is a focused intervention to examine a risk or

a small number of risks on a return. The Risk Review replaces the Aspect Query.

Risk reviews are equivalent to Revenue audits as regards the type and scope of qualifying disclosure that may be made by the taxpayer in response to the notification. This means that the opportunity to make an unprompted qualifying disclosure ceases from the date a Level 2 notification is issued. A prompted qualifying disclosure may be made up to the date that the intervention begins which is 28 days after the date of the letter. If additional time is needed to prepare a prompted qualifying disclosure, the taxpayer or agent may submit a notice of an intention to make a qualifying disclosure to request a maximum additional 60 calendar days to prepare the disclosure. The deadline for submitting a notice of intention to prepare a prompted disclosure was increased from 14 to 21 days.

### Compliance intervention – Revenue Audit

A "Revenue Audit" is an examination of the compliance of a taxpayer, having particular regard to the accuracy of specific returns, statements, claims or declarations. Under the new Code, an audit will be initiated (as opposed to a Level 2 Risk Review) where there is a greater level of perceived risk.

A Revenue audit can cover all risk indicators in a case (across multiple taxes and periods) or it may focus on a single issue / single tax within the case. An audit may subsequently be extended to include additional tax risks depending on matters uncovered by Revenue during the audit process.

The main stages in a typical Revenue audit are unchanged under the new Code, but there are some points worth noting as follows:

#### 1. Notification letter

- This letter confirms the
  - type of compliance intervention to be undertaken i.e. Level 2 Compliance Intervention,
  - tax head(s) and period(s) covered,
  - the audit commencement date and location,
  - the books and records requested to be made available for inspection.

#### 2. Commencement of Audit

- The audit will begin 28 days after the date of the notification.
- Businesses may request an alternative date where the commencement date is not feasible for the business.

#### 3. Opening meeting

- This meeting provides the taxpayer with the opportunity to demonstrate to Revenue the tax controls in place. The Revenue auditor will raise queries during the meeting and the taxpayer's responses typically dictate the areas of audit focus and potentially the outcome of the audit.
- At this stage, it is important for the taxpayer to be able to show strong governance and controls to provide assurance to Revenue that tax returns and payments are accurate and timely.

#### 4. Disclosure

- From the date of issue of the letter of notification of a Level 2 Compliance Intervention to the taxpayer and agent (where relevant), the taxpayer no longer has the opportunity to make an unprompted qualifying disclosure. However, the taxpayer may make a prompted qualifying disclosure before the audit commences. Once the intervention begins (or is deemed to have commenced), the entitlement to avail of a prompted qualifying disclosure is no longer available.
- A qualifying disclosure is defined in s1077F TCA 1997 and is one where the taxpayer provides complete information, is in writing and includes certain information.

The taxpayer must declare that the disclosure is complete and correct in relation to the particular tax head and tax period under review. The disclosure must also be accompanied by payment of the tax and interest due. A penalty does not need to be included.

- The information to be included in the prompted qualifying disclosure depend on the category of behaviour giving rise to the tax default.
  - E.g. for a prompted qualifying disclosure in the careless behaviour category of tax default, the amounts of tax, duty and interest for the tax and period(s) within the scope of the proposed compliance intervention should be included.

### Level 3 – Investigations

Level 3 compliance interventions constitute Revenue investigations and arise in cases where Revenue believes from its review of available information, that serious tax or duty evasion may have occurred, or a Revenue offence may have been committed and may lead to a criminal prosecution. The investigation focuses on tackling high risk practices and cases displaying risks of suspected fraud and evasion.

Once an investigation is initiated, the taxpayer cannot make a qualifying disclosure in relation to the matters under investigation.

### Other changes under the new Code

Some further changes under the new Code include:

- Settlements of up to €50,000 (excluding interest and penalties) are now excluded from publication in Revenue's quarterly list of tax defaulters. Publication was previously only excluded where the total settlement did not exceed €35,000 (including interest and penalties);
- The taxpayer's entitlement to made a qualifying disclosure in respect of tax underpayments relating to offshore matters was reinstated;
- Self-corrections must now be notified in writing to Revenue (although this can be done via Revenue Online Service). It is important to be aware that amending a tax return on ROS is not of itself sufficient.

### The experience so far

Since the Code came into effect last May, we have gained insights into Revenue's application of the new framework, in particular to the new 3 tier categorization of Revenue interventions. Experience to date shows that day-to-day enquiries such as VAT refund verification checks, requests for R&D tax credit reports and requests for tax computations fall under a Level 1 compliance intervention.

### Final Comment

Investment in technology in recent years has enabled Revenue to develop an increasingly robust and targeted approach to tax compliance interventions. Furthermore, it is expected that Revenue activity will ramp up during 2023, in particular under the new Risk Review category. Taxpayers should be aware that the new Code reduces the opportunity for taxpayers to mitigate penalties once Revenue action has commenced. Experience of the new Code over the past number of months shows that Revenue places more emphasis on taxpayer's tax controls and governance. It is key that taxpayers can demonstrate these controls in the event of an audit.

For these reasons it is more important than ever that taxpayers proactively self-review their tax affairs on an ongoing basis to identify tax risks. This will help to ensure that penalties are kept to a minimum and the reputational risk of publication on Revenue's tax defaulters list is avoided.



#### Mairéad Hennessy

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



# Sustainability In Irish Agriculture

by Declan McEvoy

**Irish Farmers are presently in the line of fire when it comes to sustainability. When it comes to farming and agriculture it's important that those of us dealing with farmers and the agri- sector understand what is happening within the sector including some of the terminology.**

There will be pain for our farmer and agri -clients, and an understanding of what is coming will help us as advisors understand what is needed and to plan accordingly.

Its hugely important when preparing projections and plans to be on the conservative side as there will be pressure on farm incomes in the years to come.

This article gives an outline of the tax issues and the background to what is happening. I look forward to presenting on the more technical points of the article at the upcoming CPA Tax Conference on 9th March.

## Background

Livestock farmers, in particular dairy farmers, are being blamed for their contribution to agriculture being over 37% of the national greenhouse gas (GHG) emissions. They are also being blamed for the deterioration in quality of our pristine waters i.e. rivers, lakes and coastal waters. Finally, all farmers are under the microscope when it comes to biodiversity i.e. protection of our habitats, flora and fauna.

Sustainability has become a buzz word and it is a term we will hear a lot more of in relation to Irish agriculture into the future. Sustainability focuses on meeting the needs of the present, whilst also ensuring to meet the needs of future generations.

Sustainability as a concept encompasses three key elements:

- Economy
- Environment
- Society

An example of a sustainable agricultural system would be a profitable system with little or no impact on the

environment and one which has a social licence.

This social licence refers to the public's perception and approval of practices in agriculture such as animal welfare, food traceability and environmental standards. The social licence for agriculture is the trigger for funding from the European Union (EU) through the Common Agricultural Policy (CAP). Currently the EU CAP is firmly focused on the sector's effects on the environment namely soil, air, water and biodiversity.

## Farm to Fork

The European Union launched the Green Deal at the end of 2019. Its goal is to make Europe carbon neutral by 2050 and it outlines how various sectors, including agriculture, will achieve this. A medium term and more detailed strategy called "Farm to Fork" was announced in May of 2020 which outlines how the agricultural sector across Europe will achieve this goal by 2030.

The Farm to Fork strategy aims to

- reduce the usage of pesticides and antimicrobials by 50%
- reduce biodiversity loss
- improve animal welfare
- increase the land farmed organically to 25% of EU agricultural land area
- reduce fertiliser usage by 20%

## What are farmers and the industry doing to meet these challenges?

In the recently published IFJ/KPMG report on the effects of emissions reductions, the roll out of existing technology on farms can reduce agricultural emissions by 13%-18% by 2030. Effectively this means the

implementation on farms of the climate friendly practices set out on the Teagasc Marginal Abatement Cost Curve (MACC Curve).

There are up to 40 actions a farmer can carry out to reduce emissions on individual farms highlighted on the Teagasc MACC Curve. The main ones are:

- breeding more efficient dairy and suckler cows
- finishing cattle earlier at 24 months v 27 months
- better grassland, fertiliser and slurry management
- feed additives
- reducing crude protein in animal diets
- draining wet mineral soils
- straw incorporation
- using bioenergy on farm

Most progressive farmers are already at various stages of implementing these processes, some early adopters have already reduced their carbon footprint by up to 15% but others have yet to begin.

The new EU CAP 2023-2027 is the catalyst to drive these measures using a 'carrot and stick' approach. The 'stick' being the new ECO Scheme measures attached to drawing down BISS (Basic Income Support for Sustainability Scheme) entitlements and the 'carrot' being the attraction of the new agri-environment scheme called ACRES (Agri Climate Rural Environmental Scheme). Over 46,000 farmers applied recently in the first tranche of the ACRES scheme, when only 30,000 were expected. This is a great indicator of the willingness of farmers to meet their climate and environmental obligations.



However, if the uptake of existing technology on-farm will only bring agriculture to a 13%-18% reduction in emissions, how are we going to get to 25% by 2030?

This raises the politically hot topic of a reduction in livestock numbers or what has become known as the 'National Herd'. It is a wonderfully blunt instrument and an easy equation to show that livestock reduction equates to carbon emissions. The Irish Farmers Journal /KPMG report calculates that to achieve a 30% reduction in agricultural emissions by 2030 beef cattle numbers would have to fall by 22% and dairy numbers by 18%. It goes on to suggest that a 50% cut in emissions would require almost a 50% reduction in livestock numbers.

The farmer and only the farmer has the ability to create additional reductions in carbon emissions by planting trees and re-wetting bogs, a process known as 'Additionality'. The scope of this is as of yet an untapped measure and is critical to the success of reaching climate change targets in Ireland.

Farmer psychology for generations has been to fell forests and reclaim bogs to create fertile agricultural land. These actions were incentivised by EU grants which led to success in achieving the stated goal of generating food for humanity and income for farm families. It also added value to their farms as fertile agricultural land has traditionally been of higher value than forestry land and bogs.

### **The time for change is upon us and a summersault in thinking will be required.**

On the tax front a number of schemes and incentives are in place covering taxes on income and capital taxes.

A massive push is underway to increase our renewable power generation capacity and the first of the tax incentives is the accelerated tax allowance regime for renewables for all persons carrying on trade.

100% allowance i.e. a full write off in year 1 of the cost.

The type of items covered include:



- Photo voltaic systems
- Wind turbines for own power generation
- Ancillary equipment in association with the above
- Led Lighting
- Variable speed drive pumps which adjust to usage
- Motors and drives
- Electric vehicles

Some of these items are covered in Targeted Area Measures Schemes (grants) which will reduce the cost to the farmer. In addition, most of the measures, excluding motor vehicles, qualify for The Flat Rate Farmer Vat regime refund (online Vat 58).

From a capital tax incentive, where land is under solar panels and less than 50% of the total lands being transferred are used in this activity, the land meets this less than 50% rule and this land transfer will then be regarded as being eligible for both Agricultural and Capital Gains Tax reliefs.

Other measures that are beneficial to the sector include forestry tax incentives and the recent announcement of a plan to implement a plan for anaerobic digestion (AD) plants.

Firstly AD plants will provide an opportunity for farmers to use feedstock and farm waste to produce bio methane which will be exported to industry and the national gas grid. Whether it's a runner for individual farmers to build and operate is questionable due to the costs, but it will provide massive opportunities for some to grow the feed needed for use in the plant, thus giving a sustainable income to the farm.

### **A mindset change will be required to use crops for energy as against animal feed.**

Forestry is a must and pressure is on to increase the amount of forestry being planted but that is in relation to the issues of felling licences and nothing to do with the tax.

