

December Issue 2023

Accountancy Plus

The Official Journal of CPA Ireland

SWITCH
YOUR
PERSPECTIVE



Navigating Ethical
Dimensions of AI and
Upholding Integrity in
Accountancy



Takes Talent,
To Know Talent.



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Editorial

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December 2023

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President's Message

Welcome to the December 2023
edition of Accountancy Plus.



As 2023 is coming to an end, I would like to highlight some of the exciting and innovative projects which CPA Ireland has been working on over the past year.

Sustainability Micro-credentials

As the new European Corporate Sustainability Reporting Directive is coming into effect from 2024, it is crucial to stay ahead of the curve and for you to show your commitment to sustainability. Your clients will expect you to help them navigate these new ESG reporting requirements.

To help you in this regard, in September 2023, CPA Ireland launched a series of stackable micro-credentials in Sustainability. These credentials cover Sustainability Reporting Standards, ESG Challenges, ESG Strategies and Sustainability Assurance. You have the option to take individual micro-credentials and complete an online assessment, or you can opt to take all micro-credentials to gain an overall certificate in Sustainability.

Accountants in particular play a crucial role in driving Environmental, Social, and Governance (ESG) initiatives within organisations so I would encourage you to have a look at our Sustainability Hub where these credentials can be found: <https://cpaireland.ie/Resources/CPA-Sustainability-Hub/Sustainability-Micro-Credentials>

CPA Metaverse School of Innovation

At the Presidents dinner in September, I was delighted to officially launch a new bespoke training service that exists in the Metaverse. This project is a first for the accounting profession and, by harnessing the most immersive of technologies, virtual reality, the team at CPA Ireland has created CPA Metaverse, School of Innovation.

Designed with Sia Partners for students and fully qualified accountants, we have created a safe space to practise activities and increase knowledge retention through a collaborative, gamified and practical learning experience for the application of digitalisation in the workplace.

Digitalisation is a complex and, to some, an uninteresting topic that can be challenging to understand. Learning in Virtual Reality makes abstract concepts more concrete.

In the CPA Metaverse we have created engaging and fun ways to understand the benefits, opportunities and challenges of implementing digitalisation in an organisation.

Accounting in the modern era is becoming an increasingly digital profession. Accountancy is evolving at an incredible pace and training needs to be able to match that pace, preparing the next generation of accountants to operate in this new world.

Switch your Perspective, Change your Future

In October CPA Ireland launched a new business development campaign "Switch your Perspective, Change your Future". This campaign has been rolled out across university career fairs over the last few months and is live on the CPA website. The campaign aims to defy the perceived perceptions of a career in accounting by using profiles from some of our members to showcase the many paths you can take with your career as a CPA Accountant.

CPA 2024 Graduate Programme

I would like to remind everyone that one of the services CPA Ireland offers is a Trainee Placement Service (TPS), which assists candidates in securing trainee accountant positions with relevant employers in Ireland. The Trainee Placement Service is a completely free recruitment service for all employers. Currently the team in CPA is seeking employers with open roles for 2024 which would suit accounting students currently in their final year of third level education. If you have, or are planning on, taking on a trainee next year please contact CPA Ireland so we can add your company to our 2024 Graduate Programme.

It has been another busy year for CPA Ireland with the development of these exciting projects, and I look forward to many more in 2024. I would like to take this opportunity to thank you for your continued support for your institute and wish you a peaceful and happy Christmas.

Mark Gargan
President CPA Ireland

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Are highly integrated performance measures beneficial for decision making by senior management teams?

By Professor Breda Sweeney

Expectations that organisations measure and manage multiple dimensions of performance continue to increase with attention now focusing on how traditional indicators of performance can be expanded to incorporate indicators of ESG performance.

For example, Kaplan and McMillan (2021) have reimagined the balanced scorecard to incorporate a more holistic view of performance. The challenge however with multiple dimensions of performance is that they can lead to trade-offs, and it becomes difficult to attend to all dimensions of performance. For example, a medical device firm may have objectives to reduce product cost and increase on-time delivery. Scheduling of production to increase on-time deliveries and avoid order backlog may require employee overtime which results in higher labour costs with consequently higher overall product costs.

Tools such as the Balanced Scorecard and Performance Prism stress the importance of interlinkages between whatever measures of success are considered critical and advocate the use of an integrated set of key performance indicators (KPIs). Performance measures that are more integrated enable an understanding of how activities link to each other and impact on strategy. In the above example, increasing on-time delivery may be important for ensuring a good firm reputation which in turn will impact on the volume of business and profits. If, however, on-time delivery is not valued by customers and has no impact on firm reputation, then this may not be an area to invest additional resources. For other firms, employee absenteeism may be a critical success factor as reducing absenteeism may impact positively on efficiency, product quality, and employee health and wellbeing, which in turn will improve profitability and ESG performance.

The integration of performance measures relates to the logic underlying their interlinkage. There are many reported benefits of integrative performance measures for individual decision-makers including better evaluation of the impact of decisions on performance outcomes and a better understanding of how activities are related to firm value.

But what about the use of integrated measures for group decision-making? Group decision making differs from individual decision-making as it involves making a decision following social interaction between individuals that may be from different functional backgrounds and with different perspectives.



Strategic decisions are typically made by a senior management group; thus, group decision-making is very relevant for organisations. It is important we gain insight into whether the use of integrated performance measures by groups is beneficial for different aspects of performance such as profitability, innovation, and stability.

At a group level, a concern is that highly integrated performance measures may restrict the capacity of a senior management group to benefit from diversity and differences of opinion within the group. This is because a particular set of assumptions underlie the integration of the performance measures (e.g., reduced employee absenteeism results in higher profits) and this may constrain the group discussion. Recent research (published in *Management Accounting Research*) I conducted in collaboration with Professor David Bedford, University of Technology Sydney and Professor Josep Bisbe, Esade Business School, highlights this concern showing that the use of a more integrated set of performance measures by a senior management team may not be beneficial when it comes to innovation. We focused specifically on innovation ambidexterity.

What is innovation ambidexterity? Innovation can be divided into two types: radical and incremental.

Incremental innovation typically refers to small improvements or extensions to existing products or services, while radical innovation refers to completely new products or services. Innovation ambidexterity occurs when firms produce both radical and incremental outputs at the same time. This is needed in many firms and has been found to be critical for long term performance, as it balances short-term and long-term success. Incremental innovations exploit the current capabilities of the firm and radical innovations result from exploring new knowledge and developing new capabilities.

For example, in the bedding products industry, innovation such as heat management and automatic adjustment of firmness in mattresses are considered radical innovations (Wunker, 2021). Many bedding product firms have both radical innovation products such as these and incremental innovation products (for example, incorporating innovations relating to textures of materials). For firms in this industry, by simultaneously offering a suite of radical and incremental products, they focus on both short-term and long-term success. While the heat management technology they incorporate into their bedding products is rarely new to the world (for example in the case of NorviGroup A/S heat controlled duvets, the technology was invented by NASA for spacesuits), it

is new to their industry at the point the radical product was developed. Heat control in bedding products is now the focus of much incremental innovation following the initial radical innovation.

However, not all firms that attempt to be ambidextrous are successful, and simultaneously producing both forms of innovation is considered to be one of the toughest managerial challenges. The two forms of innovation compete for scarce resources, and managers are naturally inclined to make decisions that favour less risky shorter-term incremental innovations over radical innovations. The result is that blue skies novel type thinking frequently gets crowded out. In my previous research paper, Bedford, Bisbe and Sweeney (2019) (summarised in Sweeney (2018)), we found that task (work-related) conflict among the senior management team is important for ambidexterity. Conflict relates to a clash between different ideas. In a work context, task conflict relates to differences of opinion among members of the senior management team and can occur over interpretation of facts, distribution of scarce resources, implementation of policies and strategies etc. In that study, we found that face-to-face opportunities to debate key performance indicators (KPIs) combined with a balanced set of KPIs was important for generating conflict.



Following on from this, our 2022 research paper examines the use of integrated performance measures by senior management. Based on survey responses of 90 senior managers in innovative industries in Ireland, we find that when more integrated performance measures are combined with lower task conflict among senior management, firms report lower innovation ambidexterity. We explain this as follows: by using integrated performance measures, it is more likely that senior management teams focus their attention on options that are consistent with the assumed links in the performance measures. As a result, they are less likely to discuss diverging viewpoints. This reduces the capacity of the team to benefit from new and diverging ideas and translate them into higher innovation ambidexterity.

What we do find beneficial for innovation ambidexterity is the use of broad scope performance measures combined with task conflict. Broad scope performance measures include externally-focused, non-financial, long-run, and future-oriented information. For example, the number of new products expected in the next three years compared to competitors would constitute a broad scope measure. Broad-scope measures present a more complete picture of the performance of an organisation and the range of information in the metrics provides greater opportunities for senior management team members to understand and engage with divergent points of view.

Overall, our findings provide practical insights for managers in creating a supportive environment for innovation ambidexterity. Firms need to be conscious that highly integrated performance measures may reduce the attention given to diverse ideas as the focus may be more on consistency with existing assumptions. Encouragement to regularly question the assumptions underlying the integration of measures and the creation of face-to-face opportunities for the discussion

would reduce the likelihood of this occurring. Further, the use of broad scope performance measures is likely to create more opportunities to engage with divergent points of view. For more information, please refer to Bedford, Bisbe and Sweeney (2022) published in Management Accounting Research.

The study was funded by Irish Accountancy Educational Trust and Irish Research Council New Foundations award 2013 and supported by IBEC.

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Professor Breda Sweeney

Discipline of Accountancy and Finance J.E. Cairnes School of Business & Economics, University of Galway

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CPA Profile

Ian Quinn



Title: Financial Controller

Company: Kia Ireland

Qualifications: CPA, Diploma in Corporate Governance from UCD Michael Smurfit Business School and a Diploma in Risk Management, Internal Audit and Compliance from Chartered Accountants Ireland



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

I attended O'Connell's School in Dublin, and I had an inspirational teacher named Michael Finucane who made accountancy and business studies enjoyable and easy! His influence was significant as a number of classmates have since gone on to make a career for themselves in audit, tax and other finance roles. After two years in DIT Aungier Street studying Business Studies, I decided that the world of accountancy was for me.

Why did you choose CPA Ireland as your qualification route?

In 1996, I joined a practice where 2 of the 3 partners were CPA qualified and many of the trainees were also studying CPA in Griffith College. Their experience and influence had a significant bearing in choosing CPA.

More importantly, there were 3 people at partner, director and manager level in the practice that positively influenced me in my development as a Trainee Accountant. They also qualified as CPAs at an early age and that encouraged me to complete my CPA exams as quickly as I could. I gained my CPA qualification in 2000 at the age of 23.

Choosing CPA offered a lot of different pathways and flexibility in developing my career.

The development of CPA since 1996 under the leadership of Eamonn Siggins is something as members, we should be extremely grateful for. The CPA qualification has strengthened over the years, and I never hesitate in recommending it to perspective students.

Please provide a brief history of your career.

Having spent 3 years working in a small practice, I moved to BDO which facilitated me to work in both audit and the BDO BES Investment Fund. The experience I gained during this time while completing my studies enabled me to work in a wide variety of senior roles in the motor industry, the not-for-profit sector and a government agency.

During my career, I have led teams across Accounting, HR, Corporate Governance, Internal Audit and Risk.

Working with a multinational company was something that I always wanted to do and thankfully I have been able to do that with Kia.

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

'Flexibility'

What has been your biggest career achievement?

From a business perspective, developing robust finance and governance systems that have enabled growth and investment. On the People and Organisation side of my role, mentoring team members and seeing them develop their potential provides a sense of satisfaction.

What or who inspires you most in business?

Having supported various Board of Directors, I have been lucky to have worked alongside many business leaders from a variety of areas such as finance, banking, sales, legal, talent development and trade unions.

Learning a small amount over the years adds up and enables you to apply it in your career often when you least expect it.

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

Achieving your qualification is something you will be proud of and one that will enable you to develop a successful career. The path that you choose will be your choice and your CPA qualification will provide a great foundation for you.

How do you unwind?

Playing golf is my way to unwind although I often return home asking myself why! When not on the golf course, I can be found at the side of a football pitch supporting my son's football team being told to calm down by his sister!

What traits do you admire in others?

I admire people who build businesses, take on risks and provide employment.



Conducting a Scenario Analysis

By Sheila Stanley

IFRS S2 Climate related Disclosures requires companies to conduct a climate-related scenario analysis and report on them. This analysis will play an important role in the identification of climate-related risks and opportunities, the development of the company's climate-related transition plan, assessing the climate resilience of the company's strategy and business model, and identifying the anticipated financial effects of climate-related risks and opportunities. Many SMEs that will begin reporting under IFRS S2 for the FY2024 reporting period will find themselves conducting their first climate-related scenario analysis in the year ahead.

What is a climate scenario analysis?

According to the Task Force on Climate-related Financial Disclosures (TCFD), a scenario is a description of a path of development leading to a particular outcome. Scenarios are hypothetical constructs, not forecasts, predictions, or sensitivity analysis. While scenarios are not intended to represent a complete description of the future, they do highlight central elements of a possible future, and focus attention on key factors that will drive future developments.

Climate-related scenario analysis is a tool that enhances critical strategic thinking and allows companies to explore alternatives that may significantly alter the basis for 'business-as-usual' assumptions.

Conducting a climate scenario analysis may seem a daunting task for companies that are doing it for the first time. The good news is that IFRS S2 has provisions for proportionate reporting in relation to climate scenario analysis.

Specifically, it states that when conducting a climate-related scenario analysis, companies are to consider the skills, capabilities, and resources, both internal and external, available to them in determining an appropriate approach to use. It also states that the company should conduct the analysis without undue cost and effort.

As such, companies can use publicly available climate-related scenarios from authoritative sources that describe

future trends and a range of pathways to plausible outcomes. IFRS S2 also refers to documents published by the TCFD, including the 'Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (2017)' and 'Guidance on Scenario Analysis for Non-Financial Companies (2020)', which companies can refer to as sources of guidance.

Publicly available climate-related scenarios

Companies are required to consider scenarios that are aligned with the Paris Agreement. The following are some of the main publicly available climate-related scenarios that companies can consider using:

1. Intergovernmental Panel on Climate Change (IPCC) Scenarios

The IPCC scenarios are generally used to identify physical risks arising from climate change.

The two key IPCC scenarios are the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) scenarios.

The RCPs (See Figure 1) are emissions scenarios that include time series of emissions and concentrations of the full suite of greenhouse gases, aerosols, and chemically active gases, as well as land use/land cover. There are four RCP scenarios (See Figure 2) as follows:

- RCP2.6 – a stringent pathway that requires carbon dioxide emissions to start declining by 2020 and reach zero by 2100.
- RCP4.5 – an intermediate scenario where emissions peak around 2040, then decline thereafter.
- RCP6 – emissions peak around 2080, then decline thereafter.
- RCP8.5 – the most extreme of the pathways, it assumes that emissions continue to rise throughout the 21st century.

Table A1-1
Mean Temperature and Full Range Associated with Each RCP

Scenario	Atmospheric carbon dioxide concentrations in 2100	Temperature increase to 2081-2100 relative to a 1850-1900 baseline		Global mean sea level rise for 2081-2100 relative to a 1986-2005 baseline	
		Average	Likely range	Average	Likely range
RCP2.6	421ppm	1.6°C	0.9-2.3°C	0.40m	0.26-0.55m
RCP4.5	538ppm	2.4°C	1.7-3.2°C	0.47m	0.32-0.63m
RCP6.0	670ppm	2.8°C	2.0-3.7°C	0.48m	0.33-0.63m
RCP8.5	936ppm	4.3°C	3.2-5.4°C	0.63m	0.45-0.82m

(Source: IPCC, 2014)

Figure 1: The characteristics of the four IPCC RCP scenarios.
[Source: TCFD 2020 Guidance]

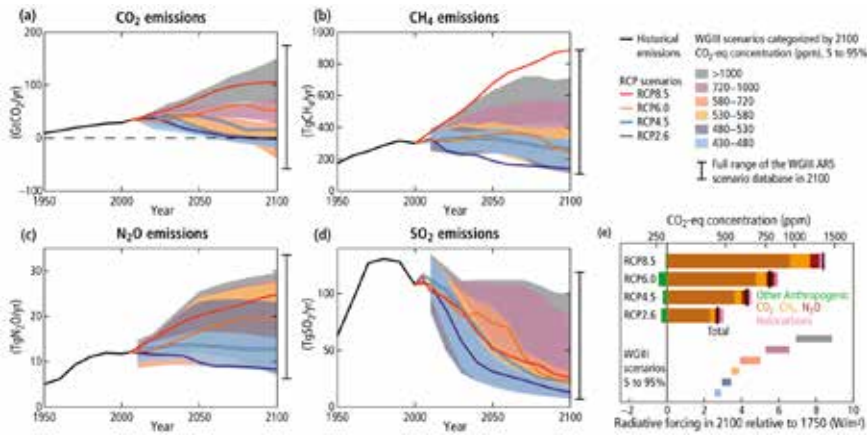


Figure 2: The RCP scenarios assume a consistent decrease in emissions as a consequence of assumed air pollution control and GHG mitigation policy [Source: IPCC Fifth Assessment Report]

Figure 3.1 ▶ Energy-related CO₂ emissions by sector and gross and net emissions in the NZE Scenario, 2010-2050

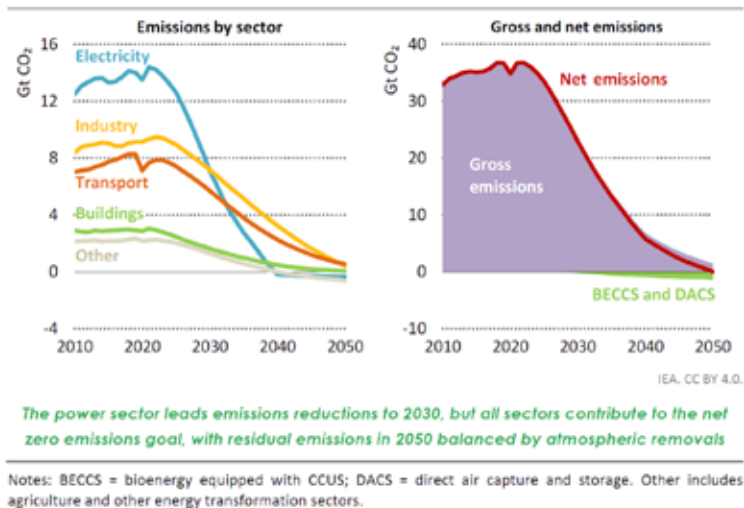


Figure 3: The NZE Scenario 2010 – 2050 [Source: IEA World Energy Outlook 2022]

As for the SSPs, there are five alternative socio-economic futures that have been mapped as follows:

- SSP1: Sustainability – Taking the Green Road (Low challenges to mitigation and adaptation)

The world gradually but pervasively shifts towards a more sustainable path, emphasising more inclusive development that respects environmental boundaries.

- SSP2: Middle of the Road (Medium challenges to mitigation and adaptation)

The world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns, with uneven development and

income growth between countries.

- SSP3: Regional Rivalry – A Rocky Road (High challenges to mitigation and adaptation)

Resurgent nationalism, concerns about competitiveness and security, and regional conflicts push countries to increasingly focus on domestic, or at most, regional issues.

- SSP4: Inequality – A Road Divided (Low challenges to mitigation, high challenges to adaptation)

Highly unequal investments in human capital, combined with increasing disparities in economic opportunity and political power, leading to increasing inequalities and stratification across and within countries.

- SSP5: Fossil-fuelled Development – Taking the Highway (High challenges to mitigation, low challenges to adaptation)

Increasing faith in competitive markets, innovation, and participatory societies to produce rapid technological progress and development of human capital as the path to sustainable development.

2. International Energy Agency (IEA) Scenarios

The IEA has published transition scenarios that explore the potential impact of the transition to a low-carbon economy. The three key IEA transition scenarios are:

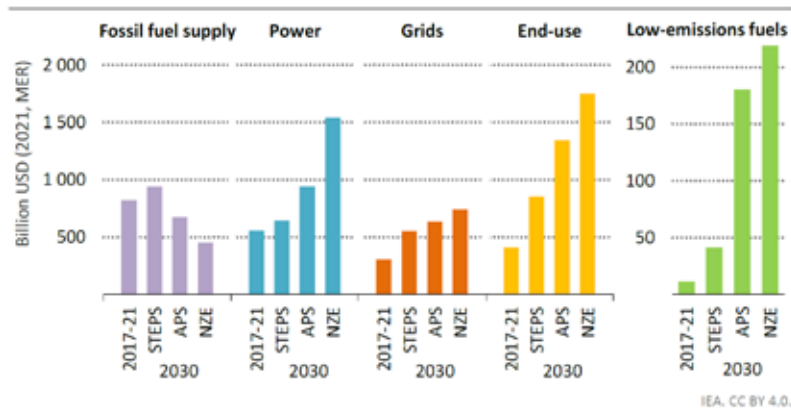
- The revised Net Zero Emissions (NZE) scenario – sets out the most technically feasible, cost effective and socially acceptable pathway to reach net zero greenhouse (GHG) emissions by 2050 (See Figure 3).
- The Announced Pledges Scenario (APS) – shows the trajectory if governments meet all aspirational climate targets on time.
- The States Policies Scenario (STEPS) – shows the trajectory based on current government policy, and those that are under development around the world.

These scenarios have varying assumptions about the likely timing of policy changes, technology adoption, changes in energy mix, and other factors to achieve a climate-friendly economy that may be useful to a company in conducting its own scenario analysis (See Figure 4).

3. Network for Greening the Financial System (NGFS) climate scenarios

The NGFS has published a set of hypothetical scenarios as follows:

- Orderly scenarios – assume climate policies are introduced early and gradually become more stringent, with physical and transition risks relatively subdued.
- Disorderly scenarios – explore higher transition risk as a result of policies being delayed or divergent across countries and sectors.

Figure 4.2 ▶ Annual average investment in fossil fuel supply, clean power, infrastructure, end-uses and low-emissions fuels by scenario

The world is not investing enough in energy. Fossil fuel investment is geared to stagnant or falling demand, while clean energy investment is not rising fast enough.

Note: MER = market exchange rate; APS = Announced Pledges Scenario.

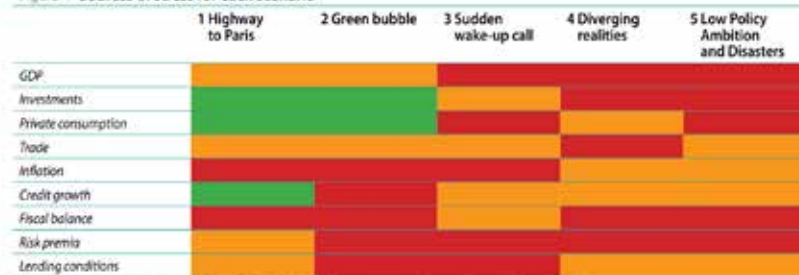
Figure 4: Annual average investment in fossil fuel supply, clean power, infrastructure, end-uses and low-emission fuels by scenario [Source: IEA World Energy Outlook 2022]

Table 1 Overview of narratives

Scenario	Narrative
Highway to Paris	Elevated levels of uncertainty related to fossil energy supply lead governments to implement an ambitious mitigation pathway in a timely and anticipated fashion. There is a boom in green public investment leading to a rapid reallocation of capital and across sectors as well as internationally via cross-country capital flows and lending patterns. Technology shocks lead to a faster-than-anticipated transition, inducing disorderliness. Green prudential policies prevent financial turmoil albeit with losses in some sectors due to stranded assets. In line with reaching net zero by 2050.
Green bubble	Elevated levels of uncertainty related to fossil energy supply limits governments in their ability to implement ambitious mitigation policy. Green regulation overtakes government policies in driving the transition, leading to a glut of green private investment and the build-up of a green credit bubble. A sunspot (i.e., an unrelated random event) leads to the burst of the bubble, a sharp rise in risk premia and a confidence crisis. In line with reaching net zero by 2050.
Sudden wake-up call	Elevated levels of uncertainty related to fossil energy supply limits governments in their ability to implement ambitious mitigation policy. Driven by an event (that triggers a sudden change in public opinion (e.g. a severe natural disaster), an unanticipated and accelerated transition occurs. ¹ The abrupt policy change sets off shock waves through the economy and financial system: stranded assets in polluting sectors cause severe financial stress which propagates internationally via capital, trade and financial flows. In line with reaching net zero by 2050.
Low Policy Ambition and Disasters	Severe acute physical disasters hit exposed jurisdictions. Investors price in a sizeable risk premium, which freezes private investment, and reduce their exposure to the jurisdictions and sectors whose assets are at greatest risk of disaster losses. Households consume less and save more due to the increase in uncertainty and insurance costs increase. NOT in line with reaching net zero by 2050.
Diverging realities	The world as a whole aims to avoid the worst impacts of global warming. However, severe natural disasters in the EMEs and LICs and a lack of external financing lead to recovery traps, i.e., a lack of fiscal space for affected regions to transition. Meanwhile, the disruption of transition-critical mineral supply chains originating in disaster-prone regions hampers the speed of the global transition. ² The sudden realization that the global transition is too slow to avoid a Hot House World leads to a sudden re-assessment of future physical impacts globally. As a result, risk premia rise sharply. NOT in line with reaching net zero by 2050.

