June Issue 2023

Accountancy Plus

The Official Journal of CPA Ireland

Sustainability – European Reporting Standards in the Making

CPA IRELAND

Editorial

Accountancy Plus
June 2023

CPA Ireland

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President's Message

Welcome to the June 2023 edition of Accountancy Plus.

It gives me great pleasure to be writing my first President's Message for this edition of Accountancy Plus. It is an incredible honour to be elected as the 50th President of CPA Ireland. It is also a daunting challenge to follow not only in Aine's footsteps but also in the footsteps of all the other men and women who have held this office before me but I am confident that I will represent CPA Members well nationally and internationally. I would like to thank Áine for all her work as President for the past two years.

My ambition as President of CPA Ireland is to continue to build on the great foundations laid before me and to serve CPA Ireland to the best of my ability.

The external environment is volatile and ever-changing with the debate taking place as to whether we are in a state of permacrisis or polycrisis. This debate is largely academic, and we are now in a world where it is impossible to predict what will happen next.

Earlier this year Ireland had the honour of hosting a hugely successful visit from Joe Biden, the President of the United States and I am reminded of a quote attributed to Benjamin Franklin "when we are finished changing, we are finished".

I believe this quotation is as apt today as it was when it was written.

Over the past 3 years we have all been challenged to change the way we live, work, communicate, socialise and so much more. The accelerated change in technology and artificial intelligence has both supported the way we work and threatened the relevance of some of the work that we have traditionally done.

As a community of CPAs, we have responded well to the challenge of change and have continued to deliver value to those we serve.

To this end, we have had a number of innovative developments over the years with more coming late this year. We are currently in the process of developing stackable micro-credentials for our Sustainability Hub with key experts in areas such as Reporting Standards, ESG Challenges, ESG Strategies, Sustainability Assurance and Auditing Sustainability Standards. These micro-credentials will ensure we provide our members and students with the best possible education in a top of such high importance.

Later this year we will be launching a new diploma in Fintech & Machine Learning covering topics such as Money, Cryptocurrency and Payment Systems, Workflow Automation for Accounting and Finance, Regulatory Landscape and Machine Learning Solutions for Financial Services. These modules can be taken individually based on interest and need, or all together to gain the full diploma.

Work on Virtual Reality training in Robotic Process Automation is ongoing and it is exciting to watch this virtual space unfold. Just imagine that CPAs and CPA students will be using virtually reality headsets to train in the metaverse – another first in the world of accountancy.

CPA Ireland has made incredible progress on some of the greatest challenges and opportunities facing the profession. Our progress is based on innovation and agility, and our strategy offers tactical flexibility to our executive team. The profession is changing and to paraphrase Benjamin Franklin we must change, or we are finished.

You will see in Institute News a request for members to engage with our Business Development team to become involved in our Go Anywhere campaign and I would encourage my fellow members to answer that call.

I also look forward to working with Vice Presidents, Clodagh Henehan and Michael Kavanagh, with my colleagues on Council and Committees, with the executive team at CPA Ireland and I look forward to meeting many CPAs in person across the next year.

Mark Gargan

Mark Gargan
President CPA Ireland

Front Cover Image: L-R: Michael Kavanagh, Vice President, CPA Ireland. Áine Collins, Outgoing President CPA Ireland, Mark Gargan, CPA Ireland President, Eamonn Siggins, CE CPA Ireland, Clodagh Henehan, Vice President, CPA Ireland

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The Global Backdrop

By Jim Power

There is certainly a sense that anything that could go wrong for the global economy has gone wrong over the past three years. Economic and social life was disrupted to a dramatic extent during the Covid-19 crisis, but just as we were starting to see some light, the illegal Russian invasion of Ukraine on February 24th, 2022, threw everything up in the air again.

The Ukraine invasion had a dramatic economic impact, that was largely reflected in significant disruption to global energy, food, and industrial metals supply chains. These disruptions came on top of the pre-existing pandemic-related disruptions, resulting in significant supply chain disruptions and a consequent surge in inflation to the highest levels seen in four decades in many countries by October 2022.

It is also the case that after a decade of very low interest rates and significant growth in money supply due to Quantitative Easing (QE), the foundations had been laid for a spike in inflation.

Since peaking in October 2022, headline inflationary pressures have eased, but this is largely due to lower energy prices. Excluding energy, underlying inflationary pressures are still strong. These underlying price pressures include non-energy goods, food prices, the price of a diverse range of services, and wage pressures are building against a background of still-tight labour markets in most countries.

Central bankers were initially relaxed about the surge in inflation, but as 2022 progressed, significant interest rate increases were delivered in most jurisdictions. US rates have increased from zero to 5 per cent since March 2022; the European Central Bank (ECB) has increased rates from zero to 3.5 per cent since July 2022; and the Bank of England has increased rates from 0.1 per cent to 4.25 per cent since December 2021.

The interest rate tightening has been engineered to slow economic growth, push unemployment up and ultimately bring inflation down, or at least that is the hope. However, it was inevitable that such aggressive monetary tightening would have unforeseen consequences, not least causing deep stress for exposed banks. Silicon Valley Bank (SVB), Signature Bank and First Republic Bank have all got into extreme difficulty in the US, and of course Credit Suisse has been taken over by UBS, albeit for reasons other than just aggressive monetary tightening.

Despite these banking difficulties, Central Bankers will continue to do whatever it takes to try to get inflation under control and further rate increases in the US and Euro Zone look highly likely, despite the signs of some distress in parts of the global banking system.

There is a distinct risk that further banking and indeed other problems are likely to emerge as the world moves away from the intoxicating effects of artificially low interest rates and a decade of Quantitative Easing.

This dramatic readjustment was always going to pose significant problems.

The global background and outlook are characterised by intense challenges and uncertainties now. The risks to the wellbeing of the Irish economy are significant.

The key global challenges are:

- The ongoing war in Ukraine.
- Energy concerns – although they are now easing, they are likely to re-emerge to some extent in Winter 2023/24.
- The ongoing fight against inflation, which is proving very stubborn and is becoming embedded in behaviour.
- Rising interest rates – central banks are not yet satisfied that they have done enough to bring inflation under control. The ECB seems set to increase rates by at least a further 1 per cent.
- The vulnerability of real estate markets, particularly residential and commercial property prices – real estate markets in many countries are under pressure from economic weakness and rising interest rates.

- An uncertain global economic outlook.
- Global geo-political tensions.

The Irish Economic Outlook

Economic Trends in 2022 and First Quarter 2023

Despite the Ukraine War, intense global economic uncertainty, elevated inflation and a dramatic tightening of monetary policy, the Irish economy performed in a robust manner in 2022. Real gross domestic product (GDP) is estimated to have expanded by 12 per cent. When adjusted for the activities of multinational companies in areas such as Intellectual Property (IP) assets, profit repatriations and aircraft leasing activities, GNI* (a more realistic measure of economic activity) expanded by a still strong 5.9 per cent.

Irish growth was supported by a strong export performance; significant fiscal support for businesses and households; another strong year in terms of foreign direct investment (FDI); and a much healthier household balance sheet that we had back in 2009, with very high personal savings and a well-controlled level of household debt.

So far in 2023, the solid economic momentum is being maintained. Tax revenues totalled €19.7 billion in the first quarter and were 14.6 per cent ahead of the first quarter of 2022. Income tax expanded by 8.1 per cent; VAT by 15.9 per cent; and Corporation tax by 71.4 per cent. The Exchequer recorded a deficit of €2.1 billion in the quarter, but this was due to the transfer of €4 billion into the National reserve Fund (rainy day fund). There is now €6 billion in that fund. The unemployment rate stood at 4.3 per cent of the labour force in March, with 117,200 people officially registered as unemployed, which represents a decline of 14,400 on March 2022. The labour market remains very tight. In the first two months of the year, the value of overall retail sales increased by 10.9 per cent and the volume of sales increased by 3.3 per cent.

A solid consumer performance, with higher prices boosting the value metric.

Inflation continues to be a dominant theme. In the year to March, average consumer prices increased by 7.7 per cent. This was down from a peak of 9.2 per cent in October 2022. The decline in the headline rate is due to lower oil and natural gas prices. In the year to March the average price of food increased by 13.3 per cent; private rents were up 10 per cent; airfares up 35.6 per cent; and accommodation was up by 19.1 per cent. Like most countries, energy-related inflation is falling, but non-energy goods and many services are continuing to experience strong price pressures.

Housing remains the biggest economic, social, and political challenge facing Ireland. Against a background of rising interest rates and considerable economic uncertainty, there are clear indications that residential property price inflation is decelerating. In the year to February, national average residential property prices increased by 5 per cent, with prices in Dublin rising by 3.2 per cent and prices outside Dublin rising by 6.4 per cent. These growth rates are down from a peak growth rate of 15.1 per cent in national average prices in March 2022; a peak growth rate of 13.2 per cent in Dublin prices in February 2022; and a peak growth rate of 17.1 per cent in the Rest of Ireland in March 2022.

Between November 2022 and February 2023, national average residential property prices declined by 0.9 per cent; and between September 2022 and February 2023, average residential property prices in Dublin declined by 2 per cent. This is good news, but more significant easing would be good for economic competitiveness.

In February 2023, the CSO's National Residential Property Price Index (RPPI) showed that national average residential property prices are now 2.1 per cent above the highest level recorded at the peak of the economic boom in April 2007. Dublin residential property prices are 7.7 per cent lower than their February 2007 peak, while residential property prices in the Rest of Ireland are 2.1 per cent higher than their May 2007 peak.

Property prices nationally have increased by 127.7 per cent from their trough in early 2013. Dublin residential property prices have risen by 128.7 per cent from their February 2012 low, while residential property prices in the Rest of Ireland are 135 per cent higher than the May 2013 trough.

The Economic Outlook for Ireland

Looking ahead to the remainder of 2023, the risks to economic activity are significant. The external environment is still very uncertain; interest rates are set to increase further with a possibility that ECB rates will rise by at least another 1 per cent from the 3.5 per cent level prevailing in March 2023; cost-of-living pressures are still intense, but government is providing solid support; the costs of doing business are high, but government is also providing support to the SME sector; the housing market is under serious pressure with a basic imbalance between demand and supply driving the cost of housing, particularly on the rental front.

Housing poses a significant threat to the economic competitiveness of the economy; global geo-political developments are continuing to generate considerable uncertainty and potential instability; and the global technology sector is cutting costs and shedding labour, and this is already having an impact on employment in the technology sector and is likely to have some impact on corporation tax revenues over the coming year.

On the positive side, the economic momentum is still strong; employment is at a record high and there is a full-employment level of unemployment; the FDI performance is holding up well, notwithstanding the global technology sector problems and the impending reform to global corporation tax rules; the Irish banking system is stable, with solid balance sheets, but its cost of funding could now increase due to global developments, although the Irish banks do have an abundance of low-cost deposits; the public finances are strong; and there is a record level of household deposits at €148.4 bln; and household balance sheets are strong in the aggregate.

Concentration risk is an issue that Irish policy makers will have to keep a close eye on. The latest data from the Revenue Commissioners show that in 2022, 10 foreign-owned companies accounted for 57 per cent of the €22.7 billion collected in corporation tax; foreign-owned companies accounted for 86 per cent of corporation tax; 53 per cent of income tax and USC; 49 per cent of PRSI; 49 per cent of VAT; and 47 per cent of wages paid in the private sector. This data shows just how dependent the country is on a small number of large multi-national companies. The Government is correct to put some of the windfall corporation tax receipts into the Strategic Reserve Fund. It should do considerably more in that regard.

On balance, the Irish economy is likely to see an easing of growth as 2023 progresses as external risk factors and higher interest rates continue to impact. Real domestic demand is set to expand by around 3 per cent in 2023. This would represent a good outcome in challenging circumstances, but the risks are clear.

Jim Power

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

CPA Profile
Pat Magner

Title: Audit Partner
Company: Mazars
Qualifications: Fellow of Certified Public Accountants & Chartered Tax Advisor

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

It was after my Junior Cert at St Munchin's College secondary school in Limerick when I realised that accounting was one of my stronger subjects, and I decided I might be interested in studying Law and Accounting at the University of Limerick.

However, I did not end up getting the CAO points I needed at the time and did an alternative course – a Diploma in Business Studies (Marketing) at HSI Limerick Business School. Accountancy was still one of my stronger subjects in both my Leaving Cert and college and so began my journey in the world of accountancy.

Why did you choose CPA Ireland as your qualification route?

To be honest, I was receiving more exemptions and the timing of the exams suited my needs best.

I then researched the popularity of the CPA qualification compared to other qualifications and realised that the CPA was the primary qualification in the US and other countries, which were all on my bucket list for travel once I qualified. The timing and frequency of the exams also suited me better.

Please provide a brief history of your career.

I completed my training with Robert Richardson and Co. in Limerick in 2004 and then joined Deloitte in Limerick as an Audit Senior. I progressed to Audit Senior Manager within the SME division.

In 2015 I decided to leave Deloitte (after nearly 10 years) to join Maguire Caulfield Browne as an Audit Director. It was time for me to leave the Big 4 and continue pursuing my career to partner.

Having joined a smaller firm, and with the previous experience of being part of a large firm, it became clear that, as many of our clients had multi-jurisdiction presence, we needed to be part of a larger firm that had a bigger geographical footprint alongside right expertise and reputation.

We identified that Mazars, as one of the larger accountancy firms in Ireland without a presence in Limerick, would be a good fit for us. In July 2017, we merged with Mazars, and I was promoted to Audit and Business Advisory Partner.

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

Sustainability. I have experienced both the "Celtic Tiger" and the "Financial crisis" and the benefit of my CPA qualification is that it gave me the skills to be able to advise our clients continuously. Since my first pay cheque (in the accountancy world) in November 1999, I have received a salary/drawing every month without fail.

What has been your biggest career achievement?

Becoming a partner in a large firm such as Mazars, whilst supporting the continual growth of the practice, across Ireland and specifically within the Southwest region.

What or who inspires you most in business?

I have been fortunate to work with many good people – both clients and colleagues. What inspires me most is observing and supporting our clients who relentlessly pursue their ideas, even when many around them disagree, to realise their full potential

In terms of individuals, I think watching John & Patrick Collison and how they have developed their technology and business in such a cutthroat environment, from humble roots on the shores of Lough Derg to become global players is amazing.

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

Try and enjoy what you do as in doing so, you will never work a day in your life. I have been fortunate enough to be able to say that there has been no day where I didn't want to go to work, albeit I have had some days which were not so enjoyable.

The benefit of the CPA qualification and the skills you learn along the way will make you an attractive proposition to employ in whatever area you would like to work in.

How do you unwind?

I like to play golf and am lucky enough to be a member of Adare Golf Club, which is a great place to unwind. My kids also play rugby and camogie and I enjoy coaching and helping out with their teams.

What traits do you admire in others?

Integrity, endeavour & humour.

CPA Profile
Elaine Reilly

Title: **Principal**
Company: **Elaine Reilly & Co.**
Qualifications: **FCPA, BA Finance**

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

Accountancy and Business were my favourite subjects in school so I was confident my career path would see me heading towards Finance or Accountancy. I chose to study finance in college which I really enjoyed, this also gave me a solid foundation to build on when I decided to pursue a career in accountancy.

Why did you choose CPA Ireland as your qualification route?

A CPA qualification is a highly respected and internationally recognised qualification providing endless opportunities. The flexible learning options were a big advantage, it allowed me to attend night classes at the local Institute of Technology whilst working full-time.

Please provide a brief history of your career.

After completing my undergraduate degree, I started my training programme in an accountancy practice which allowed me to gain a wide range of experience across a broad client base.

After qualifying as a CPA in 2005 I continued to gain experience and develop my skills working in a number of different firms progressing to senior management positions. By 2012 I felt I had the necessary skills, experience, and expertise to start my own accountancy practice, Elaine Reilly & Co.

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

Self-belief.

The CPA qualification provides the necessary grounding in the various disciplines that are required in everyday business environments, this offers individuals the opportunity to follow their own career path, whether that be in practice or industry.

What has been your biggest career achievement?

Starting my own practice has to be my biggest career achievement to date. Managing my own practice and having the opportunity to build a fantastic hard working and motivated team around me has been hugely rewarding and has allowed me to further develop and grow the business. I have always found the interaction with clients to be one of the most rewarding elements of this job, in our role, we are often one of their most trusted advisors and someone whose advice they value and respect. Customer service is such an important element of this profession and one I pride myself and my team on delivering.

What or who inspires you most in business?

Having started my own business and knowing the risks and challenges surrounding that, I am inspired by all the individuals out there who feel they have something to offer and seize the opportunity to start their own businesses with the hopes of running a successful and profitable business whilst hopefully enjoying the journey along the way.

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

Never be afraid to ask questions, however, you should always challenge yourself and try to seek out the answers first, allowing you to develop your knowledge and skill base. Always push yourself to face new challenges, take on new roles, it is good to be pushed outside of your comfort zone as it allows you to develop into a stronger more confident individual. Believe in yourself, take ownership of your own learning and career development and you can achieve anything.

How do you unwind?

I have the most supportive and loving family, so I love nothing more than spending time with my husband and our two children. I also enjoy reading, tennis and walking.

What traits do you admire in others?

The traits I most admire in others are honesty, respect and most importantly trust. I also admire people who take responsibility for their actions and hold themselves accountable.

Financial Reporting News

FRED 82 Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs – Periodic Review

FRED 82 proposes a number of changes resulting from the second periodic review of FRS 102 and other Financial Reporting Standards. The proposals include: a new model of revenue recognition in FRS 102 and FRS 105; a new model of lease accounting in FRS 102; and various other incremental improvements and clarifications. The FRED is accompanied by a consultation stage impact assessment.

In developing FRED 82, the FRC has considered changes to IFRS Accounting Standards, the IASB's proposed changes in developing the third edition of the IFRS for SMEs Accounting Standard, stakeholder feedback in response to the FRC's 2021 request for views, and other developments in corporate reporting.

As a result of the amendments set out in FRED 82, FRS 102 will reflect up-to-date IFRS-based solutions, providing high-quality and clear financial reporting to users. This will include more transparent reporting of lease obligations, as well as a clear five-step model for determining the recognition of revenue from all contracts with customers. The proposals have been designed to be proportionate to the size and complexity of the entities applying the standards.

The proposed effective date of the amendments set out in the FRED is 1 January 2025.

Comments were invited in writing on all aspects of the draft amendments, including the consultation stage impact assessment, by 30 April 2023.

CPA Ireland's response to FRED 83 can be found:

https://www.cpaireland.ie/getattachment/About-CPA/Governance/Institute-Committees/Financial-Reporting-Sub-Committee/FRC-Fred-83-response.pdf?lang=en-IE

Find out more

FRED 83 Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 101 Reduced Disclosure Framework – Pillar Two model rules

The OECD's Pillar Two model rules introduce a global system of interlocking top-up taxes that aim to ensure that large multinational groups pay a minimum amount of income tax.

FRED 83 is based on similar proposals issued by the IASB. To make similar accounting relief and disclosure requirements available in the FRC's financial reporting standards to a consistent timeframe the FRC in consulting now, rather than waiting for the IASB's final amendments. However, the FRC intends to consider the IASB's final amendments when finalising its own proposals.

The FRC proposes to introduce a temporary exception to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules, alongside targeted disclosure requirements.

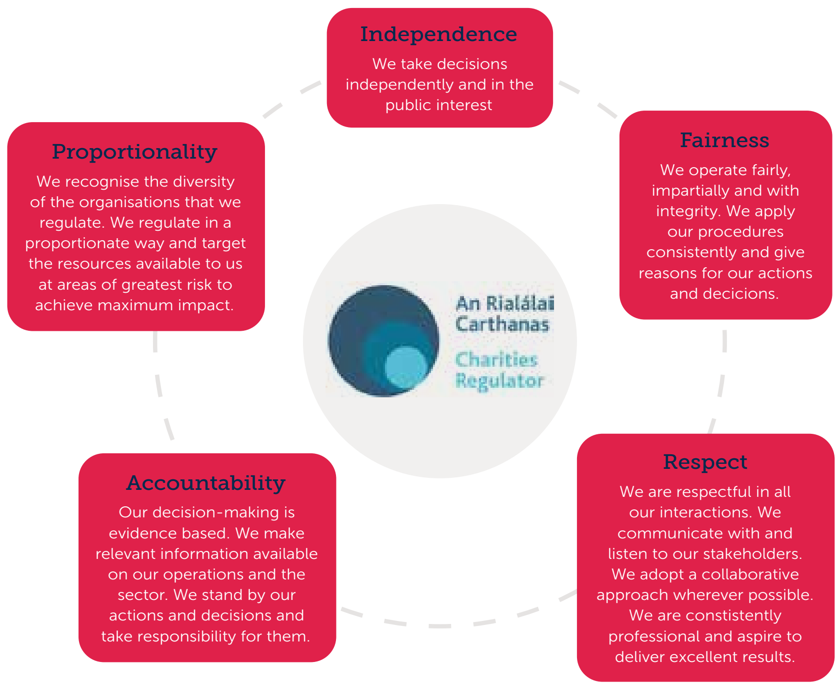
Deadline for comments on FRED 83 was 24 May 2023. CPA Ireland's response to FRED can be found here:

Find out more

Charities Regulator Targeted Compliance Programme

by Sinead Spencer

The Charities Regulator is an independent authority, established under the Charities Act 2009 and is Ireland's national statutory regulator for charitable organisations ensuring their compliance with the Charities Act. The Authority currently comprises of 13 members, appointed by the Minister for Justice and Equality and the Minister for Rural and Community Development.