From a tax perspective the following is a summary of the tax incentives:

- The income and gains for individuals are exempt from income tax when managed on a commercial basis.
- The income is liable to PRSI and USC.
- The land and timber are available as an agricultural asset in the farmer test i.e. the 80% rule.
- The standing timber does not have to be held for the 6-year retention period.
- When land is bought with standing timber the value is apportioned between land and timber and the timber value part is exempt from stamp duty.
- Conditional gift or inheritance can apply to forestry thus being able to avail of agricultural relief and being taxed on only 10% of the Value.

The latest addition to incentives in the agri-farm sector was introduced in Budget 2023 and detailed in Finance Act 2022.

With increased closed periods where farmers cannot spread slurry coming in over the next few years and with the need to reduce artificial fertiliser usage, the need for increased storage on farms for slurry is a must.

S 658a TCA 97 brought into play an accelerated capital allowance regime for a detailed list of items covered in schedule 35a to the act.

In short, the allowance is available as follows:

- On qualifying expenditure in the relevant period.
- Qualifying expenditure is defined as capital expenditure on qualifying items.
- The qualifying items include floors and walls, mass concrete tanks, circular stores etc.
- The items are listed in full in Schedule 35a.
- This will be extended to Relevant period is to 30th June 2023 -As the new Agricultural Block Exemption Rules (ABER) were not passed at time of the Finance Act the Government was limited to this date.
- 31st December 2025.
- Allowance will be at 50% Per Annum over 2 years.
- Aggregate relief shall not exceed €500,000.

## Conclusion

As one can see, the sustainability issue in farming is the most topical and urgent item on the agenda for farmers. Farmers are willing to work in harmony with the environment as they often regard themselves as custodians of the land.

With some foresight and informed engagement, the agricultural sector will no doubt meet the difficult targets set for sustainability.

## Declan McEvoy

An AITI Chartered Tax Adviser (CTA) and Member of STEP-society of trust and estate practitioners. Declan was formerly Head of Tax for the largest Agri accounts firm.

25 Years experience and expertise in personal and corporate tax planning, estate and succession planning, tax-based investment and financial structuring for family and farm businesses.

Now practising under own name as Declan McEvoy Tax.





# Let's reverse the tide on climate change.

At AIB, our €10 billion climate action fund can help Ireland upgrade to energy efficient homes and cars.

**We Pledge to Do More.**

Marine Nature Reserve  
Lough Hyne, Co Cork



**AIB Sustainability**



# In Practice News

## Join CPA Ireland's Quality Assurance Team

An opportunity has arisen to join CPA Ireland's Professional Standards Team as a Quality Assurance Executive.

The successful candidate will conduct Quality Assurance reviews throughout Ireland in addition to providing members with assistance on technical issues. Opportunities to assist in the development of CPD courses and enhance the effectiveness of technical committees.

For further details

[Read more](#)

## IAASA's Compendium of Financial Reporting Decisions

IAASA, Ireland's accounting enforcer recently published a compendium of financial reporting decisions. These decisions relate to accounting treatments applied by CRH plc, Flutter Entertainment plc and Tullow Oil plc in their 2021 annual financial reports.

The published decisions extent over a range of accounting treatments applied under accounting requirements including:

- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS 8 Operating Segments
- ESMA Guidelines on Alternative Performance Measures
- Management Report – Transparency (Directive 2004/109/EC) Regulations 2007

These published decisions are either instances where the company voluntarily agreed to enhance its accounting treatment or disclosures in future financial reports to address matters identified during IAASA's examinations or decisions where IAASA agreed with the accounting treatment applied by the company.

It is noteworthy that, reflecting public concern about climate change companies' responses to that and the sustainability agenda, for the first time these decisions cover accounting for climate change and sustainability initiatives.

The financial reporting decisions for each company are included in a compendium of decisions which may be accessed here:

[Read more](#)

IAASA's policy on publishing financial reporting decisions and the criteria to be met for such decisions to be published is set out in IAASA's Policy Paper, Publication of information regarding IAASA's financial reporting supervision activities (revised December 2022).

[Read more](#)

While IAASA has heretofore published decisions periodically as a compendium, under this revised Publications Policy, decisions will, in future, be published on an individual basis soon after the decision is reached

## CPD requirements for members in Practice

A new CPD cycle commenced in 2023 and per CPD requirements of CPA Bye-Law 8 Members in Practice and working in Practice are required to attain a total of 120 hours over a three year CPD cycle, of which 75 hours are Structured CPD and 45 hours are Unstructured CPD.

At a minimum requirement is 30 hours of CPD of which at least 15 hours must be structured in any one year.

### Core Competencies for Practising Certificate Holders

For holders of Practising Certificates 40 hours of the Structured CPD requirement must be completed from any combination of the following six areas over a three-year CPD cycle:

- Financial Accounting
- Auditing
- Law & Regulation
- Taxation
- Professional Ethics
- Practice Management

### Statutory Auditors

A member who is also a statutory auditor shall develop and maintain professional competence that is demonstrated by the achievement of the learning outcomes of Table A of IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised).

Such statutory auditors shall undertake CPD that develops and maintains the professional competence required for the role of an engagement partner.

A member who is also a statutory auditor is required to ensure that they keep their professional knowledge up to date in:

- The Irish Auditing Framework
- Financial Reporting standards in use in Ireland and
- Irish and EU legislation relevant to the preparation of financial statements and to statutory audit and auditors

To achieve this a member who is also a statutory auditor, is required to complete 20 hours of their 40-hour core competency requirement in the following areas:

- Financial Accounting
- Auditing
- Law & Regulation

[Read more](#)



# Professional Scepticism – Accountancy at the crossroads of science, art and psychology

by Brendan Lenihan

**There are fundamental and interesting changes afoot in the area of professional scepticism. When I qualified about 30 years ago, the unbreakable assumption was that the ‘economic man’ was always rational. Professional scepticism was linked to being alert to some of the badness and madness in the world. Being prudent was always appropriate because of dark and unknowable ‘rainy day’ factors that might happen next.**

By comparison to current thinking that seems very old fashioned now. And it is. Nowadays, based on Nobel prize winning advances in psychology and behavioural economics, leaders in accountancy are realising that as humans we are not entirely rational all of the time. Not because we are having a bad day, but because we are hard-wired to make systematic errors in certain circumstances. We do so predictably. It is not anybody’s fault – it is just the way we are. And we have also learned there are some things that can be done to mitigate the changes of that happening and its impact.

Surprisingly this isn’t an article focusing mainly on fraud, it is as much – if not more – about avoiding serious mistakes for your business or practice. It is more relevant, in my view, for business leaders, company directors, Audit & Risk committee chairs and CFOs as it is for auditors.

## Importance of Professional Scepticism

Over the last year I have watched some television series about spectacular business and reputational demise – some from corruption, some from mistakes, in particular the excellent series on Wirecard and the corruption in FIFA. When you binge watch a few together it is clear that while they focus on different people and sectors, the stories have some striking commonalities.

Looking back, after major scandals emerge or collapses unfold, professionals often realise that it is not that serious questions weren’t asked at an early stage. There may have been initial investigations after which the impression was given that everything was ‘okay’. Usually, high levels of reverence or deference to some experts or leaders soothed any initial qualms. If any doubts lingered, they were deemed to be about mere details, the ‘weeds’, not material.

But eventually when the full scandal explodes and we reflect on what has happened, everyone asks how come we didn’t really understand the importance of the issue or the full context of the data that was there in plain sight?

Why didn’t we make the right connections and linkages, until that last piece of data/evidence? For all our education and training, why didn’t we see it and ‘call it’ earlier?



Much of the problem we now know, lies in our psychology and in particular our cognitive biases, our tendency to systematically make mistakes.

When I look at the common characteristics that define professional scepticism, it is no surprise that most of these relate to the 'headset' and psychology we bring to our work. These should include a questioning mind; autonomy or independence of mind; sufficient self-esteem to challenge assumptions and resist pressure; a desire to search for knowledge and corroborate information and to suspend judgment until appropriate evidence is obtained; a flexibility in terms of approach and mindset.

In recent years we have added the importance of understanding that people's motivations and perceptions may lead them to provide biased or misleading information, even when they have the very best of intentions.

### **"The trouble is, you think you have time"**

The seminal work in the area of cognitive bias is the international best seller "Thinking Fast, Thinking Slow", an enjoyable 'must read' for all

professionals. It could be the subject of a series of articles here. But for now, it is enough to know that it explains and evidences how our decision making is ordered into two distinct systems. The first is fast and intuitive, which makes decisions in narrative, and handles the lion's share of decisions we make, even complex business decisions. The other system is slower, runs on a logic engine and is hugely resource intensive so we use it surprisingly sparingly.

How we interact in the information age has exacerbated this. On your smartphone, things aren't always quite as they seem, and we have very little time to spot this. In a world of misinformation, how can we know what is real and what is not?

In my practice I work with Boards, Audit & Risk Committees and management teams to make better decisions and avoid big mistakes. As an Audit & Risk Chair I get to have a front-line seat in applying these solutions in practice.

In business, like many other walks of life, some folks will lie and deceive and just say what it takes to get to the next level. But most stories of business demise are not like that, there are usually tales (at least initially) of bad decisions and

misjudgements, many rooted in our brain where the decision was made.

That is why accountancy standard setting bodies are pouring huge resources into the area of repurposing professional scepticism for a new era. There are some references at the end of this article to some interesting pieces of work.

Beware. Applying this new version of professional scepticism isn't all sweetness and light. It rallies us to reinforce core ethical values around objectivity and independence, but to do so with modern levels of agility. It also paints against the grain of some cultural norms in the way we do business, particularly in Ireland.

Like optimism. Of all locations we ought to learn the lesson of the global financial crisis. Good people on good boards in top companies made really poor decisions. Why? The consensus is now focused on how disastrous decisions contained a level of optimism and overconfidence, unjustified by the facts.

Professional scepticism is one of the vital response tools to puncture the collective overconfidence that is an almost inevitable prospect when we ask humans to make important decisions in groups.

Using these new tools paints against the grain of exuberant optimism, cheerleading of management teams and levels of trust (sometimes bordering on gullibility) that can occasionally sail into public view in Irish business culture. Sometimes the 'trust card' can be played to top up weak or middling evidence that is put before professional accountants. Or even at a more basic level, to shore up a clear assumption that top management 'knows all' in terms of what happens in an organisation. As organisations grow increasingly complex, logically this is less likely to be the case.

As a Non-Executive Director, scepticism is, for me, closely related to the idea of constructive challenge, but with a twist. Challenge is typically about what is put in front of you as information, explanation or evidence. Scepticism is often, in my experience, about what isn't there, but probably should be.





But in being sceptical, you will be faced with the inevitable push back around the board table – “A stopped clock is right twice a day”; “Come on, a Business Plan is a plan to succeed, not a plan to fail”. The appropriate response should draw on another vital area – risk management tools, how you should address the effect of uncertainty on reaching your objectives.

### Practical tips to build healthy Professional Scepticism

**Above all, plan and manage your time better to create time and space, especially the pace of your work (fast vs slow).** Easier said than done. For example, it must always be okay to extend audit testing, if necessary. Too many plans and agendas are so rigid that they can't accommodate more audit testing or committee consideration of big judgements. Not good. While no manager wants their teams going down rabbit holes, there must be sufficient capacity to start pulling at threads that may reveal a different pattern of facts at play. The trouble is, you think you have enough time (when often you don't) to make the best decisions.