Figure 5: Overview of narratives of NGFS short-term scenarios [Source: NGFS Conceptual Note 2023]

Figure 4 Sources of stress for each scenario



Note: Colours indicate the levels of stress. Red refers to high, orange to medium and green to low levels of stress.

Figure 6: Sources of stress for each NGFS short-term scenario [Source: NGFS Conceptual Note 2023]

- Hot house world scenarios – assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming.
- Too little, too late scenarios – assume that a late transition fails to limit physical risks.

More recently, in October 2023, the NGFS published five new short-term scenarios (See Figure 5), focusing on a time horizon of 3 – 5 years, that capture a mix of transition and physical impacts and their interaction with the macroeconomy and financial sector. These new scenarios are as follows:

- Highway to Paris scenario - immediate and technology-driven transition in which the private sector develops and adopts green technologies faster than expected, inducing a rapid shift in the supply side.
- Green bubble scenario – generous fiscal policy incentives in the form of subsidies leads to a glut of green private investment and expenditure.
- Sudden wake-up call scenario – abrupt and unanticipated transition in which policy makers initially procrastinate on strengthening climate policies, ignoring the need to accelerate the transition initially, until an event triggers a sudden change in policy stance.
- Diverging realities scenario – maps out possible futures with divergences across countries in their net zero transition paths.
- Low policy ambition and disasters scenario – reflects the short-run repercussions of insufficient long-term policy ambition and high physical risks.

Varying sources of stress are associated with each of the NGFS scenarios (See Figure 6).



Figure 7: The CLIPC portal [Source: CLIPC portal]

Climate scenario tools

In addition to publicly available scenarios, companies can also access portals with tools they can use to analyse climate change and climate impact. Some of them are:

1. The International Institute of Applied Systems Analysis (IIASA) - provides a wide variety of land, energy, transition, and water tools as well as online scenario databases for energy, GHG mitigation strategies and climate policies consistent with 2°C and IPCC scenarios.
2. The European Climate Information Portal (CLIPC) - provides access to climate information such as data from satellite and in-situ observations, climate models, data re-analyses, and transformed data products enabling assessment of climate change impact indicators. CLIPC also provides a toolbox to generate, compare, manipulate, and combine indicators (See Figure 7).
3. The World Business Council for Sustainable Development (WBCSD) climate scenario tool for the Food, Agriculture, and Forest Products industry – helps companies effectively apply scenario analysis, better assess the resilience of their strategies, and disclose information. (See Figure 8.)

Practical tips on conducting a climate scenario analysis

SMEs will need to focus on how to best prepare themselves for conducting their first climate scenario analysis. Here are some tips to consider:

1. Select at least one or two publicly and freely available climate-related scenarios – IFRS S2 allows for companies to use a particular scenario or a set of scenarios, as long as the company provides a reasonable and supportable basis for doing so.
2. Select scenarios and narratives which are relevant to the business, and which will provide an understanding of how the company's financials will be affected.
3. Create a link between the climate-related scenario analysis and the anticipated financial impacts on the company, to help guide strategic thinking and decision making.

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Figure 8: The WBCSD climate scenario tool [Source: WBCSD portal]



Sheila Stanley

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Law & Regulation News

Important amendments to the prescribed format of liquidators Section 682 Reports to the CEA with effect from 1 October 2023.

The Minister of State at the Department of Enterprise, Trade and Employment, Dara Calleary, TD, has signed into law the Companies Act 2014 (Section 682) Regulations 2023 (S.I. No 474 Of 2023) (the Regulations).

The purpose of these Regulations is to prescribe the form of the liquidator's report to the Corporate Enforcement Authority for the purposes of section 682(2) of the Companies Act 2014.

The associated Regulations can be accessed [here](#).

[Read More](#)

Employer Obligations under the Protected Disclosures (Amendment) Act 2022

The Protected Disclosures (Amendment) Act 2022 amended the 2014 Act, and sets out to protect workers in the public, private and not-for-profit sectors from retaliation if they speak up about wrongdoing in the workplace.

Any individual who makes a protected disclosure is protected by law and the legislation ensures strong anti-penalisation is included.

Workers can report wrongdoing internally to their Employer or externally to a third party, such as a prescribed person.

[Find out more](#)

From Size to Risk: Rethinking Regulation to Prioritise Impact

Regulation is often considered as a burden, but it is the bedrock of a safe society. Striking the right balance is key.

Policymakers currently rely on simple metrics (quantitative criteria) such as turnover, balance sheets, number of employees to categorise and define enterprises. This determines how EU law applies to them. But in today's world of climate urgency, multiple tensions and disruptive innovations, these metrics fall short.

Most European businesses fall under the small and medium-sized enterprises (SME) category according to these metrics.

However, these don't always reflect the complexity of their models, or their societal and environmental impacts. Even small companies can operate across borders, on new markets, in risky regions, and have a business model that significantly impacts the environment and stakeholders.

Accountancy Europe explored the idea in its 2020 thought-leadership paper *From risks to regulation*. These insights remain pertinent as we reconsider SME categorisation and thresholds today.

[Find out more](#)

UK fines Equifax £11m for role in major cyber-security breach

The UK's Financial Conduct Authority (FCA) has fined Equifax Ltd more than £11 million for failing to manage and monitor the security of UK consumer data it had outsourced to its parent company based in the US.

The breach allowed hackers to access the personal data of millions of people and exposed UK consumers to the risk of financial crime.

In 2017, Equifax's parent company, Equifax Inc, was subject to one of the largest cybersecurity breaches in history. Cyber-hackers were able to access the personal data of approximately 13.8 million UK consumers because Equifax outsourced data to Equifax Inc's servers in the US for processing.

The UK consumer data accessed by the hackers ranged from names, dates of birth, phone numbers, Equifax membership login details, partially exposed credit card details, and residential addresses.

The cyberattack and unauthorised access to data was entirely preventable.

Equifax did not treat its relationship with its parent company as outsourcing. As a result, it failed to provide sufficient oversight of how data it was sending was properly managed and protected. There were known weaknesses in Equifax Inc's data security systems and Equifax failed to take appropriate action in response to protect UK customer data.

Therese Chambers, joint executive director of enforcement and market oversight, said: "Financial firms hold data on customers that is highly attractive to criminals. They have a duty to keep it safe and Equifax failed to do so. They compounded this failure by the ways they mishandled their response to the data breach. Regulated firms are on the hook, regardless of whether they outsource or not."

"The risk of identity theft never stops. Cyber criminals are sophisticated and innovative; it is imperative that firms maintain the highest standards in data protection."

[Find out more](#)

Anti-Money Laundering (AML)

Achieve compliance and drive efficiency with AML Software

by Kevin Kerrigan

AML compliance obligations are onerous. The procedures to onboard and maintain Client AML files are mundane, repetitive and can often appear disproportionate. This can lead to procrastination, client friction, panic at your next AML inspection and ultimately non-compliance with regulatory requirements. More and more accountants are looking at AML software to drive efficiency, compliance and improve customer experience. So, what are the options, benefits and where should you start?

Start with some basic questions

A great place to start is by asking two basic questions: "What do we need?" and "What do we have?". Asking these simple questions helps set target outcomes. It also allows you to clarify your starting point.

With respect to specific AML requirements, I often use the 5 Pillars of Compliance as a tool to help accountants understand the policies, controls and procedures they need to put in place to achieve compliance. The 5 pillars and underlying elements should help you answer the "What do we need?" question.

The Consultative Committee of Accountancy Bodies – Ireland (CCAB-I) has developed detailed

guidance to help accountants understand their AML obligations within the Irish legal framework. This is another valuable resource when working to further understand your needs and requirements.

With regards to "What do we have?", you need to look internally within your practice and see what is working well and what needs improvement. Conducting an AML compliance health-check is a good way to identify if there are compliance gaps.

Some good probing questions to lead internal analysis include:

1. Compliance gaps:

If you received an AML inspection notice tomorrow, what would you be worried about? Looking at the 5 pillars, are we covered across all

areas of compliance?

2. Current software:

What software do we currently use in the practice? Does it meet all, or some, of our AML obligations?

3. Record management:

What information do we currently have on our clients? Where is our data stored and how are we collecting it? Do we need to refresh identity documents and proof of address?

4. Risk management:

Do we have a risk assessment framework in place? Are we appropriately managing risk and documenting due process at a firm-wide and individual client level?

5 Pillars of AML Compliance

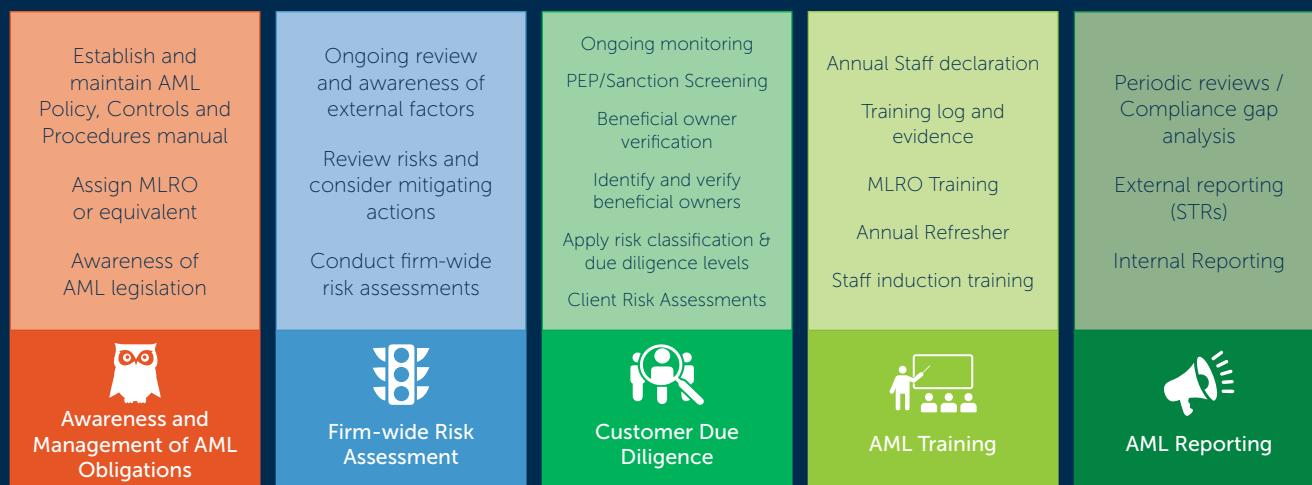


Figure 1 - The 5 Pillars of AML Compliance

Where can software help?

AML software can help automate and simplify the AML compliance process. It can help accountants with various aspects of AML compliance, such as:



Record Management

Software can help store and manage all the relevant documents and records related to AML compliance in a secure and accessible way. This can also help accountants comply with GDPR requirements, by ensuring that they do not collect or store any unnecessary or sensitive data from their clients, and that they delete or anonymise data that is no longer needed.



Risk Assessment

Accountants can assess the risk level of their clients, using a standardised and consistent methodology that automatically calculates risk factors such as the client's nature, activities, transactions and country of origin. AML software can help accountants assign a risk rating and due diligence workflow to each client based on a predefined scale or criteria.



Identity Verification

Software can help accountants verify the identity and background of their clients remotely and securely, using advanced technologies such as biometric verification, document verification, facial recognition, liveness and fraud detection.



PEP / Sanction Screening

Accountants can screen their clients against various lists of Politically Exposed Persons (PEPs) and sanctioned individuals or entities, using up-to-date and comprehensive databases. AML software can also help accountants manage any alerts or matches that may arise from the screening process, by providing them with relevant information and guidance on how to proceed.



Data Aggregation

Software can help accountants' aggregate data from various official registers and sources of information, such as company registers, beneficial ownership registers and tax authorities. This helps accountants validate and enrich the data that they collect from their clients, by cross-checking it with external sources of information.



AML Training

Staff members are required to undergo training both during their induction and on an ongoing basis. AML software can assist in delivering and monitoring this training, as well as providing training logs and evidence upon request during AML inspections.

Software Options

There are several providers that offer AML software for accountants and solutions are typically presented in two categories:

All-in-one solutions:

As the name suggests, all-in-one solutions provide a turnkey approach to meet your AML compliance obligations. They typically cover all aspects of AML compliance that accountants need, such as record management, identity verification, risk assessment, PEP / Sanction screening, data aggregation, reporting and AML training. These solutions are designed to provide a comprehensive and integrated AML program for accountants, without the need for additional software, tools or external consultants. All-in-one solutions help you stay compliant by providing inline guidance, intuitive workflows and a comprehensive set of AML tools.

Component solutions:

An alternative approach is to select software providers that provide a specific component to meet a compliance requirement. It would be typical to find software providers who deliver identity verification and PEP/ Sanction screening; or AML training; or corporate data aggregation; or

record management. The benefit of this approach is that you can adopt components on an à la carte approach. A potential downside is that you may need to integrate with several different providers and manage integration and record management.

This is a competitive market, and the costs of all-in-one or component solutions can be attractive for both SME practices and sole practitioners.

Is adoption complicated and time-consuming?

Software providers understand that accountants are challenged with a perpetual cycle of service deadlines. Any time invested to improve processes or adopt new software must yield a significant upside.

Software providers therefore work to make it intuitive and easy to adopt new software. Technology employed by software providers typically operates in the cloud and an accountancy practice can usually be up and running in the same day.

Some software providers offer a bulk-import service to get your existing client AML files up and running and start to address a lot of compliance requirements. This expedites the process and is of real value to an accountant who has neglected their compliance obligations or has significant compliance gaps to fill.

Top tips for immediate benefits

Some tips to make the software adoption process easier and faster, include:

1. Start with new clients:

Accountants can use their selected AML software to immediately onboard new clients. This allows the team to quickly adopt good behaviours and compliant processes as guided by the software. With this approach, accountants can immediately benefit from the AML software and avoid any disruption.

2. Migrate existing clients:

Ideally the software will offer a bulk client import service.

In this approach, accountants can quickly transfer all the relevant data and information from their current systems or records to the new software in an efficient and seamless way. This can quickly achieve compliance gains and highlight compliance gaps.

3. Refresh the data when engaging with clients:

Accountants can also use the opportunity of engaging with their clients for other purposes, such as annual return, corporation tax and income tax returns to refresh the data and information held in each client file. This way, accountants can ensure that their AML program is up to date and reflects the current situation of their clients.

Key benefits

By using AML software for their practice, accountants can enjoy various benefits, such as:

Summary

There are several opportunities for accountants to adopt technology to meet their AML and compliance obligations. A good starting point is to look at what you need to have in place (refer to the 5 pillars of compliance) and what systems and information you currently have.

Conducting an AML health-check is a great way to help prioritise your next actions. Have a look at the market options. Evaluate all-in-one and component solutions to see which is the best business-fit for you.

Adopting AML software doesn't need to be a big challenging project. You can typically get up and running with new software in the same day. Big compliance leaps can be achieved. Prioritise the refresh of client files based on their risk rating and use your ongoing client engagement as an opportunity to refresh data and conduct ongoing monitoring



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Kevin Kerrigan

Founder and COO of AML HQ

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Resource saving	AML software should help accountants save time and money by reducing the manual work involved in the AML compliance process.
Reduced customer friction	Good software should help accountants reduce the friction and inconvenience that their clients experience during the customer due diligence process. Software needs to be flexible to cater for different clients and challenges that a practice can face. Adopting the wrong software and poor processes can introduce friction.
Professional first impression	Efficient processes should help accountants create a professional and positive first impression of their firm. Collecting client information securely and protecting sensitive data represents how the practice operates.
Peace of mind	AML software should prepare accountants for their next inspection by providing organised access to all firm-wide and client documents. Access should be simple and should demonstrate a robust AML program with evidence of due process.
Compliant by design / through convenience	Out of the box workflows should make staff compliant by design. AML software should help accountants ensure that their staff follow industry best practice and professional body standards.
Reduced manual and mundane tasks	Automation and augmentation should help accountants reduce the manual and error-prone tasks, such as: data collection, document validation, client screening, form filling and corporate officer and owner verification.
Compliance gap analysis	AML software should help identify gaps or weakness in an AML program and support remediation before they become an issue.

Navigating Capital Reduction in Business Sales: Avoiding Pitfalls

by Brendan Ringrose

In the world of takeovers and share sales, advisers face a common challenge. Buyers seek core assets and business from the target company but are keen to dispose of non-core assets beforehand. Pre-sale reorganisation becomes crucial to divest the non-core assets and pave the way for a successful transaction. Brendan Ringrose, Partner in Whitney Moore Law Firm, specialising in Corporate transactions, discusses the legal issues.

During takeovers or share sales of a target company, professional advisers often encounter a common challenge. The Buyer identifies the core assets and business of the target company but requires the disposal of non-core assets before proceeding with the transaction. This necessitates a pre-sale reorganisation to divest the non-core business and assets prior to the sale. For example, a company might operate a core software development business alongside non-core assets, like an office building used by the target. The Buyer insists on disposing of the office building before finalising the sale, typically achieved by transferring the non-core asset to either the target company's shareholders or a company owned by them.

In this process, shareholders of the target company should consult taxation advisers to understand any potential liabilities, including capital gains tax and stamp duty. In some cases relief from these taxes may be claimed, subject to specific exceptions and conditions. However, there are legal questions to address such as whether the disposal constitutes a distribution. According to section 123(1) of the Companies Act, 2014 (as amended), a distribution is "every description of distribution of a company's assets to members of the company, whether in cash or otherwise," with certain exclusions like bonus shares or preference share redemptions. This is a description rather than a definition but in general, a distribution may arise where a

company transfers an asset to a shareholder (or an entity controlled by a shareholder) for which it receives less than the market value of the asset. Nonetheless, deciding on the market value or relevant value for the asset can be uncertain, requiring consideration of Section 119 of the Companies Act, 2014.

Enter the concept of book value. Section 119 is applied to determine the amount of the distribution arising from a company's transfer of a non-cash asset, contingent on the presence of distributable reserves and the company's ability to make the distribution (if the amount of the distribution is calculated under section 119). In this context, if the value of the consideration for the transfer is equal to or higher than the asset's book value, the distribution is deemed to be zero. Otherwise, the distribution amount is calculated as the amount by which the book value of the asset exceeds the consideration paid for the transfer.

The notion of distributable reserves plays a crucial role. As defined in Section 117 of the Act, distributable reserves are "accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made." However, a lack of sufficient distributable reserves can create challenges. If a distribution is made by a company in violation of the Act, and the member receiving the distribution is aware or has



reasonable grounds to believe so, they will be required to repay it to the company, under Section 122 of the Act.

One potential solution may lie within the financial statements. Certain financial reserves, identified as "company capital," are specified in the Companies Act and cannot be distributed or considered distributable reserves. These reserves encompass amounts in the company's share premium account, capital redemption reserve fund or capital conversion reserve fund.

To convert share premium into distributable reserves, companies can employ the summary approval procedure (SAP) in order to carry out a capital reduction under Section 84 of the Act. This involves a majority of the directors making a statutory declaration of solvency and obtaining a special resolution from shareholders no more than 12 months before the capital reduction commences. However, the risk involved in the SAP declaration should not be underestimated, since making a declaration of solvency without reasonable grounds can lead to unlimited personal liability of directors for the debts of the company.

Alternatively, if capital reduction using an SAP declaration poses unacceptable risks, the Act allows an application to be made to the High Court to seek an order to sanction the reduction. This would avoid the need for the directors to make the SAP declaration but does involve advertising a notice of the resolution in a newspaper. In addition this option would involve a more detailed legal procedure and be more costly, requiring a barrister and affidavits to be drawn up. It might take some months to obtain a court date and is subject to the discretion of the Court.

Once adequate distributable reserves are created, companies can proceed with transferring non-core assets to shareholders by means of a reorganisation. A reorganisation is where a company's assets or undertaking or part thereof (i.e. the office lease in the above example) is



transferred to a new company, with the consideration for such transfer being the allotment of shares in the new company to the shareholders of the transferring company. Section 91 refers to such transactions as a variation of company capital on reorganisation. For this to proceed, approval is required from the directors making the SAP declaration or by means of a shareholders' special resolution that is confirmed by the High Court. Alternatively, the company must have distributable reserves at least equivalent to the value of the asset stated in its accounting records immediately before the transfer, deducting this amount from the reserves.

A noteworthy amendment in 2022 to section 91 simplifies transactions where the book value is lower than the market value. This allows for the transfer to proceed provided the company has distributable reserves equal to value stated in the "accounting records" which is thought to include the book value stated in the most recent management accounts rather than the audited accounts. If this applies it may not be necessary to make an SAP declaration or obtain a High Court order. However, prudent calculation by directors of the asset's value in the accounting records and professional advice remains essential.

Lastly, section 91(5) provides that where such a transaction is implemented using an SAP declaration or a High Court order,

there must be deducted from the company's reserves and company capital such amount as the company shall, by ordinary resolution, resolve equivalent to the value stated in its accounting records immediately before the transfer of the asset.

In conclusion, pre-sale reorganisations may be required to maximise the value and attractiveness of the target business for potential buyers. If necessary adequate distributable reserves can be created by means of capital reduction, while the amendment to the Act in 2022 simplifies asset transfers in reorganisations. Financial due diligence and professional advice are crucial in navigating this complex landscape and avoiding potential pitfalls.



Brendan Ringrose

Partner in Whitney Moore Law Firm

Brendan Ringrose is a Partner in Whitney Moore Law Firm, a full-service law firm. Brendan specialises in advising on mergers and acquisitions, corporate transactions, fundraisings and corporate finance.



The International Equal Pay Movement and EU Directive on Pay Transparency: Impact on Irish Business and Recruitment of Senior Finance Professionals

by Sandra Quinn

In an era of increasing awareness and advocacy for gender equality in the workplace, the international equal pay movement and the European Union's (EU) Directive on Pay Transparency have taken centre stage in addressing the gender pay gap (GPG). This article explores the significance of these developments, their implications for Irish businesses, and how they relate to the recruitment of finance professionals in Ireland.

The International Equal Pay Movement

The international equal pay movement is a global initiative aimed at eliminating wage disparities between men and women. It is founded on the principle of equal pay for equal work or work of equal value, irrespective of gender. The movement recognises the importance of closing the gender pay gap, which persists in many parts of the world, including Ireland.

The reasons behind the gender pay gap are multifaceted, including factors like occupational segregation, lower representation of women in leadership roles, and maternity-related issues. The international equal pay movement seeks to address these disparities.

The international equal pay movement is not confined to a single country or region but encompasses global efforts to promote wage equality. Organisations such as the International Labour Organisation (ILO) and UN Women play significant roles in advancing this movement. Their initiatives focus on policy changes, data collection and analysis, and awareness campaigns to highlight the importance of equal pay.

Ireland, like many other countries, has grappled with a persistent gender pay gap.

The gender pay gap in the Republic was 9.6% last year, according to the Central Statistics Office (CSO). The highest GPG by age was in the 50-59 age group at 16.7%. The economic sector with the highest gender pay gap was the financial, insurance and real estate sector at 24.7%, with average hourly earnings of €41.93 for males and €31.59 for females.

When the 30% Club, an organisation where members commit to at least 30% female representation on their boards and executive leadership teams, was established in Ireland in 2015, the percentage of women on ISEQ 20 boards was just under 12.5%.

In 2022, that percentage had increased to 32%. In Ireland at present, only employers with 250 or more employees are required to disclose their gender pay gap reports. However, by 2025, this requirement will be extended to companies with as few as 50 employees, and they will need to submit these reports on an annual basis.

EU Directive on Pay Transparency

In the European Union, the Directive on Pay Transparency has emerged as a key instrument in the fight against the gender pay gap. This directive mandates EU member states



to implement measures aimed at increasing pay transparency within their jurisdictions.