Aligning with their core values of Independence, Fairness, Respect, Accountability and Proportionality, the Charities Regulator regulate the charity sector in the public interest to ensure compliance with charity law and support best practice in the governance and administration of charities.

Helen Martin, CEO of the Charity Regulator advises that they are "working to increase public trust and confidence in management and administration of charitable trust and charitable organisations" resulting in the following functions:

- increase public trust and confidence in the management and administration of charitable trusts and charitable organisations;
- promote compliance by charity trustees with their duties in the control and management of charitable trusts and charitable organisations;
- promote the effective use of the property of charitable trusts or charitable organisations;
- ensure the accountability of charitable organisations to donors and beneficiaries of charitable gifts, and the public;
- promote understanding of the requirement that charitable purposes confer a public benefit;
- establish and maintain a register of charitable organisations;
- ensure and monitor compliance by charitable organisations with the Charities Act;
- carry out investigations in accordance with the Charities Act;
- encourage and facilitate the better administration and management of charitable organisations by the provision of information or advice, including in particular by way of issuing (or, as it considers appropriate, approving) guidelines, codes of conduct, and model constitutional documents;
- carry on such activities or publish such information (including statistical information) concerning charitable organisations and charitable trusts as it considers appropriate;
- provide information (including statistical information) or advice, or make proposals, to the Minister on matters relating to the functions of the Charities Regulator.

As part of the Charity Regulators key functions, they have established and maintain a public register of charitable organisations operating in Ireland. Every charity on the Register of Charities must file an Annual Report with the Charities Regulator within 10 months of their financial year end, as required by section 52 of the Charities Act 2009 ("the Act"). https://www.irishstatutebook.ie/eli/2009/act/6/enacted/en/print#sec10

Aside from complying with the law, submitting an Annual Report provides charities with an excellent opportunity to showcase the good work that they do and to demonstrate their commitment to good governance, transparency and accountability.

Annual Reports are submitted by t he charity online through their 'Charities Regulator Account'. The Annual Report describes the charities activities and financial affairs for the preceding twelve months. The contents of the report are published in the online Public Register of Charities and help to inform the donors and the general public of:

- **What** your charity has done over the last 12 months to further each of its charitable purposes.

  The charity is required to describe its activities during the reporting period, demonstrating that they have undertaken activities in furtherance of its charitable purposes.

- **Who** your charity has helped.

  The charity is required to indicate the section(s) of society that have benefited from their work, the number of people that have volunteered with them during the year and the number of staff employed by them.

- **How** your charity raised and spent funds

  The charity is required to provide details of its gross income and expenditure, this includes the sources of the charity's income and how much they have spent on staff costs over the year.

  They are also required to report on their total assets and liabilities including cash at bank and on hand, other assets and total liabilities and to declare any audit opinions.

- **Where** the benefits of the charity's work were felt.

  The charity is required to declare total income received from outside the state, total funds spent or transferred outside the state and methods used to transfer those funds in or out of the state (e.g., Irish bank, An Post etc.).

The Charities Regulator may, in some circumstances, require additional information or documents.

2021 was the first year that charities were required to report on their level of compliance with the Charities Governance Code when filing their annual report with the Charities Regulator. This provides greater transparency which research shows is linked to public trust in the sector. When charities file their annual report, they declare if their charity:

- is fully compliant with the Charities Governance Code;
- is partially compliant with the Charities Governance Code;
- has not started implementing the Charities Governance Code; or
- prefers not to say whether it is in compliance with the Charities Governance Code.

Where charities are partially compliant or have not started implementing the Code, they can explain what standards they are not in compliance with and why, or why they have not started to comply.

If the charity is not complying with the Code, the Charities Regulator will ask the charity to explain why. Valid reasons for non-compliance may include:

- The charity is in the process of winding up.
- The charity is newly established and needs more time to fully comply.

To comply with the Code, the charity must complete a Compliance Record Form every year. On the form, the charity needs to identify the actions taken in the year to meet each standard. The Compliance Record Form is not submitted to the Charities Regulator but should be made available to them, if requested.

Declaring their level of compliance gives charity trustees an opportunity to inform donors and other stakeholders of their progress in complying with the Governance Code.

In 2021, 6,150 charities submitted a Governance Code compliance declaration. Twelve months later in December 2022, the number of charities that submitted the declaration increased by 5% to 6,437.

The Charities Regulator Annual Report 2021 notes that 4,245 charities – equating to 69% of those that submitted annual reports – declared themselves to be in full compliance with the Charities Governance Code 2021, while 912, or 15%, stated they were partially compliant.

There was also a slight (3%) reduction in the number of charities who declared themselves to be partially compliant. This reduction is due to charities moving from partially compliant to fully compliant. The option for charities not to declare their compliance status at the time of filing the annual report was added to the compliance declaration for December 2021, and was chosen by 504 charities.

Failure to file an Annual Report on time is an offence under the Act for the charity and its charity trustees. Despite this, the number of charities filing their Annual Report on time has declined in recent years with just 64% of registered charities doing so on time in 2021 (within 10 months of their financial year end).

The Charities Regulator advises that they take a proportionate approach where charities breach the requirements of the Act, and in most cases will seek to work with charities to bring them into compliance in the first instance. However, although reminders are issued in the lead-up to a charity's filing deadline and when the deadline has passed, some charities still fail to file their Annual Report.

In the interests of transparency and fairness to those charities that do file their Annual Reports on time, the Charities Regulator is adopting a stricter approach to enforcing compliance with this obligation and is currently implementing a targeted compliance programme to increase levels of compliance with annual reporting obligations.

As part of this work, the Charities Regulator is currently making contact with charities and charity trustees that have Annual Reports outstanding for a considerable period to warn them of the possible consequences if they remain in breach of the Act. This includes, possible enforcement action such as prosecution of the charity and the individual charity trustees and /or removal of the charity form the Register of Charities.

The Charities Regulator has published that they encourage all charity trustees to check their charity's Annual Reporting compliance status. Charities and charity trustees can confirm if they are up to date with their Annual Report filing obligations by checking their charity's information on the public Register of Charities. Charities who find that they have not submitted their last Annual Report by the 10-month deadline are encouraged to take immediate action and arrange for the submission of the Annual Report as a matter of urgency.

Sinéad Spencer
MA FCA

Fellow of the Institute of Chartered Accountants Ireland

Director at KOSI Corporation Limited

European sustainability reporting standards in the making – Where do we stand?

by Jona Basha

The Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023. This was a fundamental step to support the EU Green Deal's ambitions and transform Europe into the first climate neutral economy by 2050.

The CSRD supersedes the Non-financial Reporting Directive (NFRD) and aims to put sustainability reporting at an equal footing as financial reporting. Among others the CSRD:

- expands the scope of the companies that fall under these rules;
- introduces a phased-in approach to application, starting from 1 January 2024;
- mandates providing sustainability information in a separate section of the management report;
- requires the sustainability information be prepared according to European Sustainability Reporting Standards (ESRS), and
- mandates assurance, starting with limited assurance but expanding to reasonable assurance.

More details in Accountancy Europe's factsheet FAQs: all you need to know about the Corporate Sustainability Reporting Directive (2022).

Find out more

Preparing the first set of Draft ESRS

As per the CSRD, a company must report the information necessary to understand the company's impacts on sustainability matters and how they affect the company's development, performance and position. The information must be provided in accordance with the ESRS, which use a double materiality lens, and include information on own business operations as well as the value chain.

The CSRD provided EFRAG with a mandate to develop these standards and deliver them as Technical Advice to the European Commission (EC). The EC would then adopt these standards as Delegated Acts.

Find out more

EFRAG's transformation

Originally, EFRAG, a public-private funded organisation, provided, and continues to provide, Technical Advice to the EC on the endorsement of International Financial Reporting Standards (IFRS)

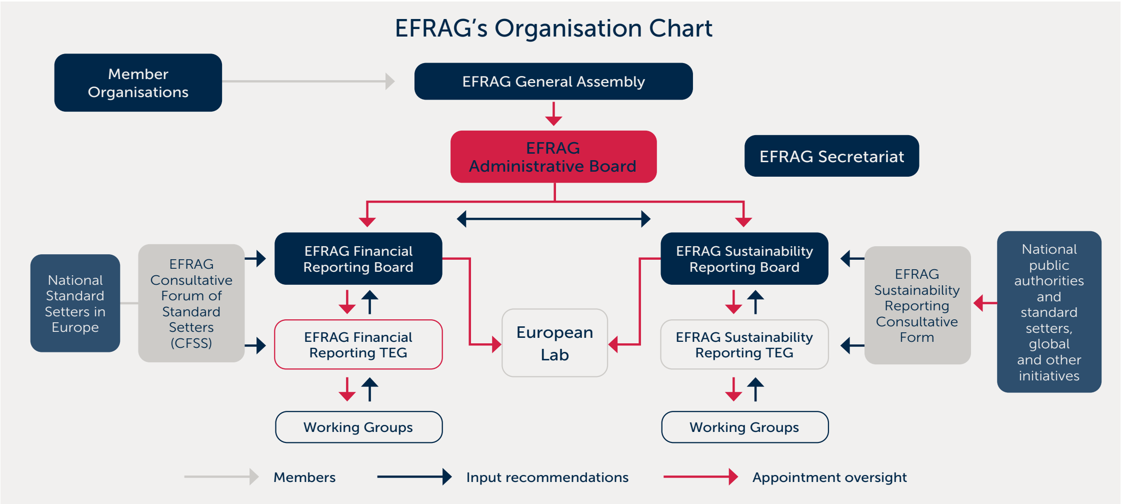
To fulfil the new duty mandated by the CSRD, EFRAG underwent a governance reform and established a sustainability reporting pillar whereby:

- the Sustainability Reporting Board (SRB), chaired by Patrick de Cambourg, is responsible for delivering the Technical Advice with the Draft ESRS to the EC

Find out more

- the Sustainability Reporting Technical Expert Group (SR TEG), chaired by Chiara del Prete, provides recommendations to the SRB on the Draft ESRS.

Find out more



The EFRAG Administrative Board was also created to provide governance and oversight to both the existing financial reporting pillar and the newly established sustainability reporting pillar. See EFRAG's full organisation chart above.

Source: EFRAG's website

Find out more

EFRAG also expanded its membership to include broader stakeholders in its sustainability reporting pillar.

Process for the first set of Draft ESRS

In spring 2022, EFRAG issued and opened for a 100-days consultation 13 Exposure Drafts (EDs) on the first set of ESRS where stakeholders could provide their feedback.

The SRB and SR TEG held their own discussions, and in parallel, EFRAG organised outreach events and educational sessions on the EDs. Upon the closure of the comment period, EFRAG outsourced the analysis of the feedback received as well as the cost-benefit analysis, the latter being a mandatory element in EFRAG's Technical Advice to the EC.

Accountancy Europe's contribution to the EDs

Accountancy Europe sent a letter to Commissioner McGuinness with overarching comments as well as contributed in details to consultation.

Find out more

We were among the few stakeholders that managed to cover 74% of the scope of this brief by voluminous consultation. Such contribution was also the most comprehensive from all other accounting bodies that responded.

Find out more

We followed up with a statement highlighting some points of our feedback and called for ESRS that are aligned with global standards, simple, clear and fit-for purpose.

First set of Draft ESRS

Despite the significant time pressures and resource scarcity (see the letter sent to the EC from Accountancy Europe and 21 other organisations), EFRAG delivered their Technical Advice with the first set of 12 Draft ESRS to the EC in November 2022. The Draft ESRS were aligned with the final text of the CSRD as well as considered stakeholders' feedback. In comparison to the EDs, they:

- incorporate a four-architecture[1] structure based on the TCFD pillars and the International Sustainability Standards Board's (ISSB) structure[2]
- reduce significantly the number of requirements and datapoints
- are better organised and streamlined, clearer and more concise
- refocus on materiality and remove the 'rebuttable presumption'
- consider better international standards.

The Draft ESRS adopt a mixed materiality and mandatory approach that combines the need to provide useful and relevant information with complying with various EU legislation requirements.

They include the general requirements and principles that underpin all ESRS in Draft ESRS 1. These cover the qualitative characteristics of information, double materiality, value chain, time horizons, consolidation and presentation of information.

Double materiality, a key concept in ESRS, is the unity between financial materiality and impact materiality. Companies need to make their materiality assessments based on these two perspectives to determine what information is relevant to disclose. Specifically:

- impact materiality considers the company's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term, whereas
- financial materiality looks at risks or opportunities that may cause material financial effects in the short-, medium- and long-term.

Resultantly, and another key element, is that the ESRS look at material impacts, risks and opportunities over the short-, medium- and long-term.

Such disclosures should be provided both in relation to the company's own operations, but also its value chain.

Accountancy Europe's views on the Draft ESRS

Accountancy Europe has been analysing the Draft ESRS as delivered by EFRAG to prepare for the EC's upcoming draft delegated act call for comments. For the first time and exclusively for CPA Ireland, we share below some of our high-level views on the Draft ESRS. We:

- welcome the improvements made compared to the Eds, including the significant reduction of requirements, removal of the rebuttable presumption, adoption of the TCFD structure
- call for more guidance on the concepts and application, including practical examples in the ESRS. Particularly we call for such guidance on the concepts of ESRS 1 (e.g. on double materiality and how to make the related judgements, value chain information, calculating the financial effects, consolidating), which underpin the other standards
- call for realigning with the final ISSB standards, as differences emerged due to the different standard setting processes timing
- call for incorporating the definitions, disclosures and guidance of the Taskforce on Nature-related Financial Disclosures (TNFD), which was published in March 2023.
- call for more consistency and clarity, including on the approach between the materiality and mandatory disclosure requirements, links between topical standards and ESRS 2 (terminology and definitions)

1 The disclosure requirements in the Draft ESRS are categorised in the following pillars: (1) governance, (2) strategy, (3) impact, risk and opportunity management, (4) metrics and targets.

2 Task Force on Climate-related Financial Disclosures (TCFD) recommendations as well as ISSB's IFRS sustainability reporting standards are structured in the following four pillars: (1) governance, (2) strategy, (3) risk management, (4) metrics and targets.

- express our due process concerns, including the lack of field-testing, due to the rushed way in which the standards were developed.

Next steps

EC President von der Leyen announced in March 2023 that the EC would be undertaking an exercise to reduce the reporting requirements by 25%. Commissioner McGuinness provided more information, including addressing ESRS. The EC asked EFRAG to prioritise providing guidance on the first set of ESRS to developing sector standards to help stakeholders in the reporting ecosystem; a work EFRAG had been engaged in since 2022.

Find out more

Accountancy Europe sent a letter to the EC following this initiative highlighting the need to follow a robust process and ensure that the related policy objectives are not weakened.

Find out more

EFRAG's reshuffled workplan

Following the announcements, EFRAG postponed work on its sector-standards but still plans to consult on its Listed SME sustainability reporting standard (LSME) ED, which should be delivered to the EC in November 2023.

This LSME is important because it sets the value chain boundaries of the bigger companies that would apply the full suite of ESRS. In addition, it provides a flavour of the simplifications as per the proportionality requirement in the CSRD for SMEs.

Accountancy Europe will engage on both the LSME and (voluntary) SME standard throughout their development process. There is no confirmation on the timeline of the other EDs, including for the sector ESRS.

Finalising the first set of ESRS

The ESRS will be adopted in EU law via the delegated acts mechanism. The EC has been running its own processes and working on the Draft ESRS delivered by EFRAG. It will issue the draft Delegated Act for a final 4-week feedback period before it adopts them.

Accountancy Europe will engage in this process as we continue voicing the European profession in the development of both European and international sustainability reporting standards.

Jona Basha

Jona Basha joined Accountancy Europe in 2019 and is part of the corporate reporting team. She engages in various financial reporting matters and specialises in non-financial information reporting and standard setting.

Jona was part of a corporate finance department in a conglomerate, where she led the preparation of consolidated financial statements and first-time adoption of IFRS. Prior to that, she was part of PwC where she provided accounting and tax reporting and advisory services.

She is a member of the UK Association of Chartered Certified Accountants (ACCA). Jona is Albanian, fluent in English and Italian with proficient Spanish.

Law & Regulation News

Legislation and the Law of Unintended Consequences.

We've all been there. We decide to take on a DIY project at home because "it's a simple job, 10 minutes max". And then 4 hours later as you call the expert to fix the additional problems (plus the original problem) you have created, you ask yourself "why didn't I just do this in the first place"!

It's the unintended consequence of you believing that you have greater DIY skills than you actually have.

The same issue can occur when Legislation is being drafted, especially if that legislation is focused on one specific area rather than an issue as a whole.

There have been many changes to pensions legislation in Ireland over the last number of years with the most recent being the implementation of IORP II regulations. One of the principal ideas behind the legislation is to tighten up significantly the area of trusteeship. Ireland is an outlier when it comes to pension trusteeship insofar as we have tens of thousands of pension trusts in force at the moment, the majority of them being one person arrangements.

Pension trusts in some European countries number in single digits as a Master Trust model is much more prevalent. A Master Trust provides trustee services to large numbers of pensions rather than one trust per pension as is the case in Ireland.

With the introduction of IORPS II, trustees now face much more onerous reporting requirements on their pensions with a significant increase in costs as a result. For some very large pension schemes, it may be possible to absorb these costs but for most pension schemes, moving the pension into a Master Trust will be the only solution.

This change will have no impact on the individual employees, and it will lead to stronger governance of the existing pension market.

However, this new legislation has created one unintended consequence in the area of Pension Adjustment Orders or PAOs.

A PAO is a court order which directs the trustees of a pension scheme to provide for benefits to be paid to a former spouse or civil partner in the event of a legal separation/divorce. Sometimes, the order relates to the value of the pension accumulated and other times it relates to other benefits provided by the pension – namely death in service benefits. The PAO could stipulate that the benefit is paid to the ex-spouse/civil partner in the event of the death of the pension member.

The PAO is served on the trustees of the pension scheme, and they must adhere to its ruling.

However, with the implementation of the new IORP II legislation expected to lead to most pension schemes moving to Master Trusts and therefore new trustees, there have been indications that the new trustees will not be in a position to administer these PAO's as the PAO's were served on the old trustees.

This is obviously an issue for the beneficiaries of these PAO's and they are in limbo at the moment.

The Law Society of Ireland has raised this issue with the Pensions Authority, and they are pushing for a solution to be implemented as soon as possible before an event occurs that tests this unintended consequence of a pension moving to a Master Trust.

While this is a concern for those beneficiaries of PAO's, the IORPS II legislation was not introduced to create this problem and so one would have to assume that a resolution to this problem will be introduced sooner rather than later.

As an aside, whilst the Law Society is correct to raise the unintended consequence of the new legislation, a PAO was never a rock-solid agreement in the first place. It could be voided by both parties if certain events occurred. A PAO ceases if the beneficiary of the PAO remarries. It also ceases if the person upon whom the PAO is served were to leave the employment that the PAO relates to.

If you have any questions in relation to the above, we would be delighted to answer them for you.

JDM Insurance Services.
https://www.jdminsurance.ie/

In April 2023 the Minister of State for Trade Promotion, Digital and Company Regulation, Dara Callery TD, issued a public consultation on proposals to enhance the Companies Act 2014.

The Department of Enterprise, Trade and Employment will seek views on a proposed Companies (Corporate Governance, Enforcement and Regulatory Provisions) Bill which primarily focused on four areas of company law – corporate governance, enforcement, administration and insolvency.

Some of the issues on which views will be sought include:

- Providing companies and industrial and provident societies with the option, in addition to the option to hold physical and hybrid meetings, to hold fully virtual AGMs and general meetings on a permanent basis;
- Delivering on Programme for Government commitment in relation to the regulation of receivers;
- Extending certain reporting obligations to examiners, interim examiners and process advisors;
- Amending the audit exemption regime for small and micro companies, to remove automatic loss of audit exemption and put in place a two-step, graduated procedure to deal with late filing;
- Certain enhanced powers for the Corporate Enforcement Authority, the Irish Auditing and Accounting Supervisory Authority and the Companies Registration Office to strengthen the State's capability to meet the challenges faced in investigating and prosecuting alleged breaches of company law.

Read more

Memo from the Registrar of the Central Register of Beneficial Ownership of Trusts

Anti-money laundering directives require each European Union (EU) Member State to establish a Central Register of Beneficial Ownership of Trusts (CRBOT).