**Emphasise asking the right questions and a focus on quality rather than quantity.** For example, when faced with a large population of data how many times do we calculate the median (usually a more reliable measure) as opposed to the 'average'. (The median number of legs on humans is two. If you calculate the average number of legs attached to humans, it is certainly less than two!)

**Strengthen your Audit & Risk Committee and Board,** who should stand back and have oversight of these areas. This is the often overlooked 'G' in ESG reporting (Environmental, Social and Governance).

**Use the best tools (for example data analytics) to see the whole population** of data points, not just a sample. That is eminently possible these days.

**Update your skills** on areas like cognitive bias, critical thinking, data analytics. If you are qualified more than 10 years, educate yourself in ground-breaking advances in psychology and behavioural economics.

**Promote a culture of healthy scepticism.** Where you produce or consume 'flash' measures (like RAG reports – 'Red Amber Green' or 'Traffic Light' reports) adopt a practice of looking out for “watermelons” – measures that are green on the outside but when you dig into them turn red!

**Put into practice the importance of diversity in your teams.** Different personality types, different backgrounds, ways of thinking. Embrace areas like gender, social class, refugee status, neuro status and other forms of diversity and listen to what follows.

**Learn the skills of mediating or managing conflict** – this isn't necessarily going to be easy.

These are a few of the bridgeheads to the new skills of the future for professional accountants.

### Still some open questions

There are interesting questions facing accounting regulators now. Do professionals need to seek out alternative evidence when faced with conclusions? Do you need to go looking for issues or wait for issues to find you? (Probably the latter if you're an auditor, but I suspect some part of the former if you run a business or are responsible for its governance).

Is professional scepticism innate or can it be learned, or indeed planned in to work packages? In my experience it is certainly easier for certain personality types. For the rest of us it is a way of thinking that is vital to success as a professional accountant, and added to by experience. In all cases it is much easier when understanding the principles of “Thinking Fast, Thinking Slow”.

Often the key to success as an accountant is beating low expectations – people expect us to be miserable, mean and depressing people to be around. So it was with trepidation that I offer this article on professional scepticism.

In reality, the changes afoot in this area truly deserve a mini-series on Netflix, drawing on Nobel prize winning advances in the areas of psychology and behavioural economics to shape some timely improvements in our professional practice as accountants. Now that's an idea that will be met with scepticism.



### Brendan Lenihan

FCA, B. Comm, Dip Prof Acc, Dip Corp Gov, Accredited Mediator is a professional accountant, independent non-executive director and management consultant. Find me on Linked In.



# The Importance of Auditing Related Party Transactions

by Phyllis Willoughby

**Business transactions with related parties may sometimes happen with other entities/individuals such as with family members, parent companies, subsidiaries or affiliated entities. It is important to disclose such arrangements within the Company's financial statements otherwise if not disclosed the Company's true financial results could be misleading.**

Most Companies whether large or small will most likely have related parties therefore as 2022 audit year ends commence, careful planning in accordance with ISA (Ireland) 550 is essential whilst also considering the requirements per ISA (Ireland) 315, ISA (Ireland) 330 and ISA (Ireland) 240 in identifying risks of material misstatement associated with related party relationships and transactions.

## Definition of a Related Party

A person or other entity that has control or significant influence, directly or indirectly through one or more intermediaries, over the reporting entity;

Another entity over which the reporting entity has control or significant influence, directly or indirectly through one or more intermediaries; or

Another entity that is under common control with the reporting entity through having:

- Common controlling ownership
- Owners who are close family members; or
- Common key management

Key steps statutory auditors need to consider in identifying related party relationships and transactions.

As 2022 audits commence it is recommended to follow the suggested steps in identification of related party relationships and transactions. These steps can be incorporated into the audit plan whilst at the same time amalgamating other ISA requirements within ISA (Ireland) 315, 330 and 240 in

identification and disclosure of related parties:

**Step 1** - Discussion with engagement team of the susceptibility of the financial statements to material misstatement due to fraud or error that could result from the entity's related party relationships and transactions.

**Step 2** - Inspect managements comprehensive list of related parties and any changes from prior period.

**Step 3** - obtain an understanding as part of risk assessment procedures controls in place to:

1. Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework.
2. Ascertain whom authorizes and approves significant transactions and arrangements with related parties including transactions outside the normal course of business.

**Step 4** - Inspection of records and documents that will assist in identifying information about related party relationships and transactions, such as:

- Information supplied to regulatory authorities.
- Shareholder registers.
- Records of the entity's investments, pension plans and life insurance policies.
- Contracts, re-negotiated contracts and agreements with key management/those charged with governance including those that are

not part of the entity's normal course of business.

- Internal audit reports.
- Specific invoices and correspondence from the entity's professional advisors.
- Complex equity transactions, such as corporate restructurings or acquisitions.
- Offshore transactions within jurisdictions with weak corporate laws.
- Leasing of premises or the rendering of management services by the entity to another party if no consideration is exchanged.
- Sales transactions with unusually large discounts or returns.
- Transactions with circular arrangements, e.g. sales with a commitment to repurchase.
- Transactions under contracts whose terms are changed before expiry.
- Participation in unincorporated partnerships with other parties.

When assessing related parties for Small and Medium Sized Entities (SMEs) or undisclosed related-party transactions documents to review include:

- The company's current related parties and associated transactions register.
- Minutes of directors' meetings.
- Current and new business transactions.
- Debtors and Creditors ledgers within the accounting system.
- Bank statements at year end and post year end.
- Manual journal adjustments at year



end and post year end.

- Google search of the company.
- Registrar of Beneficial Ownership (RBO).
- Anti -Money Laundering documentation particularly Customer Due Diligence (CDD) records.
- Meetings with management and those charged with governance.

### Audit work in identifying related parties.

From a review of the international standards on auditing the main sections applicable for identification of related parties include understanding the entity's organizational structure and ownership in accordance with ISA (Ireland) 315, this will allow the statutory auditor to determine whether related party transactions have been appropriately identified, accounted for, and adequately disclosed within the financial statements. Automated tools and techniques can be applied also to identify related party transactions with whom the entity conducts business.

The statutory auditor in accordance with ISA (Ireland) 330 shall then design and implement overall responses to address the assessed risks of material misstatement at the financial statement level, this will include incorporation of additional elements of unpredictability in the selection of further audit procedures to be performed regarding identification of related parties.

The statutory auditor shall then consider as part of fraud risk per ISA (Ireland) 240 transactions involving previously unidentified related parties or parties that do not have the substance or the financial strength to support the transaction without assistance from the entity under audit.

For example, a specific response to the auditor's assessment of the risks of material misstatement due to fraud would be reviewing unusual transactions particularly those occurring at or near year-end, investigating the possibility of related parties and the sources of financial resources supporting the transactions.

### Evaluation and disclosure of related party relationships and transactions within the financial statements.

The statutory auditor when forming an audit opinion in accordance with ISA (Ireland) 700 takes into consideration the size and nature of a misstatement, and the particular circumstances of its occurrence, when evaluating whether the misstatement is material in accordance with ISA (Ireland) 450. The significance of the transaction to the financial statement users may not solely depend on the recorded amount of the transaction but also on other specific relevant factors, such as the nature of the related party relationship.

The auditor shall evaluate:

- whether the identified related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework, and
- Whether the effects of the related party relationships and transactions prevent the financial statements from achieving fair presentation or cause them to be misleading.

### Written representations.

The statutory auditor shall obtain written representation of related parties from management and where appropriate those charged with governance confirming they have disclosed to the auditor the identity of the entity's related parties and all related party relationships and transactions of which they are aware and that they have appropriately accounted for and disclosed such relationships and transactions in accordance with the framework requirements. An illustrative example of a representation letter can be found at Appendix 2 ISA (Ireland) 580.

### Communication with those charged with governance.

Matters arising during the audit should be communicated with those charged with governance, these include:

- Non-disclosure by management to the auditor of related parties or



significant related party transactions, which may alert those charged with governance to significant related party relationships and transactions of which they may not have been previously aware.

- The identification of significant related party transactions that have not been appropriately authorized and approved, which may give rise to suspected fraud.
- Disagreement with management regarding the accounting for and disclosure of significant related party transactions in accordance with the applicable financial reporting framework.
- Non-Compliance with applicable law or regulations prohibiting or restricting specific types of related party transactions.
- Difficulties in identifying the party that ultimately controls the entity.

### Documentation the financial controller of a Company provides to the Statutory Auditor regarding Related Parties.

The financial controller should be pro-active and provide the following information to the statutory auditor regarding related parties:

- Copy of draft financial statements.
- Information supplied to regulatory authorities.
- Related party risk register.
- Details of new loan agreements, re-financing agreements.
- Manual journals at year end and post year end.
- Minutes of Director meetings.
- Registrar of Beneficial Ownership (RBO).
- Directors Income tax returns filed with Revenue.
- Governance Structure of the Company, including Parent and Subsidiary.

### Conclusion

We recommend integrating the four



key steps outlined above into planning and conclusion stages of the audit as this will strengthen audit work required for identification and disclosure of related parties. In accordance with the requirements of ISA (Ireland) 230 the statutory auditor shall prepare audit documentation on a timely basis including verifying names and nature of related party relationships. It is considered best practice to develop a related party register.

In relation to disclosure of related parties within the financial statements it is worth reviewing the Financial Reporting news section of Accountancy Plus.

IAASA published 23rd December 2022 key messages for auditors when auditing related party transactions, these included risk assessments performed for related parties, completeness, accuracy and reliability of the information received from management and whether it is

sufficiently precise and detailed for the auditor's purpose.

<https://iaasa.ie/wp-content/uploads/2023/01/Related-parties-Factsheet.pdf>



**Phyllis Willoughby**

Learning & Development Accountant  
Member Services  
CPA Ireland



# How our thinking can impact our decisions...

by Fiona Buckley

**When making decisions, our inner critic can be our friend or our foe. On a good week it can act as a motivator to us and really assist us drive healthy decisions and get things done but on a bad week it can derail us and cause us to overthink. This derailment can spiral and before we know it we are dealing with fiction and not fact.**

The inner critic refers to the voices in our head and according to Jay Earley and Bonnie Weiss we have seven types of these critics.

When left to fester, these unprocessed thoughts can act as serious blockers to our self-improvement and self-development. These internal critics may cause us to make irrational decisions or to not make a decision at all. Let's examine each of them below:

## 1. The Perfectionist

This inner critic is often the most well recognised one and sets the bar so high in your head that these high standards can often be unmet which then sets unrealistic expectations.

Opportunities go by all the time when this critic is busy "perfecting" things. This critic wants you to do everything flawlessly. This can cause overthinking, stress and anxiety and make us less responsive to change. In the long run it can make us less agile. This can really slow down decision making, often leading to procrastination.

## 2. The Underminer

This is one of the most dangerous and self-sabotaging critics. It is also one of the more well resonated critics and often comes alive in the evening time, following a day's work. This inner critic fears rejection and warns you off doing things so as not to get "hurt".

It can undermine your ambition, goals and keep you stuck in one place, prohibiting you from progressing forward. It continually under-mines your self-confidence and self-esteem and traps you in a perpetual comfort zone.

## 3. Inner Controller

This critic's task is to control impulses and when you give in to impulsive behaviour it criticises you. This often comes into play in work when you speak up at a meeting or say too much and later regret/overthink it and replay the entire meeting in your head.

Equally if you don't speak up at a meeting, the same inner controller could chastise you for not speaking up and owning your voice. Our emotional intelligence is also very relevant here and how we regulate and control our emotional impulses. Another example is how we sometimes take a lot of time to redraft email responses as we listen to our inner controller critic. At times, the Perfectionist critic can also intertwine here with this critic.