Key Provisions of the Directive

The EU Directive on Pay Transparency comprises several key provisions, including:

- **Obligation for Employers:**
Employers with at least 250 employees must disclose information about their pay structures, including gender-specific pay gaps, to ensure transparency.
- **Gender Pay Gap Reporting:**
Employers must annually report gender pay gap data, enabling employees, job seekers, and the general public to access this information.
- **Job Vacancy Information:**
Employers must provide information about job vacancies, such as pay scales and salary ranges, to promote transparency and equal opportunity.
- **Employee Rights:**
Employees have the right to request information about their individual pay relative to colleagues of the opposite gender. Employers must respond to these requests.

Implications for Irish Businesses

The EU Directive on Pay Transparency has significant implications for Irish businesses, particularly when recruiting finance professionals.

- **Increased Transparency:**
The directive promotes transparency by obliging employers to report on gender pay gaps and provide detailed information about job vacancies. This transparency can create a more level playing field for all candidates, ensuring that salary negotiations are based on merit and experience rather than gender.
- **Legal Compliance:**
Irish businesses with operations in EU member states will need to comply with the directive's requirements. Failure to do so could result in legal repercussions and potential financial penalties.

- **Equal Opportunity:**

Pay transparency and compliance with the directive can contribute to gender equality in the workplace by providing women with the tools to advocate for equal pay. Finance professionals who identify pay disparities may be more inclined to seek positions where they are fairly compensated.

- **Recruitment and Attraction of Talent:**

In the highly competitive market for finance professionals, Irish businesses that embrace pay transparency may have a recruiting advantage. Top-tier candidates, regardless of gender, may be more attracted to organisations that prioritise transparency and equality.

Recruitment of Finance Professionals in Ireland

The recruitment of finance professionals in Ireland is a critical activity of senior leaders in all organisations and as a result, plays a pivotal role in company performance and the country's economy. Irish leadership teams can have gender disparities in leadership positions and pay scales. The international equal pay movement and the EU Directive on Pay Transparency have the potential to reshape the landscape of finance professional recruitment in Ireland, especially in senior positions.

Gender Disparities in Finance

Historically, the finance sector has been characterised by gender imbalances in leadership roles. Women have been underrepresented in executive positions and on boards of directors in Irish organisations. This underrepresentation often extends to disparities in compensation, which are perpetuated by the lack of pay transparency.

Recruitment Practices

Recruiting finance professionals involves a complex process of identifying and attracting the best candidates. Traditionally, recruitment practices may have been influenced by unconscious biases and a lack of transparency regarding compensation.

The international equal pay movement and the EU Directive on Pay Transparency can bring about several positive changes in the recruitment of finance professionals in Ireland:

- **Encouraging Gender Diversity:**
The focus on pay transparency and gender equality may encourage finance companies to adopt inclusive recruitment practices and prioritise gender diversity in senior roles.
- **Enhanced Candidate Experience:**
Pay transparency ensures that candidates have access to relevant salary information during the recruitment process, allowing them to make informed decisions. This can improve the overall candidate experience.
- **Competitive Advantage:**
Companies that actively embrace equal pay practices and comply with the EU Directive on Pay Transparency may have a competitive edge in attracting top talent, regardless of gender.
- **Re-evaluation of Compensation Structures:**
The emphasis on pay transparency may prompt companies to re-evaluate their compensation structures to ensure they are fair, competitive, and aligned with market standards.
- **Retention and Employee Satisfaction:**
An equitable pay structure can lead to higher job satisfaction and retention rates among finance professionals, reducing the need for frequent recruitment.

Equal Pay and Market Competitiveness

For Irish businesses, embracing equal pay practices is not just a matter of compliance but also a strategic imperative. In the recruitment of finance professionals, companies must consider the following factors:

- **Talent Attraction:**
Talented CPAs and similarly qualified finance professionals are highly sought after. Organisations that prioritise equal pay and

transparency may be more attractive to candidates, leading to a wider pool of top-tier talent to choose from.

- **Reputation and Brand Image:**

Companies that are known for their commitment to equal pay and gender diversity tend to have a positive reputation, which can be a valuable asset in attracting both clients and employees.

- **Competitive Advantage:**

In finance, where expertise and performance are paramount, attracting the best talent can be a key differentiator. Companies that value equal pay can leverage this advantage to outperform competitors.

- **Employee Engagement and Retention:**

A workforce that feels valued and fairly compensated is more likely to be engaged and loyal. This can lead to reduced turnover and the cost savings associated with recruiting and training new staff.

- **Compliance and Risk Mitigation:**

Adhering to the EU Directive on Pay Transparency is not only a legal obligation but also a risk mitigation strategy. Non-compliance can lead to legal issues and damage a company's reputation.

Impact on Finance Professionals

Finance professionals in Ireland, both men and women, stand to benefit from the international equal pay movement and the EU Directive on Pay Transparency. These developments ensure that they are compensated fairly and have access to information that enables them to make informed decisions about their careers.

- **Fair Compensation:**

The emphasis on pay transparency means that finance professionals can be confident that their compensation is based on merit, experience, and the value they bring to the organisation, rather than gender.

- **Career Advancement:**

Equal pay practices and gender diversity initiatives create a more inclusive workplace where career advancement opportunities are available to all, irrespective of gender.

- **Negotiation and Empowerment:**

The transparency brought about by the EU Directive on Pay Transparency empowers finance professionals to negotiate for better compensation and benefits based on a clearer understanding of market rates and internal pay structures.

- **Job Satisfaction:**

When finance professionals know they are being paid fairly, their job satisfaction is likely to increase, which, in turn, can lead to higher productivity and better performance.

- **Leadership Opportunities:**

Gender diversity initiatives that result from the international equal pay movement can create more leadership opportunities for women in finance, helping to break down gender barriers in executive roles.

Conclusion

The international equal pay movement and the EU Directive on Pay Transparency are not only catalysts for change in the fight against the gender pay gap but also influential factors in the recruitment of finance professionals in Ireland.

Irish businesses must recognise that embracing these principles is not just a matter of compliance but a strategic move that can attract and retain top talent, enhance brand reputation, and ensure fair compensation for all.

As the international equal pay movement continues to gain momentum and as the EU Directive on Pay Transparency takes root in Ireland, the landscape of the recruitment of finance professionals is poised for transformation.



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Solicitors Accounts Regulations

by Eamonn Maguire

The new Solicitors Accounts Regulations (S.I. No. 118/2023) came into operation on 1 July 2023. This new suite of regulations replaced the Solicitors Accounts Regulations 2014. The Law Society has a responsibility to: 1) protect the public, 2) protect clients' interests, specifically clients' moneys, 3) protect the reputation of the legal profession, 4) minimise claims on the Law Society's Compensation Fund and 5) protect solicitors' client accounts from becoming a gateway for proceeds of crime. As such, the accounts regulations need to be specific in their purpose and broad in their application.

The last fundamental review of the Solicitors Accounts Regulations took place in the late 90s and culminated in the adoption of the Solicitors Accounts Regulations 2001. The Solicitors Accounts Regulations 2014, which directly preceded the current regime, were a consolidation of the 2001 regulations and a number of amending statutory instruments issued during the intervening period.

Review of regulatory regime

In 2019, the Law Society's Regulation of Practice Committee identified that the regulations required review and, where appropriate, would benefit from being updated.

A working group was established to identify amendments to the regulations which would copper-fasten the Law Society's key responsibilities of protecting client moneys and the Law Society's Compensation Fund. Such protections remain the primary purpose of all the accounting regulations mandated by the Solicitors Acts 1954 to 2015.

When approaching the task of updating the accounting regulations, the review group combined the insights gained from previous reviews with the lived, real world, experiences of the Law Society's team of investigating accountants and its Regulation of Practice Committee. Through such an approach, specific regulations were identified as being either unclear or limited in their

reach. In particular, it emerged that the following matters needed to be addressed:

- inactive client ledger balances in solicitors' client accounts
- opening bank accounts in respect of estates
- increased internal controls, such as regular client balancing statements, authorised signatories and a more active role for the Compliance Partner / Sole Practitioner in ensuring the regulations were complied with
- practices leading to deficits such as round sum withdrawals and borrowing from clients
- clarity around the definition of client moneys in relation to personal transactions and the use of client accounts when no legal service was provided
- changes in recent legislation such as the Legal Services Regulation Act 2015, in particular in relation to solicitors' duties regarding legal costs
- reporting of deficits to the Law Society by solicitors and reporting accountants
- earlier submission of accountants reports and transparency around the removal of reporting accountants
- testing of transactions by reporting accountants
- issues arising from Law Society's inspections

Consultative Committee of Accountancy Bodies Ireland

It was also noted that a key component of the Solicitors Accounts Regulations was the involvement of reporting accountants in reporting breaches of the regulations to the Law Society. In drafting the amended regulations, detailed consultations were held with the Consultative Committee of Accountancy Bodies Ireland.

Key changes

Following such careful review and consultation, the Law Society welcomed the introduction of the new Solicitors Accounts Regulations in July 2023. The key changes to the Solicitors Accounts Regulations as they impact Solicitors, Reporting Accountants and Law Society investigations, are as follows:

Solicitors

- it is no longer a requirement to open a separate bank account where a solicitor is acting as personal representative of an estate
- balancing statements are to be prepared at quarterly intervals in respect of client account transactions
- client ledger balances are to be reviewed for undue or unnecessary delays in discharging client moneys and immediate action taken to clear same, where appropriate
- a listing of client ledger balances

outstanding two years or more is to be prepared at the accounting date and furnished to the Law Society by the Reporting Accountant

- clients are to be furnished with a statement of account in respect of each matter
- client moneys are to be returned to clients when the legal service is completed
- evidence of payments in cash is to include the witnessed signature of the recipient
- transfers of funds from client to office account are to be related to specific clients
- the Law Society is to be notified of a deficit that cannot be rectified within seven days of the deficit coming to the solicitor's attention
- cheque signatories or transaction authorisers on client account are to include a solicitor who is a partner or a sole practitioner with a current practicing certificate
- register of undertakings and of funds held on joint deposit are to be maintained
- a file of documents or record in respect of electronic transfers to be maintained
- compliance partner is to provide specific confirmation to the Law Society, through the Form of Acknowledgement, of compliance with the regulations in respect of balancing statements, balances outstanding two years or more, review of client ledger balances for undue or unnecessary delays and back up of computerised accounting systems
- client accounts are not to be used for the purpose of borrowing from, lending to, or organising loans between, clients
- client accounts are not to be used to hold moneys other than in respect of legal services provided, or to be provided
- client accounts are not to be used to hold, or to pass through, solicitors' personal moneys
- responsibility for breach of the

regulations extends to the solicitor responsible for the actual breach, and not just the principal or partners of the firm

Reporting Accountants

- reporting accountant's reports are to be filed within 5 months of the accounting date
- reporting accountant to test check postings before and after accounting date
- reporting accounts 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 3 months of cessation
- reasons are to be provided for withdrawal of approval of a Reporting Accountant

Law Society Investigations

- investigations may be carried out away from the solicitor's practice
- The Law Society may instruct an authorised person to communicate with such persons and seek such information and documentation as the Law Society considers necessary

Professional misconduct

The misappropriation and mismanagement of client monies has serious consequences for solicitors, including restrictions placed on, or suspension of, a solicitor's practising certificate, and could potentially lead to a solicitor being struck-off the Roll of Solicitors.

The Law Society and its Regulation of Practice Committee treats all financial regulatory issues with the utmost seriousness. Any breach of the Solicitors Accounts Regulations is rigorously investigated, with the welfare of the client and the profession of paramount concern.

Conclusion

All areas of the professional services sector have had to respond to the imposition of increasingly onerous professional regulation and, with the Legal Services Regulatory Authority fully operational, the Society's regulatory functions must reflect this changed regulatory landscape while remaining dynamic and robust. It was for this reason that an update to the Solicitors Accounts Regulations was undisputedly necessary for:

1. maintaining and improving the quality of the Law Society's systems for seeking to safeguard client money, thereby reducing risk to the Compensation Fund
2. the protection of both clients of solicitors and the profession generally, and
3. protecting the reputation of the profession

On the commencement of the new regulations, the President of the Law Society of Ireland, Maura Derivan, said: "adherence to these regulations not only increases protection for client moneys but also more clearly responds to the modern-day realities of running a practice".

Please note, this article is not a statement of law. For a complete understanding of the updated Solicitors Accounts Regulations, it is important to read the regulations fully: (S.I. No. 118/2023)



Eamonn Maguire

*Regulatory Communications Manager
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Finance & Management News

Regional Enterprise Plan for €145 million scheme to promote economic growth across all regions

On 26th October 2023 the Regional Enterprise Plan National Oversight Group, the Steering Committee Chairs welcomed the new fund of €145 million aimed at accelerating economic growth and sustainable job creation across all regions of the country.

The scheme will be administered by Enterprise Ireland and is already open for applications. Co-funded by the Government and the European Regional Development Fund (ERDF), the funding will capitalize on existing regional enterprise partnerships and complement priorities set out in the nine Regional Enterprise Plans.

The overall objective of this scheme is to drive job creation and enterprise development in each region throughout Ireland. In addition, Smart Regions funding will support the micro and SME client base in strategic regional

locations by addressing deficits in key infrastructure. Successful projects will be collaborative in nature, innovative, financially viable, sustainable and will support existing regional infrastructure.

The first call for the Smart Regions Enterprise Innovation Scheme is open for applications and closes on 31 March 2024. Under a competitive process, applications are now sought for funding under four streams, with varying investment levels, up to €10 million in:

- Local infrastructure projects
- Innovation clusters and consortia
- Services to SMEs to drive Innovative Solutions
- Feasibility & Priming Grants

[Find out more](#)

€1.2 billion Ukraine Credit Guarantee Scheme via Credit Unions

Thirteen Credit Unions represented by Metamo, the Irish League of Credit Unions (ILCU) and the Credit Union Development Association (CUDA) have joined the €1.2 billion Ukraine Guarantee Scheme as lenders.

The scheme was launched at the beginning of this year and facilitates loans for working capital and medium-term investment to assist businesses with liquidity and in improving energy efficiency.

The important features of the scheme are:

- No personal guarantee or collateral required for loans up to €250,000
- Loans of up to 6 years and €1 million
- Reduced interest rates (vs standard market rates)
- Pre-eligibility available on Strategic Banking Corporation of Ireland (SBCI) Hub speeds up the process

Businesses will have certainty that their liquidity funding needs can be met through low-cost loans supported by the government. This is a central pillar of the government's response to aid businesses impacted by rapidly rising costs as a result of the invasion of Ukraine.

Ukraine Credit Guarantee Scheme

The main features of the scheme are as follows:

- This is a scheme for SMEs, primary producers, and small mid-caps (defined as businesses with up to 499 employees). SMEs are expected to be the main beneficiaries.
- To qualify for the scheme, the borrower will have to declare that costs have increased by a minimum of 10% on their 2020 figures and that the loan is being sought specifically as a result of difficulties being experienced due to the Ukraine crisis.
- Loans will be available to viable businesses only and it must be a new loan with no refinancing.
- The ceiling of funding available under the UCGS is €1.2 billion.
- A guaranteed rate of 80% for the State

with the lenders retaining 20% of the risk of the loan.

- The current standard facility size of €10,000 to €1 million under the current Acts will remain for the UCGS.
- The products covered under the scheme include a broad range of credit facilities including overdrafts, working capital and term loan facilities.
- Capital and/or interest moratoria for specific periods of time (up to three months) will be permitted under the scheme but any decision regarding such moratoria will be at the discretion of the individual lender based on their assessment of their customer.
- The scheme has been prepared in order to comply with the terms of the European Commission's Temporary Crisis Transition Framework for State Aid. In particular:

- Primary agricultural, fisheries and aquaculture producers may be included.
- A guaranteed premium on each loan under the scheme is required to be paid in addition to interest rate costs. The premia range for SMEs is 0.29% for loans of 1-3 years and 0.68% for 4-6 years. For small mid-caps, the range is 0.73% for 1-3 years and 1.55% for 4-6 years.
- The scheme is timebound and will be available until 31 December 2024.
- Businesses apply through the SBCI Hub, via sbci.gov.ie. This is an easy-to-use online application. If successful, the applicant will receive a code which can be used at any participating finance provider.

[Find out more](#)

Leadership Insight

Kelly Mackenzie

Please provide a brief history of your career.

I am the founder and Creative Director of White Bear a brand and creative agency based in London and Dublin. I started the agency nearly ten years ago having worked across the globe starting my career in Dublin back in 2007.

In Dublin I worked with wonderful Irish clients like An Post and VHI. Having cut my teeth in the Irish design world I then took the leap to move abroad to Sydney, here I worked in Imagination and Landor, some of the largest agencies in the world. I developed my brand and experience... and really enjoyed the weather!

Deciding it was now time to get serious I moved to London. During my time there I really honed my branding skills and started playing a more strategic role in brand creation. I rebranded Cornetto Ice Cream, the first rebrand they had embarked on in over 50 years and worked closely with Lloyds of London, Unilever and The National Gallery before I left to set up my own agency. I had at this stage gotten to a point in my career where I felt I'd spent enough time working in other people's agencies and building other people's dreams that it was now time to go and build my own. So, I set up White Bear.

The idea for the philosophy of the agency came from an American psychologist called Daniel Wegner, he came up with 'The White Bear Phenomenon'. Wegner, found that when he asked a group 'not to think of a white bear', they all failed. That's because when a bold idea is planted in the mind, it becomes impossible to ignore. This concept drives what we as a team at White Bear do daily; creating memorable ideas for our clients. Last year I was very proud that White Bear was named Small Agency of the Year (globally) and I one of the top 22 female leaders of 2022 by Start-up Magazine London.

How difficult did you find starting your own business and how did you overcome the obstacles along the way?

I really enjoyed starting up my agency, I thrived on the hustle, and I was never one for staying in my lane when it came to job roles. I enjoyed wearing many hats as an entrepreneur and used to have a moto of 'I'll show up to the opening of an envelope'. I think naivety played a big part in my initial success, with so many 'unknown, unknowns' I ploughed ahead boldly with no fear. I joined some SME networking groups, found my accountant, lawyer and peers and gradually built structure, process and rigor around the business.

Challenges came into play however when I started hiring, renting bigger office space and scaling our offering, soon out-goings were soaring and having a fluctuating pipeline was untenable. This was and probably is our biggest challenge which is why we have adopted an 'always on' approach to marketing. As a B2B business knowing that at any one time 95% of our buyers aren't ready to buy, made us build processes around always being front of mind and this has helped us to be in the right place at the right time.

How do you ensure you have the best people working for you and is it challenging as an SME to manage the recruitment process?

We are super proud of our brilliant team, without them we wouldn't be able to do the work that we are doing or win the industry awards that we are. We hire on attitude not aptitude. With a strong set of agency values like; Hunger for growth, Purpose driven, Enterprising, Trustworthy and Bravery, we ensure that everyone on our team shows up demonstrating these daily. We reward action over analysis paralysis and encourage not staying in your lane.

We want our whole team to act like owners whether you are a senior leader or a junior eager beaver your role is important.

Recruitment is always tricky and takes a long time. I've learnt the hard way not to hire in a rush and always to put cultural fit above all else. Much like having an 'always on' approach to marketing we have a similar approach to talent. We hire based on people not job roles.

What would your advice be for someone looking to start up their own business?

Do it! Don't wait, there is never a right time and when you start, really go for it. These are my top 5 Tips:

1. Action:

Being an entrepreneur is all about action, action, action. Perfection is the enemy of the entrepreneur, you won't make traction if you are waiting for perfection.

2. Follow Your Passion:

Start with something you're passionate about; it will keep you motivated through the ups and downs.

3. Customer-Centric Focus:

Prioritise your customers. Understand their needs, listen to feedback, and constantly improve their experience.

4. Speak up:

You need to be prepared to be vocal, ask for business and always demonstrate value.

5. Adaptability and Resilience:

Be adaptable and resilient. The business landscape changes, so stay flexible, learn from failures, and be ready to pivot when needed.

I must caveat, only set up your own business if you are comfortable with uncertainty, as uncertainty is the only certainty we have in the business of running your own business.



As a business owner with two small children, how do you juggle everything?

I would be lying if I didn't say it was absolutely a struggle at times. I have a six-year-old and a two-year-old and when Sonny, my eldest was born we had just moved back to Dublin in 2017. Running a young business and caring for a newborn didn't go hand in hand too well and resulted in me travelling to the UK weekly for a couple of nights leaving Sonny with his Dad. After nearly a year of doing this, it didn't feel sustainable anymore, so we decided to move back to the UK.

The demand to commute to London coupled with my husband's love of White Bear led him to quit his job and us to decide to put all our eggs in one basket. He had always been a director observing from afar, so we decided now was the time and he joined the Bear Cave as our MD. This change made a fundamental difference to the business and our personal lives and started us on a very exciting new journey of being a family-owned business. David being an accountant added a much need string to our bow being a team of creatives.

What was really great was that by the time my second baby came around we had built a superb team of A players in

the business that could run it and help it thrive while I was able to take a full six months maternity leave. This to me demonstrated the growth in maturity of the business and how far we had come. It is still very much a juggling act but at least we are all under the same roof and work and home are in the same country... for now.

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

To be a leader in today's world, you've got to be adaptable, things change fast. In my short ten years of running my business I've had two children, moved country three times, survived a pandemic, Brexit, and continuous global uncertainty and we're looking head on into another recession in the UK. If you'd asked me ten years ago could I have predicted these things, I couldn't have.

It's our job as leaders to be prepared for these uncertainties. We can't predict the future (though many try) but we can be prepared, making sure we keep the lights on and are able to look after our teams.

Setting the North Star is crucial, I'm all about having a clear vision and goals. What gets measured gets done but making sure not to be too black

and white about it. Having a high EQ is essential and being resilient and bouncing back when things don't go to plan is a must too. I love embracing new ideas, championing diversity, and try to always keep up with technology too, I'm a big believer in continuous learning.

Lastly, good communication, building a strong team, and making fair decisions are absolute musts. If it wasn't for our team, we wouldn't have a business so I try never to forget that.

It's a mix of these things that sets the stage for success in today's ever-evolving world.

How do you unwind?

Unwinding has never been my strong suit, but on a good day, I love going for a run. It's like a therapy session for me, allowing me to enter a state of flow and truly relax. I enjoy the rush of running as fast as I can, with my favourite song pulsating in my ears. Alternatively, there are times when I prefer a slower pace, accompanied by the wisdom of Steven Bartlett and his guests on "Diary of a CEO."

Another way for me to unwind is by spending quality time with my children. Their presence has a magical way of pulling me away from the rat race and refocusing my attention on what truly matters. Whether we're playing, having a laugh, or simply hanging out, these times take me away from the daily demands of being an adult. And let's face it none of us want to adult all of the time.



Kelly Mackenzie

Founder and Creative Director
White Bear Studio



AIB partners with the Strategic Banking Corporation of Ireland (SBCI) to provide the Growth and Sustainability Loan Scheme to SMEs across Ireland

by AIB

Implementing sustainable growth can bring extra costs to a business, and in the current economic climate this may be difficult for many SMEs. This is why it is so important for AIB to find ways to support SME customers by providing financial support to allow them the opportunity to fund their business goals.

AIB is aware of the bravery it takes to run a business and is committed to supporting you and your business. AIB has partnered with the Strategic Banking Corporation of Ireland (SBCI) to provide a range of solutions for SME and Agriculture customers.

AIB now has loans under the Growth and Sustainability Loan Scheme, the latest SBCI loan scheme for both green and non-green lending for SMEs in Ireland. The Scheme is being introduced to encourage SMEs to invest in their businesses, drive productivity gains and to accelerate the transition to a more environmentally sustainable SME base.



June Butler, CEO of SBCI said *"The SBCI welcomes AIB's participation in the Growth and Sustainability Loan Scheme, as it means that Irish businesses, farmers and fishers have increased access to longer-term, lower-cost finance to*

fund their sustainable growth. Many businesses need the longer-term finance of up to 10 years made possible through the Growth and Sustainability Loan Scheme, to invest in strategic and ultimately sustainable growth. Loans provided by AIB will be at reduced interest rates and will be available unsecured up to €500,000.

This Scheme is a key enabler of our joint commitment to supporting the growth, prosperity and the transition to sustainability of Irish businesses."

Who is the SBCI?

The Strategic Banking Corporation of Ireland (SBCI) was established in 2014 to avail of both national and international funding for the purpose of making low-cost credit available to Irish SMEs. Credit is provided through on-lending partners who, in turn, lend directly to SMEs.

The SBCI is a vital part of Ireland's financial system, taking a different approach to fund Irish SMEs with the aim to help SMEs grow, innovate and prosper, leading to a better economy for all.