The purpose of the CRBOT is to help prevent money laundering and terrorist financing by improving transparency on who ultimately owns and controls Irish trusts.

The terminology used in anti-money laundering to refer to persons who are obliged to implement measures under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 is designated persons. This term includes auditors and external accountants.

A designated person is required under section 35 (3A) of the 2010 Act to ascertain that a trust's beneficial ownership details are entered in the trust's beneficial ownership register or in the CRBOT, prior to the establishment of a business relationship with that trust.

A designated person can gain access to a trust's registration by obtaining an access number from the trustee.

Designated Persons have an obligation to notify the Registrar of the CRBOT where there is a discrepancy between the particulars of a trust's internal register and the CRBOT.

A detailed guide on accessing the register and the discrepancy notice form can be found on the CRBOT website here.

A designated person who fails to notify the Registrar of a discrepancy commits an offence and shall be liable, on summary conviction, to a class A fine.

Auto Enrolment Pension – What it means for CPA Members

by Justin O'Gorman

Over the last number of years, there have been various attempts to introduce some form of mandatory pensions for workers in Ireland. Up until 2022, these attempts have never progressed past reports and recommendations. There has always been a reason for delaying the introduction of the scheme.

This situation has now changed with the commencement of an Auto-Enrolment arrangement pencilled in to start in the first quarter of 2024 (although there appears to be some slippage with this date). The Minister for Social Protection is aiming to have the necessary legislation in place this year with 2023 seeing the implementation of the necessary IT systems and organisation in place and the potential for the initial enrolments of members by early 2024.

This new Auto-Enrolment Pension will have implications for workers and employers alike and therefore, it is important that employers know what their responsibilities will be in the months ahead.

The new Auto Enrolment Pension will be overseen by a new body known as the Central Processing Authority or CPA – an "interesting" acronym when one takes into account the people reading this article! - for short. The CPA will be responsible for the operation, co-ordination, supervision and development of the system.

What is an Auto-Enrolment Pension

Basically, an Auto-Enrolment Pension will enrol every qualifying worker who is not a member of a pension into this new scheme. From that date onwards, they will be expected to make a contribution to this new pension and their employer will also be expected to make a contribution.

A qualifying worker will be one who is aged between 23 and 60, is earning over €20,000 per annum and is not already a member of an occupational or personal pension.

The Auto-Enrolment pension will be voluntary, but employees must 'Opt-Out' rather than 'Opt-In' to the arrangement.

The initial contribution rate that an employee must make is 1.5% of their salary. The employer must also match this 1.5%. In year 4, the contribution rate will increase to 3% from the employee and 3% from the employer. In year 7, the contribution increases again to 4.5% employee/employer and finally in year 10, the contribution rate increases to 6% employee/employer.

The State will also make a contribution to the scheme starting at 0.5% per annum and gradually increasing to 2% per annum by year 10.

The maximum employee salary that the contributions will apply to is €80,000.

What it means for CPA Ireland members

- All employees over the age of 23 and earning more than €20,000 per annum will now have access to an occupational workplace pension.
- CPA employers will not need to establish a pension themselves; it will be done centrally.
- CPA employers will need to ensure that their payroll process is able to calculate and remit both employer

and employee contributions to the new Central Processing Authority (CPA).

- CPA employers will be required to match members contributions up to an eventual 6% per annum subject to a maximum earnings threshold of €80,000.
- CPA employer contributions will be deductible for tax purposes.
- CPA employers who fail to implement a payroll instruction for enrolment and/or deduct and remit contributions as required face administrative penalties initially and are open to prosecution as a criminal offence if they continue to refuse to co-operate with the new scheme.

What it means for employees

- All employees will have access to a defined contribution workplace pension.
- The scheme will be voluntary but will operate on an 'opt-out' rather than an 'opt-in' basis.
- Once an employee is 23 and earning over €20,000 per annum, they will be enrolled in the scheme.
- An employee can opt-out of the scheme at the end of a minimum membership period – during the 7th and 8th month of membership and on each occasion that the contribution rates increase in the first 10 years. If an employee opts out on the first occasion that they can do so, they will receive a refund of the contributions they made during the previous 7/8 months.
- If an employee opts out of the pensions, employer contributions paid to date are not refundable. These contributions remain the property of the employee.
- If they opt out after an increase, they will only receive a refund of the increased amount they have paid rather than the contributions paid at the preceding rate.
- Employees can suspend their participation at any stage but will not receive a refund of contributions paid.
- Employees will be automatically re-enrolled 2 years after an 'opt-out' or a suspension of contributions.

Timeline for Introduction of Auto Enrolment

- Establish the Central Processing Authority on an administrative basis – Q2/Q3 2022
- Legislative Heads of Bills drafted and Govt. Approval – Q3/Q4 2022
- Legislation enacted – Q3 2023
- Central Processing Authority organisation established on statutorily independent basis –Q4 2023
- Completed development/ procurement of initial IT System/ Infrastructure – Q4 2023
- Procurement of Investment Managers completed – Q4 2023
- Commencement of Automatic Enrolments – Q1 2024

As already mentioned, there has been slippage on the above dates and therefore it may be later into 2024 before the Auto Enrolment arrangement starts but there definitely appears to be a greater determination this time for this arrangement to be established.

Ireland is the only OECD country without some form of mandatory pension and with over 750,000 employees having no access to any form of private pension; this is a situation that can't be tolerated much longer due to the rising pressure on the State Old Age pension.

Whilst there may be delays to the start of the arrangement, it would be incumbent on every CPA Ireland member to undertake an exercise to see how they will be affected from a monetary perspective.

Don't forget, every employee between the ages of 23 and 60 earning over €20,000 per annum is eligible for enrolment.

For an employer with 5 employees in this category with a total wage roll of say €150,000, there will be an additional €2,250 outlay in years 1,2 and 3, increasing to €4,500 for years 4,5 and 6, €6,750 in years 7,8 and 9 and finally €9,000 per annum thereafter from year 10.

And don't forget, it's not just CPA Ireland members affected by this legislation. It is important that you have conversations with your clients to ensure that they are prepared for legislation as well.

Conclusion

After years of talks and reports, an Auto-Enrolment pension now appears inevitable and those employers/ employees without a pension will be affected by this new arrangement.

Rather than wait for the deadline to come around for the establishment of this new scheme and the issues that may occur with any last-minute implementation of same, you could take steps now to set up a pension for your employees and be ahead of the curve in this regard.

Here in JDM Insurances, we would be delighted to speak with any CPA. Ireland member who would like to look at the whole area of pension provision in greater detail.

Justin O'Gorman

QFA, RPA, APA (Personal & Commercial General Insurance). Qualified Financial Adviser, Retirement Planning Adviser. Accredited Product Adviser. JDM Insurance Services LTD

Finance & Management News

New Initiative to help Brexit-impacted companies develop new markets

On 29th March 2023 the Minister for Enterprise, Trade and Employment welcomed a new initiative from Enterprise Ireland that will help Irish companies impacted by Brexit to explore international growth opportunities in new markets outside the UK.

Under the new offer – called the 'Post-Brexit Market Growth and Diversification Grant' – eligible Enterprise Ireland and Bord Bia client companies can access a fast-track strategic market development programme that will assist them to develop a strategy to enter and grow new markets outside of the UK.

The new grant has been developed under the Brexit Adjustment Reserve funding, negotiated by Ireland with the EU Commission to support impacted industries post-Brexit.

To qualify companies will have to demonstrate that they have suffered a 5% reduction in UK sales in 2020, 2021 or 2022 compared to 2019 levels. The grant support will see companies receive up to 50 days of consultancy in developing a 'go to market' plan. The grant will be provided at a rate of 80% subject to a maximum grant of €36,000. To qualify, companies must complete a Brexit impact declaration form and submit their application by 31 May 2023. Claims must be submitted by 31 October 2023.

Find out more

AI talent is on the rise – new skills required to meet the demands of digital transformation

On 4th April 2023 IDA Ireland, in partnership with Microsoft and LinkedIn, published its latest Labour Market Pulse, which provides an overview of current insights and trends across the Irish labour market to help inform decision makers across business, academia and public policy.

This edition of the Labour Market Pulse highlights the rising importance of Artificial Intelligence (AI) skills among today's workforces and takes a closer look at the growth of AI in Ireland. AI, and the skills related to it, are central to empowering businesses to digitally transform their organisations.

The growth of AI is anticipated to positively impact jobs and skills across multiple sectors and many businesses are currently in the early stages of identifying their potential use of AI.

Demand for AI skills continues to outpace supply and skills availability has been deemed the most important obstacle to the adoption of AI for companies.

The World Economic Forum predicts that 97 million jobs involving AI will be created between 2022 and 2025 and overcoming current skills gaps will require targeted efforts.

The latest Labour Market Pulse also places a spotlight on gender diversity and AI teams.

LinkedIn data shows that 1.36% of women and 2.55% of men in Ireland were considered AI talent in 2022. Despite this gap, progress is being made, with the number of women considered AI talent growing faster year-on-year.

Between 2016-2022, there was a 40.5% increase in the number of women in AI compared to 34.7% in the number of men considered AI talent.

AI in Ireland

In 2022, LinkedIn members in Ireland working in the Education sector held the highest share of AI talent, at 6.36%, reflecting Ireland's strong position as a hub for research and innovation. Globally, LinkedIn members employed in Technology, Information and Media possessed the largest share of AI talent.

Ireland is responding to the shortage of AI skills by focusing on upskilling and reskilling employees and introducing initiatives to build capacity in AI, including the appointment of an AI ambassador, the introduction of a National Masters in AI, and a digital strategy for schools.

There are more than 105 courses in AI and related areas available across Ireland, which, combined with the highly skilled workforce and culture of innovation, make Ireland well positioned to lead in the development and adoption of AI.

Find out more

Leadership Insight - The Factory

by Brendan Dooley

Please provide a brief history of how and why The Factory was founded.

The Factory, with a team of 12 employees, is a small family business based in the countryside near Birr in Co. Offaly. It was founded by my wife Gina and I in 2000. Our family had worked in the forestry sector, and we also published a number of related journals, notably Irish Timber & Forestry magazine and The Farm Forest; the latter produced in conjunction with Teagasc and the Forest Service. The Factory was setup to print those self-published items. However, in order to justify the investment in the construction of our building, and the purchase of the necessary printing equipment, the enterprise sought other commercial print jobs. The family's involvement in forestry brought us into contact with a variety of forestry professionals, businesses and organisations at home, and also in Sweden and Finland where sustainability was a popular topic for discussion at that time. This environmental knowledge, while limited, nevertheless resulted in The Factory starting its journey on an eco-path. I believe that our enterprise was the first in Ireland to use plant-based inks and rainwater as part of the lithographic printing process. I should add that in 2004, we published the first issue of The Local Planet, a journal dedicated to sustainable living (localplanet.ie).

After spending many years in education, Lisa, the eldest of our three amazing daughters, joined the business in 2018 as Creative Director. Together, as a family, we re-imagined the future for our enterprise. A decision was made that The Factory would endeavour to become Ireland's most sustainable, example business. It was understood that the journey would require substantial borrowings; either the business would become sustainable or fail trying. If it did fail, we had agreed there would be one less unsustainable business. While this may have appeared risky or perhaps reckless, the fact is that every unsustainable enterprise will fail at some point. In addition, we had learned from business school that 'an enterprise that stands for something is more likely to succeed' (Blaise Brosnan). It could be argued that running a business in an unsustainable manner is the more reckless option.

How have you aligned your business goals with the United Nations' Sustainable Development Goals?

Regarding the Sustainable Development Goals (SDGs), which came into effect in 2016, the goals that we are focused on right now are 13 and 15. Goal 13 relates to taking 'urgent action to combat climate change and its impacts'. Of most concern is the increasing global CO2 emissions which is the most significant gas in terms of our warming climate. According to the International Energy Agency, CO2 emissions will reach a maximum of 37 billion tons in 2025, in what is termed 'peak oil'. While this figure is projected to fall to 32 billion tons by 2030, these figures are enormous and cumulative. In the case of our small enterprise, we have eliminated the direct use of fossil fuels, in what are termed Scope 1 emissions under the Greenhouse Gas Protocol. Today we use an EV for deliveries and an electric air-to-water heating system. Regarding electricity, we now produce about 64% of our annual consumption on site via a 22.5kW array of solar panels and a 2.6kW wind turbine. Excess electricity is stored in a 24.5 kWh LiFePO (Lithium-Iron-Phosphate) battery bank. We are hoping to produce more electricity on site than we consume by the end of this year (2023).

Another related key metric; this one from the IPCC (International Panel on Climate Change), is the level of carbon dioxide in the atmosphere; they tell us that we need to keep this value at or less than 350 ppm (parts per million). Scientists believe atmospheric CO2 was about 280 ppm prior to the industrial revolution. Today, as I write this piece, the level of CO2 in the atmosphere is 423.96 ppm (https://www.co2.earth/daily-co2) [25 April 2023].

Goal 15 relates to the protection, restoration and promotion of 'sustainable use of terrestrial ecosystems'. We have approximately five acres of land that is being actively managed for biodiversity. The objective is to support, protect and encourage a wide range of plant and animal life and create an area that is in harmony with nature. To date, we have installed five beehives, an owl box, planted a small fruit and nut orchard, together with various trees, shrubs and wildflowers. We have left much of this area to re-wild naturally. We have two semi-wild boars, Elvis and Boaris, who are preparing an area that we plan to use for a staff gardening project in 2024.

What metrics does the business have in place to measure its sustainability targets?

A number of us on the team have successfully completed a course with GMIT/ATU called 'Climate Resilience for Business'. This intensive one-year course involved the completion of a sustainability related project. Lisa's project was the development of a holistic accounting framework. This is used at The Factory today and involves eight separate measurements: emissions, materials, waste, water, biodiversity, wellness, social good and finance. Today we have made significant progress in each of these areas, when compared to our baseline year of 2019.

What has been the most difficult challenge you have found as a fully sustainable business?

Firstly, I should say that we are on a sustainability journey, and we're not there yet! We have completed many eco-actions but believe we can do much more. The biggest barrier to implementing the larger eco actions was finance. There were so many things that we needed to do, and insufficient funds was an obstacle to embarking on those bigger tasks. Obviously, we were able to implement an array of low and zero cost measures, such as turning off machines, computers and lights when not required, using eco-inks and paper, and eliminating plastic from our packaging. However, the investment in an EV, on-site electricity generation and storage, and a rainwater harvesting system, required what was significant funding for our small business.

Thankfully this was solved for us in 2020 when AIB in conjunction with the Strategic Banking Corporation of Ireland (SBCI), provided the finance required. Both of these organisations have been very helpful. The team at AIB are very supportive on an ongoing basis.

Another challenging area is the supply chain; specifically, sourcing suppliers with similar values to ours, who understand the true social and environmental impact of their enterprise and the products they supply. Whilst this is improving, a gap in sustainability knowledge exists amongst a significant number of those from whom we purchase materials. Getting the necessary environmental information regarding specific products can be both difficult and time consuming.

Does becoming more sustainable make good business sense for SMEs?

I would say that becoming more sustainable is not only good for business, but for people and the planet too. Ultimately an unsustainable business will fail. I should include The Factory's mission is: 'to be an inspirational, ethical business that helps protect our planet & our community'. As part of that mission, we are trying to demonstrate that not only can an eco-enterprise be positive for people and the planet, but it will be more financially successful too. In fact, the sooner an SME commits to sustainability, the better the financial reward, as EU and national regulations are continuing to expand in this area.

There is a saying in business; 'when the crowd arrives, it's too late'. It is clear that in the context of sustainability, the crowd is not there yet, and currently there is a unique selling point for not only small enterprises, but for every business that embraces sustainability now.

While a company that produces a product or service sustainably will not always be competing on price, it is also true that an eco-business, will usually manage resources better, and have a more dedicated, productive team, where production costs can be lower than its competitors. Regarding the team, The Factory's success is as a result of our super fantastic team, each of whom plays an important role in our ongoing eco-journey.

I believe they now understand that our small business is not only about producing great products, but also about how we can have a positive impact on our environment and within our local community. This sense of purpose creates a positive atmosphere and a more productive and financially strong business.

Over the company's existence, how have you found your customer's attitudes to sustainability change? For example, some people consider it a big cost so how do you become sustainable at a profit?

Regarding the first part of the question, we have experienced a significant change in attitude from a large number of our customers. Many are much more conscious about ordering a product that has the least impact on the environment.

During the noughties, for example, the majority of our customers had very limited understanding of sustainability; some wondered why we were trying to do things differently. Thankfully, there is a noticeable and positive change in this area today. Re the second part of the question, I believe that pursuing an eco-path is not a cost, but in fact a significant business advantage. For example, we expect our solar panel array will have a life of 25 to 30 years.

We expect the investment will be fully repaid in less than seven years from the date of purchase, after which time we will have very low-cost electricity, giving us a competitive advantage in the market. The cost of ownership of our EV is likely to be significantly less than a similar size vehicle with an internal combustion engine. And as our heating system is now powered by electricity, much of which is produced on-site, there is an obvious financial advantage here too.

In addition, generally being more efficient with resources, will reduce waste. This in turn reduces the cost of both supplies and waste disposal. Regarding our customer base, this has significantly changed from mostly local with a small number of national customers, to a very evenly spread of customers throughout the country today.

It is also clear to us that a growing number of customers are shopping for meaning and are taking the values of the businesses that produce those products and services into account. However, in this context, it is very important to tell one's story.

What do you feel are the most important qualities that today's leaders need to be successful?

I believe that having a vision and an ability to communicate that vision to others is very important in every business and organisation. To be honest and ethical in everything they do is fundamental.

Respect and understanding are also of great consequence. From a business success perspective, the ability to construct and implement a strategy to achieve the agreed vision would be central to that person's success.

Who inspires you most in business?

While he is perhaps known better as a spiritual teacher, yogi and mystic, I find the ongoing journey of Sadhguru inspiring. Having been very successful in business, today he is at the heart of the Conscious Planet movement and the Save Soil campaign.

For many years he has been promoting the importance of soil in humanity's existence. He has worked with leading scientists and the United Nations to develop soil management policies for regions around the world to highlight the loss of organic content in soil and to provide solutions to reverse that trend.

Last year, at 66 years of age, he met with national representatives in some 27 countries during a 100-day 30,000 km motorcycle journey that covered 3 continents. He is very well known for his engaging public speaking, not just about soil, but how one can achieve both physical and emotional well-being through what he terms 'inner transformation'. Over 30 years ago (1992) he founded the Isha Foundation, a non-profit organisation whose goal is to promote human well-being through yoga, meditation and various spiritual practices.

What are the main pointers you can give to small businesses starting on their sustainability journey?

Think consciously about the impact of your enterprise on the environment and on all stakeholders, including your local community.

I would also consider how your business can make your area or community better in every way. It's not just about manufacturing a fantastic product or delivering a super service, but also about how you can make your local environment more beautiful. This might be through planting some flowers, shrubs or trees, for example. Perhaps one could create a small project that might be beneficial to pollinators.

From a social perspective, think about how your enterprise might enrich the lives of those you come into contact with, but especially your team. For example, we financially support and encourage further education.

To date four of our team of 12 have completed part-time third level courses and a fifth is currently participating in a course on sustainable design at Limerick College of Art and Design.

We also have a four-day work-week, that includes a free yoga session. While this will not be possible for every business, I'm confident that one will be able to find some way of incorporating a positive social element. It's probably worth pointing out that an enterprise that can implement a 4-day work-week can reduce lighting and heating costs by one fifth.

For larger enterprises, this could also reduce emissions from staff commuting by a similar percentage, which could be significant in terms of a reduction in CO2 emissions. Then, when you are confident that your business is creating a better world for future generations, it is important to tell that story. In the past, one would have required a substantial budget for television, radio and other national media to reach a large audience.

Today, this can be achieved for far less, through employing a specialist with social media skills; this could be done internally or through an external contractor. For a business with a small team, it is important that the vision is fully explained and that everyone understands the future path. We have discovered that regular team meetings have been very successful in this context. Additionally, ensure everyone is given at least one task on that eco-path. I think it is also a good idea to encourage conscious thinking about every aspect of the enterprise's operation. Invite everyone to submit their ideas on how the enterprise could be more sustainable.

One other very important point is education. I mentioned this earlier in relation to the social aspect of the enterprise. However, this additional knowledge is fundamental to good decision making. As nothing stays the same, it will also be significant in the ongoing evolution of our enterprise.

Additionally, we are continually finding things we can do better. Every day there is something or perhaps many things we could do better. It is a continual learning experience.

Where do you see the next key developments in sustainability will be?

As mentioned earlier, I believe that our changing climate is the most serious challenge today. Experts tell us that we will experience more extreme weather events. Currently those who live in areas that suffer extremes of climate are most under threat; droughts will be longer, heat waves will reach higher temperatures, winds will be stronger and flood waters will be deeper. Last year we saw how more than 1,700 people lost their lives in Pakistan as a result of extreme flooding events.