## 4. The Destroyer

This is the voice that tells you that you are a failure and you're not worth it. It directly attacks your self-worth and is the most debilitating critic. It can often work in tandem with the underminer and a critic that is often repeated internally on loop. This one is self-deprecating and tells you not to apply for jobs, not to volunteer for things as you won't get picked etc and infiltrates your self-confidence at its very core. Anyone who is prone to confidence dips or has low self-esteem will often relinquish to this critic.

## 5. The Guilt Tripper

This critic is unable to forgive you for wrong decisions you have made in the past or people you have possibly hurt you in the past. It is often concerned about relationships and tries to protect you from repeating past mistakes by

making sure you never forget or feel free. If you have ever made a wrong career or job move this voice reminds you. If you have had a challenging conflict with someone this voice recaps it for you when you have any current or present dealings with that person. It triggers your past to be in the present so you are not free of the feelings. It basically prevents us from moving on and can have a causal effect on present/future decision making.

## 6. Taskmaster

This critic wants you to work hard and fights against your inner procrastinator. Its fear is that you will be judged as mediocre or lazy if you don't work hard. This often works alongside the Perfectionist critic. It reminds you of your to-do list and goals. If this voice is a positive one it can drive us but if its negative it can make us feel overwhelmed and not worthy.

## 7. The Conformist/Moulder

This critic wants you to conform. People often feel pressure from parents, teachers, mentors and loved ones to follow a certain career trajectory that has been moulded for them. Entrepreneurs and corporate mavericks are known not to listen to this inner critic. The culture that you work in also comes into play here. This can have a detrimental impact to your decisions.

We can have all seven inner critics but usually there are a few more dominant or frequent ones that will surface over others. Certain contextual situations can trigger certain critics and then they may revert back to a dormant status for some time. It is also worth noting that when we are tired this can fuel the negative inner critic.

We all have daily demands at work and home- meetings, emails, deadlines, reports, childcare, cooking etc. Equally we have resources: our energy, patience, commitment, experience, skills etc. When our demands exceed our resources we can get depleted and tired.

### So what we can do about these Inner Critics?

1. Create an awareness that these inner critics exist- bring them into our consciousness.
2. Recognise that not all seven will be present in each and every one of us, so isolate which ones are most prevalent for you and which ones are blocking you.
3. Start journaling/tracking when these critics are at their worst.
4. Try to track back why these inner critics are prevalent for you. How long are they there? Do you remember a time where you didn't have them? Sometimes it can be helpful to talk this out with someone.
5. Develop an action plan to help manage the inner critic through self-coaching, reflection or using an independent coach/mentor.
6. Start using positive self-talk to combat the inner critics and consciously reframe your thoughts with positive affirmations. This can be done daily if required.
7. Use the technique "Fact or Fiction". This technique asks us to look at the facts when the inner critic negatively impacts us. All too often we look at fiction, which is a worry, a fear over something that may have happened in the past or will happen in the future.

It is often irrational overthought anxiety or a prognostication of the future but it is not bound in reality. Fact is Fact, it is right or wrong and is objective. The sooner we apply fact to the inner critic, the sooner it quiets down as we put rationale in its place.

Aside from the inner critic, we also have four Intelligence centres within ourselves that assist us in making decisions. These are the head, the heart, the gut and the feet. The head comprises of the logical/ factual side and the heart is where our feelings/ emotions are housed. There are approximately 30 feelings/ emotions we can experience day to day. The gut is that "pit in your stomach" feeling and is often where our values/morale's lie- that feeling where we know something is right or wrong. We commonly refer to it as the gut instinct. The last intelligence centre is the feet- this is where we make the next step on a decision i.e. set up a meeting/send that email /say no etc.

When we are due to make a decision one of these intelligence centres can take over and this is often completely in our unconsciousness. For example, the head and gut might be synched up together but the heart takes us in a different direction.

Let's take the example of resigning from a job, this can be a really difficult decision for most people. The heart houses the emotion of loyalty, fear and relationships and these emotions can stop us from making that key decision to leave a job, despite the head and gut advising us otherwise. It is important to run key decisions through all of these intelligence centres to tap into what is really going on within ourselves. When we do this, we can ensure we are monitoring the inputs into our decision making.

By nature, many of us will be slow and cautious decision makers and some will be more impulsive and quick off the mark. This is often deeply ingrained as part of who we are, however we can learn to flex this through developing both our awareness and skills. Our inner critic and our intelligence centres are only two of the areas that can input into our decision making. There exists many more variables and elements that can impact our outcomes.

## Advanced VAT For Accountants



**April 2023 Intake**

**Advance your knowledge on high level VAT issues**

**Update You**

#### Key Details:

**Where:** Online via live stream

**When:** April - May 2023

**CPD:** 24 hours

**Cost:** 850

**Book now at:** [cpaireland.ie](https://cpaireland.ie)



**Fiona Buckley**

Work Behaviourist, Key note Speaker & Empowerment Coach





# Is it time to ditch the spreadsheets?

by Ayman Kaouri

**Do you still use spreadsheets in your practice? Then you're certainly not alone. For years Excel and other spreadsheets have been a go-to way for accountants to manage their clients' accounts. After all, they work just fine, right? Well, yes and no. The truth is that while spreadsheets may have served accountants well in the past, they might not be the best option for you and your clients anymore.**

Firstly, they rely on a lot of time-consuming and often tedious manual labour. It's time that could be better spent advising your clients – or simply having a better work-life balance.

They are also only as accurate as the data that's in them. When manual data entry is involved, there's always the risk of error. If one number is input incorrectly, something is copied and pasted incorrectly or there is a formatting error, it can cause a lot of headaches down the line and be costly for your practice. You're probably extremely careful for this very reason – but it's a lot of responsibility for you and your staff, and even the best of us can make a mistake sometimes.

There are also security issues. Spreadsheets are often saved on physical computers, putting them at risk of hacking, corruption or damage. When spreadsheets are shared, it's usually by email, making the data vulnerable – it's only as secure and accurate as the person you've shared it with. When spreadsheets get bounced around various people, you can accidentally end up with multiple versions.

In addition to these drawbacks, another major reason you should reconsider your reliance on spreadsheets is that it could be preventing your practice from reaching its full potential.

When your practice is small, or you're just starting out, it can be easy to stick with what you know. Spreadsheets can seem like a cheap accounting software solution. But as your practice grows, spreadsheets become exponentially more complicated and before you know it, you're spending more time on them than you are running your business or talking to clients.

## Cloud accounting is the future

The good news is that there's another way of working that solves all these issues while providing even more benefits, too. Imagine a single digital ledger where you only ever need to enter data once. And imagine that same data flowing through electronic systems, so you never have to duplicate versions, perform multiple checks, or create complicated formulas in Excel and still uncover mistakes. Cloud-accounting software, such as Xero, makes this possible – and it's rapidly changing the way the sector works.

You're probably already using cloud technology every day, whether you realise it or not. Perhaps you share files using Dropbox or ShareFile, or maybe you use online office software like Google Apps or Microsoft 365. Any system that lets you access your data remotely is a type of cloud system. Cloud accounting software works in a similar way. You use it just like normal accounting software, but with one important difference. Your clients' accounts data isn't stored on your own computer, where it could be lost, stolen or accidentally deleted. Instead, it's stored remotely on secure servers, and



you can access it from anywhere at any time – from a laptop, smartphone or tablet. It also gives you and your clients real-time access to their financial data.

Cloud accounting is generally easy to use and can make your business more efficient. It lets you provide basic accounting services more easily – and cheaply. This means you and your staff can spend more time on advisory services, consulting and new business development.

### Making the switch

It's not easy to reinvent the way you work, but by transitioning from a traditional accounting practice to one that embraces cloud-accounting technology, both you and your clients can reap the benefits. You don't have to keep doing things the way you've always done them – as one practice recently discovered.

Wicklow's Kelly Accountants is a family firm, established over 40 years ago. Aoife Kelly joined in 2007, becoming a partner alongside her dad John and mum Anne in 2012. Today, with her parents now retired, Aoife heads up a team of six in-house staff.

Until early 2020, the practice was operating the way it always had – relying on paper records, along with some desktop software. *"We were very much paper-based, with clients dropping in a bag of stuff,"* says Aoife. Then the pandemic hit, and Aoife realised that they needed to modernise – and quickly. The practice adopted Xero's cloud-accounting software in March 2020. *"We probably lived in a cocoon of 'this is the way we've always done it', but then all of a sudden your eyes are open to the possibility of automation. We've now moved to a nearly completely paperless system. It's been practice changing – and life-changing."*

One of the biggest benefits of switching to cloud software is improved efficiency. *"As a practice, Xero has probably saved us 30% in time,"* says Aoife. *"That's from not having to key in information manually. I think it improves accuracy, too."*

Cloud-accounting software also makes it easy to work remotely – enabling greater

flexibility and better collaboration. For Kelly Accountants, it allowed them to take on four outsourced partners to help with workload and increase their capacity – something they could not have done before.

### Building better relationships

Right now, you might be thinking: Ah, but my clients prefer spreadsheets. They don't like change. In fact, your clients may well hate how time-consuming spreadsheets are, and wish there was a more efficient way to gather, record and store their business data.

Just because a client has always sent you an envelope stuffed with paper receipts once a year, that doesn't mean they aren't open to change.

Rory Williams, who has over 25 years of experience in the accounting field and now runs his own Dublin-based practice, has done more than his fair share of paper-based accounting during his career. *"I remember one client where I was convinced they'd given me their rubbish bag by mistake instead of their accounts bag,"* he says.

But when an accountant friend mentioned he used cloud accounting, his interest was piqued. *"I'm always conscious of looking forward instead of back,"* he says. Rory adopted Xero's cloud accounting software in his practice in 2017 and has been gradually introducing his clients to it. *"Sometimes they're hesitant to change, but once they move on to it they all go, why didn't I do this years ago? They're loving it. It means clients have real-time, easily accessible information and are more in control of their business. They know what's coming in and what's going out. There are no surprises."*

Cloud accounting helps Rory to run his practice more efficiently – giving him and his staff more time to build quality relationships with clients. *"You're no longer the accountant that rings in once a year, does the year-end accounts and is then never seen until it's time to send another invoice. It becomes a more real-time discussion with clients, which is obviously more beneficial. It helps you become part of the team with clients. You're becoming their trusted adviser."*

You can integrate cloud-accounting software with other third-party apps – from project and time management tools to online payment systems. This lets businesses build an eco-system that works for them. *"It's not specific to one industry,"* says Aoife. *"There are loads of options for clients and they love it."*

It's not just keeping existing clients happy that's important – but attracting new ones too and future-proofing your practice. Cloud accounting can help with that. Attracting new and younger clients means anticipating their needs.

*"If you're in your 20s, 30s or 40s, you're of the generation where everything's on your phone or your iPad,"* says Rory. *"You want everything to be electronic. If you can't talk the language of the people who are starting off in business now then you're not going to have new clients. You need to be able to provide the service to them that they want."*

Change is never easy, but if you want your practice to continue to thrive well into the future, not to mention be attractive to potential buyers if you ever want to sell, it's vital to evolve. So maybe it's time to finally step away from the spreadsheets and embrace the power of the cloud. For more information visit our page on the CPA Ireland Digitalisation Hub.

[Read more](#)



**Ayman Kaouri**

Ayman Kaouri leads Xero's growth in priority markets across the EMEA region, including Ireland, helping spread the digitalisation of the SME economy with cloud accounting software at heart.