AIB sees its role as supporting their customers on their journey to develop and grow their business more sustainably, through funding, facilitation, and advice. Sustainability needs commitment to actions and the Growth and Sustainability Loan Scheme is here to help customers and their business.

We spoke to David Broderick, Director of the SFA (Small Firms Association) on the importance of having SBCI loans available within the SME landscape.



"To make Ireland a better country for entrepreneurs, business owners must have access to a sufficient supply of credit. SBCI's flexible products with longer maturity and capital repayments and in some instances the provision of a partial guarantee subject to credit approval allow micro and small firms to borrow for investment that ensures their business can grow, scale, and succeed.

In the past three years small business owners have faced many obstacles and will continue to do so as they enter 2024. The SBCI's Growth and Sustainability Loan Scheme will allow eligible small businesses to remain resilient in the year ahead."

Everything to Know about the Growth and Sustainability Loan Scheme

The SBCI Growth and Sustainability Loan Scheme (GSLS) is a long-term, low-cost scheme which aims to support eligible businesses, SMEs, and Mid-Caps, including farmers and fishers with long-term financing to invest in the growth and resilience of their enterprises or improve their performance in terms of climate action and environmental sustainability.

To qualify, customers must meet the eligibility criteria for either the Climate Action and Environmental Sustainability loan purposes or the Growth and Resilience loan purposes set out by the SBCI see: Growth and Sustainability Loan Scheme- SBCI

These are a long-term investment for your business towards climate action and environment sustainability.

The Growth and Sustainability Loan Scheme (GSLS) is established and offered by the Strategic Banking Corporation of Ireland (SBCI) and benefits from a guarantee that has

been provided by the European Investment Bank Group (EIB), with support from the Department of Enterprise, Trade and Employment (DETE) and the Department of Agriculture, Food, and the Marine (DAFM).

There is €500 million in funds available for the GSLS, of which AIB has been allocated €193 million to support customers. The loan is 80% state backed and the bank is guaranteed as opposed to the borrower.



Loan Purpose

Loans will be granted subject to certain conditions – for, but not limited to the following purposes:

- Investment in green/sustainable measures
- Investments in tangible or intangible assets
- Machinery or equipment
- Research and development
- Business expansion
- Premises improvement
- Process innovation

Loan Features

- Loan amounts from €25,000 to a maximum of €3,000,000 per borrower.
- Loan terms from 7-10 years
- Loans up to €500,00 are unsecured; loans above €500,000 may be secured.
- Loans are available until 30 June 2026 or until the Scheme has been fully subscribed.

John Brennan, Head of AIB Retail SME said

"Our continued strong partnership with the SBCI allows us to bring a variety of finance options to our business customers for all stages of their business. With the Growth and Sustainability Loan Scheme, eligible businesses can avail of low-cost loans unsecured up to €500,000 for investment in the long-term growth and/or the environmental sustainability of their business. We've made it easy for eligible customers to apply using our SBCI Lending Enquiry Form, which is available on Growth Sustainability Loan Scheme | SBCI (aib.ie)."

AIB aims to support SMEs with their growth plans while striving for a greener future by backing those who are building it today. By obtaining a SBCI GSLS loan, you and your business can work towards the future you are after.



Growth and Sustainability Loan Scheme



For the life
you're after

Long term finance for greener
growth of your business

→ aib.ie/sbcigrowth



Rialtas na hÉireann
Government of Ireland



Anseo chun gnó a fhorbairt
Corparáid Baincéireachta Straitéiseach na hÉireann
Here to build business
Strategic Banking Corporation of Ireland

Lending criteria, terms and conditions apply. Credit facilities are subject to repayment capacity and financial status.
Over 18s only. Security may be required. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.

Financial Reporting News

Update on FRC financial reporting consultations

The UK's Financial Reporting Council have published FRED 84 Draft Amendments to FRS 102 – Supplier finance arrangements. The exposure draft proposes to introduce new Disclosure requirements to provide users of financial statements with additional information about an entity's use of supplier finance arrangements and the effect of such arrangements on the entity's financial position and cash flows. The proposals are based on amendments issued by the IASB in May 2023.

Comments on FRED 84 are requested by 31 December 2023. The FRC expects to finalize the proposed amendments in the first

half of 2024, alongside the amendments arising from the current periodic review of FRS 102 and other FRSs.

The FRC have also issued a project update on its periodic review of UK and Ireland accounting standards which proposed significant amendments to FRS 102 and FRS 105 affecting revenue recognition, lease accounting, and a number of other incremental improvements and clarifications. The FRC currently expects to issue the final amendments to FRS 102 and other FRSs in the first half of 2024, with an effective date not before 1 January 2026.

[Find out more](#)

Public sector needs to prepare for sustainability reporting and assurance challenge

Across the globe momentum is building for sustainability reporting and assurance in the public sector. The IPSASB decided to move forward with the development of public sector specific sustainability reporting standards beginning with a Climate-Related Disclosures standard. Finance and audit professionals working in government, public sector bodies and supreme audit institutions – Auditors-General's offices, Courts of Accounts and similar (SAIs) – can demonstrate leadership on this agenda, driving action to progress transparent reporting and assurance of expenditure and actions to address sustainability challenges.

At the World Investment Forum in Abu Dhabi on 16th October

three global bodies, ACCA, IFAC and IDI launched a summary of their forthcoming introduction to sustainability and assurance in the public sector.

Based on their ongoing work and recent global roundtables with public sector reporting and auditing experts, the report makes the case for a focus on the principle of sustainable development: "meeting the needs of the present without compromising the ability of future generations to meet their own need." It outlines what sustainability reporting and assurance mean for the public sector, why they are important, and key principles for governments, SAIs and other public sector bodies to consider in this journey.

[Find out more](#)

ESMA publishes three reports including the annual public statement setting out the 2023 European common enforcement priorities

The European Securities and Markets Authority (ESMA) has issued three reports.

- The annual Public Statement setting out the European common enforcement priorities (ECEP) for the 2023 annual financial reports.
- A Report dealing with the disclosure of climate-related matters in financial statements- The Heat is On: Disclosures of Climate-Related Matters in the Financial Statements.
- A Report setting out the results of a fact-finding exercise on corporate reporting practices under the Taxonomy Regulation.

[Find out more](#)

FRC sets out reporting expectations amidst ongoing economic uncertainty

The Financial Reporting Council (FRC) recently published its reporting expectations for companies amidst a period of high interest rates, persistent inflation and ongoing economic uncertainty.

In its Annual Review of Corporate Reporting, the FRC has reported the findings from its monitoring activities, together with its expectations for the coming reporting season. It reviewed 263 company reports and wrote to 112 companies with questions about their accounts.

Following FRC enquiries, 25 companies were required to restate aspects of their accounts.

The most frequently raised issues identified by the FRC related to impairments, and judgements and estimates. This reflects the ongoing economic uncertainties companies need to factor into their financial reporting and the need for detailed explanations to help users understand the positions taken.

[Find out more](#)

IAASA Audit Committee Briefing 2023

IAASA recently hosted its annual audit committee briefing and topics included focus on sustainability reporting, IAASA regulatory updates, an audit committee panel session, audit committee education topics and cybersecurity.

This event has been recorded and is available [here](#).

Financial Reporting updates and observations during 2023

by Phyllis Willoughby

As we approach the end of 2023 this article aims to take a look back at financial reporting updates and observations during 2023. Firstly, we will take a look at the most recent reports/observation papers issued by both the Financial Reporting Council (FRC) and the Irish Auditing and Accounting Supervisory Authority (IAASA). Secondly, we collate findings from CPA Ireland's quality assurance monitoring reviews. Thirdly we will look at key updates and consultations regarding IFRS and FRS 102 and finally an overview of the new Sustainability Reporting Standards.

FRC Review of Corporate Reporting alongside IAASA observations paper on Financial Reporting Issues

The Financial Reporting Council (FRC) recently published its reporting expectations and monitoring findings for companies amidst a high period of interest rates, persistent inflation and ongoing economic uncertainty. Most frequently raised issues and areas of focus included:

- Impairments, judgments and estimates as this reflects the ongoing economic uncertainties companies need to factor into their financial reporting and the need for detailed explanations to help users understand the positions taken.
- Companies restating cash flow results.
- Review of Directors' remuneration particularly regarding targets and performance against them
- Corporate governance disclosures against the Corporate Governance Code. A majority of companies disclose non-compliance with at least one Code provision, which is permitted under the comply-or-explain framework, however explanations for departures continue to lack detail specific to companies' circumstances.
- In relation to Climate Related Reporting, it is clear that companies are at very different states of maturity. As reporting practices become more established, it is more likely the FRC will enter into

substantive correspondence with companies where their disclosures do not meet requirements for TCFD reporting.

IAASA's recently published observations paper on selected financial reporting issues for years ending on or after 31 December 2023 aims to assist issuers in preparing high quality financial reports by offering observations on selected financial reporting topics with the most frequently raised issues being:

- Consideration of climate change impacts in the short, medium and long term on their operations and on the recognition and measurement of assets and liabilities.
- Consistency between front end reporting and the financial statements including climate change impacts.
- Disclosure tailoring on significant judgements, and the sources of estimation uncertainty and changes in key assumptions underpinning assets, liabilities, income, expenses and cash flows to their particular circumstances.
- Application of recognition, measurement, presentation, and disclosure requirements of financial reporting standards to provide users of their financial reports with information that is comparable, relevant, verifiable, timely and understandable.

Financial Reporting Findings from quality assurance monitoring reviews

As part of CPA Ireland's quality assurance process a review is conducted of financial statements prepared. The main financial reporting findings from quality assurance monitoring reviews during 2023 included:

- Lack of sufficient detail on issues/mitigating actions in relation to going concern.
- Insufficient disclosures regarding subsequent events.
- Obsolete narrative within auditor's report.
- References to S.1A FRS 102 and PAASE for medium and large sized companies.
- Inappropriate use of Small Companies Exemption in Republic of Ireland for Schedule 5 Companies under Co. Act 2014, such as Insurance Brokers.
- Financial Instruments, terms and conditions attaching to loans, trade creditors not adequately disclosed.
- Inappropriate accounting policies, for example simple narrative for turnover.
- Inadequate consideration of policies for the treatment of biological assets
- Incorrect treatment of government grants

- Non- disclosure or inadequate disclosure of related party transactions, refer to Section 33 FRS 102.

We now explore in more detail the requirements relating to the key financial reporting areas identified at quality assurance monitoring reviews during 2023 where disclosures had not been adequately presented:

1. Government Grant Disclosures – Section 24 FRS 102

An entity recognizes grants either based on performance or accrual model. The policy choice is applied on a class-by-class basis. Grants relating to revenue per the accrual model shall be recognized in income on a systematic basis over the periods in which the entity recognizes the related costs for which the grant is intended to compensate, also a grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in income in the period in which it becomes receivable.

The entity discloses the following within the financials:

- a. The accounting policy adopted for grants (accrual or performance models),
- b. The nature and amounts of grants recognized in the financials,
- c. Unfulfilled conditions and other contingencies attaching to grants that have been recognized in income; and
- d. An indication of other forms of assistance from which the entity has directly benefited from.

2. Biological Asset Disclosures – Section 34 FRS 102

A biological asset is defined as a living animal or plant. There are two methods of measurement fair value model and cost model. If the fair value model cannot be measured reliably then entities shall apply the cost model. For example, an entity applying the cost model shall disclose:

- a. A description of each class of biological asset
- b. The depreciation method used
- c. The useful lives or the depreciation rates; and
- d. A reconciliation which includes:
 - Increases resulting from purchases
 - Decreases attributable to sales
 - Decreases resulting from harvest
 - Increases resulting from business combinations
 - Impairment losses recognized or reversed in profit or loss in accordance with Section 27 Impairment of assets; and
 - Other changes

This reconciliation need not be presented for prior periods.

3. Consolidation Procedures & Disclosures – Section 9 FRS 102

In addition to combining the financial statements of the parent and its subsidiaries it is necessary to eliminate in full intragroup balances and transactions including income, expenses and dividends. There needs to be a uniform reporting date, reporting period and accounting policies for like transactions and other events or conditions in similar circumstances.

The following disclosures shall be made in consolidated financial statements:

- a. The fact that the statements are consolidated financial statements,
- b. The basis for concluding that control exists when the parent does now own, directly or indirectly through subsidiaries, more than half of the voting power.
- c. Any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of consolidated financial statements.
- d. The nature and extent of any significant restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans,

- e. The name of any subsidiary excluded from consolidation and the reason for exclusion; and
- f. The nature and extent of its interest in unconsolidated special purpose entities, and the risks associated with those interests.

4. Going Concern Disclosures – Section 3 FRS 102

An entity is a going concern unless management either intends to liquidate the entity or to cease trading. When preparing financial statements under the going concern assumption, the entity is viewed as continuing in business for the foreseeable future, and at least 12 months from the entity's financial statement approval date. Where there is a "material uncertainty" relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern this needs to be explicitly disclosed within the financial statements.

5. Judgements & Estimation Uncertainty Disclosures - Section 8 FRS 102

An entity shall disclose in the summary of significant accounting policies or other notes, the judgements apart from those involving estimations that management has made in the process of applying the entity's accounting policies.

The entity shall disclose within the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. Accounting Policy Disclosures – Section 10 FRS 102

Entities should consider reviewing their accounting policies to make sure they meet their current requirements. Existing policies may require expansion for example policies on loans/monies outstanding (e.g. debt warehousing) or asset

impairments. Ensure turnover policy adequately describes the nature of the business, refer to Para 62 Sch3. Co. Act 2014 and Para 52, 53 Sch 3A. Co. Act 2014.

7. Post Balance Sheet Disclosures – Section 32 FRS 102

At the end of each reporting period, entities should carefully evaluate information that becomes available after the reporting date but before issuance of the financial statements. The amounts must be adjusted to reflect events that provide evidence of conditions that existed at the end of the reporting period. If non-adjusting events are material, an entity would be expected to disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made. A common error is post balance sheet events are disclosed but not the financial effect.

Refer to Para 67 Sch. 3 FRS 102 and Para 56 Sch. 3A FRS 102.

8. Deferred Tax Disclosures – Section 29 FRS 102

Deferred tax is recognized in respect of all timing differences at the reporting date with some exceptions. The timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in financial statements.

An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of the current and deferred tax consequences of recognized transactions and other events.

The major components of tax expenses (income) for disclosure include:

- Current tax expense (income),
- Any adjustments recognized in the period for current tax or prior periods,
- The amount of deferred tax expense (income) relating to the origination and reversal of timing differences,
- The amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes,
- Adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders; and
- The amount of tax expense (income) relating to changes in accounting policies and material errors.

9. Related Party Disclosures – Section 33 FRS 102

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

of the relationship on the financial statements.

At a minimum disclosures shall include:

- The amount of the transactions.
- The amount of outstanding balances, terms and conditions, details of guarantees given or received.
- Provisions for uncollectable receivables related to the amount of outstanding balances.
- The expense reorganized during the period in respect of bad or doubtful debts due from related parties.

2023 overview of IFRS and FRS 102 key updates

In relation to International Financial Reporting Standards (IFRS) the two main amendments are in relation to IAS 12 Income Tax and IAS 1 Presentation of Financial Statements.

• IAS 12 – Income Taxes – Two Pillar Model Rules

The issuer must disclose qualitative and quantitative information about its exposure in Pillar Two income taxes at the reporting date.

• IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

These amendments require issuers to disclose their material accounting policy information rather than their significant accounting policies.

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In relation to FRS 102 there have been 3 draft amendment consultations during 2023 namely FRED 82, FRED 83 and FRED 84. CPA Ireland has responded to two consultations with deadline of 31 December 2023 for response to FRED 84. The link for CPA response to FRED 82 and FRED 83 can be found [here](#).

Sustainability Reporting Standards

The EU Corporate Sustainability Reporting Directive (CSRD) (2022/2464) entered into force January 2023. There will be an introduction to mandatory sustainability reporting standards

which will be harmonized with EU requirements for companies reporting on sustainability matters allowing for more detailed information for investors, employees, consumers and other stakeholders.

The EU Commission adopted on 31st July 2023 the European Sustainability Reporting Standards (ESRS) for use by all companies subject to the CSRD. Member states have until July 2024 to transpose the CSRD, with requirements being phased in between 2024 and 2028. The ESRS in this first set are sector agnostic, meaning that they apply to all undertakings under the scope of the CSRD, regardless of which sector or

sectors the undertaking operates in.

The European Commission has put forward a number of proposals to reduce the reporting burden for financial market participants in their recently announced Work Programme for 2024. One of the proposals is 2-year delay of the date of adoption of the sector specific ESRS and the proposed standard for non-EU companies with business in the union, currently required to be adopted by July 2024.

This postponement will allow companies in scope to focus on the implementation of the first set of standards and will allow EFRAG time to develop proportionate sector specific standards.

CPA Ireland's Sustainability Hub alongside the Sustainability Micro-Credentials aims to provide valuable information and training within sustainability related matters. Further information can be found [here](#).

Conclusion

To conclude it is evident that the financial reporting landscape is changing and evolving at a rapid pace, we recommend that you stay up to date with current CPD requirements per CPA Bye-Law 8 whilst also staying alert for CPA events, webinars, monthly e-Bulletins, Accountancy Plus Articles per the CPA website. Further information can be found [here](#). www.cpaireland.ie



Phyllis Willoughby

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Member Services, CPA Ireland*



Irish SMEs need to address 'investment gap' if they are to weather turbulent economic environment

by Mark O'Rourke

With considerable uncertainty persisting in the global economic and political environment, the rise in insolvencies so far this year in 2023, and the return of the 13.5% VAT rate in the hospitality sector, it is understandable that Irish SMEs are precarious about their outlook. Despite this, however, Irish businesses are remaining positive and pragmatic when it comes to their growth and investment intentions for the rest of 2023 and into 2024.

Recent research by Bibby Financial Services echoes these wider economic indicators. Our 2023 Global Business Monitor shows that overall, Ireland's outlook remains positive despite high prices and interest rates continuing to drag on growth. At 90% on a measure of confidence, Irish SMEs are, alongside Germany, the most bullish of nine countries surveyed about their business prospects. This confidence doesn't, however, extend to the global economic environment, with half of Irish SMEs (51%) believing the global economic conditions are worse now than during the pandemic.

The good news is that growth feels achievable to Irish SMEs, with 72% saying they expect sales to increase in the next six months. They see attracting new customers (67%), building new supplier relationships (36%), taking on new staff (24%), renegotiating with existing suppliers (23%) and exploring new distribution channels (21%) as the key opportunities for the year ahead.

Not surprisingly rising costs and inflation were the top two concerns - at 64% each - followed by energy costs (62%), supply chain pressure (30%), interest rates and the cost of borrowing (27%), and the conflict in Europe (24%). As a result, Irish businesses are taking measures to navigate cost increases and inflation, with 57% increasing prices to customers, 38% reviewing their

supply chains for efficiencies, and 14% freezing recruitment plans. Furthermore, a reduction in suppliers is also putting a strain on costs for Irish SMEs, for whom 34% of their suppliers have entered administration in the past 12 months.

Further good news is that 88% of resilient Irish businesses say they intend to invest an average of €108,850 this year. Areas they are looking at include marketing and sales (37%), staff training and development (34%), and new staff recruitment (23%). These top three investment areas show that Irish businesses are prioritising the quality and retention of their employees,

investing in hiring the best and upskilling those within their business.

Although there is a number of challenges and concerns facing businesses today, Irish SMEs still have their employees, their customers and supply chains at the heart of their operations. While 14% of businesses are intending to freeze recruitment as a way of coping with cost increases, more than half (57%) are also intending to invest in their staff this year, showing that Irish businesses acknowledge the role their employees play in their growth, and vice versa.



Unfortunately, these investment plans may be hindered by cashflow and bad debt issues as three in 10 businesses say they had to write off bad debts in the past twelve months. The average figure written off was €21,076, up from €18,543, in the past 12 months, and jumps significantly for the wholesale sector, which records the highest average amount written off at €47,000.

57% of Irish SMEs have also reported that it is taking longer for customers to pay them, an increase of 14% since last year. As a result, it is no surprise then that cashflow is an issue for companies, with over one fifth of companies saying they don't have the cashflow they need to grow and almost half of Irish SMEs saying they are more likely to use external finance since Covid-19.

Unfortunately, many business owners are often unaware of the broad range of funding options available to them as they wait for customers to settle outstanding amounts. The traditional banking landscape has changed dramatically over the past few years and while Irish banks were once the mainstays of finance providers for Irish businesses, there is now a significant range of alternative financial institutions who offer a host of reliable solutions.

Financing and investment are critical to Irish SMEs' success and the withdrawal of Ulster Bank and KBC from the Irish banking market this year has had a subsequential impact, unlocking opportunities for other financial service providers to welcome new customers and allowing SMEs to sit down and properly consider the financial options available to them to set themselves up for success. What is very clear across all markets is that SMEs need all the support they can get from both the private and public sectors. Such funding is vital to ensure businesses can deal with the range of issues facing them such as inflation and supply chain disruptions as well as offering them the opportunity to invest and grow. Alternative finance options, such as invoice finance, are now playing a

more important role in a sustainable funding landscape.

As alternative funding solutions provide certainty of payment and more sustainable sources of liquidity, they are often far more suited to the needs of an SME than traditional lending options. They also don't involve borrowing any money, which is often a key factor for SMEs as they simply don't want to take on term debt or cash flow loans that will result in monthly repayments for years to come. This hesitancy to take on debt is creating what we are calling 'an investment gap' at SME level in Ireland. This is resulting in a barrier to growth for Irish SMEs and what many companies don't realise is that alternative funding solutions can help SMEs to overcome this barrier.

The recent research by Bibby Financial Services also noted that those considering Invoice Financing has risen by 5% to 21%, showing that more long-term sustainable forms of finance are being sought by business owners. Unlike a loan or overdraft, Invoice Finance does not involve ongoing monthly repayments.

This revolving credit option means that once customer invoices are paid, you can continue the cycle – upload new invoices, draw down, use the funds and simply repeat.

The benefit is that businesses can access multiples of the funding required, compared to a fixed line of credit. This funding option is suitable for a variety of sectors and a wide range of funding scenarios including cashflow funding, new equipment purchase, growth and expansion, management buy-ins and buy-outs, refinancing, corporate restructuring and mergers and acquisitions.

At Bibby Financial Services Ireland, exclusive partnerships with key partners have ensured that SME financing is as accessible, flexible and affordable as possible. This includes a long-term relationship with Strategic Banking Corporation of Ireland, a state backed agency, offering discounted Invoice Finance to qualifying Irish businesses. Over €70m has been made available in

funding to Irish SMEs through this partnership.

To address this investment gap, a strategic alliance exists between Bibby Financial Services and PTSB to offer their customers Invoice Finance services designed to fund working capital, improve cashflow and support growth ambitions. This relationship between one of Ireland's leading retail and SME banks and a specialist lender is one of the first of its kind in Ireland and opens up this option to even more Irish SMEs.

So, while the Irish Government, as well as governments around the world, continue to formulate economic plans to tackle a range of era-defining issues, SMEs remain confidently poised and ready to take on the challenges facing them. The fact that so many are positive about their own prospects in the face of these challenges is testament to the sheer resilience of SME owners at home and across the world.

Yes, there is no one-size-fits-all solution to navigating the uncertain outlook ahead, but by ensuring they have access to a range of financing options that provide sustainable working capital and cashflow, they will be able to overcome any challenges and take advantage of any opportunities that arise over the remainder of 2023 and into 2024.

For more information about Bibby Financial Services Ireland, please visit: www.bibbyfinancialservices.ie

Find us on LinkedIn or follow us on Twitter @BibbyFinanceIE



Mark O'Rourke

Managing Director, Bibby Financial Services



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Taxation News

PAYE directions for non-resident employees of Irish private sector employments

The Tax and Duty Manual – PAYE Exclusion Orders – has been amended. A new paragraph (5.7) has been inserted concerning the treatment of employment income paid to non-resident employees of Irish private sector employers who perform duties both inside and outside the State.

The new paragraph provides that, subject to conditions, an Irish private sector employer may seek a direction from the Revenue Commissioners allowing it to withhold PAYE on the employment income relating to the non-resident employee's Irish workdays only. A supporting example has been included.

[Find out more](#)

Enhanced Reporting Requirements

From 1 January 2024, employers who pay any of the expenses/benefits below to their employees will be required to report those benefits to Revenue.

- Travel & Subsistence
- Small Benefit Exemption
- Remote Working Daily Allowance

To report these expenses/benefits, Employers and Agents will need Enhanced Reporting Requirements (ERR) permissions.