As CO_2 is the most significant greenhouse gas, I believe that we are likely to see an increasing number of restrictions on burning everything and anything; in time this could potentially extend to wood-based products.

Also, on the subject of energy, there is a significant volume of research being carried out into 'green' hydrogen as an additional energy carrier to batteries to store electricity produced from renewable sources. If this can be solved in a cost-effective manner, it may obviate the need for a grid connection and offers the potential for many more businesses, including farms, to produce and store their own electricity. Perhaps kits will be developed that will enable heavy machinery ICE engines be converted from diesel to hydrogen. I understand that JCB are currently building new machines with modified engines to run directly on hydrogen.

In time, it is likely that the traditional business model of setting up a business with the sole focus of making a profit, will become obsolete. It is likely that a lending institution will not only require a solid financial plan before making a loan, but social and environmental plans too.

Can you share some of your future plans on The Factory's sustainability path?

In order to tell our story and share our sustainability knowledge with others we are developing an educational aspect to our enterprise called 'The Eco School'. The idea is to share everything we have learned on our eco-path, what we have got right in addition to the mistakes made along the way.

This project has been established with support from Offaly Local Enterprise Office (LEO) and Offaly Local Development Company (OLDC). The vision is that The Eco School @ The Factory will become a centre for sustainability-learning, helping small enterprises and community groups urgently and more easily transition to sustainable practices. The Eco School will focus on practical implementation of eco-initiatives, where the participants can see many of those solutions in practice at The Factory. Since March 10th this year, three courses have been held, and based on feedback, are of real value to the participants. It is envisaged that courses will be made available to community groups and SMEs from all over Ireland, and beyond, in a timely manner.

Later this year, we are hoping to replace our small 2.6kW wind turbine with a larger unit, to help meet our electricity demand during the shorter winter days. We also plan to extend our solar array and install an additional 24.5 kWh of battery storage.

We plan to continue the development of what we call our Circular Signage System. The idea is to produce signs that can be part of a circular economy. This involves supplying a wooden frame with an internal sign. The customer rents the sign, complete with frame, and then returns to us where we can re-cover the sign with new artwork. This gives the complete sign a longer life and can look far superior to other event signs one might see on the roadside. Currently we have these available in 8x4 feet, 4x4 feet and another 4 feet wide by 2'8" high. To date, all of the wooden sign-frames have been created from used wood, but we may use new wood for these frames in the future.

Overall, the team at this small enterprise has set itself a goal of not only making our business more environment friendly, but through our actions to show others that an eco-business can be more fun, more rewarding, better for people and the planet, and financially stronger; proving that a business is capable of being much more than a money-making entity.

Brendan Dooley

Brendan Dooley is the dedicated manager of The FACTORY, a family-owned business located near the town of Birr. Passionate about sustainability, Brendan advocates for environmentally and socially responsible practices to achieve long-term financial success for SMEs.

Delivering on our Pledge to Do More

by AIB

Helping to deliver a more sustainable future for all is at the heart of AIB's agenda. As a recognised leader of sustainability in Ireland and through our Pledge to Do More, we are committed to building long-term resilience and sustainability for our business, economy and society. Our scale and reach confer upon us a responsibility and a duty of care towards our customers and the communities we serve. It challenges us to set the pace of a sustainable low-carbon transition, while bringing our customers and stakeholders with us, supporting social and economic inclusion.

Understanding AIB Financed Emissions

In a further demonstration of our commitment to lead the sustainability agenda in financial services in Ireland, AIB Group has set ambitious carbon reduction targets for c.€43.5 billion of its customer loans representing 75% of its lending portfolio. By setting these targets, AIB is aligning with global banking best practice and the most ambitious Paris Agreement target - to limit the global average temperature increase to 1.5ºC above pre-industrial levels.

AIB's 2022 Sustainability Report discloses for the first time the extent to which AIB will significantly reduce carbon emissions on its residential mortgages, commercial real estate and corporate loan books by 2030. For example, the bank is aiming for a reduction in emissions intensity of 58% per square metre on homes funded by €29.4 billion of residential mortgages and 67% per square metre on commercial real estate funded by €5.6 billion of loans. AIB's electricity generation portfolio is primarily comprised of renewable energy assets such as offshore wind and is already at a very low level of emissions intensity aligned to decarbonisation pathways that deliver a 1.5°C outcome. AIB has committed to maintaining this part of its loan book at these very low levels.

This year, every part of our business will develop transition plans to support the delivery of these new "Financed Emission Targets" including ensuring that the bank continues to

provide appropriate products and services, education and training to support customers in the transition to a lower carbon future. AIB's new green lending grew by 65% to €3.3 billion in 2022 accounting for 26% of all new lending, while our green mortgage products represented 28% of new mortgage lending. We intend to report on our progress against our emissions targets in our 2023 reporting.

Setting Targets

AIB has become the first bank in the world to secure a scientifically validated electricity generation maintenance target from the global Science Based Target Initiative (SBTi). SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science.

It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050. The SBTi defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

The move marks a recognition that AIB's electricity generation loan portfolio is already exceptionally green as it primarily includes renewable energy assets. As a leader in the sustainability sector, AIB has been a very active lender to renewable energy projects across Ireland, the UK, Europe and more recently in the USA supporting onshore and offshore wind, solar and battery storage technologies.

The fruits of this green lending are reflected in the very low carbon emissions intensity from the bank's electricity generation portfolio which is estimated to be c. 10-15 times lower than peer banks. SBTi has now validated AIB's target of maintaining its emissions from electricity generation at these extraordinarily low levels. The electricity generation portfolio is one of the fastest growing parts of AIB's lending portfolio representing a material part of AIB's €10bn Climate Action Fund. AIB Group has also obtained validation from the SBTi for the financed emissions targets it has set for 75% of its lending portfolio.

Products and Services to address Environmental Issues

Providing products and services to help make a positive environmental impact ranked highly across all our stakeholders in our materiality exercise and below are examples of how we pledge to do more in action.

Climate action fund: We recognise we have a long-term role to play in providing the finance for Ireland's transition to a low-carbon economy. In 2019, we launched our Climate Action Fund committing €1bn per year over five years to support Green and Transition lending.

Following strong demand, in 2021 we increased the fund to €10bn in total by 2023. Across the Retail, Capital Markets and UK segments of our business, we provide a comprehensive range of products and services to address environmental issues.

Green mortgages: The AIB Green Mortgage was introduced in November 2019, and subsequently we launched our EBS and Haven Green Mortgages. Green Mortgages are available to customers who have invested or are investing in a home that has a BER energy rating of B3 or higher. They are a key product for our business and collectively account for 20% of mortgage drawdowns in 2021 in Ireland (up from 14% in 2020). Energy efficient homes have an immediate positive environmental impact on Greenhouse Gas (GHG) emissions and the lower interest rates of our Green Mortgage products can also provide positive impact for our customers' economic position through the lower financing and running costs associated with energy efficient homes. The AIB Green Personal Loan, launched in 2021, supports customers looking to purchase a new electric/hybrid vehicle or make green home improvements to increase the energy rating of their home. Amounts of between €3,000 and €60,000 (over one to 10 years) are available.

Other Retail initiatives: In September 2022 AIB launched the Strategic Business Corporation of Ireland (SBCI) Energy Efficiency Loan Scheme (EELS). This is a low-cost loan scheme that aims to help eligible SMEs and farmers reduce their carbon emissions and cut their energy bills by investing in energy-saving measures. Through our Nifti offering, we provide a vehicle fleet management proposition for AIB business customers. This will help them transition from a reliance on fossil fuels by providing affordable solutions for electric and hybrid vehicles. In 2022, a new preferred finance partnership with Electric Ireland Superhomes was launched to support customers deep retrofitting their homes.

Renewable energy finance: AIB is an active lender to renewable energy projects across Ireland, UK, Europe and most recently the USA. Technologies supported include onshore and offshore wind, solar and battery storage. Renewable energy has a significant positive impact as it displaces the need for fossil fuels, mitigating climate change, as well as supporting security of energy supply in each country where the generation capacity is located. We have provided lending to renewables generation projects for a number of years and are well-established in this area and continue to have one of the largest and most active renewable energy teams in the Irish market. The Energy, Climate Action and Infrastructure portfolio continues to be one of the fastest growing lending books in AIB.

In summary, AIB is optimistic about the future, and steadfast in our commitment to continue to lead the sustainability agenda within our business, including using our influence more widely across the economy and society as a pioneer of change. Further information is contained in the AIB Sustainability Report 2022.

https://aib.ie/content/dam/frontdoor/personal/sustainability/AIB-sustainability-report-2022.pdf

AIB

How Businesses Can Benefit from ESG

by Sheila Stanley

In January 2023, the Corporate Sustainability Reporting Directive (CSRD) was enacted, making it mandatory for Member States to transpose into national regulations. Spearheaded by the Department of Enterprise, Trade and Employment, the transposition of the CSRD into Irish law is currently ongoing in Ireland.

The CSRD requires a broader spectrum of companies to provide disclosures on their Environmental, Social and Governance (ESG) matters based on the European Sustainability Reporting Standards (ESRS). Forming part of the sea change of new directives and regulations emanating from the European Green Deal and the Sustainable Finance Agenda, it is estimated that some 50,000 companies across the European Union (EU) will be required to comply with the regulation.

The European Green Deal has been the driving force in entrenching sustainability within the EU regulatory landscape. While industry leaders recognise that compliance is both critical and necessary, not all are aware of the benefits that lie in store for companies that embrace sustainability as an integral part of their business model.

Results of a survey conducted by EY Ireland, the 'EY CFO Survey 2023', suggest that ESG is still considered a compliance and regulatory issue, rather than a source of commercial opportunity. In the survey, 43% of finance professionals indicated that sustainability regulatory compliance will be their main area of focus for the next two years. While 54% of finance professionals are finding there is greater focus on ESG reporting in the finance role, only 15% of them believe that building skills in ESG reporting is a priority. More telling is the finding that only 10% see opportunities in sustainability and decarbonisation as a growth driver in the year ahead. The survey suggests that the benefits and growth opportunities that come with embracing ESG remain unclear to many business leaders in Ireland. So, what are the potential benefits?

Access to Equity Investment

Mainstream investors are increasingly looking for accurate and reliable information that their investments are aligned with sustainable investment (SI) principles. There is an ever-expanding pool of socially responsible investors that align their sustainability values with their investment strategy. In doing so, they consider the ESG of companies they are considering investing in to gain more clarity on the long-term sustainability of the business as well as to address greenwashing concerns.

The 2022 FTSE Russell annual survey found that 86% of asset owners around the world are widely adopting SI. Asset owners have compelling reasons for implementing an SI investment strategy, opting to take a long-term view on sustainability.

These investors have stated that the largest barrier to increased SI adoption is the availability of ESG data. Organisational views on SI have seen significant changes between 2021 and 2022 indicating greater adoption of SI principles (Figure 1).

Access to Debt Finance

Businesses' access to debt finance will also be impacted by their ESG disclosures as these have become an increasingly more important criteria when applying for loans or other sources of funds from financial institutions. This is the result of legislation such as the Sustainable Finance Disclosure Regulation and the EU Taxonomy Regulation, both developed in line with sustainable finance imperatives identified by the EU.

As noted by the EU, sustainable finance has a key role in delivering policy objectives under the European Green Deal, along with the EU's international commitments on climate change and other

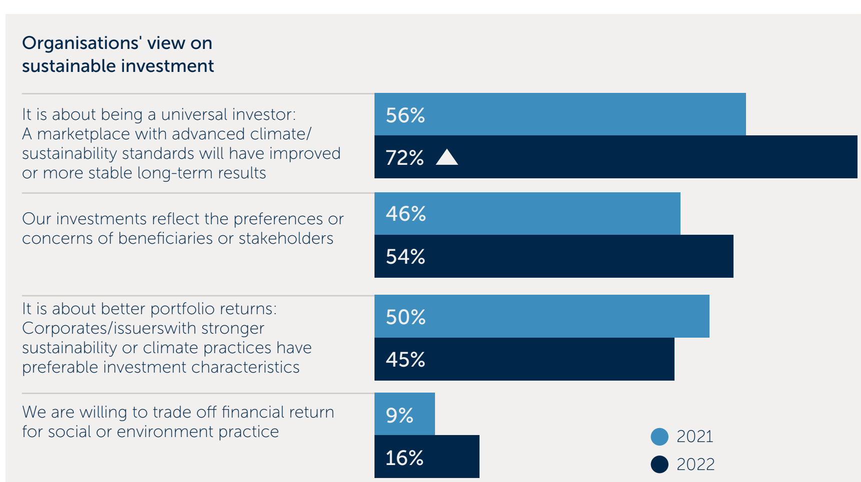


Figure 1: Organisational views on sustainable investment [Source: FTSE Russell Annual Survey, 2022]

sustainability objectives. More sustainable finance regulations are slated in the near-term future to channel institutional funding and private investment towards transitioning to a climate-neutral, climate-resilient, resource-efficient, and fair economy.

The impact of these legislations is being felt by companies across the board. A recent Grant Thornton survey has found that while ESG lending thus far has been dominated by large, listed companies, there has been a shift towards lenders increasingly focusing on ESG criteria for the mid-market as well (Figure 2). SMEs will therefore have to come to grips with ESG as part and parcel of their daily operations and management, should they want to access competitive rates for bank loans and overdraft facilities.

Key Highlights

57%
of lenders surveyed have an ESG lending strategy

85%
said that a firm's ESG status, or its ability to transition to net zero, influenced the credit risk assessment

93%
expect ESG related lending in the mid-market to increase in the next few years

Figure 2: ESG and lending for the mid-market [Source: Grant Thornton, 2023]

Addressing Consumer Sentiment

Moving beyond financial imperatives, there are other considerations for companies to be cognisant of, namely brand and reputation. In this new age of sustainability, consumers and customers have expectations that the products they purchase, and use have minimal impacts on the environment and are sourced through ethical and legal labour practices.

A joint study conducted by McKinsey and Nielsen IQ found that US consumers are backing up their concerns on sustainability with their wallets. The study conducted on 44,000 brands across 32 food, beverage, personal-care, and household categories found that consumers are shifting their spending towards products with ESG-related claims (Figure 3).

This will undoubtedly impact consumer choices when it comes to restaurant and food options.

Decarbonisation as an Area of Growth

One of the key takeaways from COP27 was the fact that this is the critical decade for climate action to limit global warming to around 1.5°C above pre-industrial levels. The global economy must therefore mitigate climate change by reducing or preventing greenhouse gas (GHG) emissions.

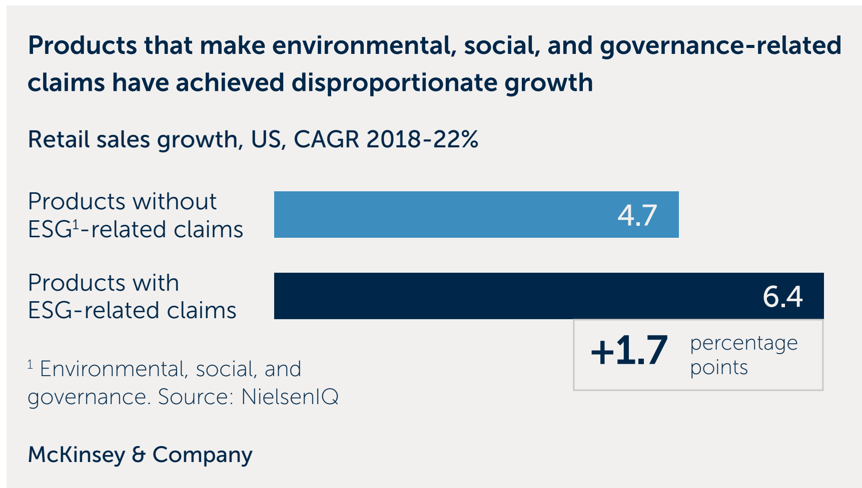


Figure 3: Growth in products with ESG claims [Source: McKinsey, 2023]

Similarly in Europe, studies have shown that consumers are increasingly concerned about the environmental impact of their consumption habits and are seeking transparency from companies about their business practices (Figure 4).

Closer to home, large multinational companies have recognised this shift in consumption patterns and are leveraging on it to drive their future growth within their respective sectors. For example, within the foodservice market the Irish global multinational Kerry Group has conducted studies revealing that 71% of European consumers felt sustainability was an important factor when choosing where to eat out, with more than half surveyed reporting that they ate more sustainably since the Covid-19 pandemic.

64%
of European online adults agree that **companies are responsible for protecting the environment.**

VS.

34%
of European online adults **trust companies when they say they will commit to reducing climate change.**

69%
of European online adults **wish more companies were transparent about their business practices.**

Figure 4: European consumers driving demand for sustainability [Source: Forrester, 2023]

The E in ESG – Environmental – focuses on environmental factors that affect the long-term sustainability of our planet in relation to climate change. ESRS 1 to 5 focus on the conservation of natural resources and biodiversity without foregoing economic and social progress. They cover climate change (ESRS 1), pollution (ESRS 2), water and marine resources (ESRS 3), biodiversity and ecosystems (ESRS 4) and resource use and the circular economy (ESRS 5).

At the heart of the European Green Deal is the EU's objective to be climate neutral by 2050. This would mean a future European economy with net-zero GHG emissions. Towards achieving this end goal, the EU has set a mid-term target to reduce GHG emissions by at least 55% by 2030 and is backing this up with various policy and legislative tools.

As challenging as this may sound, the transition to a climate-neutral society also presents businesses with opportunities. At COP 27, Taoiseach Michael Martin announced that the provision of wind energy would be accelerated to ensure that Ireland meets its climate-reduction commitments which is aligned with EU policy. As noted in a study commissioned by the European Parliament, 'Decarbonisation of Energy - Determining a robust mix of energy carriers for a carbon-neutral EU', the shift to a net-zero future will involve the large-scale expansion of low-carbon electricity while phasing out unabated fossil fuels.

Companies like Bord Na Mona have recognised the opportunities that lie in the decarbonisation agenda and have integrated it into their 'Brown to Green' strategy to accelerate decarbonisation by moving away from their traditional peat business into renewables, resource recovery, and new sustainable businesses. Businesses that are first movers in the area of sustainability are gaining a competitive advantage against their peers and benefiting from their position as a sustainability leader in their sector.

Companies are also under ever increasing pressure to improve their operational processes in order to reduce their environmental footprint. While this poses challenges, it also comes with significant benefits. Key ways businesses are improving their environmental performance are by reducing their use of raw materials, energy, water, and packaging. This in turn has led to reduced business costs. The Sustainable Energy Authority of Ireland (SEAI) has also noted that businesses can save up to 10% on their energy bills by implementing no-cost and low-cost energy efficiency measures and has a section on its website dedicated to providing SMEs with tips and resources on how they can achieve this.

Companies in the Supply Chain

In more recent years, SMEs are finding that ESG has become a central theme in maintaining their relationships as vendors or suppliers of large companies. This is primarily due to ESG disclosures required from large companies as a result of regulatory requirements. In the ESRS, disclosures that focus on the ESG performance of the supply chain can be found in ESRS 1 'Climate change' and ESRS 2 'Workers in the value chain'. The former relates to Scope 3 GHG emissions (Figure 5) which are emissions that arise from a company's supply chain, while the latter focuses on human rights and work conditions of employees of businesses in the supply chain.

The 'PwC Digital Trends in Supply Chain Survey 2022' found that responding to regulatory changes is the largest supply chain ESG challenge companies are facing today (Figure 6). In the survey, 66% of respondents said staying aware of rapidly evolving legislative and regulatory frameworks in their respective jurisdictions is currently a challenge, with 23% considering it a major challenge.