# CPAs are using the new .cpa domain to supercharge their online presence. Here's how.

by Chris Cromer

**Exclusive web domain for the accounting profession now available to CPAs and firms in Ireland. Put a good idea in the hands of CPAs, and they'll find innovative ways to make it even better. That's exactly what's happening right now with the new .cpa web domain.**

When .cpa was launched in the US in Autumn 2020, there were plenty of good reasons for firms to take notice. For starters, it's a practical way to enhance client trust – when clients see a firm with a .cpa domain they know it's a firm they can trust. That's because only individually-licensed CPAs and licensed CPA firms can obtain a .cpa domain through a verification process managed by CPA.com, a subsidiary of the American Institute of Certified Public Accountants (AICPA). There's also the issue of security: When firms adopt the .cpa domain, they're better able to protect firm and client data from phishing and other security threats, since top-level domains like .cpa are more resistant to fraud than the less-regulated, more commonly used domains.

And then there are the brand benefits. When it comes to using the .cpa domain to support their brand and marketing strategies, firms have been steadily innovating, creating new opportunities

and advantages that weren't immediately obvious. As a result, in only a short time the profession has seen a host of new domain strategies take flight – and they're just getting started.

Now, with the launch of the .cpa domain in Ireland, Irish CPAs can take advantage of all the same benefits and establish a strong online presence that lets them stand apart as tech-forward and ensures their clients' data security.

If you're wondering whether your firm should make the move to a .cpa domain, here are four domain-based brand strategies (in addition to the benefits of heightened security and trust) that your peers in the profession are already putting to work.

## 1. "Let's use this as an opportunity to rebrand"

Rebranding is perhaps the most obvious opportunity presented by the .cpa domain. If your firm feels tethered to

a name or web address that you've outgrown, but couldn't find a better option in the overcrowded realm of .com domains, the .cpa domain allows your firm to start fresh. Stuck with JonesCPA.com even though Jones retired five years ago? This is a rare chance to get the website address that fits your firm's present and future ambitions.

## 2. "We need a shorter domain!"

As the internet matured, all the good domains were quickly snatched up. If you wanted to own the JonesCPA.com address, it was probably already held by some other Jones CPA, or by a squatter who bought it in the hopes of selling it at a higher price. This led to some very long domains that are virtually impossible for clients to remember. The .cpa domain offers the opportunity for firms to secure shorter, more memorable domains – a simple and effective boost to your brand and

## CPA Ireland Benevolent Fund

**There's no Accounting for Fate**

**When life takes an unexpected twist the CPA Ireland Benevolent Fund is here to help you.**

Offering practical, emotional & financial support to current & former CPA Ireland members and their dependent families.

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

For confidential advice please contact Felicia Gill on 01 4251012



The Institute of Certified Public Accountants in Ireland Benevolent Fund DAC. Company Number: 327071, RCN: 20042615



marketing efforts. That's why U.S.-based DWG CPA jumped at the opportunity to secure the [dwg.cpa](http://dwg.cpa) url, which is easy for clients and prospects to remember and supports the firm's branding efforts.

"Over ten years ago, we secured [dwgcpatx.com](http://dwgcpatx.com) for our newly launched firm," said Managing Director Darrell Groves, CPA, CGMA. "But as our firm grew and matured over the years, it became clear that our domain name was just too long and hard to remember. When we thought about the value of marketing our firm, and of having a shorter url, it didn't take us long to decide we needed to make the move to a .cpa domain," he said.

### 3. "Let's target specific markets with our domain"

Specialization continues to grow in importance as a tool for firms to distinguish themselves from the competition and tap into a deep well of clients. For example, some firms focus on serving the restaurant industry, or manufacturers. Others specialize in certain types of services, like tax or audit. Some focus on segments such as startups. Some firms distinguish by geography and are looking to market themselves within specific towns, regions, or states. Many firms have already started to adopt domain names that reflect their specific niche, making it easier for clients to find them in online searches and reinforcing their commitment to specific markets. Acosta Tax & Advisory's [MiamiBeach.cpa](http://MiamiBeach.cpa) is one example of this hyper-targeted strategy in action, helping the firm appear prominently in the online search results of prospective clients looking for a CPA in the city of Miami, Florida. Another is [Dental.cpa](http://Dental.cpa). Guess what they specialize in?

Firms can even heighten the impact of these URLs through a multiple domain strategy. By leveraging website redirects, they can advertise market-specific or geotargeted URLs that stand out from the competition and then redirect web browsers to a primary website. This enables firms to have a primary website, such as [Cromer.cpa](http://Cromer.cpa), but to advertise catchy, branded domains such as [TaxGuru.cpa](http://TaxGuru.cpa) or [BayArea.cpa](http://BayArea.cpa), while not having to manage multiple websites.

### 4. "I want to move abroad"

The Mutual Recognition Agreement signed between the AICPA and CPA Ireland in May 2022 allows Irish CPAs to practice in the USA without having to completely re-credential. If your domain is geographical and tied to a country other than where you wish to practice, it can be difficult to gain traction with customers and appropriately position your brand online. A .cpa domain ties you to the profession first and lets you cross borders without the struggle of rebranding or changing domain names later.

Even if building a website isn't a top priority, as often happens with sole practitioners or small firms, it's still vital to be accessible when prospective clients turn to the internet to find a business. Now, with the launch of the .cpa starter site, firms that buy a .cpa domain can take advantage of a free, one-page website that makes it easy for clients to find them online.

The .cpa domain hasn't been available for very long, and is brand new to

Ireland, so right now is the best time to secure your firm's top pick. It's easy to do – just visit [Golreland.cpa](http://Golreland.cpa) and check if your preferred domain is available. At time of writing, the name of every major Irish city is available as a .cpa domain, as well as many common surnames. You'll find all the details you need to inform your decision, including whitepapers, case studies, and video interviews with leaders at firms who have already made the switch.



**Chris Cromer**

*Director of Operations, CPA.com*







# Dia dhuit from Xero

**Ireland, it's time to Xero**

Xero accounting software allows you to collaborate easily, automate tasks and access client records at any time, from anywhere.

**Join the Partner Programme**



# Is the exponential growth in accounting software destroying critical thinking and problem-solving skills in the new generation?

by Danielle McWall

This concern is not new...seventeen years ago, *TIME* magazine produced a cover article; *How to Build a Student for the 21st Century*. The article focused on whether an entire generation "will fail to make the grade in the global economy because they can't think their way through abstract problems, work in teams, distinguish good information from bad, or speak a language other than [their own]".

These concerns are now exacerbated by the exponential growth in technology and digital tools and the worry is that this removes the thought process and human intelligence necessary for problem solving in a VUCA<sup>1</sup> world.



Critical thinking is considered one of four key 21st century skills, the others being communication, collaboration, and creativity.<sup>2</sup> To prosper in the 21st century, students need more than knowledge, they need the ability to

collaborate, communicate and problem-solve<sup>3</sup> plus the ability to connect. Mazzola-Randles (2020) identified connectedness as the fifth 21st Century skill and it includes, "consideration of digital wellbeing and digital identity, contribution in a digital environment, commitment to learning, curating and supporting digital content and building communities,"<sup>4</sup> these qualities are viewed as essential for students to become successful in the 4th industrial revolution.

Generation Z or "Zoomers" is the common term used for twenty somethings born in the late 1990s / early 2000s. Young accounting professionals from this group are most likely to be those currently seeking employment within professional firms, so it's useful to get an idea of where their strengths and weaknesses lie, albeit in a very generalised manner and ironically antagonising the Zoomer individualistic philosophy.

Generation Z are perceived as being familiar with the use of digital technology and social media from a very young age, and having grown up with it, they are not afraid to use it. Many of them would be skilled at coding and software utilisation.

Comparing them to the previous Generation "Y" or "Millennials," they are considered to be technologically advanced, better multi-taskers and quicker to communicate, however being born into a recessionary period they do tend to be less optimistic, more independent and value job security, yet lacking the collaborative skills that Generation Y tend to possess.

Many companies have created and adapted their office culture to ensure that Millennials felt secure, supported and able to thrive and now they need to look at Generation Z recruitment.

Generation Z having witnessed the economic winners and losers that recessions bring, value money and security more than the previous generation and while they also want to make a difference and are socially aware, they value their paycheque more than the Millennial. Generation Z have a fear of missing out (FOMO)<sup>5</sup> exacerbated through technological advancements and encouraged via social networking channels and video gaming. FOMO is evident in the business and financial investment market, which could lead to greater risks being taken through uninformed decisions being made quickly as

1 VUCA is short for volatility, uncertainty, complexity, and ambiguity. Berinato, Scott. (2014). A framework for understanding VUCA. Harvard Business Review, January-February 2014.

2 Partnership for 21st Century Skills ([www.21stcenturyskills.org](http://www.21stcenturyskills.org)).

3 World Economic Forum. (2018). The Future of Jobs Report 2018 (pp. 1 - 133). Switzerland: World Economic Forum.

4 Mazzola, Colette. (2020). To what extent does education prepare students for the 21st century to become self-regulated, future-proofed students, using networked, technological environments. 10.13140/RG.2.2.18400.10246.

5 Patrick J. McGinnis (US Venture Capitalist and Author) coined the term FOMO first noted in The Harbus, the magazine of Harvard Business School (2004).

a result of FOMO, but it could also lead to greater gains.

The good news is that Generation Z are resourceful and are the first generation to have data and information at their fingertips with the ability to source immediate answers to all their questions, so where is the problem? The problem is that software isn't destroying their critical thinking skills but rather the critical thinking skills have not been fully developed in Generation Z.

Professor Patricia Greenfield, UCLA distinguished professor of psychology and director of the Children's Digital Media Center, Los Angeles identifies that learners have changed as a result of their exposure to technology from an early age<sup>6</sup>. If you recall your early classroom experience and compare it to early years education now, the experience for the learner now revolves around individual skills development and promoting human intelligence through the use of artificial intelligence. This promotion of Human Computer Interaction if done well, should develop the critical thinking skills we expect of our 21st Century students and employees.

Many Zoomers will not have had this kind of early years educational experience and as a result there is a skills development gap due to early years educational establishments taking some time to embrace learning for the 21st Century as advocated by the Partnership for 21st Century Skills.

Prior to the Covid-19 Pandemic, further and higher education was beginning to embrace this changed learner and adapt their learning and teaching pedagogy, to ensure that critical thinking and problem-solving skills are at the forefront of skills development for the 21st Century student. In many ways the Pandemic accelerated this pedagogical change. In their research on accounting education during Covid-19, Sangster, Stoner and Flood (2020) found that there was a realignment of learning and teaching strategies away from the traditional formats.<sup>7</sup>

With the move towards online learning

6 Wolpert, Stuart. (2009). Is technology producing a decline in critical thinking and analysis? UCLA Newsroom. January 27, 2009. Is technology producing a decline in critical thinking and analysis? | UCLA

7 Alan Sangster, Greg Stoner & Barbara Flood (2020): Insights into accounting

education in a COVID-19 world, Accounting Education, DOI: 10.1080/09639284.2020.1808487

8 Flavell, John. (1979). Metacognition and cognitive monitoring: a new area of psychological inquiry. Am Psychol Journal, Volume 34, pp. 906-911.

and virtual assessments, the focus had to move away from "how much do you know?" to "how well can you apply what you know?" Assessment during the Pandemic became more authentic, and to enable the development of critical thinking and problem-solving skills, this has to remain the case for educational establishments.