Employers will automatically be assigned ERR permissions via their existing ROS certificate. ERR permissions will not automatically apply to any sub certificates under the Employer certificate. The Employer must log into their ROS permissions screen to assign ERR accessibility to any sub certificate.

An additional Agent permission has been created to allow Agents to report ERR on behalf of their clients. Financial Agents will receive the ERR permissions automatically via their existing ROS certificate.

Non-Financial Agents will have to apply to Revenue for the ERR Agent certificate under their existing TAIN.

An Agent who has ERR permissions will be able to assign sub certificates to submit & view or view only ERR.

We anticipate 4 different combinations of Agent types under the PREM tax head:

- Financial Agetnet (has all permissions)
- Payroll & ERR Agent (can report Payroll & ERR)
- Payroll Only Agetnet (can only report Payroll)
- ERR Only Agent (can only report ERR)

Employers can have up to three different Agents on file, but an Agent type cannot be duplicated.

For example, an Employer cannot have a Payroll & ERR Agent along with an ERR Only Agent.

[Find out more](#)

Revenue's public consultation on Modernising Ireland's Administration of Value-Added Tax

Ireland's system for administering Value-Added Tax (VAT) needs modernizing. Revenue recently issued a consultation paper to stimulate discussion and garner views from across the breadth of Ireland's VAT community about the benefits, challenges and opportunities presented by VAT administration modernization.

In every stage of this change cycle – planning, development, implementation and review – the real-life business experience of VAT affected stakeholders will be a vital input, so Revenue intends that this present, early-stage consultation is just the first in a series of engagements on a VAT Modernisation programme over the coming years.

Real-time Reporting and EInvoicing for B2B and B2G Trade

This opening paper looks particularly at the potential for moving Ireland's business-to-business (B2B) and business-to-government (B2G0) transactions into the realm of real-time, digital VAT reporting, supported by electronic invoicing. Recent years have seen many developed economies undertake reforms in this direction, providing plenty of international experience from which Ireland can learn. At EU level, discussions are currently underway on the European Commission's Vat in the Digital Age (ViDA) proposals which plan to introduce similar developments in respect of cross-border transactions between Member States.

The paper discusses these concepts. It looks at how the adoption of a new domestic Digital Reporting Requirement (DRR) could benefit the business community and improve Revenue's effectiveness but comes too with implementation challenges that need to be understood and addressed. It outlines eInvoicing, its current position in the VAT system, and how it can support the introduction of real-time reporting.

It considers the current EU proposals, particularly focused on facilitating cross-border trade, which will impact on Ireland's approach here.

[Find out more](#)

Budget Highlights 2024

by Mairéad Hennessy

Budget 2024 was announced by the Ministers for Finance and Public Expenditure, Michael McGrath and Paschal Donohoe, on 10th October 2023. It was acknowledged by the Ministers that the annual Budget is about striking a balance between addressing the needs of citizens and businesses today and also planning for future needs.

This year's Budget comes at a time when geopolitical tensions, inflation and supply chain challenges are reshaping the world economic order. This year's Budget marks a step change in how we plan for the future as a country so as to put the economy in the best position possible to remain resilient against this uncertain backdrop.

The main announcements in Budget 2024 are:

Personal Taxation

Income tax rates

There were no changes made to tax rates for 2024. The standard income tax rate will remain at 20% and the higher rate at 40%.

The Standard Rate Cut Off Points (SRCOP) for 2024 have been increased as follows:

SRCOP	2023	2023
Single / Widowed Person or Surviving Civil Partner – no children	First €40,000 @ 20% Balance at 40%	First €42,000 @ 20% Balance at 40%
Single / Widowed Person or Surviving Civil Partner with qualifying children	First €44,000 @ 20% Balance at 40%	First €46,000 @ 20% Balance at 40%
Married Couple / Civil Partnership One Income	First €49,000 @ 20% Balance at 40%	First €51,000 @ 20% Balance at 40%
Married Couple / Civil Partnership – Two incomes	First €49,000 @ 20% Plus an amount equal to the lower income (subject to a maximum of €31,000) Balance at 40%	First €51,000 @ 20% Plus an amount equal to the lower income (subject to a maximum of €33,000) Balance at 40%

Income tax credits

Certain income tax credits will increase as follows with effect from 1 January 2024:

Personal Tax credits and bands	2023	2024
Single	€1,775	€1,875
Married	€3,550	€3,750
PAYE	€1,775	€1,875
Earned income tax credit for self-employed	€1,775	€1,875
Home carer tax credit	€1,700	€1,800

The sea-going naval personnel tax credit of €1,500 has been extended for 2024.

Universal Social Charge (USC)

A rise in the minimum wage from €11.30 to €12.70 per hour was announced in the Budget to take effect from 1 January 2024.

The USC rates and bands from 1 January 2024 will be:

- €0 – €12,012 @ 0.5% - no change
- €12,013 – €25,760 @ 2%
- €25,761 – €70,044 @ 4.0%
- €70,045+ @ 8% - no change
- Self-employed income over €100,000: 3% surcharge

Incomes of less than €13,000 remain exempt from USC.

PRSI

As from 1 October 2024, all PRSI contribution rates will increase by .01%.

Rental Tax Credit

The Rent Tax Credit will increase from €500 to €750 per year for 2024.

Parents who pay for their student children to rent a room or pay for their digs will also be able to avail themselves of the credit from 2024. A claim may also be made for 2022 and 2023.

Vacant Homes Tax

The vacant home tax will be increased from 3 to 5 times the property's existing basic Local Property Tax rate. The increase will take effect from the next chargeable period, commencing November 2023.

Help-to-Buy Scheme

The Help to Buy scheme is being extended at current rates until the end of 2025.

The scheme is also being revised to ensure that applicants of the local authority affordable purchase scheme can avail of Help-to-Buy.

This change will take effect immediately and will run until the revised end of the scheme in 2025.

Mortgage Interest Relief

A temporary one-year mortgage interest relief will be introduced for taxpayers who have made payments in respect of a qualifying loan for a principle private residence.

The relief will be available to homeowners with an outstanding mortgage balance of between €80,000 to €500,000 as at 31 December 2022.

Relief will be available by way of a credit on the increase in interest paid in 2023 calendar year when compared to 2022 calendar year at the 20% standard rate of income tax (max credit available €1,250).

Rented Residential Relief for Landlords

A temporary tax relief for landlords will be introduced on residential rental income at the 20% standard rate of income tax. The following rental income will be disregarded for income tax purposes – €3,000 for 2024, €4,000 for 2025 and €5,000 for 2026 and 2027, where the property remains in the rental market for four years and the tenancy is registered with the PRTB or let to a public authority.

Landlords must also have tax clearance and be LPT compliant to qualify for the relief.

Certain Profits from Micro-Generated Electricity

The income tax, USC and PRSI exemption from the micro-generation of electricity by an individual is being increased from €200 to €400 per year. The scheme is being extended to 31 December 2025.

Benefit in kind – motor vehicles

The temporary universal relief of €10,000 to the original market value on certain categories of vehicles announced previously is now extended to the end of 2024.

There will also be no tapering of the preferential BIK relief on electric vehicles. Accordingly, the existing €35,000 original market value reduction will apply for 2024 and 2025.

Business Taxation

Corporation Tax rate

Finance Bill 2023 will introduce a minimum effective corporation tax rate of 15% for companies which are members of a multi-national group with turnover in excess of €750 million.

The rules are expected to apply from accounting periods commencing on/ after 31 December 2023.

Research and Development

The R&D Tax Credit is being increased from 25% to 30% and the first-year claim threshold is being increased to €50,000 from €25,000 under Section 766C Taxes Consolidation ("TCA") Act 1997.

Smaller businesses will be able to claim up to €50,000 of their credit in year one under s766D TCA 1997 which will be of particular benefit to SMEs.

The Bill introduces a new concept of a 'pre-notification requirement', which will apply to companies intending to claim the R&D Tax Credit for the first time, or companies which have not claimed the credit in the previous 3 years. A company shall notify Revenue, in writing, 90 days before a claim is made under sections 766C or 766D TCA 1997. The notification to Revenue will require companies to provide the following information:

In respect of section 766C TCA 1997:

- the name, address and corporation tax number of the company,
- a description of the R&D activities carried out by the company,
- the number of employees carrying on R&D activities, and
- details of expenditure incurred by the company on R&D activities which has been or is to be met directly or indirectly by grant assistance or any other assistance.

In respect of section 766D TCA 1997:

- the name, address and corporation tax number of the company,
- confirmation that the building or structure is a qualifying building,
- the proportion of the qualifying building which is to be used for the purpose of the carrying on by the company of R&D activities for the specified relevant period, and
- details of expenditure incurred by the company which has been or is to be met directly or indirectly by grant assistance or any other assistance.

Revenue may request further information, explanations, etc., following submission of the notification.



The pre-notification requirement will apply in respect of claims made in an accounting period commencing on or after 1 January 2024.

CGT Relief for Angel Investors

The relief will provide for a lower CGT rate of 16% (or 18% where held through a partnership) for disposals of qualifying investments for gains up to a value of two times the initial investment. There is a minimum investment period of at least 3 years and lifetime relief limit of €3 million.

This new scheme will see investees being reviewed and certified by Enterprise Ireland to ensure that they meet the innovative start-up requirement.

Retirement Relief

The upper age limit for the relief will be extended from 65 to 70 years of age and a new limit of €10m will apply to disposals to a child from 1 January 2025.

While it's positive that the age limit has been pushed up to 70 years of age, arguably the introduction of the €10m limit on the transfer of family business (where previously there was no limit up to age 66) could motivate business owners to leave the family business by way of inheritance rather than during their lifetime.

Employment Incentive Relief (EII)

The Investment period will be standardised to 4 years for all investments and the amount an investor can claim relief on will be doubled to €500,000 on a 4-year investment from 1 January 2024.

Until now, investments in excess of €250,000 were required to be held for a minimum of seven years.

Share Options

From 1 January 2024, there will be a move from the self-assessment obligation on an employee in respect of tax on gains realised on the exercise, assignment or release of a right to acquire shares or other assets. The employer will now be responsible for accounting for income tax, PRSI and USC through the payroll system on any gains realised on the exercise of share options.

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Gains arising on or before 31 December 2023 will remain subject to self-assessment by the employee.

This move from self-assessment by the employee to the employer new payroll obligation presents a significant burden for employers especially as it is due to coincide with the introduction of the new Enhanced Reporting Requirements for employers.

Energy Efficient Equipment

The existing scheme for accelerated capital allowances, which is an incentive scheme for certain energy-efficient equipment purchased for use in a company's trade, will be extended to 31 December 2025.

The equipment must be included in the list of energy-efficient equipment maintained and published by the Sustainable Energy Authority of Ireland (SEAI) in order to qualify under the scheme.

Accelerated capital allowances of 100% of the capital expenditure incurred on such equipment can be claimed for the year in which the equipment is first used for the purposes of the trade.

The scheme covers the purchase of, for example, the following energy efficient equipment – electric vehicles, lighting equipment and systems, ICT equipment and systems.

Section 481 Film Relief

The maximum expenditure which can be used to calculate the credit will be increased to €125 million, from the date of Commencement Order.

Other Measures

Agricultural reliefs

- Consanguinity stamp duty relief has been extended for a period of 5 years to 31 December 2028.
- The accelerated capital allowances for farm safety equipment is being extended to 31 December 2026.
- Increase in the maximum aggregate lifetime limit of a number of farm-related reliefs to €100,000 including Young Trained Farmer Relief for Succession Farm and Stock Relief for Young Trained Farmers from 1 January 2024.
- Increase from €15,000 to €20,000 in the maximum amount of enhanced stock relief for farmers who are partners in a Registered Farm Partnership will commence 1 January 2024.
- Decrease in Farmers flat rate compensation from 5% to 4.8% from 1 January 2024.

Energy Supports

Three more instalments of €150 each in electricity credits for all households will be paid in December 2023, January/February 2024 and March/April 2024.

VAT

Electricity and Gas

The Budget temporarily extends the 9% rate on the supply of electricity and gas for a further 12 months until 31 October 2024.

Reduction in VAT Rates

From 1 January 2024 the VAT rate for audiobooks, e-books and for the supply and installation of solar panels in schools is being reduced from 9% to 0%.

VAT Registration Thresholds

VAT registration thresholds will be increased from €37,500 to €40,000 for services and from €75,000 to €80,000 for goods with effect from 1 January 2024.

Capital Acquisitions Tax

The Group B threshold of €32,500 will apply to foster children.

Interest free loans

Where an interest-free "specified loan" is made to a person by a "close relative" of that person (e.g., parents, grandparents, siblings, aunts, uncles, etc.), and the balance outstanding on the loan, when aggregated with the balance outstanding on any other interest-free loans, exceeds €335,000 in the reporting period, a Capital Acquisition Tax (CAT) return will have to be filed by the beneficiary. Details of the person who made the loan, as well as the balance outstanding on the loan will need to be included in the return.

A "specified loan" is defined as a loan made in four circumstances:

- to a person by a close relative,
- to a person by a company with a close relative as beneficial owner,
- by a close relative to a company with the person as beneficial owner or
- by a company with a close relative as beneficial owner to a company with the person as beneficial owner.

A "specified loan" made in one of the above circumstances must be reported where there is a deemed gift for CAT purposes in respect of the use or enjoyment of the loan, no interest has been paid in respect of the loan within 6 months of the relevant period in which this gift is deemed to have been taken and the balance outstanding on the loan (aggregated with any other specified loan in the period) exceeds €335,000 on at least one day in the period.

This new reporting requirement will also apply to loans to and from private companies where the beneficial owner of the company and the person making/receiving the loans are "close relatives".

Final Comment

Overall, the Budget is welcome and is widely regarded as being pro-business. The average worker can expect to pay around €800 less in income taxes which is a welcome support for many. We also welcome the announcement of ongoing engagement with the Tax

Administration Liaison Committee (TALC) next year to assess how tax reliefs may be made more accessible for business.

However, there were some missed opportunities in Budget 2024, for example, the general CGT rate at 33% remains very high and there were no changes to Capital Acquisitions Tax lifetime tax exempt thresholds.

Whilst the Budget was broad based, it is difficult to please every group. Furthermore, it must be sensitive against fueling inflation. Overall, we believe the balance was about right.



Mairéad Hennessy

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



In Practice News

Sector Specific and Non-EU European Sustainability Reporting Standards

The European Commission has put forward a number of proposals to reduce the reporting burden for financial market participants in their recently announced Work Programme for 2024. One of the proposals is 2-year delay of the date of adoption of the sector specific ESRS and the proposed standard for non-EU companies with business in the union, currently required to be adopted by July 2024.

A first set of European Sustainability Reporting Standards (ESRS) was adopted by the Commission on the 31st of July 2023. The ESRS in this first set are sector agnostic, meaning that they apply to all undertakings under the scope of the CSRD, regardless of which sector or sectors the undertaking operates in.

This postponement will allow companies in scope to focus on the implementation of the first set of standards and will allow EFRAG time to develop proportionate sector specific standards.

Kind Regards, CSRD Team

IAASB approve auditing standard for less complex entities

The International Auditing and Assurance Standards Board have approved their standard for the audit of less complex entities. The standard is expected to issue following approval by the Public Interest Oversight Board of the IAASB's due process, which is anticipated in December 2023.

CPA Ireland has welcomed this standard and looks forward to working to support the adoption of the standard globally and for use in the Irish market.

FRC to strengthen auditor reporting requirements of breaches of laws and regulations.

The Financial Reporting Council (FRC) has launched a consultation to strengthen auditor requirements to detect and report material misstatements from non-compliance with laws and regulations and to clarify instances auditors should report such breaches, and other significant matters, to the relevant regulators.

[Find out more](#)

CPA Ireland Bye Law Amendments

Updated changes to Bye Law 7, 14 and 15, will become effective from the 1st January 2024. The main changes are laid out as follows:

Bye Law 7-Quality Assurance (QA)

Addressing of Quality Assurance recommendations

7.7-An emphasis is now placed on the requirement for firms and relevant individuals to take all reasonable steps to ensure that recommendations arising from quality assurance reviews are implemented within a reasonable period.

QA review selection process

7.12.1- The process for selecting firms and individuals for a QA review adopting a risk-based approach was expanded to incorporate those who were non-compliant with their obligations as a designated person under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended and where information was received from other regulators.

QA Shortened cycle

7.12.2-A QA review cycle of a firm may now be shortened where:

1. two consecutive Grade Bs are scored by a firm in an audit review,
2. where there is a failure to demonstrate adequate improvements within a reasonable time frame in any review area; or
3. in any circumstance where there is a heightened risk associated in line with risk criterion.

Review Grades

7.17-Grade categories were expanded to introduce a "no grade" category. This is to be awarded where it is not possible to assess the adequacy and appropriateness of the quality of the engagement files undertaken by a firm or where a firm will

not engage in the review process. This new category of grade also applies to Anti-money laundering, Continuous Professional Development and Investment Business reviews per Bye Laws 7.17.2, 7.17.3 and 7.17.4.

Thematic Reviews

7.23- The Bye Law was expanded to allow the completion of thematic reviews. Such reviews will undertake an assessment of a particular focus area and its implementation by firms and/or relevant individuals. These may occur on an ad-hoc basis and will be undertaken separate to the standard QA cycle review process.

Bye Law 14-Investment Business Regulations

Capital and Monitoring Requirement

4.01- The monitoring cycle for a firm in procession of a category 1A will increase from a minimum of once in every six years to ten years.

4.01- Those holding the category 2(1) of authorisation will be required to have positive financial assets. This will supersede the existing capital requirements in place.

4.01-Similarly, those holding a category 2(2) authorisation will be required to have a minimum capital requirement of €125,000, this represents an increase from the existing requirements which differs for sole traders and partnerships. Those in this category will also be now subject to an annual monitoring cycle.

Bye Law 15-Anti-money laundering (AML) Regulations

Remote reviews

15.17.17- The Bye Law was expanded to facilitate remote AML reviews.

Re-review outcomes

15.17.20-The potential outcomes for a re-review were detailed in the revised Bye Law. These mirror those of an initial review.

IAASA Highlights Matters for Management, Audit Committees and Auditors to Consider for the 2023 Reporting Season

by Maurice Barrett

Each year, the Irish Auditing and Accounting Supervisory Authority (IAASA), Ireland's accounting enforcer, publishes its Observations paper setting out key areas that warrant scrutiny by those preparing, approving and auditing financial statements.

The Observations paper is primarily addressed towards preparers, Audit Committee members and auditors of listed entities preparing IFRS financial statements. However, the messages in the paper have a broader application extending to non-listed entities and to entities applying UK-Irish GAAP and could usefully be applied by all entities.

Continued uncertainty in the economic outlook

Entities will prepare their 2023 financial statements against an uncertain economic backdrop with regional conflicts, increased interest rates and inflationary pressures all contributing to that uncertainty.

The following business headlines from the rte.ie website for a single day in November 2023 illustrate the level of uncertainty:

- Consumers see inflation above ECB target for years
- IMF cuts growth forecast for China and euro area
- ECB's De Guindos sees inflation slowing down
- ECB's Schnabel can't rule out more hikes
- Euro zone retail sales see bigger than expected drop
- ESRI forecasts slowdown in Irish economy this year

Macro-economic impacts

Wars, inflation, high interest rates and energy prices, and weak consumer sentiment present challenges for many entities. These macro-economic impacts should be considered when preparing 2023 financial reports.

Re-financing and other financial risks

Increased interest rates and the possibility of further hikes mean entities may face increased borrowing and re-financing costs, adding to the risk that they may encounter difficulties in meeting their financial obligations.

Entities may need to provide transparency about interest rate risks and liquidity risks on their financial position, performance and cash flows. While the impact of interest rate increases on the financial statements may be particularly pronounced for entities dependent on borrowings subject to variable interest rates, fixed interest debt may present re-financing risks. Entities exposed to interest rate risk are required to provide a sensitivity analysis showing how profit or loss and equity would have been affected by the reasonable possible changes in interest rates. Different classes of financial instruments may require different types of sensitivity analysis.

Cash flow challenges due to inflationary and interest rate pressures may prompt entities to seek additional financing or to amend the terms of existing facilities. Entities (both borrowers and lenders) should provide transparency

on financing re-negotiated during the year, disclosing the main changes in the terms and their financial impact.

Substantial modification of financial instruments results in their de-recognition followed by recognition of a new financial instrument.

IFRS 9 Financial Instruments provides guidance on determining whether a modification of a financial liability is substantial. The accounting requirements in IFRS 9.B5.4.5 and B5.4.6 and the disclosure requirements in paragraph 35J of IFRS 7 Financial Instruments: Disclosures should be considered.

Covenants

Macro-economic factors may impact an entity's ability to meet the covenant requirements. Entities are reminded that a liability shall be classified as current when the entity no longer has an unconditional right to defer settlement for at least twelve months after the reporting period [paragraphs 69 and 73 of IAS 1 Presentation of Financial Statements].

Cash and cash equivalents (C&CE)

IAS 7.45 and 46 require disclosure of the components of C&CE, including the policy adopted for determining their composition. Moreover, it is expected that, if relevant, entities will disclose any significant C&CE held that are not available for use by the entity. The reasons for the cash restrictions should be explained.

Going concern

Increased vulnerability of some entities in the current macro-economic environment may raise questions about their ability to continue as going concerns.

In assessing the appropriateness of the going concern assumption, management, directors, Audit Committees and auditors should consider all the available information about the future [IAS 1.25 and 26]. Entities may need to consider a range of factors relating to current and expected profitability, debt repayment schedules and potential sources of alternative financing (including factors outlined in IFRS 7.B11F).

In the current macro-economic environment, when assessing the going concern assumption, management, directors, Audit Committees and auditors may need to:

- consider a greater number of factors than in the past, and
- reflect the impact of those factors evolving more quickly than may have traditionally been the case.

Entities aware of material uncertainties related to events or conditions that may cast significant doubts about going concern need to provide entity-specific disclosures about the risks, including how the entity is responding to them.

Fair-value measurement and disclosures

An increased level of uncertainty may exist regarding the fair values of investment properties. Commercial real estate markets in many jurisdictions are characterised by declining prices and weakening investor demand accompanied by decreased market activity.

Residential real estate markets are facing supply shortages, construction cost inflation, high demand and an increasingly costly financing landscape. Similar considerations apply when estimating the recoverable amount of assets measured at cost for the purpose of impairment testing in accordance with the requirements of IAS 36 Impairment of Assets.

Entities are expected to reflect changes in factors such as interest rates and or investor demand in the fair value measurement of investment property. The impact of increasing overall costs due to inflation and potentially decreasing vacancy expectations should be considered when forecasting future cash flows.

Entities are expected to:

- explain their methodological assumptions (e.g., how has the capitalisation rate or the rate of return been determined?),
- explain any significant changes to the previous year and the reasons for those changes,
- consider whether, in cases when the fair value measurement of investment property is based on prices in comparable transactions ('market approach') any decline in real estate market activity, the limited information of comparable transactions in recent periods really reflects the current macro-economic environment, and
- explain how the impact of climate change and other environmental factors have been considered in the fair value measurement.


Fair values of financial instruments measured at amortised cost

IFRS 7.25 requires the disclosure of the fair value for each class of financial asset and financial liability, including those that are measured at amortised cost. This enables the users of the financial statements to assess financial risk by comparing these values with the carrying amounts. Such disclosures are of particular importance as entities, and especially those which might be experiencing difficulty in meeting their financial obligations, may need to sell some financial investments to generate additional liquidity.

IAS 36 Impairment of Assets

Against the background of macro-economic uncertainties and changes in operational environments due to climate risks, the recognition and measurement of impairments under IAS 36 will likely

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be a key consideration in 2023 financial statements. Preparers and auditors need to ensure that assumptions used for impairment testing are reasonable and supportable [IAS 36.33(a) refers].

Market capitalisation

IAS 36.12(d) states that where the carrying amount of the net assets of an entity is more than its market capitalisation, this is an impairment indicator.

If no impairment is recognised, then preparers, Audit Committee members and auditors of impacted entities need to understand why variances between the market capitalisation and the carrying amount of net assets did not result in an impairment charge.



Climate risks in value in use (VIU) calculations

Entities are reminded that climate risks may be an indicator that an asset is impaired; if so, the entity must factor this risk into its VIU calculations. Entities must update the key assumptions used to reflect the impact of climate risks on the VIU calculations.

Entities are reminded that where there are impairments, or indications of impairment, the consistency between judgements and estimates and related uncertainties disclosed in the financial statements must be considered against information disclosed in the notes, the management report and in any non-financial statements (e.g., is there clear linkage between the various elements where the entity has assessed the impact of climate risk as minor yet the entity has invested in decarbonisation and nature-based projects to achieve climate targets?)