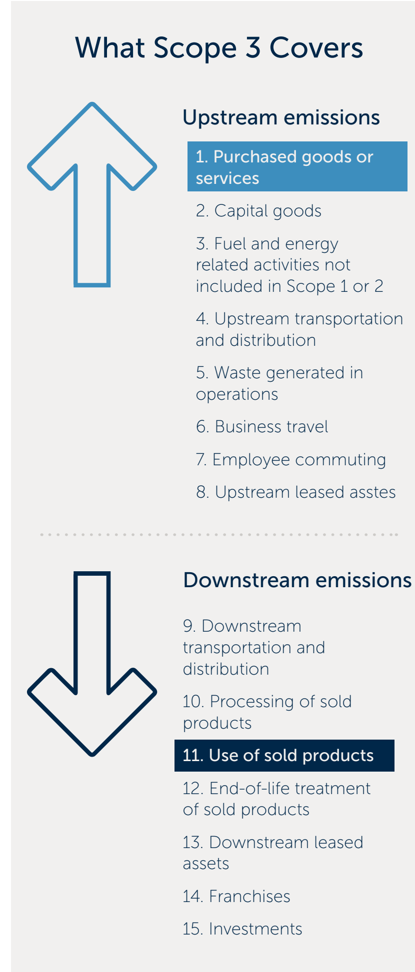


Figure 5: Scope 3 emissions [Source: PwC, 2023]

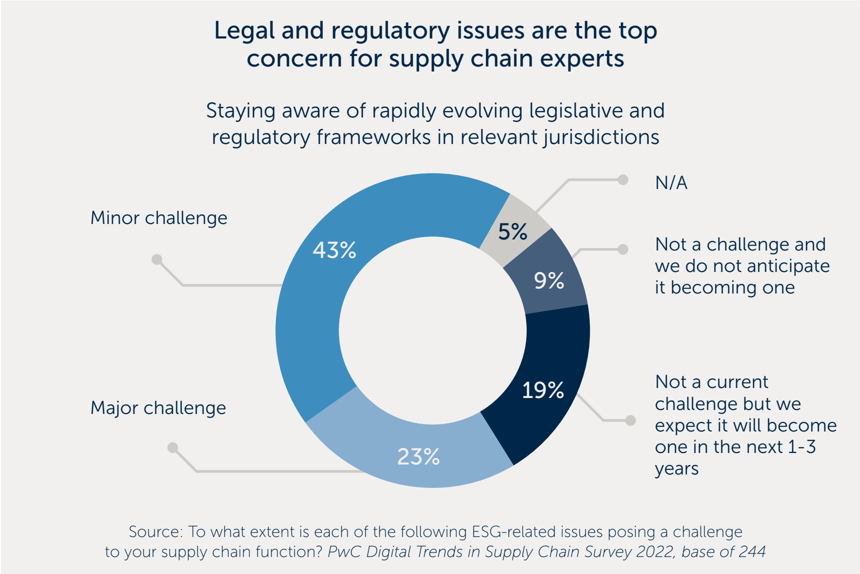


Figure 6: The extent to which ESG-related issues are posing a challenge to the supply chain function [Source: PwC, 2022]

Across the board, industries are under mounting pressure to reduce their GHG emissions in line with the climate action agenda.

A significant portion of a company's GHG emissions are Scope 3 emissions. While this varies from one sector to another, according to McKinsey more than 80% of the GHG emissions of companies in the consumer goods sector emanate from their supply chain (Figure 7).

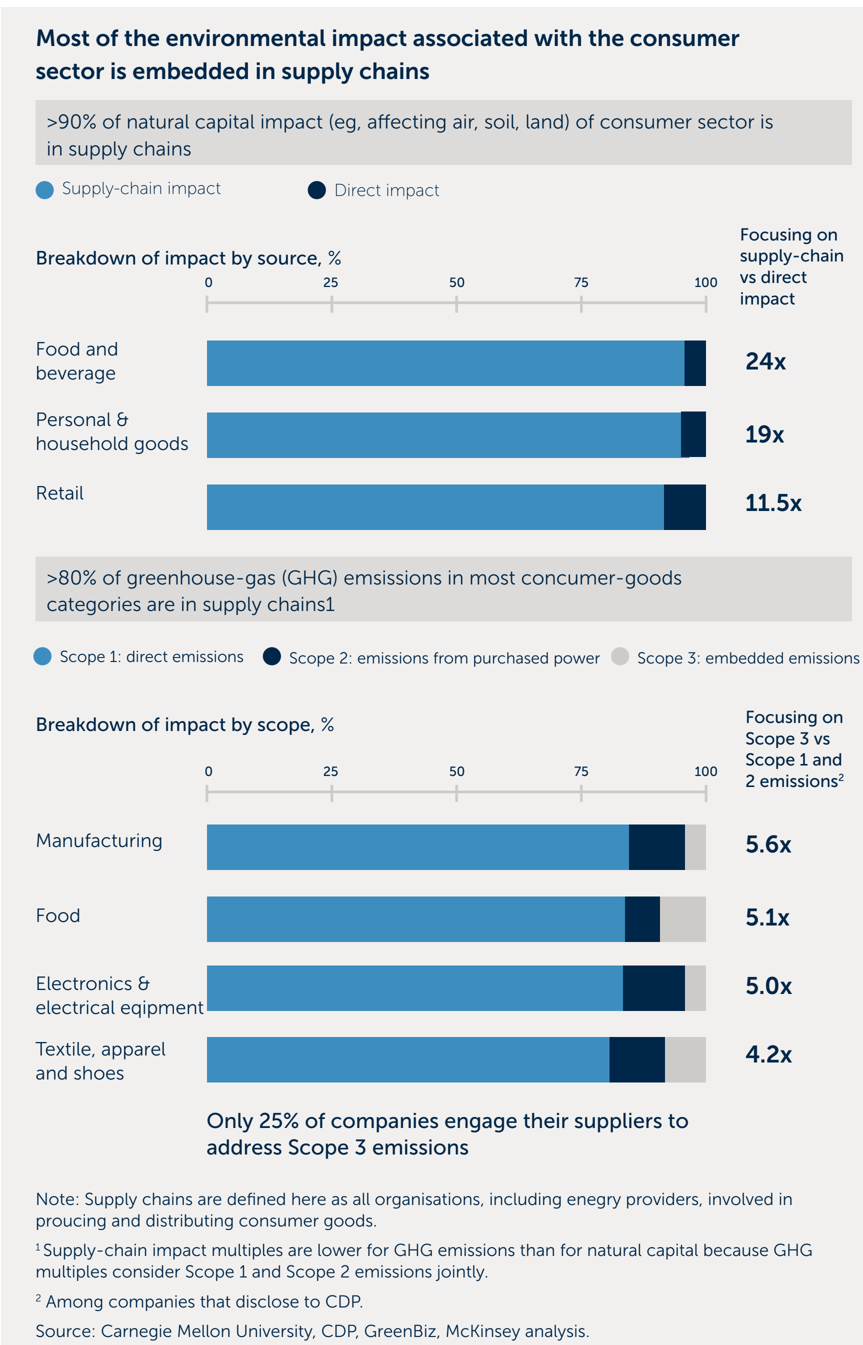


Figure 7: Environmental impact of supply chains in the consumer sector [Source: McKinsey, 2023]

Consequently, the sustainability performance of the value chain has become an important criterion for large companies. SMEs that want to retain their long-term business relationships with large corporations and global multinationals will have to step up on their own sustainability measures to keep up with changing regulatory demands.

Tangible rewards lie in store for companies that embrace ESG as part of their business model. While this may involve some capital outlay, there will be significant return on investment as a longer-term payoff. Going beyond the objective of compliance, there are also opportunities for businesses to future proof themselves and remain a thriving entity in a low carbon/net-zero economy.

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Sheila Stanley

Sheila Stanley is an ACCA certified Integrated Reporting Practitioner and has worked on numerous award-winning Integrated Reports, Sustainability Reports and Task Force on Climate-Related Financial Disclosures (TCFD) Reports developed against sustainability disclosure requirements such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the TCFD. She is currently pursuing a MSc in Sustainable Development with University College Dublin and possesses a Bachelor of Laws (Honours) from the University of London. You can view her LinkedIn profile on https://www.linkedin.com/in/sheila-stanley-b5447625/

Taxation News

PPS numbers for company directors when filing documents with Companies Registration Office.

Company directors are now required to provide their PPS numbers in order to file certain documents with the Companies Registration Office. One purpose of this important step is to reduce the incidence of companies being incorporated based on false director details. Failure to comply, without just cause, will be a criminal offence.

Given the reasons underlying this requirement, the Corporate Enforcement Authority (CEA) will, as appropriate, take prosecutions where non-compliance comes to our attention. In order to assist company directors in understanding their new obligations, the CEA has prepared an Information Note:

Read more

Find out more

Tax Treatment of the Reimbursement of Expenses of Travel & Subsistence to Office Holders and Employees

The tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees has been updated. The main changes are as follows:

- To update the guidance in respect of the new civil service rates as provided for in DPER circulars 16/2022 and 17/2022.
- Section 2.5.1 Remote Working has been created to clarify that employees who work part-time at home and part time in the office cannot claim expenses for travelling between the two.

Find out more

Enterprise Ireland reports record exports at €32.1 billion in 2022

Enterprise Ireland, the state agency of the Department of Enterprise, Trade and Employment responsible for helping Irish companies to enter and expand in international markets, saw exports by companies it supports increase by 19% to a record €32.1 billion in 2022.

This is the highest ever level of growth for Enterprise Ireland-back companies in export value. Growth occurred across all overseas regions and in individual industry sectors.

Exports to the Eurozone increased by 28% in 2022, with the Eurozone now representing 25% of all exports by Enterprise Ireland back companies. Expansion in trade with the Eurozone has taken place in tandem with strong Irish exports to the UK post-Brexit.

Exports to the UK increased by 13% reaching €9.2 billion. The UK now accounts for 29% of all exports by Enterprise Ireland back companies.

Exports in the Eurozone increased by 28%, reaching €7.9 billion.

Exports to North America increased by 13%, reaching €5.5 billion. North America now accounts for 17% of all exports by Enterprise Ireland backed companies.

Increases in exports were recorded across all sectors with Food and Sustainability increasing by 23%, Technology and Services increasing by 18% and Industrial and Life Sciences increasing by 14%.

Find out more

New guidance on the digital games' corporation tax credit

Revenue recently published guidance on the digital games' corporation tax credit. It provides guidance on the operation of the credit which is provided for in section 481A Taxes Consolidation Act 1997 and the Digital Games Regulations 2022.

The aim of the measure is to provide an incentive to digital games developers to produce digital games that contribute to the promotion and expression of Irish and European culture. The relief is a corporation tax credit, and it may be claimed by digital games development companies.

Find out more

Revenue published its 2022 Annual Report

Revenue has published its 100th Annual Report for 2022. The report reflects a year of strong performance for Revenue with a record amount of tax and duty collected in 2022.

Alongside the 2022 Annual Report, Revenue also published a number of other reports, including research reports on Corporation Tax, Income Tax, VAT and VRT; summaries of the 2022 SME Customer Survey; the results of the Tobacco Products Research Survey 2022 and PAYE Statistics.

Find out more

Global Mobility in a Hybrid Working World

by Gillian Moore

In the post-Covid world that we find ourselves in, we see a much-changed working environment where employees have come to expect flexibility and employers now have to adapt to this expectation to retain and attract talent.

This poses many challenges for employers as hybrid working has become the accepted norm where employees now place a higher value on achieving the sacred work-life balance. As a result, most employers have developed and implemented a remote working policy which aims to place these arrangements on a more formal footing while seeking to strike the right balance of encouraging staff to return to the office and providing the flexibility to work from home. However, caution is required where employees seek to work outside the jurisdiction of their employment as this can create unexpected consequences for both the employer and the employee.

Where employees are working in a different jurisdiction to the one in which they are employed, several factors must be considered. Could there be unintended corporate tax risks such as the creation of a permanent establishment in the remote working location? Are there immigration and employment law implications?, and what are the potential employer payroll reporting requirements and social security implications?, to name but a few. Often these factors are overlooked until such point as it becomes an issue for the employer or employee which can lead to increased compliance costs and potential penalties. As a result, many organisations have now modified their remote working policies to limit the number of days employees spend working in a foreign location to a number they feel more comfortable with to manage these risks. The focus of this article is the employment tax implications of these arrangements.

First we will look at employees performing duties in Ireland who are employed under a non-Irish contract of employment.

There are strict payroll reporting requirements which can be overlooked where employees regularly come to Ireland on short term business visits or where they work remotely in Ireland. Revenue have issued detailed guidance on this area in Tax and Duty Manual Part 42-04-65, which was updated in March 2023. While most employers are clear on what is required, or at least are aware that they should seek advice from a tax practitioner, where a formal secondment or assignment arrangement is in place, many employers are unaware that business visitors and remote workers can create a reporting requirement in Ireland even where the time spent in Ireland is short term in nature and irregular. While the employee continues to be paid from abroad and may continue to pay tax on their employment income outside Ireland, this does not automatically exempt the foreign employer from reporting their income in Ireland and paying withholding tax (PAYE and USC) on that income through a shadow payroll in Ireland.

At a high level, we can break the reporting requirements into four categories, split between Non-Double Taxation Agreement (DTA) countries and DTA countries:

Days in Ireland in the Tax Year	Non-DTA Country	DTA Countries
<30 workdays	No payroll reporting requirement	No payroll reporting requirement
30-60 workdays	Payroll reporting requirement	No payroll reporting requirement where relevant DTA conditions are satisfied
60 workdays to 183 days	Payroll reporting requirement	No payroll reporting requirement where relevant DTA conditions are satisfied*
>183 days	Payroll reporting requirement	Payroll reporting requirement

** Where the conditions in the Employment Article of the DTA are satisfied, employer must apply for a PAYE dispensation to be exempt from the requirement to withhold PAYE. This must be applied for within 30 days of the employee's arrival in the State.*

Broadly speaking, when seeking to understand the Irish payroll reporting requirements, we need to understand which country the employee is coming from and where they are tax resident. We need to examine the conditions per the Employments Article of the relevant DTA and we need to know the duration of time the employee is expected to spend in Ireland in the tax year. Where a shadow payroll requirement is found to exist, this will increase compliance costs and can lead to double taxation. This can generally be relieved by claiming relief via the individual's annual income tax return (where a DTA exists between Ireland and the other country). However, there can be an obvious timing issue between when the tax is paid and when the refund will issue. In addition, if the employer pays the tax on the employee's behalf and tax equalises the employee, the tax paid in turn becomes a benefit in kind which must also be taxed, further increasing the cost of the arrangement. The employer then needs to hope the employee remains with the company long enough to submit the tax return and reimburse the refund of tax to the employer when this finally issues.

If we then flip to the scenario of Irish employees remote working outside Ireland, do we have the same issue with the employer being required to

operate a foreign payroll to pay payroll taxes outside of Ireland? The answer is, it depends. Each country will have its own domestic legislation and employer reporting requirements, and some are stricter than others. Some countries will allow the taxes arising from the work performed in that country to be paid via the individuals annual income tax return and some will impose an employer payroll reporting requirement, similar to Ireland. It can also come down to whether or not the country in which the employee is remote working is a DTA location and in some countries, a particular visa or work permit type can have implications on the reporting required. Often this can happen very innocently such as where an individual decides to work from a holiday home abroad or where an employee who is not from Ireland originally, decides to return home for a few months and triggers a tax liability. This can come as a shock to the employer and the employee, in particular if it impacts their entitlement to certain reliefs that they may be claiming in Ireland.

Take the Special Assignee Relief Programme (SARP) for example. This is a very valuable relief which provides an inbound employee to Ireland with tax relief on 30% of their income over €100,000 up to €1 million where certain conditions are satisfied and the relief can be claimed for up to five years. One of the conditions of this relief is that the individual must work in Ireland for a minimum of 12 consecutive months immediately following their arrival in Ireland. If, for example, that individual decides to return home to say the US, for the summer and is not here for the 12 consecutive months, their entitlement to the relief is lost in full for all 5 years.

A costly mistake, which can prove fatal to the employer / employee relationship if the conditions have not been communicated in full and travel is not properly monitored.

The same issue then arises as in the case of inbounds where a liability is found to exist - how is this paid and what is the cost of compliance?

If we then turn our attention to social security. Regardless of whether or not you are on a foreign contract of employment or on an Irish contract of employment your social security can be impacted by a remote working arrangement. In general, the rule is that you pay social security in the country of your employment. There are exceptions to this rule, such as for multi-State workers. In the case of posted workers, if posted within the EU and EEA or if posted from Ireland to a country with which Ireland has a bilateral social security agreement, such as the US for example, it is possible to be retained on your home country social security system for a limited duration of time which is generally capped at five years. This is done by applying to the relevant authorities (the Department of Social Protection in the case of Irish posting's abroad) for a social security Certificate of Coverage. But what about someone who is not a posted worker?

This is more complex and must be reviewed on a case-by-case basis. Where we have an employee working across multiple countries, it cannot be assumed that social security is payable in the country where the employer and consequently the employment is located. Within the EU and EEA, in such multi-State or remote work cases, there is a requirement to determine where the employee is habitually resident and what percentage of their duties are exercised in that country? If it is more than 25% and it is not possible to obtain a Certificate of Coverage to retain the employee on their home country social security, social security becomes payable in the country of habitual residence. As to how this is reported and paid depends on the requirements in that country. In some instances, this can be paid by the employee directly to the authorities. In other countries, the employer will be required to arrange payment which may mean registering for social security in that country to make the social security payments. Again, this all leads to increased compliance costs and administration in adhering to the relevant reporting requirements.

So, while nice in theory, remote working arrangements can be costly. The pros are clear. Such arrangements can lead to better flexibility and can help retain and attract talent which is hugely important to employers in the competitive employment environment in which we find ourselves. However, where this policy allows for duties to be exercised outside of the country of employment indefinitely or indeed where this is not monitored, the costs associated with compliance can quickly escalate. The key takeaway is to get advice in this area and to ensure the policy and processes are communicated clearly to all employees and implemented correctly. This will allow employers to appropriately manage the risk and crucially, to manage employee expectations and relationships.

Gillian Moore

Director | People Advisory Services


Let's reverse the tide on climate change.
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We Pledge to Do More.
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Lough Hyne, Co Cork
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Tax Incentives available for a business

by James McMahon and Conor Burke

Starting a business can be an exciting and challenging process. One of the many important aspects to consider is taxes. As a business owner, you should have an understanding of the tax incentives available to you throughout the company's life cycle. These incentives can help you save money and re-invest it back into your business, helping it to grow and thrive.
In this article, we will explore the different tax incentives available for businesses throughout the various stages of a business's life cycle.

Stage 1: Start-Up of the Business

Start-up companies in Ireland have access to a number of tax incentives and reliefs, including the Start-up Refunds for Entrepreneurs ("SURE") relief and the Employment and Investment Incentive ("EII") scheme. These incentives are designed to encourage entrepreneurship and investment in start-up companies.

1. SURE Relief

To qualify for SURE relief, various conditions are required to be satisfied. A sample of the conditions that are required to be satisfied are outlined below:

1. A new company must be established;
2. The company must be carrying on a qualifying trade, which for example, excludes the provision of professional services (i.e. finance, accountancy, legal services) and also financing activities;
3. The entrepreneur's income source in the previous years must have been mainly liable to PAYE;
4. The entrepreneur must take up full time employment in the new company;
5. The entrepreneur must invest cash into the new company;
6. The new company must issue shares to the entrepreneur in consideration for the cash invested;
7. The entrepreneur must hold at least 15% of the ordinary share capital of the company for one year from the date the investment was made.

SURE allows an investor/entrepreneur to claim a refund of tax paid in the year the shares are issued or in any of the previous six years. An individual can claim SURE relief on two investments in total, up to a limit of €700,000 each time. The maximum amount of relief available for offset in a year of assessment is €100,000.

If an individual has invested more than €100,000 per year of assessment (as set out above) or does not have enough income to absorb the full relief in a year or over the preceding six years, then the unused amount may be carried forward for offset against total income in future years.

2. EII Relief

EII is a tax incentive for investors as it offers tax relief of up to 40% of the investment made in certain corporate trades. EII allows an individual investor to obtain income tax relief on investments for shares in certain companies up to certain limits each year.

Therefore, it would be beneficial for companies to be a "qualifying" company for EII purposes as investors may be able to claim tax relief on their investments in these companies. There are numerous conditions that a company is required to satisfy in order to be a qualifying company for EII purposes.

These are summarised below:

At the time the shares are issued to the investor:

- The company must be incorporated in the State or EEA State;
- Must be a micro, small or medium sized enterprise;
- Must not be an undertaking in difficulty;
- Must be an "unlisted company";
- The company cannot be subject to an outstanding recovery order;
- Must hold a tax clearance certificate.

For four years after the issue of the shares:

- The company must be tax resident in the State or EEA State;
- Must carry out trading activities only;
- In general, it cannot control or be controlled by another company
- The company must have their shares fully paid up

On the three year anniversary post the issue of the eligible shares:

- The company must have increased their level of employees and
- increased the amount paid to these employees or
- increased the amount spent on R&D&I on this date, compared to the year prior to the year that the shares were issued.

Both the SURE relief and the EII scheme can provide valuable support to start-up companies, helping to encourage entrepreneurship and investment in new businesses.

Stage 2: Expanding the Business

Research and development ("R&D") tax credits and providing shares via the Key Employee Engagement Programme ("KEEP") or by issuing growth shares to employees are tools that can help a company during its expansion phase.

1. R&D tax credits

R&D tax credits are a tax incentive to encourage companies to invest in R&D activities. A company is entitled to a tax credit, equivalent to 25% of qualifying R&D expenditure incurred. The R&D tax credit can be offset against the company's corporation tax liabilities arising or it can be used to reward key R&D employees within the company by reducing their personal income tax liabilities.

One of the conditions to claim this relief is that expenditure must have been incurred wholly and exclusively in the carrying on by the company of qualifying R&D activities. Eligible expenditure includes employee costs, plant and machinery, buildings, materials, overheads and outsourced R&D.