Artificial Intelligence (AI) tools that provide learners with bespoke answers to assignments, essay mills and contract cheating platforms all provide the current generation with easy access to assessment solutions without the need for much if any problem-solving. This easy access to answers is what the current generation are used to, and it will not change. The learning environment has to embrace this and change how they educate - through innovation and authentic assessment design, which cannot be solved without using the critical thinking and problem-solving skills the business community and the accounting profession desire. Designing assessment that improves a learner's observation, analysis, communication, inference and problem-solving skills will improve the student's

critical thinking skills. Educators should embrace AI tools such as simulation tools, to give the learner the freedom to fail and learn from their mistakes, coupled with learning strategies such as self and peer reflection and metacognition<sup>8</sup> (thinking about your own thinking) will further develop a learner's critical-thinking skills.

From an employer's perspective, Generation Z are independent and competitive and want to be mentored and get instant feedback and advancement, rather than be assessed on an annual basis. They prefer coaching to supervision and will challenge the traditional approaches to work. Employers need to be open and ready for Generation Z and should embrace their innovation and the ease with which they will use technology and digital platforms to find solutions to problems. The challenge will be coaching them on the robustness of their decision-making processes and mentoring them to ensure they are more discerning about their judgements. Workplaces will have to become more nurturing and supportive to bring out the best in their Generation Z employee





and that cultural improvement should help everyone in today's diversified and inclusive workplaces.

Looking forward, the OECD's The Future of Education and Skills, Education 2030 paper <sup>9</sup> identifies more global uncertainty facing today's young person who will have to solve environmental, social and economic problems that have not yet been anticipated, using technology that has yet to be invented. They could even be the inventors of that technology.

"They will need to develop curiosity, imagination, resilience and self-regulation; they will need to respect and appreciate the ideas, perspectives and values of others; and they will need to cope with failure and rejection, and to move forward in the face of adversity.

Their motivation will be more than getting a good job and a high income; they will also need to care about the well-being of their friends and families, their communities and the planet."

So welcome aboard Generation Alpha!

**"They will need to develop curiosity, imagination, resilience and self-regulation"**



**Danielle McWall**

FCA, MBA, SFHEA

Senior Lecturer in Accounting, Head of Department of Accounting, Finance and Economics at Ulster University Business School. Chair of CPA Academic Advisory Board



<sup>9</sup> OECD. (2018). The Future of Education and Skills, Education 2030.



# Institute News

## Liam Donnelly Medal of Excellence Winner

Chloe O'Sullivan from Quintas was awarded the 2022 Liam Donnelly Medal of Excellence in December 2022.

Chloe from Banduff, Co Cork was the top performing student in Ireland in the CPA Ireland examinations for 2022 and was awarded the Liam Donnelly Medal in recognition of her achievement.

This award is made in recognition of the first Chief Executive of CPA Ireland, Liam Donnelly.

Liam joined CPA Ireland in the 1970s and throughout his career, he held a special place in his heart for CPA Ireland students. He was first to advocate for a modular approach to examinations allowing CPA Ireland students to combine work, study and life.

We congratulate Chloe on her amazing achievement.



Pictured L- R: Eamonn Siggins, CEO CPA Ireland, Chloe O'Sullivan, Áine Collins, President CPA Ireland

## Have you paid your Annual Subscriptions?

It is important to check for any outstanding invoices or anomalies with your account. View Cart is a good place to check. For Practice Firms, you should check any fees charged to firm.

Reminders are issued periodically during the year. Sometimes your circumstances have altered, and we haven't been notified. If you have queries on account balances, please do contact us to resolve. Contact details for all departments are available at [www.cpaireland.ie](http://www.cpaireland.ie)

## Join CPA Ireland's Quality Assurance Team

An opportunity has arisen to join CPA Ireland's Professional Standards Team as a Quality Assurance Executive. The successful candidate will conduct Quality Assurance reviews throughout Ireland in addition to providing members with assistance on technical issues. Opportunities to assist in the development of CPD courses and enhance the effectiveness of technical committees.

As part of the Professional Standards team the successful candidate will be required to:

- Conduct the Institute's programme of Quality Assurance (QA) reviews from planning to reporting for selected practices, including onsite reviews throughout Ireland.
- Assisting in devising measurable remediation plans for audit observations identified as part of QA reviews and tracking to completion.
- Provide CPA Ireland members with assistance on technical issues, to facilitate them in providing a service in line with current best practice and legislation.
- Assist in the development of CPD courses, services, products and communications to support CPA Ireland members in practice.
- Deliver technical updates through the CPA Ireland CPD programme to members.
- Enhance the effectiveness of technical committees in their consideration of proposed standards and legislation by providing technical input and other support.

**For further details on this position and to apply please visit below:**

[Apply now](#)



## Bye-Law 6 – Investigation & Discipline

Updated changes to Bye-Law 6 became effective from 1 January 2023.

The main changes are laid out as follows:

### Referral Of A Complaint to the Investigation Committee by the Secretary

6.16.2 – The Secretary when laying a complaint before the Investigation Committee shall now particularize the complaint by identifying the potential breaches.

### Emergency Powers

6.18.9 – The Emergency Order period has been extended from 21 days to 60 days.

### Investigation Of Complaints by the Investigation Committee

6.19.1 – At the discretion of the

Investigation Committee the time limit for request of further information is extended, this is to allow flexibility to the Investigation Committee in the conduct of its business.

### Consent Orders

6.22.3, 6.22.4, 6.22.6 and 6.22.7 – To allow more flexibility in processing Consent Orders the requirement to give written agreement within the set time period has been removed.

### Consideration of Formal Complaints By Disciplinary Tribunal

6.29.1 – To facilitate swifter hearing of urgent cases within a Disciplinary Tribunal the notice period for the Respondent has been reduced from 42 days to 30 days of the hearing.

### Resignation From Membership During Disciplinary Process

6.48 – Following changes made to the Constitution on 28 April 2021 a resignation by a Member, Affiliated Partner, Responsible Individual, Student or Authorized Firm shall not take effect until the date that the investigation or disciplinary process has concluded or the Complaint has been withdrawn.

### Waiver

6.55 – The Institute or any Committee or Tribunal of the Disciplinary process may dispense with any requirement of these bye laws in respect of notices, service or time in any case where it appears to be in the interests of justice, having regard to all the circumstances, provided it is satisfied that neither the relevant person nor the Institute has been prejudiced in the conduct of his or its case

## Membership Changes:

Removals			
Member ID	First Name	Last Name	Date
001337	Oliver	Whelan	22/11/2022
000270	Anne M.	Cunningham	24/11/2022
002330	Brian	White	04/01/2023
Deaths			
Member ID	First Name	Last Name	Date
001956	Anthony	O'Neill	26/06/2018
007412	Paschal James	Murphy	14/12/2022
024129	Anthony	Fitzpatrick	02/01/2023
001407	John	Browne	03/09/2022
002028	Mary T.	Roche	24/12/2022



## Appointment of Jude Condell



In January 2023, CPA Ireland appointed Jude Condell to the position of Business Development Lead. Jude qualified as a CPA in 2012 having trained in Industry. Jude held several accounting roles with Bibby Financial Services before moving into Relationship Management & Business Development & then most recently held the position as Director of Business Development with InvoiceFair.

## Conferring Ceremony

CPA Ireland would like to congratulate all the students who were conferred and officially became new CPA Ireland members on Saturday 3rd December 2022 at our conferring ceremony.

The Conferring Ceremony took place in the O'Reilly Hall UCD on Saturday 3rd December 2022 and here we welcomed Ireland's newest Accountants.

The ceremony was sponsored by JDM Insurance Services Limited. It was inspiring to see our newest members take to the stage to receive their qualification. Congratulations to our newly qualified CPA Ireland members and to all our prize-winning students and a special thanks to our 2022 sponsors for their support.



L-R 1st Row Jurate Naujikaite, Gemma Brennan, Lauren Byrne, Mark Tyler Marie Farrell.

L-R 2nd Row Chris O'Dowd, Kinga Guzikowska, Helen Douglas, Chloe O'Sullivan, Sharon Sheehan, Conor Molloy, Eamonn Siggins, CEO CPA Ireland, Áine Collins, President CPA Ireland, Adrian Carroll, Dwayne Curran



The Trinitones performing at the 2022 Conferring Ceremony

First Name	Last Name	First Name	Last Name	First Name	Last Name	First Name	Last Name
Waris	Ali	Charles	Fernandes	Patrick	King	James	O'Friel
Leanne	Austin	Eneken	Fleming	Patrick	Lane	Fachtna	O'Mahony
Cyril	Barden	Sean	Fleming	Ciara	Lee	Dara	O'Malley
Angela	Branigan	Karl	Foley	Gary	Loughlin	Gary	O'Regan
Alan	Byrne	Katarzyna	Fortune	Martin	Lynch	Kevin	O'Regan
Martin	Byrne	Liam	Fraher	Peter	Magann	Michelle	O'Reilly
Peter	Cannon	Liam	Fraher	Waqar	Malik	Claire	O'Sullivan
Patrick	Carrig	Finbarr	Gahan	Brendan	Malone	Eithne	O'Sullivan
Helen	Carroll	Jerome	Gannon	John	Malone	Chloe	O'Sullivan
Timothy	Chitotombe	Finian	Gardner	Jessica	Maloney	Michelle	Perkins
Claire	Cogley	David	Gargan	Michael	Martyn	Robert	Power
Ciara	Connor	Joe	Griffin	John	McCarrick	Jacob	Damien John Roche
Amanda	Corcoran	Mark	Hanley	Sinead	McCarthy	James A.	Ryan
Caroline	Coyle	Sinead	Hanley	Elizabeth	McCorkell	Dipo	Sadiq
Niamh	Cronin	Amanda	Hewitt	Gary	McCormack	Sharon	Sheehan
Dwayne	Curran	Imelda	Hurley	John	McHugo	William	Sloane
Mark	Curran	Claudia	Jackman	Mary	McMahon	Andrew	Smith
Joseph	Cussen	Carl	Jackson	Donal	Mullins	Lisa	Stapleton
Ian	Daly	Cara	Jordan	Andrew	Murphy	Marie	Terry
Brendan	Dennehy	James	Keating	Peter	Murphy	Brendan	Timothy
Nigel	Dennehy	Michael	Keehan	Yvonne	Murtagh	Monika Anna	Vinoya
Eugene	Doherty	Tracy	Kelly	Jurate	Naujikaite	Kym	Wall
Leonard	Doyle	Aoife	Kelly	David	Neeson	Avril	Walls
Shane	Egan	Conor	Kennelly	Conor	O'Boyle	Joanne	Whelan
Emerson	Farrelly	Kevin	Kenny	Adam	O'Connell	Seamus	White
Paul	Faughnan	Anthony	Kilcoyne	Marie	O'Connor	Sean	Wilson
Eamonn	Feely			Eileen	O'Donoghue		

# CPD News



## Sustainability Hub

In October 2022, CPA Ireland Skillnet launched a new interactive and practical Sustainability Hub to help guide members and students to develop sustainability strategies for business.

Sustainability reporting will not be confined to large companies, and we are already seeing SMEs being asked to verify their sustainability credentials within the supply chain of larger companies and when tendering for public contracts.

To support CPAs in providing that transparency and trust, both knowledge and credentials are, we believe, essential. CPAs already possess the core technical skills to lead in the domain of sustainability reporting and CPA Ireland is delivering the knowledge advantage through the development and launch of this Sustainability Hub.

This initiative follows on from and builds upon CPA Ireland's leadership positions in Digitalisation and in Wellbeing, and the Sustainability Hub will provide knowledge across all aspects of sustainability that are relevant to CPAs and to the businesses you advise.

Visit the hub at

[Sustainability Hub](#)

## CPD Cycle 2023 – 2025

2023 marks the start of a new CPD cycle. The CPD cycle goes from 1 January 2023 to 31 December 2025. Your CPD requirement for the cycle is based on whether you are working in Industry or Practice. Please see below a breakdown of your CPD requirements.