Financial instruments – IFRS 7 Financial Instruments: Disclosures & IFRS 9 Financial Instruments

Where changes in financial instruments have occurred in the reporting period, entities are reminded to consider disclosures in compliance with paragraphs 33 and 34 of IFRS 7, which list the qualitative and quantitative disclosures required for each type of risk arising from financial instruments.

Entities are reminded that accounting for expected credit losses under IFRS 9 and the related disclosures in IFRS 7 remains an area of focus. Entities, in particular, financial institutions, should consider paragraphs B5.5.1 and B5.5.4 of IFRS 9 for risks associated with specific sectors when considering collective or individual assessments.

For entities exposed to increasing interest rates and borrowing costs, IAASA reminds them of the importance of disclosures to enable users of the financial statements to evaluate the nature and extent of their exposure to such risks, and any changes to that exposure, in accordance with IFRS 7.31.

IFRS 8 Operating Segments

The identification of operating segments has implications for the recognition and measurement of impairments as operating segments are used to determine the level at which impairment testing is performed.

Correctly identifying the person or group who carry out the function of Chief Operating Decision Maker (CODM) is essential to identifying operating segments.

Geo-political disruptions, and acquisitions and disposals of businesses may impact the composition of internal structures or geographical markets in which an entity operates. Entities should consider the impact of such changes in the context of IFRS 8 reporting requirements.

Alternative performance measures (APMs)

In 2016, the European Securities and Markets Authority (ESMA) issued its Guidelines on Alternative Performance Measures aimed at improving the comparability, reliability and/or comprehensibility of APMs in financial statements.

The ESMA Guidelines set out requirements surrounding the definition of and disclosure principles for APMs. They also address the presentation, reconciliation, explanation on use, prominence, comparability and consistency of APMs.

The Observations paper highlights instances of incorrect labelling of APMs, APMs not being defined, adjustments not being adequately explained, and missing linkage between the APM and its definition.

Other matters

The Observations paper also references some areas of perhaps more limited application – the European single electronic format (ESEF), amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules, and Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – and these impacts should refer to the Observations paper itself for more detail on these topics.

For entities listed on a regulated market, the Transparency Directive requires that 'the management report includes a fair review of the **development** and performance of the business and the position of the entity ... together with a description of the principal risks and uncertainties that they face'. IAASA calls for the practical difficulties in implementing climate reduction targets, and decarbonisation initiatives to be adequately discussed and explained in the management report.

IAASA's 2023 Observations paper is available at <https://iaasa.ie/wp-content/uploads/2023/10/2023-Observations-1.pdf>

The views expressed here are those of the author and do not necessarily reflect IAASA's official positions.



Maurice Barrett

Senior Financial Reporting Manager,
IAASA



The Professional Dilemma

by Ben Rawal

Meeting your line manager's expectations are an important aspect of being successful in your role. However, how would you respond if your boss asked you to undertake a task that was morally or professionally inappropriate? In this article, Ben Rawal shares his own experiences and offers some tips on how you could deal with a similar problem.

Almost 20 years ago, I was applying the final touches to an internal audit report, having reviewed the effectiveness of the financial and operational control framework at one of our clients. I was in the early stages of my career as a part-qualified accountant and was keen to impress my line manager and the business partner team in pursuit of promotion and stardom.

As the audit neared completion, I met with the client to deliver my feedback prior to the report being issued. There were no significant control weaknesses. In fact, it was one of the strongest control environments that I had audited during my brief career, and I was pleased that I could give this feedback to the client. As per our standard reporting timescales, they would receive a draft report within ten working days. I remember leaving the client's premises with a feeling of positivity having genuinely believed I had undertaken a good job.

Once the draft report was completed, it was passed to my line manager for his review. I remember the conversation vividly: "Ben, you need to change the report". I asked what he meant by this, to which he replied, "You need to report more issues". My first response was to apologise. Perhaps I had missed something when conducting my audit tests? Maybe I had drawn an incorrect conclusion from my findings? I queried what I had done wrong, and my line manager said "We need to make it look worse. The director team at the client need this report to highlight lots of issues with the area you have audited, and there isn't enough in here. You need to change the report".

What would you have done?



How does it feel?

I will reveal how I dealt with my line manager's request later in this article. In the meantime however, how did it feel for you when reading through my experience of being an auditor and being asked to do something that wasn't right?

Interestingly, when I recite this example to my existing clients and ask them how they feel, they generally say one of the following:

- That's just wrong. I feel quite shocked about having to do such a thing because he has asked you to lie.
- I feel conflicted (and possibly fearful). I know it's the wrong thing to do, but my line manager has a certain amount of power that could cause me a problem in the future.

- That's made me really angry. I would tell him I want nothing to do with the changes he has asked for.
- I'm not really that bothered. It didn't affect me emotionally and if my boss wanted me to do it, I'd do it – especially if it benefitted my career.

You may have felt any or a combination of the feelings mentioned above, which often lead to confusion, doubt and even anxiety because it could potentially lead to a 'no win' outcome regardless of what action you take. Such dilemmas can occur in both our professional and personal lives, and often evoke negative feelings that influence our behaviour.

Thinking it through

One of the problems with our emotions is that they will often encourage a more impulsive reaction.

This can lead to actions that we later regret, and in hindsight wish that we had taken more time to consider our approach. Obviously, the opposite can also be true – we overthink our response and it paralyses our ability to make a decision or act.

If you're asked to undertake a task that makes you feel uneasy or conflicted in some way, it might prove beneficial to wait before you commit to a particular decision. Allow yourself time to consider the request from a logical standpoint, even if this takes a little longer than you or the other individual might hope. This might involve having to ask for additional time to consider how the action should be delivered but will ultimately buy you some time.

Is this normal?

From time-to-time, we may be asked to undertake a task or activity which doesn't typically align to the normal types of request that we receive from our line manager. Of course, this doesn't in any way excuse the request that has been made – but it does raise the question around whether there are other factors at play.

One of the common causes of such unexpected behavioural change is stress, or other difficulties being experienced. You may have the advantage of knowing your line manager well, which makes it easier to make predictions about his or her behaviour, and how they behave differently when dealing with stress.

If we refer to my example, was my line manager's request out of the ordinary? No. I had worked with him for six months, which isn't a

substantial amount of time in a working environment, but enough to build a picture of what he was like as a leader – what he genuinely stood for, what was important to him, and how he behaved under stress. There were clues to the strength of his moral compass, what he valued on a personal level, and his concern for others. Based on these factors, did his request come as a surprise? Not at all.

The 'red flags' and warning signs may already be there, and perhaps we've chosen to ignore them, rather than consider the consistent patterns that exist every day. If however, the request appears to come as a significant surprise, time may be on your side – they may realise themselves that their request was poorly placed.

Professional Ethics and Values

As an accountant working in accordance with ethical codes of practice and supporting frameworks is essential to long-term success in the profession. Furthermore, the fundamental principles of Integrity, Professional Competence and Due Care, and Professional Behaviour are all critical when either being asked, or asking others, to undertake a task.

Most of my accountancy clients can easily recite the fundamental principles within the Code of Ethics that relate to their respective professional accounting body. However, this is generally the easy part. Asking individuals to confirm how they demonstrate compliance with ethics through their behaviours is far more difficult, and a true test of leadership ability: it's one thing to know

that Integrity is critical; it's another to consistently show this in how you communicate and behave around others.

The request made by my previous line manager clearly failed the requirements of the Code of Ethics. However, 20 years ago my mind would not have focused on whether this demand demonstrated 'professional behaviour' or 'integrity'. Instead, I was more concerned about what would happen to me if I refused to do what was being asked.

It was only some years after I reflected on the situation and recognised that our professional ethics were not upheld.

You will sometimes find similarities between organisational values and professional ethics, especially in the areas of Integrity, Honesty or Professional Behaviour. Such values can also offer a useful reference or starting point when considering whether a request is inappropriate – does it align to your business values, and is it what you would expect from your organisational culture?

Assertive behaviour and challenge

So, you've had time to think it through, it's predominantly normal behaviour from your line manager, and it definitely fails your professional ethics and organisational values. Now what?

Your ability to demonstrate assertive behaviour, or at the very least, offer some degree of challenge, is your next step. Having worked across multiple industries and teams, I recognise that



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for many individuals consistent, assertive behaviour is tough. For some, it's even tougher when you need to be assertive with someone in a more senior position than yours, and often seen as impossible by some, when it's your line manager.

At the essence of assertiveness is the ability to push back on unreasonable requests made by others – to say no. If you struggle to do this, it is likely that you experience a multitude of emotions at the time, including fear, frustration, and the discomfort of possibly 'letting someone down'.

This will often lead to other emotions (after you've said 'yes'), including shame, regret and even despair. If this is you, focus on buying yourself time – go back to 'thinking it through', rather than quickly agreeing to a request that you know isn't right.

Challenging the request is also important and generally offers more time and information for you to consider. Where possible, try to avoid asking the question "Why?" when offering challenge, as it will usually lead to a defensive reaction: the question itself implies that you require justification from the other individual.

When my line manager explained that the report I had written needed to highlight lots of issues, I asked questions including "What sort of issues were they expecting?", "How many issues are they looking for?", and "What will happen if we don't change the report?" Not only did these questions buy me additional thinking time, it also provided some wider context as to what was happening within the client.

I also avoided asking the question "Why does the client want this?", which may have resulted in a defensive reaction from my line manager. After considering his responses, I confirmed that I would not be changing my report, and would be standing by my overall opinion.

If all else fails...

Your willingness to challenge unacceptable or unethical behaviour is no guarantee for success, but it does clarify your position and what you are prepared / not prepared to do. In the event that your line manager intends



to 'stand firm' and force through their request, it is now time to explore some other options, including:

- Internal escalation to a more senior manager, or through other independent options within the business (Ethics Team, Internal Audit);
- External reporting, such as breaches of ethical standards to the relevant CCAB-I; and
- Formal whistleblowing mechanisms.

Thankfully, the request made by my line manager was later retracted when I met with one of the managing partners to explain the situation. Shortly after this, my line manager left the business and has since left the profession. Probably a sensible move.



Ben Rawal,
BSc MBA FCCA

Ben is the Lead Consultant and owner of Soft Skills, experts at providing behavioural, emotional and leadership training and coaching to compliance professionals

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Mind the Gap: Leveraging the Strengths of an Intergenerational Workplace

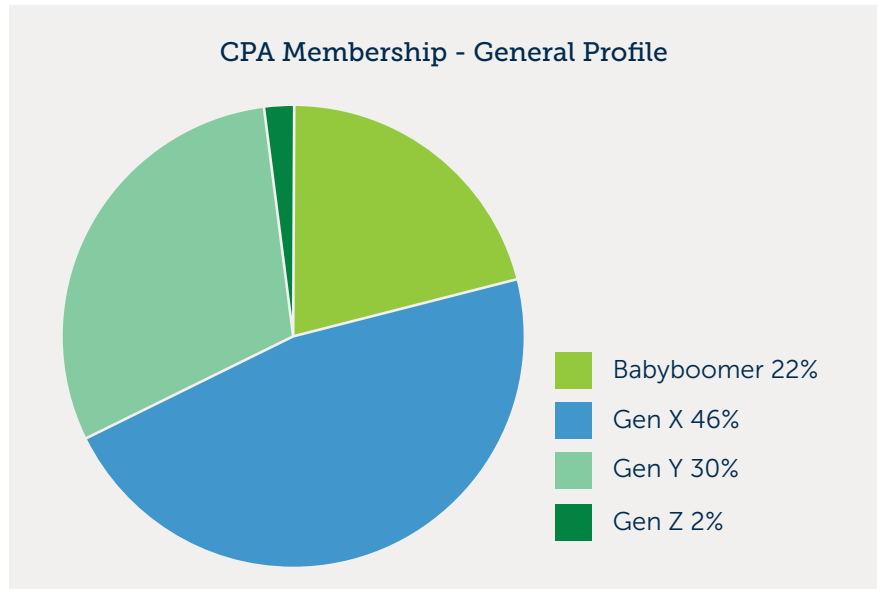
by Dr Mary Collins

For the first time in working history, we have 3, 4 if not 5 generations working side by side – this is creating lots of exciting opportunities but also significant challenges. What is a workplace generation?

According to Pew Research Center (2020) a workplace generation is 'a cohort of individuals born during a specific time period who share common experiences, values, and cultural influences that shape their attitudes and behaviours in the workplace.'

During my time as Head of Talent Development in Deloitte, I started to notice general differences in the drives and motivations of the graduates at the time (Gen Y) and realised we needed to flex and adapt our approach if we wanted to get the best from this powerful young generation. I went on to complete my doctoral studies in this topic and developed a framework to engage the youngest workplace generations. Over the last 10 years, I have been researching and writing about this topic and the challenges seem to amplify year on year as organisations face managing multiple generations under one roof with the added challenge of the hybrid workplace for most organisations.

The workplace has evolved into a melting pot of generations, each with its unique set of drives, motivations, and values. To harness the strengths of this intergenerational workplace, it is essential to first comprehend the distinct characteristics and expectations of each generation. In this article, we will delve into the four primary workplace generations: Baby Boomers, Generation X, Generation Y (commonly known as Millennials), and Generation Z (known as Centennials). We will explore their respective values, motivations, and how organisations can leverage their strengths to create a harmonious and productive work environment.



Understanding the Generations:

1. Baby Boomers (Born 1946-1964):

Baby Boomers are the generation that witnessed significant historical events, such as the civil rights movement, the moon landing, and the rise of personal computing. They are known for their strong work ethic, dedication, and loyalty to their employers. Job security and financial stability are essential motivators for this generation. Baby Boomers value experience and appreciate traditional, face-to-face communication. The number of workers in Europe over 50 years of age has increased by 32% from 2010 to 2019 and this trend continues in an upward trajectory.

To leverage the strengths of Baby Boomers in the workplace, organisations should provide opportunities for mentorship and knowledge sharing.

Their wealth of experience can be invaluable in helping younger generations navigate the complexities of the professional world. Encouraging cross-generational teams and acknowledging their contributions can help foster a sense of belonging and purpose for Baby Boomers.

2. Generation X (Born 1965-1980):

Generation X is often characterised by its self-reliance, independence, and adaptability. This generation grew up during the era of latchkey kids and experienced the introduction of personal computers and the internet. They tend to value work-life balance and appreciate flexibility in their work arrangements. Job satisfaction, opportunities for advancement, and recognition for their efforts are crucial motivators for Generation X. This generation are often referred to as the 'sandwich generation' as they are often juggling lots of life demands

caring for children and elderly parents.

To capitalise on the strengths of Generation X, organisations should emphasise a results-oriented approach and provide opportunities for personal and professional development. Offering flexible work schedules and the freedom to explore innovative solutions can help retain and motivate this generation.

3. Generation Y (Millennials) (Born 1981-1995):

Millennials, often seen as the first digital natives, are known for their tech-savviness, social consciousness, and desire for meaningful work. They value work that aligns with their personal values and expect a collaborative and inclusive work environment. Opportunities for growth, work-life balance, and recognition for their contributions are important motivators for Millennials.

To harness the strengths of Generation Y, organisations should invest in technology, foster a collaborative culture, and provide opportunities for skill development. They respond well to feedback and appreciate open communication. Embracing their desire

for purpose-driven work can lead to increased engagement and retention.

4. Generation Z (Born 1995-2010):

Generation Z, the most recent entrants into the workforce, are characterised by their digital nativism, entrepreneurial spirit, and diversity. They have grown up in an age of rapid technological advancement and often exhibit strong independent thinking. Job security, flexibility, and a supportive work environment are key motivators for Generation Z.

To maximize the potential of Generation Z, organisations should emphasise technological innovation, offer opportunities for personal growth, and create a diverse and inclusive workplace. They thrive on constructive feedback and appreciate a sense of belonging. Organisations that adapt to their expectations will likely attract and retain this generation more effectively.

Challenges in an Intergenerational Workplace:

The presence of multiple generations in the workplace can lead to several challenges, including differences in

communication styles, values, and work habits. Baby Boomers may prefer face-to-face meetings, while Millennials and Generation Z may opt for digital communication channels. These disparities can lead to misunderstandings and potential conflicts. Additionally, variations in work styles and expectations can result in tension between generations.

One common stereotype is the perception of older generations as resistant to change and younger generations as entitled. To bridge these gaps, organisations should prioritize open communication and encourage mutual understanding. Cross-generational mentorship programmes can provide an excellent platform for knowledge transfer and relationship building. Emphasizing the shared values and goals of different generations can also help foster a more cohesive and cooperative work environment.

Strategies for Leveraging the Strengths of an Intergenerational Workplace:

1. Encourage Cross-Generational Collaboration:

Foster a culture that values and promotes intergenerational teamwork. By creating opportunities for different generations to collaborate on projects, share their experiences, and learn from one another, organisations can harness the unique strengths of each generation.

2. Provide Training and Development:

Recognise that each generation has different skills and knowledge to offer. Offering training programmes and development opportunities tailored to individual needs can ensure that employees of all ages feel empowered to enhance their skills and contribute effectively.

3. Flexibility and Work-Life Balance:

Accommodate the varying work preferences of different generations. Offering flexible work arrangements and promoting work-life balance can attract and retain a diverse workforce while increasing overall job satisfaction.

4. Effective Communication:

Encourage clear and open





communication within the organisation. Consider hosting workshops or training sessions on effective communication across generations, focusing on active listening and mutual respect.

5. Mentorship Programmes:

Establish formal mentorship programmes that connect experienced Baby Boomers with younger employees. This not only facilitates knowledge transfer but also helps build stronger bonds between generations.

6. Recognise and Reward Contributions:

Implement recognition programmes that acknowledge and celebrate the achievements of employees from all generations. Different generations may have varying expectations when it comes to recognition, so tailor rewards and incentives accordingly.

7. Embrace Technology: Invest in technology that appeals to the preferences of younger generations while ensuring that older employees

have the training and support needed to adapt to new tools and platforms.

8. Diversity and Inclusion:

Foster a diverse and inclusive workplace where employees of all ages feel valued and included. This not only enhances productivity but also creates a more vibrant and engaging work environment.

Conclusion:

The intergenerational workplace is a rich tapestry of talents, experiences, and perspectives. To thrive in such an environment, organisations must recognise the distinct drives, motivations, and values of each generation and create strategies that allow them to collaborate effectively.

Encouraging cross-generational teamwork, providing development opportunities, promoting flexibility, and ensuring effective communication are essential steps in bridging generational gaps and maximizing the potential of all employees. By understanding and embracing the diversity of

the intergenerational workplace, organisations can create a harmonious and productive environment that benefits employees of all ages and, in turn, the company itself.

Reference: Pew Research Center. (2020). Defining generations: Where Millennials end and Generation Z begins. Retrieved from <https://www.pewresearch.org/fact-tank/2019/01/17/where-millennials-end-and-generation-z-begins/>



Dr Mary Collins





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Specialisterne Ireland and the untapped talent pool

by Specialisterne

In today's job market, there is a pool of finance and accounting graduates eagerly seeking employment opportunities. They have finished their degree, done up their CV, applied to many companies, completed the interviews, and then hit a wall. The traditional interview is a significant barrier to employment for neurodivergent people. Many will end up unemployed or underemployed – doing a role that does not match their qualifications or ability. Why?

Firstly, in case you don't know, let's explain what we mean by neurodiversity. It means that there is a difference in an individual's brain function and behavioural traits. It is regarded as a normal variation. It is estimated that 15-20% of people in Ireland are neurodivergent, which includes conditions like autism, ADHD, dyslexia and dyspraxia.

Alarmingly, Ireland has the lowest rate of employment for people with disabilities in Europe at just 32.6%.

Getting back to the traditional interview and traditional hiring practices. Why don't they work for neurodivergent people?

The emphasis on social interaction and communication skills presents a challenge. Many neurodivergent individuals struggle in this area, often underselling their achievements, having difficulty with eye contact or succumbing to interview anxiety. These same people might have a love of data, they might enjoy routine tasks that others find boring, they might love the nitty gritty detail that others shy away from. Sound like a great employee? Unfortunately, they can't get past an interview.

Also, fear is a huge factor. If a manager doesn't know about neurodiversity, they might have misconceptions or worries about having someone who is neurodivergent on their team. What if an issue comes up that they don't know how to address? Fear often results in exclusion.

To address these points Specialisterne Ireland was established in Ireland over ten years ago. We are a specialist recruitment agency that guides a manager through the interview process, showing them how to make small and simple accommodations to put a person at ease and allow them (and the interviewer) the opportunity to have a good interview experience. If a person is successful at an interview (they need to be a good fit) then we advise on what accommodations might help in the workplace.

"Alarmingly, Ireland has the lowest rate of employment for people with disabilities in Europe at just 32.6%"





What makes Specialisterne different is that we provide on-going support, so should an issue arise we work with the hiring manager and the neurodivergent hire to problem solve. Our goal is long term retention and this real-time problem-solving feeds into this.

Lastly, what are these accommodations we mentioned? Let's look at some examples.

When we work with each individual neurodivergent person, we ask them: what helps them to work to the best of their ability? It might be that they just can't hot desk as it provides too much uncertainty, and they need to know where to go each morning when they arrive. It might be that they need a manager to be very clear in their expectations.

So instead of saying 'when you get the chance can you get me that report' they need you to say, 'I need that report on my desk by lunch time'. This is much clearer. The expectation is not vague but direct.

Every person will be different and that is why we get to know the neurodivergent graduate and importantly we also need to get to know the hiring manager and their firm. Then we can support and provide a positive experience for both.

In case you aren't convinced yet: research from Accenture has shown that companies that champion neurodiversity and disability inclusion benefit from 28% increased revenue and 30% better profit.

Let us know if you would like to have a chat around how to get started. We are happy to set up a call and see what steps your team could take. It might be some awareness training, or it might be hiring a neurodiverse graduate. You might have an employee that has disclosed as neurodivergent, and you don't know what to do next - we provide coaching for neurodivergent employees and for their manager.

We work with many colleges around Ireland providing support to their neurodivergent graduates and undergraduate students. This is the talent pool you can tap into.

"In 2020 we commenced a Neurodiverse hiring initiative in partnership with Specialisterne. Despite a modest headcount of less than 50 staff members and the challenges of the COVID-19 pandemic, we have successfully onboarded 3 Neurodiverse team members into our Security Operations Centre team who are now fully contributing team members. They work in highly technical roles as Security Analysts who are protecting our clients' businesses from cyber disruption. Our Neurodiverse hiring initiative has had many positive impacts on the team including increased morale, launching a buddy program for all new hires and improved our onboarding processes that benefit all of our new hires. Thank you to Specialisterne for all your amazing support".

Testimonial from one of our partners

"Accenture has shown that companies that champion neurodiversity and disability inclusion benefit from 28% increased revenue and 30% better profit"

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Mindset Shaping and Goal Setting for Exam Success

Edel Walsh

"Whether you think you can, or think you can't – you're right" - Henry Ford

This is a belief that many people live by, and it all comes down to your mindset. If you believe you can do something or achieve a goal, more often than not you will be successful. The opposite is also true. If you tell yourself, you can't do something it can be a self-fulfilling prophecy.

Believing in yourself, and having confidence in your capability to do something, can often be the tipping point between success and failure. When it comes to exams, having a positive mindset before you sit the exam will help you feel at ease and more able to approach the exam effectively.

Mindsets are powerful beliefs. There are two types of mindsets, the Fixed Mindset and the Growth Mindset. Carol Dweck, in her book "Mindset" says a fixed mindset is essentially a belief that your intelligence, talents and other abilities are set in stone. A person with a fixed mindset believes that they are born with a particular set of skills and that they can't change them.

A growth mindset on the other hand is the belief that a person can develop their talents and achieve their goals through hard work, effective strategies, and support from others.

To achieve a growth mindset in the world of education some think you just need to put in extra effort with your studies. While this may be the case there are other factors that need to be considered.

Achieving a growth mindset requires students to try new learning strategies. If a particular learning strategy such as re-reading your lecture notes is not working for you, you need to try other strategies such as self-testing, quizzing and practicing past exam questions.

Albert Einstein's famously said that insanity "is doing the same thing over and over and expecting different results." Simply put, if you are not progressing with your studies using one learning technique, try out others to see what works for you.

Getting feedback from your lecturers on your progress is very important. This might be formal feedback through practicing exam questions and mock papers or informal feedback. Feedback can give you clear direction on how to improve your learning.

Mistakes are unavoidable when learning. They are the most useful way to learn. If you have a fixed mindset, you may be unwilling to investigate the mistake.