2. KEEP and Growth Shares

Issuing shares via KEEP or by issuing growth shares to employees are a way for companies to incentivise key employees and retain talent.

KEEP is a tax incentive, which is designed to help companies attract and retain key employees. We have briefly outlined below some of the key benefits of the KEEP scheme:

- The KEEP scheme allows employees to receive share options in their employer's company without being subject to income tax at the time the options are exercised. No tax is incurred by the employees until they sell the shares, where they would be subject to capital gains tax on any gain earned;
- Offering share options through the KEEP scheme can help companies retain key employees by aligning their interests with the company's long-term success. This can be particularly important for high-growth companies that need to retain key talent.

Similarly, growth shares give employees the right to a share of the company's future growth, often in the form of an increase in the company's share price. This can also be a powerful motivator for employees, as it aligns their interests with those of the company.

Together, R&D tax credits, the KEEP scheme and growth shares can help a company expand its business. R&D tax credits can assist in providing the necessary cash flow which can assist in driving growth and innovation. Meanwhile, by issuing shares via the KEEP scheme and by issuing growth shares to employees, it can incentivise key employees to stay with the company and contribute to its growth. The KEEP scheme can be a valuable tool as no income tax is payable by the employees on the exercise of the shares, unlike other share schemes.

Stage 3: Exiting the Business

The ultimate aim of many entrepreneurs is to exit the business at a time when the business is highly valuable. The ability to potentially avail of Revised Entrepreneurs Relief or by inserting a holding company may be of relevance to individuals who wish to ultimately sell their business in the future.

1.Revised Entrepreneur Relief

Revised Entrepreneur's Relief provides for a reduced rate of capital gains tax i.e. 10% on the disposal of qualifying assets made by an individual, up to a lifetime limit of gains of €1 million. Various conditions are required to be satisfied in order to claim Revised Entrepreneur Relief and these are summarised below:

- The asset, which is being disposed of, must be a qualifying business asset. A qualifying business asset includes shares in a trading company.
- The individual must have owned not less than 5% of the ordinary shares for a continuous period of three years at any time prior to the disposal;
- The individual must have spent 50% or more of their working time as an employee/director of the company in a managerial/technical capacity for at least three of the five years immediately prior to the disposal

Any chargeable gains in excess of €1,000,000 are subject to CGT at the normal rate of 33%.

2. Insertion of a Holding Company

As outlined above, should an individual dispose of the company whilst holding the shares directly in that company, they would be subject to capital gains tax at 10%/33%. However, should an individual reorganise their shareholding in the trading company so that the shares in the trading company would be held by a holding company, the disposal of the trading company may be exempt from capital gains tax.

The disposal of a subsidiary company by an Irish tax resident holding company will be exempt from CGT where certain conditions are satisfied. We have summarised these conditions below:

- At the time of disposal the subsidiary company must be tax resident in either a "relevant territory" (i.e. the EU, including Ireland) or in a country that has a tax treaty with Ireland;
- The subsidiary company must be wholly or mainly trading;
- The holding company must, within an uninterrupted period of not less than 12 months, hold at least a 5% shareholding in the subsidiary company, whether directly or indirectly.

By incorporating a holding company structure, it allows the sale proceeds to flow into the holding company tax-free should the above relief apply and thereafter, allows the entrepreneur to use all of the disposal proceeds to invest in other projects.

Overall, Revised Entrepreneur Relief provides a benefit for business owners, as they are potentially able to avail of a lower rate of capital gains tax i.e. 10%. However, should the individual wish to re-invest the proceeds from the sale of their business into a new enterprise, it may be beneficial to insert a holding company structure so that the individual can receive the sale proceeds into the holding company tax-free.

Conclusion

In conclusion, tax incentives are an essential component of a business's life cycle, offering businesses the opportunity to reduce their tax burden and increase their profitability. As outlined above, there are various start-up, growth-focused and exit incentives available to businesses.

Taking advantage of these incentives can help businesses grow, innovate, and ultimately exit their businesses in a more tax-efficient way. Business owners should work closely with tax advisors to ensure they are aware of the tax incentives available to them and how to structure their businesses to maximise their benefits. By doing so, they can increase their competitiveness and achieve long-term success.

James McMahon

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In Practice News

New Solicitors Accounts Regulations 2023

The Law Society of Ireland have published new Solicitors Accounts Regulations 2023 which shall come into operation on the 1st July 2023.

The current regulations have been in force since 2014, so this change is considered necessary and long overdue and follows several years of careful review and consideration.

The Society will continue to provide guidance on how to navigate the regulations in advance of them coming into force on 1 July 2023.

Key updates

New protections for client moneys have been added. In addition, the various provisions of the existing regulations which were considered inadequate or not sufficiently clear have been amended.

Find out more

Reporting Accountants

Key updates to the reporting accountant's role include;

- Reporting accountant's reports are to be filed within five months of the accounting date.
- Reporting accountant to test check postings before and after accounting date.
- Reporting accountants to test check that withdrawals of fees are notified to the clients.
- Reporting accountants may report, directly to the Law Society, an opinion or a suspicion of a deficit, rather than waiting to submit annual report.
- Closing reporting accountant's reports are to be filed within three months of cessation.
- Reasons are to be provided for withdrawal of approval of a Reporting accountant.

PSRA Licence Renewal Applications – Accountant's Report

As part of the Property Service Provider licence renewal process, the PSRA requires that each company/business renewal licence application must be accompanied by an Accountant's Report.

Each year the PSRA encounters ongoing issues with incomplete Accountant's Reports, which impacts on the efficiency of the renewal process (both for your client and the PSRA), requiring additional engagement with the licensee or their representative in order to address the non-compliance matters contained in the Accountant's Report.

By way of highlighting ongoing issues with incomplete Accountant's Reports (PSRA/S35 Renewal ABC), the PSRA has complied the following guidance in relation to common issues encountered:

- Section 1.2 of the PSRA Accountant's Report requires that all addresses at which the business is carried out are entered. – Frequently these details are omitted.
- The Accountant's signature is required to be inserted at various points throughout the Accountant's Report, namely Section 4.2 and Appendices 1, 2, 3A , 3B, 4 and 5. In some cases the signature is not inserted or is not correctly signed. A physical signature or a verified digital signature – for example DocuSign is acceptable.
- Appendix 1 and Appendix 2 of the Accountant's Report - where no matters for concern have been identified by the Accountant a 'Nil' response is required to be inserted in the appropriate sections of the Report.
- Appendix 3A (Client Account Balancing Statement) requires all rows to be completed fully and correctly. Each row requires a figure to be inserted or, where there is no applicable figure, 'Nil' is inserted in the response box.
  - While the Client Account Balancing Statement is prepared by the Licensee, however the accountant should ensure that all figures in the balancing statement are inserted correctly to arrive at the final balancing figure indicating whether there is a surplus/deficit (Row K) on the client account. Where the Report indicates that the client account balances, a 'Nil' response should be inserted in (Row K) indicating neither a surplus nor a deficit on the client account.
- Appendix 4 – "Name on Account". The full title of the client account should be included confirming the word 'Client' is in the title.

By adhering to the above points when preparing your Accountant's Report for inclusion with your Licence Renewal Application, this will ensure that your renewal application is processed in a timely manner, without the requirement to submit an amended Accountant's Report to the Authority.

The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

by Phyllis Willoughby

Auditing is subject to continual change and when a standard is updated it has a ripple effect on many other audit processes such as planning, execution, completion and reporting stages of the audit. ISA (Ireland) 240 was updated in October 2022 and is effective for audits of financial statements for periods commencing on or after 15 December 2021, with early adoption permitted.

This article will provide an update on the most recent changes and current issues affecting the auditor's responsibility relating to fraud in an audit of financial statements and how to apply practical steps for such changes within planning and execution of audits, particularly for accounting year ends 31 December 2022.

ISA 240 defines fraud as follows:

Fraud – An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.

Characteristics of Fraud

Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional and involves deception or is unintentional. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

Responsibility for the prevention and detection of Fraud

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance. Those charged with governance and management should place a strong emphasis on fraud prevention through creating a culture of honesty and enforcing strong ethical behaviors.

Responsibilities of the Auditor

The auditor is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

The risk of not detecting a material misstatement resulting from fraud may be higher than the risk of not detecting one resulting from error. This is where fraud may have involved sophisticated and carefully organized schemes designed to conceal it, such as forgery, deliberate failure to record transactions, or intentional misrepresentations being made by the auditor. Such attempts at concealment may be even more difficult to detect when accompanied by collusion. Collusion may cause the auditor to believe that audit evidence is persuasive when it is, in fact, false. The auditor's ability to detect a fraud is affected by factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. While the auditor may be able to identify potential opportunities for fraud to be perpetrated, it may be difficult for the auditor to determine whether misstatements in judgment areas such as accounting estimates are caused by fraud or error.

What's changed for auditors?

The recent revisions to ISA 240 have resulted in the following changes:

1. Greater focus on Professional skepticism	The auditor shall maintain professional skepticism throughout the audit recognizing the possibility that a material misstatement due to fraud could exist.
2. Further Investigation	The auditor shall remain alert for conditions that indicate a record or document may not be authentic. The auditor is required to consider the reliability of information to be used as audit evidence. When the auditor identifies conditions that cause the auditor to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the auditor possible procedures to investigate further include:
3. Increased discussions with audit team	The discussion shall include an exchange of ideas among engagement team members about fraud risk factors, including incentives for management or others within the entity to commit fraud, how management could perpetrate and conceal fraudulent financial reporting, and now assets of the entity could be misappropriated.
4. Specialized skills	The auditor shall determine whether the engagement team requires specialized skills or knowledge to perform the risk assessment procedures, to identify and assess the risks of material misstatement due to fraud, to design and perform audit procedures to respond to those risks or to evaluate the audit evidence obtained. The auditor may consider it appropriate to use the specialist skills of a forensic accountant when investigating a misstatement due to fraud or suspected fraud.
5. Documentation of information that is inconsistent	If the auditor identified information that is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor shall document how the auditor addressed the inconsistency.
6. Fraud risk factors	Fraud risk factors may not necessarily indicate the existence of fraud however they have often been present in circumstances where frauds have occurred and therefore may indicate risks of material misstatement due to fraud. Fraud risk factors may relate to incentives, pressures or opportunities that arise from conditions that create susceptibility to misstatement before consideration of controls. Extend fraud risk to requirements per ISA (Ireland) 550 (Related Parties)
7. Inquiries of others within the entity	Making inquiries of others within the entity may provide individuals with an opportunity to convey information to the auditor that may not otherwise be communicated via management. Examples include: • Employees with different levels of authority • Employees involved in initiating, processing or recording high volumes of payments and settlements and those who supervise or monitor such employees. • Employees responsible for the maintenance of IT systems or monitoring system logs for unusual or unauthorized activity.

Risk Assessment Procedures

When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, the appliable financial reporting framework and the entity's system of internal control, required by ISA (Ireland) 315 the auditor shall make inquires of management and others within the entity as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. The auditor shall make inquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These inquiries are made in part to determine whether the responses of those charged with governance corroborate or contradict the responses to the inquiries of management.

Discussions between the auditor and those charged with governance about the risks of fraud in the entity, including those specific to the entity's business sector, assists the auditor in identifying and assessing the risks of material misstatement of the financial statements due to fraud. Business sector specific risks may arise from economic, industry and operating conditions that give risk to fraud risk factors for particular classes of transactions, account balances and disclosures.

Deliberate and unauthorized modification of Information

Tampering with information includes deliberate and unauthorized modification of information through destruction, manipulation or editing documents that are fraudulent or have been tampered with can be difficult to detect. Conditions that indicate a document is not authentic or has been tampered with include:

- Document style different to others of the same type from the same source (for example changes to fonts and formatting).
- 'Copy' documents presented rather than originals.
- Electronic documents with a last edited date that is after the date they were represented as finalized.

10 Practical steps the auditor can implement when assessing fraud risk particularly for 2022-year end audits:

Step 1

Update audit working papers to incorporate the content within "What's changed for auditors".

Step 2

Document all meetings with management, those charged with governance and others within the entity.

Step 3

Create a checklist of examples of circumstances that indicate the possibility of fraud per Appendix 3 of ISA (Ireland) 240.

Step 4

Document discussions with the Engagement Team incorporating exchange of ideas about fraud risk factors.

Step 5

Determine whether the engagement team requires specialized skills or knowledge to perform risk assessment procedures.

Step 6

Perform audit procedures to test the appropriateness of manual or automated journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, including consolidation adjustments in the preparation of group financial statements. Make inquiries of individuals with different levels of responsibility. Select journal entries and other adjustments made at the end of a reporting period and post-closing entries.

Step 7

Consider the reliability of information to be used as audit evidence ensuring tampering of documents is not evident.

Step 8

Automated tools and techniques may enable more extensive testing of electronic transactions and account files.

Step 9

Appendix 2 of ISA (Ireland) 240 provides examples of possible audit procedures to address the assessed risks of material misstatement due to fraud.

Step 10

Obtain written representations from management that they acknowledge their responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud and that they believe they have appropriately fulfilled those responsibilities.

Conclusion

We recommend that you familiarize yourself with the updates to ISA (Ireland) 240 and incorporate as appropriate within your audit processes, procedures and working papers. Whilst adhering to the objectives of ISA (Ireland) 240 it is still necessary that you, as auditor, maintain professional skepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist.

https://iaasa.ie/wp-content/uploads/2022/11/ISA-240_Oct_2022.pdf

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Communications steps accounting firms can take to recruit, retain and engage their staff

by Ciara Flaherty

Attracting and retaining the right talent is critical for business success. In today's market, many firms are finding it harder than ever to grow and maintain their workforce.

In a post-pandemic world, employees are now seeking authenticity from the firms that they work for as opposed to focusing solely on financial benefits. In a study conducted by WTW in late 2022, they identified that over a third of Irish companies were expecting problems when it comes to attracting talent and over half were expecting difficulties retaining current employees.

Find out more

Never has it been more crucial for businesses to stand out from the competition beyond financial incentives in order to become employers of choice. In 2022, the Irish government included Accountants, Auditors, and Tax professionals on the critical skills shortage list which highlights the pressure the industry is under when it comes to sourcing talent within the sector. But what steps can firms take to overcome this challenge? Strategically focused messaging and communications that put employee engagement first create more empowering work environments. The key word here is strategic. So what are the steps that must be taken for firms to recruit, retain and engage their staff?

Find out more

Establish your Employer Value Proposition (EVP)

In today's competitive employment market, employees are now seeking more than just the bare minimum or standard rate of employment.

A people-centred approach that addresses a range of pain points and keeps your team connected with your overall business goals is essential. In other words, you need to establish your Employer Value Proposition (EVP), a clearly defined statement of the rewards and benefits that employees receive in return for their performance and productivity at work.

Deshpande (2019) defines EVP as the "give and the get" between a company and its workforce, spanning from the business's mission statement, purpose and values to its job opportunities, culture, and people.

Find out more

By understanding what your employees value and want, you can begin building a foundation for your EVP which, once communicated effectively, will result in improved engagement, performance and ultimately improved staff retention and attraction.

Approach your EVP with an employee engagement strategy in mind. Instead of focusing on the objective of employee happiness, create an EVP that targets engagement and productivity. Ask yourself "What will encourage your employees to improve their performance?". Consider things like extended annual leave, health insurance, career progression opportunities, well-being, and sustainability initiatives.

Clear messaging matters!

We know that effective internal communications can lead to an increase in employee engagement, retention and ultimately productivity. Engaged employees are 59% less likely to seek out a new job. The key word here is effective communication. So how do you know if what you are saying is getting through to your colleagues?

Find out more

Once you have established your EVP, and its link to your purpose and values, it is important that you communicate it with your employees.

The first step for all communication is to create the key messages that are going to resonate with both your internal and external stakeholders.

According to Forbes: "It's time to get your employer brand out there through your current employees and by using tools like social media, media relations and performance marketing". Authentic experiences resonate with people – by enhancing your humanity as an organisation, you can strengthen the relationship your company has with both current and future employees. Your people leaders play a critical role in disseminating these messages. They can bring your messages to life through meaningful communication and storytelling. Employees and future recruits need to see this authentic leadership in action.

Clear messaging will reflect your organisation's established values and commitment to progress by highlighting the practical actions put in place. The integrity of your brand, employee trust and engagement are all strengthened by consistent and aligned messages across internal and external communications. Re-examine the way your firm creates and shares this messaging internally to make sure that nothing is overlooked. To encourage greater collaboration and knowledge exchange among employees, think about adopting new structures.

Once you have established your key messages, backed up by programmes and initiatives to support your values, this will help to differentiate you as an employer of choice, building your reputation around what matters to employees and potential new recruits.

Invest in your people

Not recognising employees' individual input and successes or failing to address genuine concerns or queries from your team can have detrimental effects on employee trust, engagement and retention. By caring and investing in your employees you will promote loyalty. Integrating professional development programs into your internal communication strategy is essential when helping your employees to understand the opportunities available to them, helping them become more engaged, and subsequently staying with your company longer. A study from SurveyMonkey found that 63% of those who were "always" or "usually" recognised said that they are "very unlikely" to job hunt in the next 3–6 months.

Find out more

Another study from Blessing White found that a third of employees become disengaged when employers ask for feedback but do nothing about it. If you are asking employees for feedback, make sure that you show that you are acknowledging and addressing it. If issues arise, use employee input to find a solution.

Align your leadership

Making your firm an employer of choice will be attributed to the way in which you communicate. When it comes to current employees and those that are onboarding within your firm internal communications channels should be a trusted source of the truth and provide clear, timely guidance on what external developments mean for your company.

For internal communications to be truly effective, leadership needs to understand the importance of it. A study conducted by Gallup found that only 13% of employees strongly agree that their leaders are effectively communicating within their organisation. Critically reviewing the type of content that you are sharing with your employees is essential. How is the content you are creating and posting being received? Understanding if video generates more engagement than written copy, if posting in the morning is more successful than afternoon – these are valuable insights that should inform your content planning, going forward.

By allocating the necessary resources and becoming role models themselves for the wider organisation, communicating strategically becomes the norm and there are exceptional benefits for the whole organisation. One of the best investments your firm will ever make is to evaluate and improve your communications strategy to ensure that your firm attracts, recruits and retains the right employees as the competition increases.

Want to find out more? Download our latest e-book or reach out to Springboard Communications, Client Director, Ciara Flaherty at ciara@springboardcommunications.ie.

Ciara Flaherty

Client Director, Springboard Communications.

Positive Psychology and professional performance – a formula for happiness?

by Jayson Moran

Should we be happy at work? Surely work is about getting a job done - why should happiness matter? What is happiness? How can it improve professional performance, development and wellbeing? And, how can we increase our happiness? These are all questions explored by the science of Positive Psychology. This article will introduce positive psychology – the science of happiness and wellbeing - and explore strategies to get you happier and more effective as result.

Why Happiness Matters for Professional Performance and Development

In my role as a coaching psychologist working with leaders on their effectiveness and results, I tend to focus on three areas. I focus on gaining clarity. It's difficult to move forward if you don't know where that is. I focus on overcoming barriers to performance. The barriers I help with are more psychological in nature – such as confidence, motivation and behaviour change. And thirdly, I focus on happiness. The reason I focus on happiness is that we are more creative, motivated, resourceful, and persuasive when we are 'in good form'.

In today's fast-paced and demanding world, happiness is often overlooked as a crucial factor for professional performance and development. However, research in positive psychology has shown that cultivating happiness can significantly impact our success and productivity. For example, doctors in a positive mood have been shown to be 19% more effective in diagnosing patients. Optimistic salespeople outsell their pessimistic counterparts by 56%. Recent research has shown that overall happier people are 13% more productive.

Find out more

If you'd like to read more about the relationship between happiness and performance – check out the book The Happiness Advantage by Sean Achor.

Find out more

What Makes Us Happy?

Before delving into the relationship between happiness and professional performance, it is essential to understand what factors contribute to our happiness. While external circumstances may influence our well-being temporarily, long-term happiness is primarily derived from internal factors. External circumstances like life events (e.g, marriage, divorce, bereavement) don't impact our happiness that much – because of hedonic adaption - we get used to our new circumstances and it becomes the 'new normal'. Research indicates that our genetics (50%), and intentional activities (up to 40%) play a much larger role in determining our happiness levels. Well, we can't change our genetics or the factors associated with them like our personalities – so let's focus on these 'intentional activities' to see if we can leverage them for increased happiness.

The PERMA Model of Wellbeing:

Intentional activities are actions where we consciously decide to try and impact or improve our happiness. These actions can be cognitive (thinking actions) or behaviours. A good guide to where to focus our efforts is what's called the PERMA-H model of wellbeing developed by Martin Seligman and colleagues (outlined in his excellent book Flourish). PERMA is an acronym for the 5 pillars of wellbeing: Positive emotion; Engaging with your Strengths; positive Relationship; Meaning and Achievement.