If you graduated in December 2022, your CPD requirements begin in January 2023, which is year 1 of our 3 year CPD cycle.

If you need to discuss your CPD requirement, please contact Niamh Sheehan on [nsheehan@cpaireland.ie](mailto:nsheehan@cpaireland.ie)

Industry	Practice
<ul style="list-style-type: none"> <li>• 120 hours over 3 years (2023 – 2025)</li> <li>• 60 hours must be structured (courses, conferences, webinars etc)</li> <li>• NB: Structured Courses are those that contribute to your career progression and that your attendance can be verified by a 3rd party (e.g., training provider, hr department)</li> <li>• 60 hours must be unstructured technical reading (Accountancy Plus, newspaper articles, academic articles etc)</li> <li>• The minimum requirement is 20 hours in a year, of which 10 hours must be structured (with all 120 hours to be completed by the 31st December 2025)</li> </ul>	<ul style="list-style-type: none"> <li>• 120 hours over 3 years (2023– 2025)</li> <li>• 75 hours must be structured (courses, conferences, webinars etc)</li> <li>• NB: Structured Courses are those that contribute to your career progression and that your attendance can be verified by a 3rd party (e.g., training provider, hr department)</li> <li>• 45 hours must be unstructured technical reading (Accountancy Plus, newspaper articles, academic articles etc)</li> <li>• The minimum requirement is 30 hours in a year, of which 15 hours must be structured (with all 120 hours to be completed by the 31st December 2025)</li> </ul>

## Advanced VAT for Accountants

Due to the continued popularity of our Advanced VAT for Accountants programme, we are delighted to once again run this post qualification specialism for a sixth intake commencing in April 2023. The course will run in Dublin and online over 3 full days from April 2023 to May 2023, offering 24 hours of Structured CPD.

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](http://cpaireland.ie/cpd)**

### Key Details:

**Method:** 3 full days plus online assessment

**Location:** Dublin & online via live streaming

**Date:** April 2023 to May 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".





## CPD Hours for Mentoring Trainee Accountants

From 1 January 2023 mentoring trainee accountants qualifies as CPD. There are a number of steps that need to be taken in order for the CPD hours to be accredited to your CPD return.

- The member must be registered on the mentoring programme with the Education & Training department of CPA Ireland.
- The member must sign off on quarterly training records for their assigned trainee accountant.
- The whole process will be monitored by the Education & Training Department.
- A maximum of 5 hours structured CPD per year can be claimed, with a total of 15 structured hours per CPD cycle.
- If the mentor/mentee relationship ends after 1 year, the maximum CPD hours allowed is 5 hours.
- The member is responsible for adding these hours to their CPD record for their annual return, they will not be added automatically.
- If selected for audit, the Education & Training Department of CPA Ireland will confirm that the member is registered for the mentoring programme and has signed off quarterly training records. If not, the CPD will not be recognised.

To learn more about this process contact our Student Development Executive: Reidin Ni Aonghusa, [rniaonghusa@cpaireland.ie](mailto:rniaonghusa@cpaireland.ie)



ooogle

How to stand out among my peers

## Make a search for new skills

Increase your expertise with a post-qualification specialism in US GAAP, VAT, FRS102, Data Analytics, Tax & Forensic Accounting

**Update You**

Visit [cpaireland.ie/specialisms](https://cpaireland.ie/specialisms) to discover the ways to enhance your qualification



## Accountant's Update Programme 2023 (Ireland)

In a rapidly changing business environment, ensuring you're relevant as an accounting and finance professional is more important than ever. Give yourself the opportunity to develop the vital skills for effective accounting while staying ahead of 2023 developments.

CPA Ireland's CPD Partner, [accountingcpd](https://accountingcpd.com), has launched their latest Accountant's Update Programme 2023, designed to keep you fully up to date all year round, providing 22 CPD hours of content every month. Stay informed about all the latest developments in financial reporting, tax and regulation, as well as recent thinking in management accounting, financial management and business skills.

Sign up and get 10% OFF. Stay up to date, confident in your advice and gain 22 CPD hours across the year.

**Enrol Today**

**SAVE 10%**

**Code: CPA101**

**22 CPD hours online**

**All-year round**



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

### Programme Features:

- 22 verifiable CPD hours across the year
- New content every month
- Audit-proof CPD certificate
- News briefings for accountants
- Fits around your busy schedule
- Facilitator to keep you on track

was €380  
**€342**  
+ VAT  
Save 10%

 **accountingcpd**

## Save the dates!

### CPA BBQ Socials

We are, once again, hosting the free CPA Ireland Summer Socials this year in 5 different locations.

The benefits are numerous:

- Meet your fellow members face to face
- Taste of Summer BBQ food
- Free of charge to all members
- 1-hour CPD
- Catch up with CPA staff

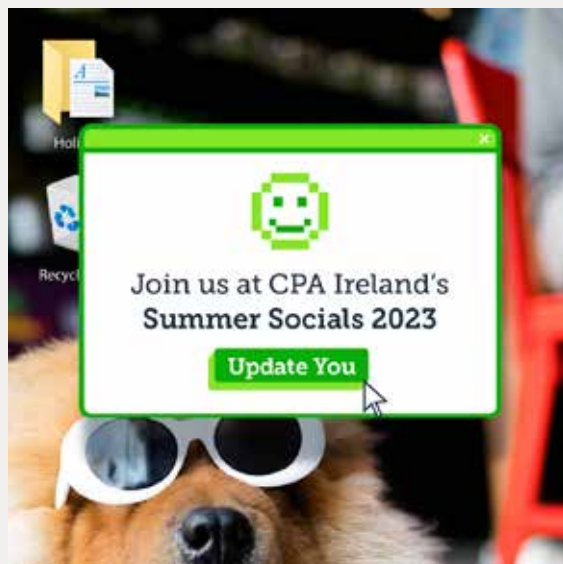
The event will include a technical update from CPA Ireland's Technical team, focusing on current developments in sustainability, financial reporting, audit and regulation.

Once we are full of knowledge and

feeling relaxed, we invite you to join us in getting to know one another again, enjoying the BBQ and taking advantage of some summer sun (we hope!)

### Dates & Locations

- Wednesday 10 May 2023 - Dublin
- Thursday 11 May 2023 - Cork
- Wednesday 17 May 2023 - Limerick
- Thursday 18 May 2023 - Galway
- Thursday 1 June 2023 - Killarney



[Book your place now](#)

## CPA Annual Conference 2023

### Navigating Through Global Transformation

CPA Ireland's Annual Conference 2023 takes place on Thursday 25th May 2023.

A lot has changed in the last couple years and, as always, CPA Ireland will respond to these changes by hosting a stellar line up of business and leadership experts at our Annual Conference.

This year we will focus on finding opportunities in a world in flux.

We are excited to once again meet our members in person, but we also understand that attending online is the preferred route for many people. To ensure we cater for everyone, the 2023 Annual Conference will be a hybrid event, incorporating the best of both options! We would like to thank AIB who are once again partnering with us on this flagship event.



[Book now](#)

## Webinars & Online Courses

As the new CPD cycle starts, why not get a head start and have a look at the extensive programme of conferences, webinars, full day courses and Post Qualification Specialisms we will be running throughout the year – more than enough to fulfil all your requirements!

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 including VAT, US GAAP, FRS102, Tax, Data Analytics and Forensic Accounting

Did you know that you can purchase and get instant access to the webinar recordings. These can be purchased below:

[Book now](#)

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

Location	Dates	Title	Price	NM Price	CPD Credit
Online	Thursday, March 23, 2023	e-briefing 1	€29.00	€36.00	1 hour
Online	Friday, March 24, 2023	Success Skills Series - Emotional Intelligence	€40.00	€60.00	2 hours
Online	Friday, March 31, 2023	Success Skills Series	€40.00	€60.00	2 hours
Online	Friday, April 14, 2023	Success Skills Series	€40.00	€60.00	2 hours
Online	Monday, April 17, 2023	Key Issues Identified in QA Reviews 2022	€0.00	€3.00	1 hour
Online	Wednesday, April 19, 2023	Spring Audit Webinar 1: Audit Engagement and Audit Planning	€29.00	€36.00	1 hour
Online	Wednesday, April 19, 2023	Spring Audit Webinar Series	€105.00	€130.00	4 hours
Online	Thursday, April 20, 2023	SCARP and Examinerships	€29.00	€36.00	1 hour
Online	Friday, April 21, 2023	Success Skills Series - Managing Conflicts	€40.00	€60.00	2 hours
Online	Wednesday, April 26, 2023	Spring Audit Webinar 2: Audit Execution	€29.00	€36.00	1 hour
Online	Thursday, April 27, 2023	Creditors Voluntary Liquidations	€29.00	€36.00	1 hour
Online	Friday, April 28, 2023	Success Skills Series	€40.00	€60.00	2 hours
Online	Wednesday, May 03, 2023	Spring Audit Webinar 3: Audit Completion	€29.00	€36.00	1 hour
Online	Thursday, May 04, 2023	Legal aspects of corporate recovery and insolvency	€29.00	€36.00	1 hour
Online	Friday, May 05, 2023	Success Skills – Negotiations Skills	€40.00	€60.00	2 hours
Online	Tuesday, May 09, 2023	Forensic Accounting	€29.00	€36.00	1 hour
Radisson Golden Lane	Wednesday, May 10, 2023	CPA BBQ Socials	€0.00	€50.00	1 hour
Online	Wednesday, May 10, 2023	Spring Audit Webinar 4: Audit Reporting	€29.00	€36.00	1 hour
Radisson Little Island	Thursday, May 11, 2023	CPA BBQ Socials	€0.00	€50.00	1 hour
Online	Thursday, May 11, 2023	The creditors guide to insolvency	€29.00	€36.00	1 hour
Online	Friday, May 12, 2023	Success Skills Series	€40.00	€60.00	2 hours
Castletroy Hotel	Wednesday, May 17, 2023	CPA BBQ Socials	€0.00	€50.00	1 hour
Harbour Hotel	Thursday, May 18, 2023	CPA BBQ Socials	€0.00	€50.00	1 hour
Online	Friday, May 19, 2023	Success Skills Series – Positive Psychology : Happiness and professional performance	€40.00	€60.00	2 hours
Online	Tuesday, May 23, 2023	Company Law & Tax Awareness in day to day practice	€29.00	€36.00	1 hour
The Gibson Hotel	Thursday, May 25, 2023	CPA Annual Conference 2023	€215.00	€265.00	8 hours
Livestreaming	Thursday, May 25, 2023	CPA Annual Conference 2023-Livestreaming	€215.00	€265.00	8 hours

# Student News

## Key Dates for 2023

Students are reminded that they can find the key dates for 2023 on the CPA Ireland Website. This includes dates for examination registration and results, due dates for training records and applications for membership.

## April 2023 Examinations

The April 2023 examinations will take place from 20 - 28 April. The full timetable of examinations can be found on the CPA Ireland website.

The examinations will be held online with remote invigilation. Many resources are available on the CPA Ireland website including a tutorial outlining the online system, past papers and sample online practice papers.

The results of the April 2022 examinations will be published on Friday 9 June 2023

For queries regarding examinations please contact Lisa Kelly at lkelly@cpaireland.ie

CPA Ireland wishes all students well in their examinations.

## Training Records – Mentoring Program

CPA Ireland is pleased to announce a new Mentoring Program which will enable students to be partnered with a CPA Member who will act as their mentor.

Students who are working in relevant roles but do not have a suitably qualified accountant to approve their training should contact the Institute and we will endeavour to appoint a CPA Ireland Member who will take on the role of Mentor. This must be agreed by your employer. Students who wish to enquire about this initiative should contact Reidin Ni Aonghusa (rniaonghusa@cpaireland.ie). Please note, this mentoring program will not be used to retrospectively approve past training.