This can be down to your attitude – “if I don’t understand the topic after reading the notes three times, I will never know it”. If you don’t investigate your mistakes, then no learning takes place.

A person with a growth mindset will investigate their mistakes and will learn from their mistakes. It is normal to feel demotivated, stressed, and anxious when you make mistakes especially when you are self-testing or quizzing in preparation for the exam.

The key is to re-frame your thoughts and create positive prompts. Rather than telling yourself you have no understanding of the subject, you could say, “I am not there yet in my understanding of this subject and mistakes are an opportunity for learning”.

By changing how you think and re-framing your self-talk you can change your mindset. Let’s have a look at some Growth Mindset Statements:

- I will try new learning strategies.
- I relish a challenge.
- My hard work will pay off.
- I am not there yet in my studies. I am on the right path.
- I have a positive attitude towards my learning.
- Every time I make a mistake my brain is growing.

Goal Setting

Setting realistic and achievable goals is a great way of using the growth mindset to overcome challenges. There are two types of goals for academic success, performance goals and learning goals. For example, aiming for 70% in a Financial Accounting exam is a performance goal. Being able to understand double entry is a learning goal. People set both performance and learning goals. Performance goals will help you with the short-term comprehension of a topic. Learning goals will lead to greater understanding and performance.

As you navigate through your studies, using the SMART Framework to set learning goals for yourself can be useful. A SMART goal is a goal that is:

Specific
Measurable
Attainable
Realistic
Timely

Setting SMART goals means you can clarify your objectives, focus your attention, use your time and resources productively as well as increasing the chances of achieving your goals.

To summarise,

By adopting a growth mindset, believing in yourself, and having confidence in your abilities is a great path to achieving your learning goals. By making mistakes and investigating why you are making those mistakes you are learning. You will remember your mistakes far more than you remember your successes.



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How to help your clients build the perfect tech stack

by Frankie Jones

The benefits of building the right tech stack from the beginning are endless, from helping you scale seamlessly to better meeting your customers' needs. But it's never too late to turn yours around. We sat down to catch up with one of our Pleo Partners, Graham Dyer, Director & Head of Digital Accounting Solutions at AAB Group. The business delivers Audit, Accounting, Tax, Payroll, HR, Consulting and Advisory Solutions to help companies at every stage of the life cycle. Here, Graham explains how AAB Group helps clients pick the right tools to transform their processes, so you can help yours do the same.

What are the 3 biggest challenges you encounter with your clients' finance tech stacks?

According to Graham, the biggest difficulty is that swapping tools isn't simply a system change, it's a process change. So, training clients and their teams in change management is vital for a seamless transition.

As an accountant, you need to communicate to people who've been doing the same thing for 10 years that, in some cases, now it's time to do things differently.

"The key is to make sure people understand why the change is happening and that the benefits, while they might be painful in the short term, will become apparent in the long run. It's all about playing the long game," recommends Graham.

The second challenge comes with clients of a certain size where they have multiple systems working in tandem, so it's not a simple case of swapping one and it's done. Some systems are bolted onto others and won't work when detached. In these cases, you need to ensure that any new tools you procure are properly integrated.

Further difficulties can arise if one part of their tech stack is a legacy system, which they want to keep, but it's a minefield trying to integrate it with other, newer systems. "One system might be the best one for the job, but if it doesn't work well alongside the others you're already using, it's not a sustainable solution."

On top of that, there's the issue that most solutions are not 100% perfect. "It's rare that we find something that hits the sweet spot," says Graham. Tech tools are all unique and have their own complexities, so you can find solutions that will undoubtedly make things better and more automated, but they might need workarounds here and there. "While we aim to find solutions that work every time, there are occasions where we have to find a stopgap," which needs to be communicated to clients to manage expectations.

What are the most important features of any tool in your finance tech stack?

• Integration

Above all else, "it's the ability to integrate with other systems", says Graham. "We try to find solutions that tie in, not individual bits". These tend to be cloud-based solutions, as remote log-ins and integrations tend to be more seamless. That's why ease of use needs to be factored in, as big, scary complex solutions will only repel your clients.



• Scalability

Any tech needs to be able to grow with your client. The architecture of the application needs to be scalable, as this will prove whether or not it can handle an increase in the number of app users. While something might be a solution for a client's size at the minute, if their projection is to expand, it makes sense to find a solution that works for all outcomes. "There's no point in a tool becoming redundant in six months," says Graham.

• Automation

The objective of any tech stack is to make the finance team's (and the IT team's) lives easier. It should, automate things. "The less manual input needed, the less risk of error and the less time spent, the better." This goes hand in hand with scalability, as it helps you focus on the work that has the most impact in growing your business.

• Cost

Many businesses are cutting back on spending right now thanks to the turbulent economy. So cost is a significant factor, finding a tool that fits within your client's budget is key, particularly if they plan to grow and pay a higher subscription fee. Bear in mind that you'll probably pay more for something that's tailored to a specific business rather than an off-the-rack tech stack, and don't forget to take training costs into consideration.

• Level of support

As Graham puts it, "We support our clients on the systems we introduce, but the support you get from the provider needs to be effective, especially during the teething stage." Ideally, customer service will be easily contactable, and the provider will have a solid onboarding team and process.

How should company growth affect the choice of financial tools?

Growth plans are something that should be discussed from the get-go. "With some businesses, you can tell whether it's going to be a factor," says Graham. "It might be a restaurant that can only



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fill a certain amount of covers and has no plans to add more units." In this case, if you've got a system that works, then that's great.

But, in this scenario, it's important to ask if they're planning to open more restaurants. It's the best way to plan for the future and prevent these discussions from arising down the line when you've already invested time and money in producing certain tools. "It helps to get a system in early that facilitates growth. Try to anticipate problems before they show up during the growth stage."

When it comes to cost-effectiveness, how do you evaluate the return on investment (ROI) of a tool?

Above all else, it comes down to the amount of time saved. If you're making

a process more efficient, it should save your client heaps of time. If it's not, what's the point? According to Graham, it's worth investing more in a better solution and seeing if it proves its worth.

Another factor to evaluate is how quickly the desired outputs are being reached. "If what your client wants is real-time information from the system, how quickly are they getting that?" says Graham. Maybe they can't afford to wait until 30 days after month-end. If that's the case, your job is to find the tool that reduces those days.

Last but definitely not least, Graham suggests you assess the quality of the output. Is the solution ticking all the boxes and giving your client the necessary reporting KPIs they're lacking right now? If all of these criteria are satisfied, you're doing something right.



When helping clients choose their tech stack, is there anything you should keep an eye out for?

To be able to recommend the best tools, you have to have a strong grasp of what your clients truly need. "At AAB Group, we have a good knowledge bank that enables us to identify potential pitfalls and warn clients in advance," says Graham. Any issues can damage the efficiency of the whole system, creating havoc for the team. So being able to see these coming is a really important skill. "We support our clients with conducting reviews to ensure the correct outputs are happening, as well as being on hand to fix any potential bugs".

Conclusion

One of the ways we at Pleo help AAB Group make their clients' lives easier is by streamlining their spending process and taking the stress out of everything

from expenses and mileage to supplier invoices. But it's not just good news for them, refer your accounting or consultancy clients to Pleo and you'll unlock exclusive discounts and rewards. The more you refer, the more offers you'll be able to pass onto your clients (lucky them). It's all part of the Pleo Partnerships package.

Interested in becoming a Pleo Partner? Find out how we can automate your clients' spending with our smart spend solution, complete with direct integrations to your accounting software. Our dedicated Partner Managers are here to help you get the most out of your partnership and ensure smooth implementation for your customers, and our expert customer success teams are always on hand to support you. Talk to someone from our Partnerships team today to start empowering your clients – you can thank us later.



Frankie Jones

Frankie is a Senior Copywriter who has worked for a number of fintech start-ups, including ClearScore, Curve and Claro Money. Since May 2022, she has been writing for Pleo across everything from tech trends and new feature releases to the evolving role of the CFO and hiring tips.



Navigating Ethical Dimensions of AI and Upholding Integrity in Accountancy: The Interplay Between Ethics

by Mark Butler

Integrating Artificial Intelligence (AI) in accountancy has sparked unprecedented transformations. While AI offers countless benefits, it is accompanied by complex ethical considerations that necessitate a nuanced approach.

In this extensive article, we will delve into the ethical dimensions of AI in accountancy and explore the intricate interplay between ethics and AI. Furthermore, we will address the critical issue of cyber security, delving into how AI can bolster security and the dangers it presents in the wrong hands. We will reference insights from the "HLB Cybersecurity Report 2023" (<https://www.hlb.ie/wp-content/uploads/2023/10/HLB-Cybersecurity-Report-2023.pdf>) to underscore the relevance of ethical considerations and the impact of AI on cyber security in the accountancy sector.

The Ethical Landscape in Accountancy

AI's growing role in accountancy introduces several ethical concerns that accountants must address. As AI becomes an integral part of financial processes, it is essential to navigate these ethical challenges to maintain the profession's integrity.

1. Bias in Financial Decision-Making: when not carefully designed, AI systems can inherit biases in their training data. These biases can result in unfair or discriminatory financial decisions. According to the HLB Cybersecurity Report 2023, 63% of surveyed businesses expressed concerns about AI bias and discrimination.

2. Transparency and Accountability: Transparency is a cornerstone of ethical AI in accountancy. Accountants must understand how AI systems reach their conclusions

to ensure alignment with ethical standards. The report underlines the need for clear AI development and deployment accountability frameworks.

3. Data Privacy and Confidentiality: Accountants handle sensitive financial data, making data privacy a paramount ethical concern. The report further highlights the growing apprehension among organisations (71%) regarding the privacy implications of their AI systems. Accountants must implement robust data protection measures and secure informed consent when handling financial data.

4. Fairness and Equity: Ethical AI in accountancy necessitates focusing on fairness and equity. AI's impact on financial decision-making should not exacerbate existing inequalities. Accountants must be vigilant in addressing bias and disparities, especially when advising clients on financial strategies.

The Dual Nature of AI in Accountancy

AI, as a powerful tool in accountancy, offers the potential to enhance productivity, efficiency, and accuracy. However, depending on how it is harnessed, it also carries the risk of misuse and unethical practices.

1. AI as a Tool for Ethical Accountancy: AI can automate routine tasks, reducing errors and enhancing efficiency in financial reporting. It can also assist accountants in identifying anomalies and uncovering valuable

insights from extensive datasets. These capabilities help accountants provide better client services and make informed financial decisions.

2. AI as a Potential Threat:

In the wrong hands, AI can threaten the integrity of accountancy. Cyber criminals can exploit AI to orchestrate sophisticated attacks, such as deepfake scams, fraudulent financial transactions, and data breaches. The HLB Cybersecurity Report 2023 underscores the increasing sophistication of cyber threats, requiring a proactive approach to safeguarding financial data.

Addressing Ethical Dimensions and Cybersecurity Threats

To maintain the integrity of the accountancy profession while mitigating cybersecurity threats associated with AI, accountants should adhere to specific guidelines:

1. Data Quality and Bias Mitigation: Ensure AI systems are trained on high-quality, unbiased data. Regularly assess the data used in AI systems and employ bias detection and mitigation techniques to correct disparities in financial data. Accountants should exercise caution when deploying AI to avoid inadvertently perpetuating biases.

2. Transparency: Prioritise transparency in AI systems. Utilise interpretable AI algorithms and clearly explain AI-generated financial recommendations to clients.



3. Accountability and Governance:

Establish clear lines of accountability within your accountancy practice. Develop frameworks for oversight and redress mechanisms in case of AI failures in financial analysis or decision-making. Regularly audit and assess the performance of AI systems to maintain ethical standards and accountability.

4. Data Privacy and Confidentiality:

Comply with data protection regulations and inform clients about how their financial data is used in AI processes. Implement robust security measures to safeguard financial data, as the HLB report recommends. Ensure that your AI systems adhere to the highest standards of data privacy and confidentiality to maintain client trust.

5. Fairness and Equity:

Actively address bias and disparities in AI-driven financial analysis and

recommendations. Encourage diversity within your team to ensure a broader perspective and promote fairness in decision-making. Accountants have a significant role in ensuring that AI applications do not exacerbate financial disparities.

6. Cyber security Vigilance:

Stay updated on the rapidly evolving cyber security landscape. Be aware of the latest threats and vulnerabilities and invest in robust cyber security measures to safeguard financial data. Collaborate with experts to ensure that AI systems are adequately protected against cyber threats.

7. Ethical AI Governance:

Establish ethical AI governance frameworks within your organisation. These frameworks should include guidelines on data usage, transparency, fairness, and accountability to maintain the highest ethical standards.

AI's Impact on Cyber security

AI's impact on cybersecurity is twofold:

1. Enhancing Cyber security:

AI can bolster security efforts by rapidly identifying and mitigating threats. Machine learning algorithms can analyse vast datasets to detect anomalies and flag potential security breaches. This proactive approach can significantly reduce the risk of data breaches and cyberattacks.

2. Complicating Cyber security:

On the flip side, the same machine learning capabilities can be harnessed by cybercriminals to orchestrate sophisticated attacks. AI-powered tools can impersonate individuals, generate convincing phishing emails, and automate malware distribution. The result is a higher level of sophistication in cyberattacks.

AI in the Wrong Hands: Threats

AI in the wrong hands can pose a substantial cyber security threat. It can be used for the following malicious activities:

1. Deepfakes:

AI can create compelling deepfake videos and audio recordings, making it challenging to discern between factual and fabricated content. This poses a severe threat to reputation and trust.

2. Phishing Attacks:

AI can automate the creation of convincing phishing emails that appear legitimate. These emails can trick recipients into revealing sensitive information or downloading malware.

3. Automated Attacks:

AI can orchestrate automated attacks at scale, increasing the likelihood of successful breaches. For instance, AI can be used to identify vulnerabilities in systems and automatically exploit them.

4. Data Manipulation:

AI can manipulate financial data, creating fraudulent transactions or altering records, which can have severe consequences for businesses and individuals.

In today's rapidly evolving digital landscape, safeguarding sensitive information and data has become a paramount concern for businesses across the globe. As the adage goes, "A chain is only as strong as its weakest link." In this case, that link often happens to be an unwitting employee.

That's where comprehensive cyber security training and awareness programs come into play, serving as the bedrock of a resilient defence strategy against cyber threats.

Practical Cyber Security training and awareness programs are not just a checkbox exercise but the building blocks of a Cyber Security culture that permeates every corner of an organisation. The entire business ecosystem benefits when employees are well-informed and empowered to recognise and respond to potential threats.

1. Tailored Training:

The first step in crafting a robust cyber security training program is recognising that threats are diverse and constantly evolving. Tailor training modules to address various risks, including phishing and social engineering.

2. Mastering the Art of Password Management

Password hygiene is a fundamental pillar of Cyber Security. Educate employees about the significance of strong, unique passwords and the criticality of regular updates. Additionally, it encourages the use of password managers to simplify this process and discourage the reuse of passwords across multiple accounts.

3. Identifying and avoiding phishing attempts

Phishing attacks remain a pervasive threat, often exploiting human psychology to trick employees into divulging sensitive information.

Train employees to scrutinise emails, especially those requesting personal or financial data. Emphasise the tell-tale signs of phishing, such as mismatched URLs, generic greetings, and urgent demands.

4. Navigating Safe Browsing

Safe internet usage is not a mere suggestion but a core principle of Cyber Security. Provide guidelines for secure browsing, avoiding suspicious websites, and refraining from downloading attachments or clicking on links from unknown sources. Equip employees with the knowledge to identify malicious websites and teach them to recognise secure connections through the HTTPS protocol.

5. Continuous Learning and Simulated exercises

Practical Cyber Security training is not a one-time event; it's an ongoing process. Regularly update training materials to reflect new threats and techniques employed by cybercriminals. Implement simulated phishing exercises to assess employees' ability to apply their training in real-world scenarios. These exercises not only evaluate readiness but also serve as valuable learning experiences.

Therefore, fostering a culture of Cyber Security hinges on implementing comprehensive training and awareness programs. Businesses can significantly reduce the risk of breaches and data loss by equipping your teams with the tools to recognise and respond to threats.

Conclusion

The integration of AI into accountancy presents immense opportunities and ethical challenges. Accountants must adopt a proactive approach to navigate the interplay between ethics and AI, maintaining the profession's integrity. This includes addressing bias, ensuring transparency, promoting accountability, safeguarding data privacy, and prioritising fairness and equity.

As accountants navigate the evolving landscape of AI, they must maintain the highest ethical standards while addressing cyber security threats:

1. Ongoing Education: Accountants should stay informed about the latest ethical guidelines and best practices in AI and cybersecurity to adapt to changing threats and regulations.
2. Collaboration with Experts: Collaborate with AI and cybersecurity experts to ensure that AI systems are secure and ethical.

3. Regular Audits: Conduct audits of AI systems to identify and address bias, transparency, and fairness issues.

4. Ethical AI Frameworks: Establish ethical AI frameworks within your organisation and ensure that your AI systems align with these frameworks.

Moreover, as AI becomes a significant player in the cybersecurity landscape, accountants must safeguard financial data and client trust. By following the guidelines outlined in this article and remaining informed about emerging threats, accountants can leverage AI for ethical, secure, and transformative practices within accountancy.

We are in an ever-changing digital landscape; knowledge is power, and empowered employees are the first line of defence against cyber threats.



Mark Butler

Mark Butler, Managing Partner at HLB Ireland, has led the introduction of cyber security advisory services to clients. An adept business advisor, combining commercial acumen with insights into cyber and tech, providing a holistic grasp of digital transformation and the implications of ethics with AI. As a key member of HLB International, his pivotal role within the global network underscores his commitment to excellence in these transformative fields..



Harness the Future

Through the CPA Metaverse, School of Innovation

by Patricia O'Neill & Aisling Mooney

CPA Ireland is the first Professional Accountancy Body in the world to leverage virtual reality (VR) technology to create a gamified, experiential training programme. From idea germination to the launch of the CPA Metaverse, the team behind this exciting and innovative programme grew from being complete VR novices to patient facilitators. The learning curve has been steep but the journey has been exciting and worthwhile.

UNDERSTANDING THE METAVERSE

The metaverse is a virtual world being built in the extended reality (XR) space that combines augmented reality (AR), virtual reality (VR), and mixed reality (MR). Users in this virtual space can interact with other users and things in one or more computer-generated worlds using specialized technology that is quickly becoming ubiquitous.

(Harvard Business Publishing, November 2022)



At the Skillnet Ireland Convention in April 2022 Susan Talbot of the Immersive Technology Skillnet and Camille Donegan, Director of Eirmersive cited that the retention rate for learning through immersive technology is 75%. This figure in itself is impressive but, when compared to the 5-10% retention rate for classroom learning, it is exceptional.

It is clear that the opportunities presented by immersive technology are extraordinary.

What has CPA Ireland created?

Designed with Sia Partners for students and fully qualified accountants, we have created a safe space to practise activities and increase knowledge retention through a collaborative, gamified and practical learning experience for the adoption of Robotic Process Automation (RPA) in the workplace.

RPA, more commonly known as digitalisation, is a complex and, to some, an uninteresting topic that can be challenging to understand.

Virtual Reality has the power to make difficult, abstract concepts more concrete, making it an ideal learning channel for training accountants on the organisational applicability of RPA. In the CPA Metaverse we have created engaging and fun ways to understand the benefits, opportunities and challenges of implementing RPA in an organisation.

By requiring learners to work as a team and using gamification, experiential learning and data visualisation, CPA Ireland has created an environment that greatly increases the engagement, understanding and confidence of the user. This is the foundation on which the CPA Metaverse, School of Innovation is built.

What are the benefits of Immersive Learning?

The high retention percentage rate is not the only impressive figure.

Research conducted by PWC on the effectiveness of VR training highlights its many benefits:

- **Increased Confidence:**
Virtual reality (VR) learners were up to 275% more confident to act on what they learned after training—a 40% improvement over classroom and 35% improvement over e-learning.
- **Improved Focus:**
VR learners were up to four times more focused than e-learners.
- **Speed of Learning:**
VR learners completed training on average four times faster than classroom training and 1.5 times faster than those learning through more traditional online learning tools.
- **Connection with Material:**
VR learners were 3.75 times more emotionally connected to the content than classroom learners and 2.3 times more connected than e-learners.

Additionally, immersive learning creates an exceptionally engaging learning experience.

- Provides a psychologically safe environment to try new things, make mistakes and practice new skills and behaviours.
- Enables members and students to collaborate and learn together in an entirely new way no matter where they are physically located.
- Provides multiple ways to learn – from practical application, to engaging with and observing simulations, to reflecting on what went right/wrong, to real-time feedback.

"While we teach, we learn."

– Seneca

Virtual reality is also an excellent platform for collaborative learning, the benefits of which cannot be overstated. By working in groups to complete learning tasks, participants will devise strategies, discuss problems, and re-assess their approach.

In order to do this, learners must articulate their own understanding of a topic which, in turn, helps all team members to grasp new concepts.

How can we best use it?

Once we were aware of the multiple benefits of immersive learning, the next step was to decide how to take advantage of it.

A key challenge some of our accountancy students face is the lack of opportunity for on-the-job training in Digitalisation, or Robotic Process Automation (RPA). This issue is significant because those students who select Data Analytics as one of their Strategic Level subjects may not have the opportunity to apply their academic learning in the workplace. Data visualisation within the VR platform will build on the content of the Data Analytics Syllabus.

The students will be able to integrate their learning in VR within the overall "on the job" training requirements needed to become fully qualified. Training in the Metaverse will then be demonstrated through real life application within their workplaces.

A key benefit of learning in VR is the ability to replicate real world scenarios in the virtual world. This provides learners with a hazard-free environment to make mistakes, learn from those mistakes and try again. By practising in virtual reality, we reduce the potential for the negative impact incorrect decisions have in the real world.

We had found the ideal scenario to pilot a programme using immersive technology: Robotic Process Automation (RPA)

Why train accountants in Robotic Process Automation (RPA)?

The impact of digitalisation on accountancy has been profound, reshaping the profession in unprecedented ways. This transformative process has streamlined traditional accounting practices, and enhanced efficiency, accuracy and accessibility. RPA is revolutionising the way accountants and finance professionals handle repetitive and rule-based tasks.

With the rapid growth of Python as a programming language for automation purposes, coupled with the power of tools like Google Colab, accountants now have an extensive toolkit at their disposal, allowing them to provide more comprehensive insights and help businesses make data-driven decisions.

By learning how to apply sophisticated tools to automate data entry, reconciliation, financial reporting while reducing the risk of human errors & time required to complete tasks, accountants are free to focus on more strategic tasks like analysis and advisory services.

The Innovation Stations

The School of Innovation contains eight stations, each of which consists of a different game or activity. Learners work as a team to complete each activity. Each station builds on what was learned in the previous one, enabling learners to work progressively toward a stronger understanding of the topic.



Game	Learning Process
Scavenger hunts	Working as a team, the learners search the School of Innovation for various objects which represent different aspects of the RPA solution.
Impact ranking	The learners arrange objects that represent different parts of the implementation process on podiums from least to most impactful.
Data tracks	There are three data tracks for both manual and RPA processes, representing large, medium and small data sets. The learner has the opportunity to "become" the data process and glide around the data tracks in the innovation hub and experience an RPA data set, which is fast and straight forward, and a manual data set, which is slower and less straight forward.
Process builder	At this station, the learners consolidate what they have learned during the previous three scavenger hunts and complete a full RPA implementation plan by once again arranging the correct objects on the appropriate podiums.
Data visualisation	This is a dynamic data visualisation with a multidimensional Bar graph that learners can interact with to change how that data is viewed. Here, learners have the capability to dig into data through simple filtering to view data along different dimensions. This station gives the learner an exceptional viewpoint of how data works.
Case study & elevator pitch	At the end of the VR session, learners work as a team to review a case study for an organisation that is looking into applying an RPA process. They will work together to put a plan in place for how best to adopt RPA. Once they have that finalised, they pick up a virtual phone and call the trainer in the real world to present their pitch.



Will it work?

There is no doubt that virtual reality will have a big impact on the future of education and training. Not just in Robotic Process Automation, as in the example of the CPA Metaverse pilot programme, and not just in sectors such as engineering and construction. Its applicability also extends to professional scepticism, sustainability, leadership skills and many other areas.

The 2022 Irish Immersive Economy Report highlighted that, in Ireland, the Immersive technology sector is currently worth over €43 million, with significant potential for future growth as 63% of businesses in the sector expect to grow in the coming 12 months.

Additionally, they highlighted that "Global spending on artificial and virtual reality in education is expected to soar from \$1.8 billion to \$12.6 billion annually over the next four years".¹

Using Virtual Reality as a Learning & Development tool is exciting and effective but it won't take over from classroom, standard e-Learning or on the job training in the immediate future.