Let's have a look at each pillar, and I'll recommend a book or two for each if you'd like to go deeper and learn more.

Positive Emotion:

Happiness is not one, but many positive emotions. Experiencing joy, gratitude, love, optimism, hope, contentment, awe and curiosity and any of the many other positive emotions, not only enhances our overall well-being but also contributes to increased creativity, resilience, and cognitive flexibility. We think more effectively, build relationships and learn better when we experience positive emotions. Cultivating positive emotions through practices like gratitude journaling, the 3 good things exercise (a personal favourite), and random acts of kindness – means we build psychological and social resources, Each positive emotion has a purpose. For example, hope is there to help us take action in bad situations. it generates creativity and inventiveness – and helps us be more resilient. A great book on this topic is Positivity by Barbara Fredrickson.

Find out more

Engaging with Your Strengths and Flow:

Identifying and utilizing our strengths is essential for happiness and success. Positive psychology emphasizes the importance of understanding our unique strengths and leveraging them in our professional pursuits. It feels good when we use what we are great at in our work or our day-to-day.

Additionally, experiencing a state of flow, characterized by complete immersion and focus in an activity, fosters happiness and enhances performance. We tend to experience flow when we are using our strengths on something that challenges us to the point where we have to be fully absorbed.

This is 'being in the zone', or 'being one' with the music, football or crowd. Stephen Kotler has an amazing video on Youtube about Flow - while you can find out your strengths for free using the VIA Strengthfinder at viacharacter.org.

Find out more

Positive Relationships:

'Happiness is other people' – Christopher Peterson.

Humans are social beings, and positive relationships are vital for our well-being and happiness. Building and nurturing meaningful connections with family, friends and colleagues undoubtably makes us happy. But what makes a relationship positive? My favourite definition is from Carl rogers: "a positive relationship is one that helps you grow.' We can help others grow by supporting, listening and even challenging them – which is why I like Rogers' definition - it gives us practical ways to create positive relationships.

Trust is also essential in relationships. My favourite book on building trust is 'The Trusted Advisor by David Maister - which outlines a simple, yet effective, formula for building trust.

Meaning:

How meaningful is your work? For some of us our work is exceptionally meaningful - but for others it's just a way to pay the bills. There's nothing in the least bit wrong with this, but having something meaningful and goals around that – a purpose - is a fundamental driver of happiness. Here's 3 ways to set meaningful goals if you're looking for a little more purpose in your life.

1. Figure out what's really important to you and set goals around that. Maybe its family (visit your Mum more?), maybe its creativity (take that art class), maybe its adventure (book that trip?). A great book on prioritising what's important (and ignoring what's not) is the cleverly named 'The subtle art of not giving F**k' by Mark Manson

2. Face your fears. Some of the most rewarding things I've done in life have been the scariest. I had a huge fear of water and the sea in particular. Learning to swim in my twenty's was very satisfying. I had a huge fear of public speaking. One of the proudest moments of my life was my first talk in front of an audience of 60 people. I had a huge fear that people would reject me if I stood up for myself, spoke my mind and told people how I really felt.

Learning how to be assertive has improved my relationships no end – but also felt great. Figure out what scares you. Feel the fear and do it anyway (excuse the cliché) – you won't regret it. Joseph Campbell's 'The Hero of 1000 faces' is the seminal book on this idea.

3. Play the roles in your life well. We all play multiple roles in our life. I'm a psychologist, speaker, brother, partner, son, researcher, coach, friend and other things. And we can find meaning and purpose by playing these roles well. It feels good/is meaningful to me when I visit my parents - because I'm being a good son. I'm playing the role of 'son' well. Its feels good/its meaningful to me when I learn a new technique for helping clients move forward. because I'm being a 'good' psychologist – I'm playing the role of psychologist well. And, we can usually play these roles a little better. So, pick an important role in your life so ask yourself the question: 'What would someone who plays that role well do? And do a little more of it.

A great book on this idea is Vitor Frankl's Man's Search for Meaning

Achievement:

Achievement equals progress, moving forward, reaching goals. In fact achievement can make us happier regardless of what the achievement is. Video games and their popularity exemplify this wonderfully. In your average video game - say Super Mario brothers (but this holds true for pretty much any video game) all we are doing is moving an imaginary character, around an imaginary world, achieving imaginary goals. Whether that's collecting imaginary coins, killing imaginary bad guys or saving imaginary princesses. And it feels good. So good in fact that the video game industry was worth over €300 billion last year alone. That's a lot of imaginary achievement.

Much of the work I do with clients in terms of achievement is in overcoming some of the key psychological blocks that get in the way of performance. Much of this boils down to mindset -the attitude and beliefs we bring to our problems and challenges. Below are the top 3 and a book that should help.

1. Fear of failure – Mindset by Carol Dweck.

2. My problems are a bad thing – The Obstacle is the Way by Ryan holiday

3. There's nothing I can do, its hopeless - Learned Optimism by Martin Seligman

A Win in Anything is a Win in Everything

A key reason I really like the PERMA model is the interconnectedness of the pillars. For example experiencing more positive emotions like optimism and joy, make us great to be around - thereby improving our relationships.

Great relationships are meaningful - and an achievement in themselves. Working on one pillar – can mean we get gains and increased happiness in others.

A Formula for Happiness?

So, working on our happiness and wellbeing is important for our achievement, performance and success. The main message from the field of positive psychology is that happiness has many faces and paths. The main source of positive emotion we have in life is when we move towards meaningful goals, preferably while utilizing our strengths, in the presence of those we love.

Explore. Understand. Move forward.

Jayson's focus is helping professionals & entrepreneurs develop, move forward, and deal with challenging business and personal situations, to get the results they, and their organizations need, by increasing their effectiveness.

He helps leaders increase effectiveness by focusing on three key themes related to their performance and development.

1. Gaining clarity and getting organised.

2. Happiness, Wellbeing and Stress.

3. Overcoming barriers to performance and productivity

Get in touch

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Jayson Moran

Performance, Development & Wellbeing Psychology

Same fraud playbook

by Rois Ni Thuama

In a world brimming with shiny new tech and big promises, making important decisions about where to invest can be challenging.

If we only look to last year, we've seen three high profile corporate scandals with larger-than-life CEOs in the dock facing serious allegations and it is tech companies that are at the centre of all the action: Theranos, Wirecard, and Autonomy. All three CEO's have been charged with fraud.

The former CEO of Theranos, Elizabeth Holmes has had her day in court, and has been found guilty of fraud. Late last year, a judge sentenced Holmes to 11 years in prison. More recently Holmes lost her bid to remain free during the appeal process and was ordered by a federal court to begin her sentence on April 27th.

Holmes touted Theranos as a health technology company, raised US$700 million, featured on Forbes and defrauded a catalogue of wealthy families, as well as a number of prominent statesmen.

The payment processing firm Wirecard's former CEO Markus Braun languishes in jail after his bail was revoked. Braun is currently on trial on charges of fraud, breach of trust and accounting manipulation.

And last but not least, former Autonomy founder & CEO Mike Lynch is on track to be extradited to the US where he faces criminal charges of wire fraud and conspiracy to commit wire fraud.

Lynch created Autonomy's core product: Intelligent Data Operating Layer (IDOL). IDOL is focussed on the analysis of unstructured data. It is a clever bit of kit, that's not in doubt.

These previously highly regarded CEOs are in a whole lot of hot water, awaiting sentencing, awaiting trial and awaiting extradition.

The scandals provide useful fodder for investors generally but tech investors especially, to reflect on and to recast what we think we know about corporate governance and due diligence. Because however deep their pockets, no investor can afford to fund a firm that's bound to fail in the future or worse, is already failing now.

In this article we will explore what investors did right, what made absolutely no difference, what went wrong and what, if anything, might have alerted them to wrongdoing. What could investors do differently in the future and is there one thing that might have alerted investors to wrongdoing within the companies Let's start with the theory.

Jurisdiction & investor type

There is a good deal of academic literature on corporate governance models in the UK, the US, and Europe. Typically, the authors will make a case for one of these jurisdictions as a preeminent destination for investors because of oversight, monitoring and/or control of management.

As if to demonstrate this is simply not the case, each of these tech businesses was incorporated in a different jurisdiction; Theranos in the United States, Autonomy in England and Wirecard in Germany.

Could Theranos have occurred in Germany? Perhaps. What is abundantly clear is that obviously each jurisdiction is capable of delivering their own class of fraud. While jurisdiction provides no sanctuary, there's also no immunity for professional investors either.

Oh oh auditors + the value of verification

It is a normal function of any professional team looking to invest that they would seek to verify statements made by these companies with respect to cash reserves, revenue streams, profitability etc.

Typically, auditors can be relied upon. Unfortunately, in the matter of Autonomy and Wirecard, this wasn't the case. Deloitte's audit of Autonomy enabled Lynch and his Chief Financial Officer to "present a misleading picture of its financial position".

Similarly, Ernest & Young's audit of Wirecard's revenue stream failed to reveal that the apparently highly profitable and cash rich company was neither profitable nor rich.

This is deeply discouraging for any investor who would consider auditors a sound and reliable resource. Truth buys trust and if auditors are not capable of getting to the truth, then their reports are of little or no value.

Verifying with independent, trusted experts would have added enormous value. Had Theranos investors checked with professionals, then it is entirely likely that they would have learned that the tech wasn't possible and avoided substantial losses.

Check the Tech

In the case of Autonomy, checking the tech did not assist in revealing the fraud. The product IDOL worked. In fact, IDOL worked so well that in the summary judgement the judge referenced words attributed to Meg Whitman who became CEO of HP. She said that it was 'almost magical'. Tech does not go to heart of the Autonomy fraud which is a plain vanilla key metric and earnings manipulation fraud.

Investors in Wirecard may have had more luck had they checked the tech

before pumping in nearly a billion euros into the failing firm. Wirecard was on the face of it a profitable payment processing firm. Their revenues were fabricated. Checking the tech would have revealed data relating to the payment process. The payment process involved a few different actors: the end user, the issuing bank, the merchant and partners. A closer scrutiny of a random set of payments could have followed these 'payments' up or down the pipe. Fabricating revenues is one thing. Fabricating users interacting with merchants and issuing banks is beyond the wit of men.

The most egregious tech fraud is undoubtedly Theranos. Their blood testing system amounted to wires in a box. The tech didn't exist. To test the efficacy of the Edison the investors would only have needed to have had known an answer to a question in advance and sense checked that against the Edison's response. The lack of imagination and determination by investors to verify the efficacy of this tech makes this a dreary fraud.

The great thing about techie's is that they want to show you how their kit works. They want to show you all the clever features, and when it works, they want you to play with it. Whether you're investing in the firm or the technology. Always, kick its tyres. It is the fastest way to determine whether something works.

Hokey Cokey Principles

Both Wirecard and Theranos engaged in tactics which fell well beyond normal business practices including surveillance, doorstepping, intimidation, threats implicit and express against analysts, journalists, and former employees. That is shameful behaviour. It indicates a willingness to cross the line that should have put current and future investors on notice of a failing firm. Integrity and principles aren't subject to the hokey cokey routine. You're either in or you're out. The firm either behaves in a principled manner or it does not.

Another red flag that was missed in both of these cases; individuals within the firms were promoted well beyond their capabilities into critical business roles while experts and qualified individuals were demoted, demeaned and defamed. This shows such poor leadership that this alone should concern investors.

The Free Press isn't Free

Why investors didn't raise an eyebrow when lawyers for Wirecard and Theranos pursued credible, leading global publications in an effort to silence them is anyone's guess.

It is to their endless credit that the investigative journalists and editors at both the FT and the Wall Street Journal (WSJ) would not be intimidated into submission. Uncovering these frauds and bringing them to light was only possible because both of these well capitalized publications had the might and the resources to withstand the bullying tactics of criminals.

Don't let others define the world around you.

Holmes touted Theranos as a health technology company. That's misleading. the proposal was actually to create medical diagnostic equipment capable of surpassing existing equipment and miniaturising it.

Reframing the proposition might have caused investors to pause. In addition, readers will recall that Holmes had no background in any of the disciplines necessary to take part in, never mind run a medical diagnostics equipment project. If only those investors had checked.

Consider your source

The free press isn't actually free. Anyone looking to invest in tech should be doing their homework. Had investors, like Softbank put more weight in the reports from the FT about Wirecard they could have saved themselves 900 million euros. That's a solid return on investment for a subscription.

Auditors, as we learned cannot sadly be relied upon, they're paid by the company and in no way meet the definition of 'independent'. While large auditing firms hold themselves out as the unrivalled experts, that tune changes when they're caught up in a fraud. The very thing they're expected to uncover. At that point they're only human. More of that humility at the front end and more confidence at the back end of these scandals would help to restore the reputation of some of these players.

Conclusion

Academic theory suggests that optimising for corporate governance makes a difference. The reality is that criminals will work around every system to perpetrate their fraud. Investors cannot afford to be complacent.

Ultimately what investors did right was to seek to verify the statements made by these firms. Unfortunately, what they did wrong was to rely on sources that weren't credible and simultaneously to dismiss those that were. In order to avoid a similar fate, investors would do well to rely on trusted, independent experts.

However, you carve these scandals up, these leaders operated from the same fraud playbook. They overstated performance, recorded bogus revenue, and they trusted that the brazen mocked documents painted a picture of firm value and that no one would bother to check.

For all their differences these scandals relied on the same tactics: dishonesty, deflection and misdirection, they just had different products.

Rois Ni Thuama

A Doctor of Law and subject matter expert in cyber governance and risk mitigation, Rois is Head of Cyber Security governance for Red Sift one of Europe's fastest-growing cybersecurity companies. Working with key clients across a wide market spectrum including legal, finance, banking, and oil & gas Rois writes and presents on significant cyber threats, trends, addressing and managing risks.

Institute News

2022 Annual Report Now Available

The Future of Accounting

The CPA Ireland 2022 Annual Report – The Future of Accounting, was published on the 5th of April.

The report highlights the incredible progress CPA has made on some of the greatest challenges and opportunities facing the profession. It highlights the developments CPA has made in key areas such as Assessment; Digitalisation; Sustainability; Advocacy; Service delivery; Talent; and our global connections.

The 2022 report reveals how CPA Ireland has implemented these key areas in each of its strategic priorities: brand, product, people, customer centricity and global through several innovative initiatives.

To view the Annual Report

Read here

Can you help us reignite the accountancy profession?

In the past few years there has been a steady decline globally in the number of the younger generation entering the accountancy profession. At CPA Ireland we want your help to change the perception of an Accountant and raise awareness of the diverse career opportunities available both nationally and internationally.

Our current campaign message is to promote a visionary career in that you can go anywhere as a CPA Accountant. To solidify this message and make ourselves more relatable, we want to show prospective students where they can go by showcasing the career paths of our members.

If you think your career path could help us influence the younger generation, please email Claire at cryan@cpaireland.ie

Reminder: We have changed our bank account to Allied Irish Banks

Please note that our Ulster Bank account is now closed.

Please inform your employer if they are currently paying your fees and ensure your own records are updated.

New bank details are displayed on invoices and are provided below:

Account Name: Institute of Certified Public Accountants in Ireland

Bank: Allied Irish Banks

Sort Code: 931012

A/c Code: 33721095

IBAN: IE44AIBK93101233721095

BIC/Swift Code: AIBKIE2D

Are your member contact details correct?

We would ask that you review and update correct contact details to ensure all communications are reaching you, especially email contact as this is our primary contact method.

If you have changed employment or circumstances have changed in recent times, it is important to review the details we hold. You can do this by logging in online. It is worth checking that your mailbox is not full, as it can then no longer hold new messages and will cause emails to bounce.

Have you paid your Annual Subscriptions?

Thank you to all members and students who have already paid their annual subscriptions, as it greatly cuts down on administration and workload.

For those members who have not yet paid, please bring your account up to date as soon as possible, as subscriptions are now overdue.

It is also 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

Mark Gargan appointed President of CPA Ireland

Mark Gargan CPA has been elected 50th President of CPA Ireland. The election was announced at the 80th Annual General Meeting of Members which was held on 26th April 2023.

Mark graduated in Accounting & Finance from Dublin Business School in 1995. A CPA since 1999, he has spent over 20 years in practice and is currently a Partner in Niall Byrne & Company. The practice has been in existence since 1984 and carries out all aspects of general practice work.

He has also represented CPA Ireland on the CCAB-I Business Law committee since September 2007.

Clodagh Henehan, Vice President, CPA Ireland

Clodagh Henehan has been re-elected as Vice-President of CPA Ireland. Clodagh was elected to the Council of CPA Ireland in February 2018.

Clodagh trained with Clibborn & Co. Ltd in Cork and qualified as a Certified Public Accountant in 1990. Clodagh has previously worked for the Office of the Comptroller and Auditor General and the Local Government Audit Service and was the Head of Finance for South Dublin County Council from 2004 to 2015.

Clodagh is currently employed as a Divisional Manager for Cork County Council. She has been an active member of the Institute's Finance and Audit Committee since October 2012.

Michael Kavanagh, Vice President, CPA Ireland

Michael Kavanagh has been elected as Vice-President of CPA Ireland. Michael was elected to the Council of CPA Ireland in 2018.

He will support elected President Mark Gargan, alongside fellow Vice-President, Clodagh Henehan.

Michael is currently CEO of the Compliance Institute (formally ACOI), a Board member and Chair of the audit committee of Carmichael, vice chair of the Sport Ireland/FAI Governance Oversight Group and current Chair of the Education Committee of the Institute.

In the past, Michael has been a member of numerous CPA committees and chaired the Institute's Financial Reporting Committee.

He has acted in the past as examiner, lecturer, solution writer and moderator for a number of accountancy bodies' professional exams and was a frequent presenter on auditing and accounting matters at accountancy body Continuing Professional Development events.

New Council Appointment at CPA Ireland

CPA Ireland is delighted to announce the election of two new Council Members in Tom Murray and Patrick Kierans who were elected to Council of CPA Ireland at the AGM on 26th April 2023.

Tom Murray is one of Ireland's leading insolvency practitioners and has frequently appeared on our CPD programme and as an author in Accountancy Plus. Tom is on our CPD Committee and Skillnet Steering Group and also chairs the Insolvency Committee at CCABI. Tom takes over from Michael O'Regan who is retiring from Council.

Patrick Kierans is the founder and MD of Cork based Marketing Communications company, Dyjaho. Patrick is an experienced board director with a proven track record in marketing, business development and PR. Patrick will also join our Strategy Review Group and will be available as an adviser/mentor to our Business Development team.

Coming soon – Diploma in Fintech and Machine Learning

CPA Ireland is excited to announce that in November 2023, we are launching a Diploma in Fintech and Machine Learning.

Top 5 Reasons to engage.

- Advance your career through upskilling in a growth area of finance.
- Grow your client base by increasing your offering.
- This course offers the option of completing a full diploma or attending just the modules of particular interest to you.
- Learn about better ways to incorporate financial technology (FinTech) into routine operations.
- Increase your knowledge of how to automate workflow.

Key decision makers in Financial Services continue to seek out better ways to incorporate financial technology (FinTech) into their routine operations. This course is designed to follow a hands-on and 'learning-by-doing' approach. The course comprises of four modules covered over 6 months.

Learners can opt to complete the full Diploma followed by an assessment or they can opt to take modules as standalone courses.

This course will equip you with a working knowledge of key innovations occurring in cryptocurrencies and payment systems and introduce learners to machine learning solutions for alert models and anomaly detection, now standard in industry.

All training will be video recorded so your learning can be adjusted to your pace and in your time. Hit the pause button or replay button to dial down or even dial up for fast learners with a fast forward option baked into the Canvas Platform dashboard.

Each live module is recorded with participants encouraged to engage with the trainer and each other.

The topics covered include:

- **Module 1:** Digital Payments including Cryptocurrency
  2 days
- **Module 2:** Automation for Accounting and Finance
  2 days
- **Module 3:** Financial Regulation
  1 day
- **Module 4:** Machine Learning Solutions for Financial Services
  2 days

Key Details:

How many days: 7 weekdays

Time each day: 10am – 4pm

Start: November 2023 – April 2024

CPD: 45 Hours (inc assessment) / 6 per day standalone

Who should attend?

CPAs and other qualified accountants working in both practice and industry.

Financial Service practitioners in the fields of Banking, Insurance and Wealth Management. Fund Accountants, Pension Fund managers and Data Analysts developing a specialism in the Finance Arena.

Prerequisites needed: None

Find out more

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

Vist here

Irish Accountancy Awards

The Annual Irish Accountancy Awards took place on the 25th May and celebrated the success of CPAs and other accountants for their contribution to the profession over the past 12 months.

We were delighted to recognise the achievements of CPA member Geraldine Ruane who was presented with the Global Contribution to Accountancy Award. Nominated by CPA Ireland, this award recognises and celebrates the significant international achievement of an accountant who exemplifies the global nature of the profession. Geraldine received this award for a career and life journey that "demonstrates how a global perspective combined with accounting and leadership skills can lead to significant economic and social benefits".