## Student Study Support Resources

Students are reminded of the wealth of additional resources provided on the CPA Ireland Website to assist in your studies and examination preparation. These include the full syllabus for each subject, past papers and solutions, articles and webinars and can be found on the individual pages for each subject.

### Consolidations Webinar Series

For students of Professional Level Financial Accounting and Strategic Level Advanced Financial Accounting we have published a series of webinars on the topic of Consolidations.

### Corporate Law Webinars

Three new webinars are now available covering The Irish Legal System, Company Law, and Contract Law.

### Paper Specific Articles

A number of articles have been published recently by the CPA Examinations Team for the subjects shown below, and further articles will be published during 2023.

### Sustainability in Business

Article by Dr. Anushree Priyadarshini on behalf of the CPA Examinations Team for Foundation Level Management Fundamentals, January 2023.

### Double Entry – The Cornerstone of Financial Accounting - A Method to help Prepare Double Entries

By Mr. Conor Foley, B. Comm., MAcc., ACA, Dip IFR, on behalf of the CPA Examinations Team for Foundation Level Financial Accounting, January 2023.

### Taxation of Rental Income

Article by David FitzGerald, CTA, on behalf of the CPA Examinations Team for Foundation Level Taxation, January 2023.

### Current Events and Developments in Financial Reporting (The Conceptual Framework - an approach)

Article by: CPA Examinations Team for Professional Level Financial Reporting and Strategic Level Advanced Financial Reporting, January 2023.

### The Investment Decision – Net Present Value and Internal Rate of Return

By: Dr James Fitzgerald, Technological University Dublin on behalf of the CPA Ireland Examinations Team for Professional Managerial Finance, February 2023.

### Dipping into the Company's Purse: A Review of Directors' Loan Transactions Article

Article by Sharon Sheehan, BA (Hons) ES Laws, GD Business on behalf of the CPA Ireland Examinations Team for Professional Level Corporate Law, February 2023.

### The Light at the End of a Dark Tunnel: A Review of the Law on Personal Insolvency in Ireland

Article by Sharon Sheehan, BA (Hons) ES Laws, GD Business on behalf of the CPA Ireland Examinations Team for Professional Level Corporate Law, January 2023.

### A Comparison of Limited and Reasonable Assurance Engagements in the context of Sustainability Reporting

By: Dr Louise Gorman, Assistant Professor in Finance, Trinity College Dublin on behalf of the CPA Ireland Examinations Team for Professional Level Audit & Assurance, February 2023.

### Sustainability Reporting – 2023

By: Clare Kearney, BSc (Mgmt), FCA, MALT) on behalf of the CPA Examinations Team for Strategic Level Advanced Financial Reporting, January 2023.

By CPA Examinations Team for Professional Level Managerial Finance, January 2022.

### Central Bank Digital Currency - An Introduction

Article by Dr. Bibek Bhatta on behalf of the CPA Examinations Team for Strategic Level Strategic Corporate Finance, January 2023.

Students are reminded that previously published resources are also a valuable resource for studies and examination preparation. Our online resources have been reviewed for relevance and you will see this logo appearing on our articles and webinars, along with the date of the review.





## 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.

## Publication Notice

### Investigation Committee – Consent Order

Ref. : Invest/13/21

The Investigation Committee found prima facie evidence of misconduct by a Member and Member Firm,

Jim McCarthy and Mc2 Accountants, Penrose Wharf, Penrose Quay, Cork; as follows:

1. Jim McCarthy:

Failure to issue a letter of engagement to a client upon commencement or at any time during the engagement prior to the issue of an invoice in August 2018. {Section 240 of Code of Ethics (2016) refers}.

Mr. McCarthy was offered and accepted a Consent Order, the terms of which are as follows:

- Reprimand
- Fine €5,000

2. Mc2 Accountants:

- Failure to issue a letter of engagement to a client upon commencement or at any time during the engagement prior to the issue of an invoice in August 2018. {Section 240 of Code of Ethics (2016) refers}.
- Failure to issue an adequate breakdown of fees charged on an invoice issued to a client August 2018 in accordance with Section 240 of Code of Ethics (June 2016).

Mc2 were offered and accepted a Consent Order, the terms of which are as follows:

- Severe Reprimand
- Fine €15,000
- Contribution towards Institute's Costs of €3,000

And that details of this Consent Order be published in Accountancy Plus with reference to the Member and Member Firm by name.

23 December 2022

## Publication Notice

### Disciplinary Tribunal

#### Case Ref: Invest/17/21

At a Disciplinary Tribunal hearing held on 18 October 2022, the following charges of misconduct were proven in relation to Member, Anne Cunningham, Clane, Co. Kildare:

##### 1. Breach of Disciplinary Orders

The following orders of two previous Disciplinary Tribunals have not been complied with, which render Ms. Cunningham liable to disciplinary action in accordance with Bye Law 6.5.1(c) and is a breach of the fundamental principle of the Code of Ethics – Section 115 Professional Behaviour:

#### Case Ref: Invest/02/19

On 15 September 2020, a Disciplinary Tribunal ordered that Ms. Cunningham pay a fine of €5,000 and contribute €3,000 towards the Institute's costs. The Tribunal ordered that this fine and costs be payable by monthly standing order over a period of 36 months commencing as soon as the orders come into effect. This standing order was never put in place and the fines and costs remain outstanding.

#### Case Ref: Invest/16/20

On 12 April 2021 a Disciplinary Tribunal ordered that:

- the necessary steps be taken to rectify the Companies Registration Office record in respect of the 13 cases which were the subject matter of this complaint, at Ms. Cunningham and her firm's expense, within 60 days of the Tribunal hearing and this condition to be monitored by the Institute. No evidence has been provided and evidence is not available on the public register to indicate that this condition has been complied with.

- a Quality Assurance Review of Ms. Cunningham's practice be undertaken at her expense within 18 months of the Disciplinary Tribunal. A Quality Assurance Review was scheduled and notified to Ms. Cunningham, and she failed to engage with this review or in any way acknowledge that this review had been scheduled.

- costs totalling €20,000 be paid to the Institute in equal instalments between July 2021 and 31 December 2023. A monthly instalment arrangement was agreed but only 4 payments were made.

##### 2. Failure to facilitate a quality assurance review

- A Quality Assurance Review was scheduled to take place on 3 November 2021. Notice of this review was issued on 27 September 2021, with a number of follow up reminders issued in October 2021. Ms. Cunningham failed to acknowledge receipt of the notifications or to engage in any way with this review and accordingly the review could not take place. (Bye Law 7.3.refers).

Accordingly, the Tribunal of 18 October 2022 ordered that Ms. Cunningham:

- Be excluded from membership;
- Contribute €4,000 towards the Institute's costs in this case (payable within 30 days of this order becoming effective);
- That all existing fines and costs owed by discharged within 30 days.

The Tribunal also ordered that:

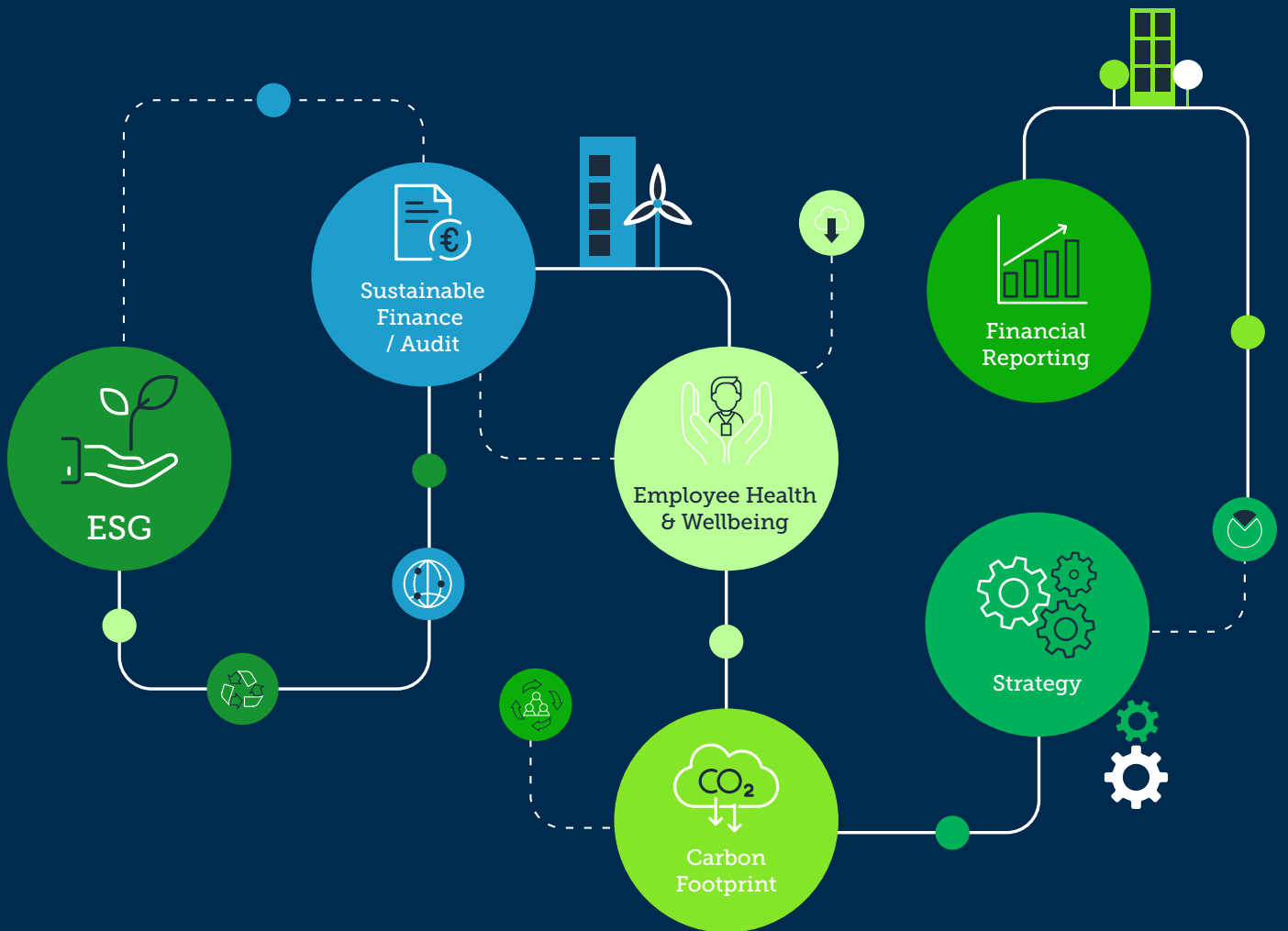
- These findings and orders be published in Accountancy Plus with reference to Anne Cunningham by name.

- That Ms. Cunningham be advised of the implications of exclusion from membership, to include prohibition on the use of the CPA designation personally and on any business publications such as websites, premises, letterhead etc.
- That the Companies Registration Office be advised by the Institute of the matters pertaining to Invest/16/20 and the 13 cases in respect of which the Companies Registration Office record was determined by the then Disciplinary Tribunal to be incorrect and requiring correction. The Companies Registration Office are to be advised that the Institute sought to have the matter rectified but Ms. Cunningham failed to do so, and Ms. Cunningham has been excluded from membership.

15 December 2022



# Sustainability Hub



Using your skills to become sustainable

Now available at [cpaireland.ie/sustainabilityhub](https://cpaireland.ie/sustainabilityhub)