Derek Belch, founder and chief executive of Strivr, told the Financial Times this September that "Widespread use of VR for training will take time ... but Apple's launch of an augmented reality headset and Meta's continued investment are significant. "Meta is certainly going to push very hard on the consumer side," he says. "Consumer ubiquity is coming in the next three to five years."²



Insights

We were exceptionally lucky to work with Sia Partners for whom this was their 101st Metaverse project. Speaking at the CPA Metaverse launch on the 20th September Gary O'Sullivan and Catherine O'Doherty said "Sia Partners partnered with CPA Ireland to deliver this exciting initiative, bringing learning and development into the metaverse and demonstrating what this technology can bring to organisations and their members, employees or customers.

A huge congrats to Trish O'Neill, Aisling Mooney and Reidin Ni Aonghusa for a fantastic launch. And to our own amazing team Rob Nelson and Yiting Liu for delivering such a great piece of work".

The funding from Skillnet Ireland gave us the opportunity to 'Think Big' and it was a pleasure to invite them to experience the programme in advance of the launch. "I really valued the experience of being in the CPA Metaverse Innovation Academy. The Metaverse Academy is a unique and engaging way of learning that can make challenging training more enjoyable for the learner", Nick McClafferty, Development Advisor, Skillnet Ireland.

Finally, we were excited, and a little nervous, to welcome our first group of members to the CPA Metaverse in October. We are very grateful for their willingness to both try something so new and to give us feedback that will help to improve our future sessions.

"The experience was novel and fascinating and a valuable insight into the future of knowledge transfer. I thoroughly enjoyed the session and found the course content more interesting when delivered through this medium", Ken Heade, CPA Ireland member.

"There is no doubt that virtual reality will have a big impact on the future of education and training."



Patricia O'Neill

Director, Member Services, CPA Ireland



Aisling Mooney

Member Services, CPA Ireland



¹ Source: Edweek Market Brief, Global Spending on Virtual Reality, AI in Education Poised to Skyrocket, Report Says, 17th February 2021, as highlighted in The Irish Immersive Economy Report 2022.

² <https://www.ft.com/content/1f71b21b-93b3-4057-91cf-0ac813187e29>

CPA METAVERSE FOR HAZARD FREE LEARNING



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Institute News

Response to Budget 2024

CPA Ireland has broadly welcomed Budget 2024 and CPA Ireland President Mark Gargan described it as a pro-SME Budget which includes positive steps to support SMEs, which are the backbone of the Irish economy.

Commenting on the announcement of Budget 2024 Mark Gargan welcomed the measures that will enhance the abilities to access sources of finance, such as the extension of the EIS. Startups with high potential to grow, will benefit from the new scheme to encourage so called angel investors.

The extension of the standard rate cut off point to €42,000 is another helpful measure that will assist Ireland's squeezed middle, as will adjustments to the rates and bands of USC.

Concluding, Mark Gargan said "Ireland's economy is reliant on the strength of our SMEs, who are more vulnerable to inflationary pressures than larger businesses. Today's budget offers new supports, but it is essential that these are continuously monitored and enhanced if and when required in the months ahead."

CPA 2024 Graduate Programme

One of the services we offer at CPA Ireland is a Trainee Placement Service (TPS), which assists candidates in securing trainee accountant positions with relevant employers in Ireland.

The Trainee Placement Service is a completely free recruitment service for all employers. Currently we are seeking employers with open roles for 2024 which would suit accounting students currently in their final year of college studies. If you have, or are planning on taking on a Trainee next year please let us know so we can add your company to our 2024 Graduate Programme.

[Find out more](#)

CPA Ireland extends Mutual Recognition Agreement with the South African Institute of Professional Accountants (SAIPA)

The Institute of Certified Public Accountants in Ireland (CPA Ireland) and the South African Institute of Professional Accountants (SAIPA) entered into a mutual recognition agreement (MRA) in November 2015.

This agreement was extended until 31 December 2024 at the IFAC Council meeting in Vienna. In November 2023, the MRA was signed for CPA Ireland by Mark Gargan, President and Eamonn Siggins, Chief Executive, and for SAIPA by Radha Gouri Govender, Chairperson, SAIPA and Shahied Daniels, Chief Executive, SAIPA.

The agreement offers qualified members of each body a pathway to become a member of the other body, and to enjoy the benefits which each organisation offers. The MRA extension builds on the strategic relationship between two leading accounting organisations and gives members the opportunity to qualify for a second designation.

Under the agreement, members in good standing of either body will

be considered for membership by the other body. Members wishing to practice public accounting will be required to meet the specific regulatory and legal requirements in each jurisdiction.

CPA is one of the best-known international accounting designations and Irish professional qualifications are held in high regard worldwide. By becoming a CPA, you are joining a global network.



Pictured at the signing: *Back row L-R:* Eamonn Siggins, Chief Executive Officer, CPA Ireland; Faith Ngwenya, Managing Director Centre of Future Excellence, SAIPA; Shahied Daniels, Chief Executive Officer, SAIPA. *Front row: L-R:* Mark Gargan, President of CPA Ireland; Asmaa Resmouki, President of IFAC; Radha Gouri Govender, Chairperson, SAIPA

CPA Ireland launches sample financial statements

CPA Ireland have issued updated Sample Financial Statements to assist members and firms navigate disclosure and reporting requirements for their clients.

The samples are also a useful tool to support the ongoing training of staff and the production of high-quality financial statements.

The updated samples are for the following:

A micro company applying FRS 105
A small company applying FRS 102 Section 1A

For details please [click here](#).

CPA Ireland - Sample Financial Statements Irish GAAP | CPA Ireland

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



CPA Metaverse School of Innovation



Robotic process automation (RPA) is a rapidly growing field, and the demand for skilled RPA professionals is only going to increase in the years to come. However, teaching RPA can be challenging, as it requires learners to understand complex concepts and procedures. To meet this challenge, we have developed a programme using virtual reality.

In conjunction with our VR developers, Sia Partners, CPA Ireland Skillnet has created a highly engaging and fun way to help learners better understand the benefits, pitfalls and organisational applicability of an RPA process in a virtual world through VR headsets.

The interactive stations which learners must navigate through:

- **Three scavenger hunts:** working in teams the learners will search the School of Innovation for various objects which represent different aspects of the RPA solution. The learners will have to work in teams – one person can pick up an object which will launch a card explaining what the object represents. To gather more information, they will need to work with someone who can hold the magnifying glass – by using both together the learner will get more information about the object. Once the learner places the objects they believe to be correct on the podiums they press a button to the side – the correct answers are highlighted in green

and the incorrect ones in red. If there are any objects highlighted in red, they must be removed, and the correct ones sought.

- **Impact ranking:** Place objects that represent different parts of the implementation process on podiums from least impactful to highest. As with the scavenger hunt when the learner picks up the object a card will appear in front of them with details of a particular impact i.e., "RPA can improve data quality and accuracy by reducing the risk of human error and standardising data entry processes". In addition to the correct answers there will be a number of incorrect answers. Once the learner places the objects, they believe to be correct on the podiums they press a button to the side – the correct answers are highlighted in green and the incorrect ones in red.
- **The data tracks:** There are three data tracks, large, medium and small for both manual and RPA processing. The learner has the opportunity to move around the innovation hub on a track to help them feel the difference between an RPA data set which is fast and straight forward and a manual data set which is slower and less straight forward.
- **The process builder:** At this station the learners will be asked to combine what they have learned during the three

scavenger hunts and complete a full RPA implementation plan by once again arranging the correct objects on the three podiums.

- **Data visualisation:** This is a dynamic data solution with a simple Bar Graph, object Visualizations, Light animations, Interactions with Data (& Data Views), Capability to dig into meta data and the Simple Filtering of Data. This station will give the learner an exceptional viewpoint of how data works.
- **Case study/elevator pitch:** working as a team the learners will have a few minutes at the end of the VR session to review a case study for an organisation that is looking into applying an RPA process. They will work together to put a plan in place for how best to adopt RPA. Once they have that finalised, they will pick up a virtual phone and call the trainer/administrator in the real world to give their pitch.

What others have said:

"I really valued the experience of being in the CPA Metaverse Innovation Academy. The Metaverse Academy is a unique and engaging way of learning that can make challenging training more enjoyable for the learner."

Nick McCafferty, Development Advisor, Skillnet Ireland

"Thank you for hosting the Virtual reality training session on Friday last. The experience was novel and fascinating and a valuable insight into the future of knowledge transfer. I thoroughly enjoyed the session and found the course content more interesting when delivered through this medium."

Ken Heade, CPA

Take the opportunity to discover virtual reality.

Book Now!

New CPA Ireland Marketing Campaign



The new CPA Ireland campaign “Switch your Perspective, Change your Future” is live on our website, digital adverts and was rolled out across career fairs over the last month. The campaign aims to defy the perceived perceptions of a career in accounting by using profiles from some of our members to showcase the breadth of paths you can take with your career as a CPA Accountant.

Thank you to our members who provided profiles and if it is something you would like to get involved in please feel free to reach out.

[Find out more](#)

CPA Ireland Bye Law Amendments

Updated changes to Bye Law 7, 14 and 15 will become effective from the 1st January 2024.

These updated changes can be found below:

[Find out more](#)

Membership Changes:

Resignations

Member ID	First Name	Last Name	Date
006646	Viviane	Moriarty	25/01/2022
000748	Sean D.	Luskin	04/07/2023
025899	Reema	Minayar	10/07/2023
015372	Noeleen	Mulcahy	11/07/2023
030194	Supriya	Kulkarni	13/07/2023
005349	Annette	Rafferty-Reilly	24/07/2023

Deaths

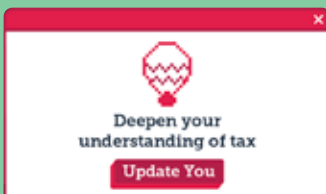
Member ID	First Name	Last Name	Date
002291	Neil C.	Taylor	16/08/2023
000114	Ray	Byrne	19/08/2023

Removals

Member ID	First Name	Last Name	Date
018794	Lisa	Boyle	10/07/2023
004624	Janice	Nolan	10/07/2023
007629	Siobhan	Lawless	10/07/2023
002434	Patricia M.	Long	10/07/2023
031026	Sitaram	Dangi	10/07/2023
007260	Catherine	Murphy	10/07/2023
005593	Timothy	Donovan	10/07/2023
008134	Anthony	Davill	10/07/2023
036119	Arun	Kundra	10/07/2023
029563	Wijesinghe Arachchige Sunil	Bandara	10/07/2023
029211	Mandeep	Singh	10/07/2023
022654	Christopher Madalitso	Ziyaya	10/07/2023
006836	Tan Beong	Chu	10/07/2023
001701	Frank	Kelly	10/07/2023
001668	Cornelius	Horgan	10/07/2023
005417	Yeok Tee	Teo	10/07/2023
026228	Bilal	Saleem	10/07/2023
026226	Askia Samuel	Ogieh	10/07/2023
025912	Chris	Luthuli	10/07/2023
025901	Anil Kumar	Agarwal	10/07/2023
024716	Shuaibu Sanda	Ibrahim	10/07/2023
027407	Mohamed Ashfath	Abdul Hameed	10/07/2023
026804	Lukhbir	Singh	10/07/2023
025083	Rahman Ayodeji	Bello	10/07/2023
029220	Sunday Adeyemi	Ojelabi	10/07/2023
028778	Olayiwola Bolarinwa	Olaoti	10/07/2023
029229	Zeeshan	Danish	10/07/2023
030176	Angela Nkechi	Duru	10/07/2023
029562	Vijendra	Choudhary	10/07/2023
029548	Ankit	Dahanukar	10/07/2023
030179	Garima	Rajan	10/07/2023
015565	Joseph	Magawa	10/07/2023
021424	Musa Muhammad	Dandikko	10/07/2023
020153	Waqas	Ahmed	10/07/2023
005163	Janet	McKeon	10/07/2023
002633	Mary	O'Connor	10/07/2023
033113	Surendar	Vigneshwaran	10/07/2023
033755	Darshan	Parikh	10/07/2023
035731	Sourabh	Joshi	10/07/2023

CPD News

Full Day Tax Courses to Refresh your Tax Knowledge



CPA Ireland have a number of full-day tax courses in the first quarter of 2024, providing a comprehensive update across all tax heads.

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

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

Course Schedule:

Capital Gains Tax
13th January 2024

[Book Now](#)

CAT & Stamp Duty
24th January 2024

[Book Now](#)

Revenue & Client Interaction
10th February 2024

[Book Now](#)

Sustainability Micro-Credentials – Get your Digital Badge Now!

In today's rapidly changing world, it's crucial to stay ahead of the curve and demonstrate your commitment to sustainability. In September, CPA Ireland launched a series of sustainability micro-credentials. Online Stackable Sustainability Micro Credentials are a flexible way to acquire specialised knowledge and skills in the field of sustainability. They allow you to choose and stack multiple credentials together, creating a personalised learning pathway that aligns with your unique career goals and interests.

How will our micro-credentials benefit you?

Our micro-credentials are designed to fit your busy schedule. Learn at your own pace, anywhere, anytime, and earn your credentials within weeks. We are offering micro-credentials in the following areas:

Sustainability Standards: Designed to equip you with the knowledge and expertise to navigate the evolving landscape of sustainability reporting frameworks and drive meaningful change within organisations.

Sustainability Assurance: Sustainability Assurance involves an independent examination of an organisation's sustainability performance, processes, & reporting. It provides credibility to sustainability information & assures stakeholders that the data is reliable and accurate.



ESG Challenges: Organisations need to develop robust strategies, establish clear goals, collaborate with stakeholders, and invest in building the necessary capabilities to overcome ESG challenges and drive positive change.

ESG Strategy: By embracing ESG strategies, organisations align themselves with the goals of creating a more sustainable, equitable, & resilient future while also reaping the benefits of improved risk management, stakeholder engagement & long-term value creation.

Key details:

Location: Online

CPD Credit: 15 hours per micro-credential

Cost: €425 per micro-credential

Assessment: Online assessment in each micro-credential

[Find out more](#)

Save the Dates for 2024

CPA Tax Conference 2024

Date: 7th March 2024

Location: Online

CPD Credit: 8 hours

Cost: €225 (non-CPA members €275)

CPA Annual Conference 2024

Date: 30th May 2024

Location: Hilton Kilmainham, Dublin & Online

CPD Credit: 8 hours

Cost: €225 (non-CPA members €275)

Irish Accountancy Conference 2024

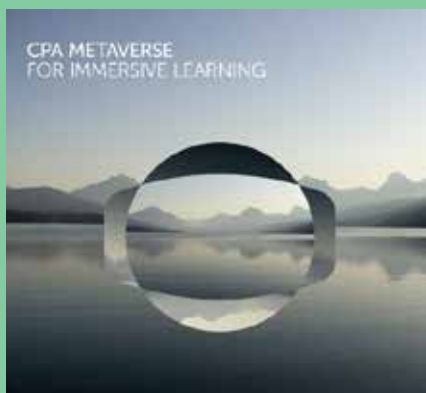
Date: 6th & 7th September 2024

Location: Online

CPD Credit: 12 hours

Cost: €295 (non-CPA members €345)

CPA Metaverse Virtual Reality Training – Book Now!



Experience Virtual Reality with CPA Ireland & bank your 2023 CPD Hours. For €99 & 4 hours of CPD immerse yourself in a virtual world & learn how to digitalise your organisation.

CPA Ireland Skillnet has created a highly engaging and fun way to help learners better understand the benefits of digitalisation and how to meet the needs of your organisation.

The course will equip you with the skills needed to leverage powerful automation tools and apply them in your workplace. Multiple booking options are available, so whether you are just curious about the potential of digitalisation or want a more in-depth look at the extensive toolkit available, there is something to suit your needs.

- **Virtual Reality Experience:** Immerse yourself in the CPA Metaverse to gain an understanding of the benefits, pitfalls and organisational applicability of RPA.
- **Robotic Process Automation CPD Course:** Learn about RPA, gain the knowledge & skills needed to optimise processes and leverage tools such as Python and Microsoft PowerAutomate.
- **Robotic Process Automation Full Certification:** Learn about RPA and gain the knowledge & skills needed to optimise processes and leverage automation tools. This option includes an assessment which leads to full certification.

[Book Now](#)

CPD Wrap Ups

The CPD Wrap Ups will take place online on the 12th & 13th December.

Key event details:

Dates: 12th & 13th December

Location: Online

CPD credit: 16 hours for both days, 8 hours for one day

Cost: Both days: €340 (€390 for non-members) / One day: €200 (€240 for non-members)

[Book Now](#)



Schedule:

Day 1 12th December		
Time	Topic	Speaker
9.30 - 11.00	Economic Update	John Fahey, AIB
11.15 - 12.45	Finance Bill Update	Paul Murphy, Martin J Kelly & Co
13.30 - 15.00	AML	Emer Kelly, CPA Ireland
15.00 - 16.30	Corporate Governance	Tom Ward, IPA

Day 2 13th December		
Time	Topic	Speaker
9.30 - 11.00	Burnout in the Workplace	Edel Walsh
11.15 - 12.45	Professional Scepticism	Brendan Lenihan, Navigo
13.30 - 15.00	Pensions	Justin O'Gorman, JDM Insurance
15.00 - 16.30	International Financial Crime	Henry Duggan, Ankura

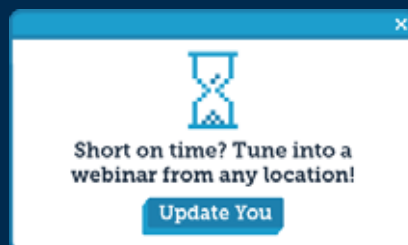
Webinars & Online Courses

Running short on CPD hours? Webinars & Online Courses available right up until 31st December with instant access!

CPA Ireland continues to provide insightful and topical webinars on a wide range of interesting and relevant topics including, Brexit, succession planning, tax, the economy, audit and leadership. We also provide a range of online courses to keep you up to date and informed on a range of topics from Sustainability Micro-credentials, VAT, FRS 102 and US GAAP.

You can purchase and get access to the above online courses and webinar recordings right up until 31st December.

[Buy Now](#)



If you are therefore running short on your CPD at the end of the year, there's no need to worry with our suite of webinar recordings. We have CPD webinars in a range of areas such as:

- Anti Money Laundering
- Capital Gains Tax Relief Overview
- Code of Ethics
- Employment Law
- Prepare the Reports for CSRD (ESRS)
- Success Skills



Pick & Mix offer: Save €100 on FIVE 4-hour courses

CPA Ireland has partnered with accountingcpd to help you get your year's CPD with their Pick & Mix offer.

Choose 20 structured CPD units now to complete at your own pace and **save €100** on the usual price.

Simply pick **any five** 4-hour courses from a wide range of topics covering both technical skills and professional development.

Keep up to date with accounting trends and changes; develop new skills; or prepare yourself for the next career step, with the Pick & Mix.

Buy Now

was €325
€225
+VAT
SAVE €100



Choose any five 4-hr online CPD courses that meet your needs



Checkout using offer code **CPA20** when prompted*



Complete your CPD at your own pace

*Cannot be used in conjunction with any other offer

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If 130+ courses feels like too much choice, browse accountingcpd's bundles, which gather together courses on a specific topic. Topics include:

- Excel
- IFRS
- Accountant of the Future
- Governance and control
- 21st Century finance function
- Data, digital & technology
- Financial modelling
- and more

Browse Bundles

120 days access
Code: CPA20



Self-paced learning options

Meet your 2023 CPD requirements with our self-paced learning options

- ✓ Webinars
- ✓ Sustainability Microcredentials
- ✓ Post qualification specialisms

Update You

www.cpaireland.ie/cpd



Student News

Newly Qualified Members

Congratulations to all our newly admitted CPA Ireland members who were conferred on 9 December in the O'Reilly Hall, UCD. We wish you every success in your future career as a CPA. The March 2024 edition of Accountancy Plus will include a special feature on the conferring ceremony.

Training Records

Students are reminded of the requirement to log their training and submit it to the Institute for review. All training must be submitted through MyCPA and submitted to your mentor for approval each quarter. The final date for submitting training completed in 2023 will be 31 January 2024.

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

Trainees who do not comply with the requirement to log their training each quarter, may find that although they have more than three year's relevant experience, they are unable to apply for membership on completion of examinations, as they do not have sufficient training logged and accepted by the Institute.

Students are reminded of the requirement to be able to demonstrate in-depth competence in at least two of the six training areas as required. Detailed information about the Institute's training requirements may be found on the CPA Ireland website.

[View Here](#)

Examination Success

On behalf of CPA Ireland, we would like to congratulate all of our students who were successful in their exams in August 2023.

Mary Clavin

Tshimangadzo Rakhuu

Melanie Smith

Ashlyn Flynn

Liam O'Connor

Aisling McCann

Mark Tyler

Eamonn Bracken

Jacqueline Da Silva

Angelique Dongo

Conor Molloy

Jonathan Northcutt

Eoghan Briody

Emma Garvey

Conor Molloy

Conor Molloy

Foundation Level Taxation

Foundation Level Financial Accounting

Foundation Level Management Accounting

Foundation Level Management Fundamentals

Professional Level Corporate Law

Professional Level Managerial Finance

Professional Level Financial Reporting

Professional Level Audit & Assurance

Professional Level Performance Management

Professional Level Advanced Taxation

Strategic Level Advanced Financial Reporting

Strategic Level Strategy & Leadership

Strategic Level Strategic Corporate Finance

Strategic Level Data Analytics for Finance

Strategic Level Advanced Tax Strategy

Strategic Level Advanced Audit & Assurance

Special congratulations to our prizewinning students who each achieved first place in their CPA examinations in 2023 (April and August sittings).

Study Support Materials

Students are reminded of the wealth of study support materials available on the Syllabus and Study Support section of the CPA Ireland website

[View Here](#)

These resources include, for each paper:

- Detailed Syllabus and Learning Guide
- Past Papers and Suggested Solutions
- Relevant Articles
- Examinable Material
- Educators' Briefing

Two new recently recorded webinars have been uploaded to this section of the website:

Regulation in Ireland

by Tom Colgan, FCCA, DipIFRS, Financial Reporting Lecturer, Griffith College

In this webinar, Tom Colgan, Financial Reporting Lecturer at Griffith College, presents a summary of the enforcement of Accounting and Auditing in practice in Ireland.

[View Here](#)

This will be of interest to students of Financial Reporting and Advanced Financial Reporting

Audit Reporting

by Colm Foley B.Comm, FCA, MSc Accounting

The Auditor's Duty of Care and the real world consequences of failure of that duty are explored in this webinar by Colm Foley B.Comm, FCA, MSc Accounting, Auditing Lecturer. This webinar will be of interest to all students of Audit & Assurance and Advanced Audit & Assurance.

[View Here](#)

Key Dates for Students for 2024

To help you to plan for 2024, key dates for all students can be found on the Key Dates page of the CPA Ireland website. This shows, for example timetables for 2024 examinations (April and August), exam registration deadlines, training

submission deadlines, as well as information for students who hope to apply for membership in 2024.

[View Here](#)

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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Publication Notice

Ref: Invest/09/22

The Investigation Committee found prima facie evidence of misconduct by Mr. Edward Kelly; and Eddie Kelly & Co of No. 2 Dair Ard; Bohreen Hill, Enniscorthy, Co. Wexford in relation to the following complaints:

1. Quality Assurance Complaint

Failure to carry out work in accordance with approved auditing, accounting and quality management standards - Bye law 7.4 , bye law 6.6.1 (a) and Section 113 - Professional Competence and Due Care of Code of Ethics refer.

Failure to implement recommendations following quality assurance review conducted in 2019 – Section 1496 of Companies Act 2014 refers.

2. Breach of Hot File Review condition

Breach of a hot file review condition imposed in accordance with bye law 7.17.3 - Bye Law 7.17.3, bye law 6.5.1 (a) and Section 115 – Professional Behaviour of the Code of Ethics refer.

3. CPD

Failure to take part in appropriate programmes of continuing education in order to maintain theoretical knowledge, professional skills and values, particularly in relation to auditing at a sufficiently high level – Bye Law 13.33.3 and Section 1489 of Companies Act 2014 refer.

The Committee offered and the Member accepted, a Consent Order, the terms of which are as follows:

- i. Reprimand;
- ii. Fine €2,000
- iii. Contribution of €3,000 towards the Institute's costs in this case and
- iv. That details of the Consent Order be published in Accountancy Plus with reference to the Member and Firm by name.

Dated: 21st September 2023



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