At the ceremony Geraldine said that her ambition in her "current role as CEO of the RDS is to empower positive and sustainable change in Irish Society". She encouraged the new generation of accountants to "enjoy the journey, be ambitious, travel and gain international experience embracing cultural diversity while fulfilling a rewarding career".

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

CPA member Sheila Moran is a partner in the accountancy firm, Moran McNamara, who won the award for Small Practice of the Year.

CPA Member Jason Dowling who is a partner in the Medium Practice of the Year winner, Whelan, Dowling & Associates.

And to Jay Patel, a member of CPA Ireland through our Mutual Recognition Agreement with the Institute of Chartered Accountants of India, for the award won by Fintech Pro.

CPA Ireland Annual Conference

Thank you to all of our members and colleagues who attended the 2023 Annual Conference either in person or online, it was a great success. Thank you to our Conference Partner AIB, conference chair Sarah Freeman, editor Business & Finance and the wonderful speakers who provided valuable insights on Sustainable Finance, the Irish Fisheries sector, the economic outlook for the year, a smart and flexible world of work, Sustaining a Family Business and figuring out your next step in life. We look forward to providing more in-person networking events later in the year.

Mark Gargan, President, CPA Ireland presented Geraldine Ruane with her award on the night.

Jay Patel & Mukesh Patel, Fintech Pro

Medium Practice of the Year, Whelan Dowling

Geraldine Ruane, CEO of the RDS addresses the guests following her win for Global Achievement in Accountancy at the Irish Accountancy Awards


Ray Whelan, AIB, Mark Gargan, President, CPA Ireland, Eamonn Siggins, Chief Executive, CPA Ireland, Ellen Drumm, AIB, Clodagh Heneghan, Vice President, CPA Ireland, Colm O'Driscoll, AIB


Mark Gargan, President, CPA Ireland, Caroline Boquel, CEO, Bord Iascaigh Mhara, Eamonn Siggins, Chief Executive, CPA Ireland, Maeve McElwee, Ibec, Sara Freeman, Business & Finance, Clodagh Heneghan, Vice President, CPA Ireland.

Managing Director Retail Banking AIB, Jim O'Keefe leads a panel discussion on Sustaining Family Business with Professor Maura McAdam, DCU National Centre for Family Business, Catriona Coady, Head of Tax, Goodbody.

Stephen Nolan, Managing Director, UNDP Financial Centres for Sustainability (FC4S) & Head of Secretariat Sustainable Insurance Forum (SIF)


Sheila Moran, small practice of the year

Membership Changes:

Resignations			
Member ID	**First Name**	**Last Name**	**Date**
024181	Declan	Coote	21/07/2022
029551	Manunatha	Amaratunga	14/10/2022
029231	Jacobus van Wyk	Minnaar	18/10/2022
027408	Wu Thung	Chin	20/10/2022
015697	Donagh	Davern	22/12/2022
016638	Martin J.	McElvaney	03/01/2023
006970	Elizabeth	Fisher	18/01/2023
000044	John M.	Bolger	24/01/2023
001265	John	Spollen	02/02/2023

Removals			
Member ID	**First Name**	**Last Name**	**Date**
005141	Fong Chong	Hoon	28/04/2023

Deaths			
Member ID	**First Name**	**Last Name**	**Date**
000536	Joseph G.	Harrington	27/08/2022

CPD News

Certified Tax Adviser – 10% Early Bird Discount before 30th June 2023

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

The course recently had a full review to introduce new modules.

The new CTax course includes:

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

Attend in class in Dublin, online via live streaming or a mixture of both options.

We are delighted to offer a 10% Early Bird Discount off the cost of the course - enrol before 30th June 2023 to avail of this discount.

Key Details:

Method:
Dublin and Online via Live Streaming

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

Cost: €1950

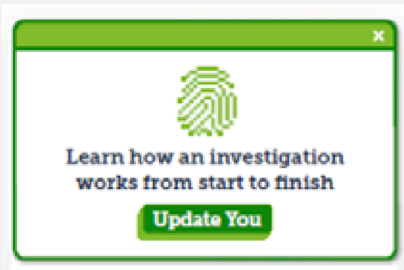
"The CTax qualification covered all the important areas of tax and as a result I am now better able to serve my clients needs."

– Lisa Leonard, ACCA CTax

Book Your Place Now

Location	Dates	Title	Price	NM Price	CPD Credit
Online	Thursday, June 29, 2023	Economic Update Q2	€29.00	€36.00	1 hour
Online	Tuesday, September 05, 2023	Exploration of two revised standards – ISA 315, Identifying and Assessing the Risks of Material Misstatement and ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements. Practice advice for auditors.	€50.00	€75.00	2 hours
Online	Friday, September 08, 2023	Irish Accountancy Conference 2023	€295.00	€345.00	12 hours
Online	Friday, September 08, 2023	Irish Accountancy Conference 2023 - FRIDAY ONLY	€225.00	€275.00	8 hours
Online	Saturday, September 09, 2023	Irish Accountancy Conference 2023 - SATURDAY ONLY	€130.00	€150.00	4 hours
Online	Tuesday, September 12, 2023	The Companies Act and the auditor – review of the key aspects of legislation as it applies to the statutory auditor	€50.00	€75.00	2 hours
Online	Thursday, September 14, 2023	Economic Update Q3	€29.00	€36.00	1 hour
Online	Tuesday, September 19, 2023	Exploration of the ethical standards for auditors – key areas long association, provision of non audit services etc	€50.00	€75.00	2 hours
Online	Thursday, September 21, 2023	e-briefing 3	€29.00	€36.00	1 hour

Diploma in Forensic Accounting – Book your place now for September 2023



Developed in conjunction with Grant Thornton, this Diploma provides a comprehensive understanding of the core Forensic Accounting skills for qualified accountants working in both industry and practice, particularly in the SME sector.

Attend in class in Dublin, online via live streaming or a mixture of both options. Please note that in class attendance will be extremely limited and will depend on Government advice at the time of commencement.

Book Your Place Now

Key Details:

Method: 5 full days & assessment

Location: Dublin & online via live streaming

Date: September 2023 – March 2024

CPD Credit: 40 hours
(8 hours per day)

Cost: €1850

"A must for any accountant involved in investigative work. The real-life examples encourage one's enthusiasm; the material is relevant; the delivery is to a very high standard and the support from the CPA team makes doing this course a joy".

– Nano Brennan, CPA

Sustainability Hub

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.

Visit the Hub here

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.

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 (E&T).
- 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.

Save the dates!

Irish Accountancy Conference 2023

On the 8th & 9th September 2023, CPA Ireland will host the Irish Accountancy Conference 2023, offering bespoke learning for our members in both Industry and Practice.

We look forward to welcoming you for 1.5 days of engaging topics and expert speakers.

The Irish Accountancy Conference includes a number of keynote speakers as well as a variety of breakout sessions covering topics relevant to accountants working in industry or in practice.

Key Conference Details:

Location: Livestreaming

Time:
Friday: 9am - 5pm
Saturday: 9am - 1pm

CPD Credit: 12 hours

Accountant's Update Programme 2023 (Ireland)

In this ever-changing world, your business or clients need the reassurance of your advice now more than ever. Making sure you're up to date with the latest changes and best practice is vital.

Stay informed all year round with the Accountant's Update Programme 2023 from accountingcpd, CPA Ireland's CPD partner.

The Accountant's Update Programme 2023 will ensure you are on the front foot on all the latest developments in Irish tax, GAAP and regulation, as well as keeping you up to date with digital innovation and change and helping you to develop the practical and leadership skills you need to succeed in the future

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

SAVE 10%
Code: CPA101
22 CPD hours online
All-year round

Sign Up Now

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 Feautures:

- 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

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 rage of online courses to keep you up to date and informed on a range of topics from VAT, FRS 102, US GAAP, Python and Governance for the Charitable Sector.

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

Purchase 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

CPD Webinars & Events for Statutory Auditors

A new three-year CPD cycle commenced on 1st January 2023. Changes to Bye Law 8 now require statutory auditors to complete 20 hours of their 40-hour core competency requirement in the areas of Audit, Financial Reporting, and Law & Regulation.

To help you meet your CPD requirement, CPA Ireland is hosting a number of Audit CPD webinars & events throughout 2023.

Dates	Title	Member Price	CPD Credit	
7 June	Implementation of the New Standard ISQM for Audit Firms	€29	1 hour	Book Now
5 Sept	Exploration of Two Revised Standards: ISA 315 and ISA 240	€50	2 hours	Book Now
12 Sep	The Companies Act and the Auditor	€50	2 hours	Book Now
19 Sep	Exploration of the Ethical Standards for Auditor	€50	2 hours	Book Now
26 Sep	Audit of Regulated and Other Entities	€50	2 hours	Book Now
28 Sep	Audit Programme for Community Schemes	€29	1 hour	Book Now
7 Dec	Annual Audit Update 2023	€235	8 hours	Book Now

Student News

Examination Notice

April 2023 Examinations

The CPA Ireland April 2023 Examination diet was completed using Cirrus online examination software and Proctorio Artificial Intelligence remote invigilation.

The results of these examinations were published on Friday 9 June 2023. Congratulations to all students who were successful in their examinations.

August 2023 Examinations

The August 2023 examinations will be held between 24 August and 1 September. These examinations will also be online and remotely invigilated. Registration for these exams will be through the MyCPA portal and will open in early July and close on 2 August 2023.

The detailed timetable for the August 2023 examination can be found on the CPA Ireland website, along with information about the online exam platform (Cirrus/ Proctorio).

View Here

Application to Membership Notice

This year's conferring ceremony will be held on Saturday 9 December, and the admission to membership process for 2023 is now underway.

Cohort 1

This Cohort includes all students who completed their final exams from 2020 up to and including the April 2023 exam sitting.

Invitations to apply for membership have been issued to Cohort 1 applicants and the closing date for Application to Membership for students in Cohort 1 will be 5 August 2023.

If you believe you are eligible to apply for membership in Cohort 1, but have not received a formal invitation, please contact the Institute (rniaonghusa@cpaireland.ie)

Cohort 2

This Cohort includes only students who complete their final exams in August 2023

Invitations to apply for membership will be issued after the results in August 2023 have been released on 13 October 2023. Closing date for Application to Membership for students in Cohort 2 will be 3 November 2023.

The following must be submitted as part of the Application to Membership.

1. Application Form (online)
2. Two Employer References on headed paper
3. 4 Competency Statements (online)
4. Behavioural Attribute Statements (online)
5. Admission Fee: €650

Students who are eligible to apply for membership are encouraged to begin the process as early as possible.

Information about the application to membership process can be found on the CPA Ireland website

View Here

This includes a detailed webinar outlining the process in full.

If you have any questions regarding completing the process, particularly in relation to the completing the Competency and Behavioural Records, we are more than happy to discuss and offer guidance on any aspect with you.

For queries regarding the admission to membership process, please contact Réidín Ní Aonghusa at rniaonghusa@cpaireland.ie or 01 425 1022.

Student Profile (MyCPA)

Students are reminded of the importance of keeping their MyCPA Profile up to date. In particular you should look at, and update as appropriate, your employment history and email address. This will ensure that your training records can be signed off in a timely manner and that you receive all important communications from the Institute (including examination login details).

Your CPA Profile can be viewed on your dashboard when you log in to your MyCPA account.

Bouncing Back After Exam Failure

Introduction

"I have failed over and over and over again in my life. And that is why I succeed" Michael Jordan.

Failing exams is difficult but it is what you learn from the experience and what you do next that counts! This article will provide you with guidance on the next steps.

Your intial reaction

There is no doubt that you will experience a range of emotions when you hear you have failed an exam. You may be shocked, angry, resigned, or sad. It is important to sit with these feelings as opposed to denying them. We all have different ways of coping with adverse events. Think about the strategies or techniques that have worked for you in the past when faced with difficulties. Try using these again. It is always helpful to talk with someone, a family member, a close friend, or a colleague. Share how you are feeling.

Negative Self-Talk

Be aware of how you talk to yourself after failing an exam. What is your internal dialogue? What are you telling yourself? This can often be quite negative. Negative self-talk is often referred to as thinking traps.

For example, "I am not intelligent enough" or "everyone else is better than me", "I will never pass these exams". While our brains are extremely sophisticated organs, but if we are telling it something like "I am not intelligent enough", our brain has no option but to believe that. It is your words that steer your thinking process.

The opposite is also true. When you tell yourself you can do something and you are smart enough, your brain will also start believing this.

Thinking traps can be re-framed into positive prompts. Once you notice the negative self-talk or thinking trap, a good idea is to write it down and then look at re-framing it.

For example: "Everyone else is better than me" can be re-framed to "what can I learn from students who passed these exams". "I am not intelligent enough" can be re-framed to "what are my strengths that will help me succeed in these exams the next time". "I will never pass these exams" can be re-framed into "what have I done in the past to achieve success in my exams".

Control, Influence and Accept

It is useful to consider what can you control, influence, and accept having failed your exams. It may take some time and can be very difficult, but a good place to start is to accept what has happened. There is no changing the past.

Next consider what is in your control. As a student you can control your attitude and behaviours. What you do next is within your control. How you approach your repeat exams is within your control. How you study for your repeat exams is within your control.

Some self-reflecting questions to ask yourself are:

- What are the issues or elements of the situation you can control?
- What can you do about this?
- Who can support you with this?

Consider what or who you can influence to support you with repeating your exams.

- What influence do you have?
- What are the elements of this situation you can't control but you can influence?
- If you have control and or influence, what action can you take?

Be open to changing your approach.

Once the dust has settled and you are ready to start preparing for your repeat exams, take some time to reflect on your past exam preparation and performance. Self-reflecting helps you consider what worked well for you in the exam process and what needs to be changed.

Consider changing your approach to study rather than using the same approach again and expecting different results. When I ask students what are the reasons they think they failed their exams, more often than not they say they did not practice enough exam questions or they left practicing past exam questions and past papers too late.

Consider changing your approach for the repeat exams. Start practicing exam questions from the outset. By practicing questions, you will get a good understanding of what you know well and what subjects or topics require more learning mastery.

When you close your mind to alternative approaches, you can get stuck in the failure loop.

Reflecting on your Goals

Failing exams is no doubt a difficult experience, but you will learn and grow from this experience. Consider the goals you set for yourself when you started out on the journey to becoming a CPA? Why is this goal so important to you? What are your unique strengths that will help you reach your goal?

To summarise, be aware of negative self-talk and re-frame this dialogue into positive prompts. Think about what you can control, influence, and accept about the situation and be open to changing your approach.

Edel Walsh is student and exam coach. She supports her clients with their studies and exams using a holistic approach of focusing on academic success, personal development and looking after their well-being.

For more information, email edel, edel@edelwalsh.ie

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.

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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

Appeal Tribunal

Case Ref: Invest/08/21

A Disciplinary Tribunal convened on 22 September 2022, found the following charges of misconduct proven against John G. O'Riordan (otherwise known as Sean O'Riordan) of O'Riordan & Associates, 3rd Floor, Centre Park House, Centre Park Road, Cork:

1. Bye law 6.5.1(e) in that in the course of carrying out his professional duties, he provided or purported to provide financial services in connection with a matter in which he had been engaged by a client and it is alleged that those services were inadequate and were not of the quality that could reasonably be expected of him.
2. Bye Law 6.5.1 (f) in that he performed his professional duties inefficiently or incompetently to such an extent, or on such a number of occasions, as to bring discredit to himself, the Institute and the Profession of accountancy.

These charges of misconduct are proven in relation to the following complaints:

That in the course of conducting a liquidation:

1. He failed to conduct the liquidation process in a proper and professional manner.
2. He failed to submit the forms E3 to the CRO in a timely fashion at the appropriate.
3. He failed to supply the complainant, as director and elected member of the Committee of Inspection with information on progress or details as required to be submitted on form E3 returns to CRO.
4. That the Copy of the Form E5 on the completion of the liquidation was not correctly supplied to the complainant. Computer printout of figures provided to the complainant did not contain a complete breakdown on what monies were collected or paid out by the liquidator and contained serious discrepancies.

Following an appeal against the Orders of the Disciplinary Tribunal, an Appeal Tribunal varied some of the Orders of the Disciplinary Tribunal and ordered the following to take effect from 22 February 2023:

- Severe reprimand
- Fine of €20,000 (the first €5,000 to be paid within 6 months and the balance to be paid within 3 years thereafter)
- Contribution towards costs of €9,900 – payable within 12 months

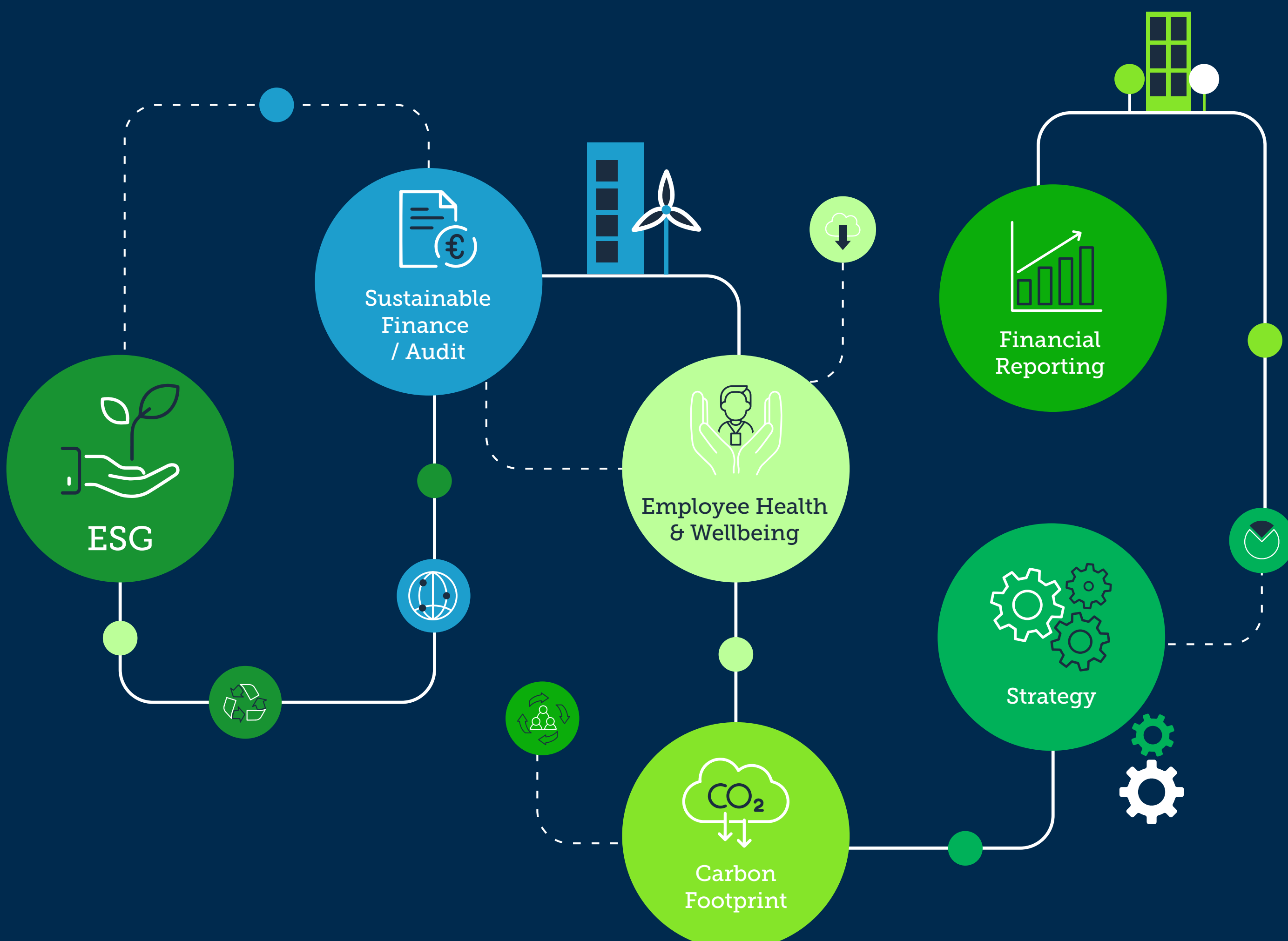
In addition, Mr. O'Riordan is required to fully co-operate with facilitating a quality assurance review conducted by or on behalf of the Institute within 12 months.

The Tribunal noted an undertaking given by Mr. O'Riordan not to partake in insolvency work and it is a Condition of this Order that he comply with this undertaking for the remainder of his career.

Mr. O'Riordan agreed to give the Institute the file in respect of the only outstanding liquidation which he is acting qua liquidator in within two weeks of the date of this decision.

Failure to comply with the Orders above within the time periods specified shall result in a default Order being activated forthwith such that Mr. O'Riordan's practicing certificate will be withdrawn.

Sustainability Hub



Using your skills to become sustainable

Now available at cpaireland.ie/sustainabilityhub