CPA IRELAND | CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANCY plus

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DEIRDRE KIELY APPOINTED PRESIDENT OF CPA IRELAND

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Accountancy Plus June 2017

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President's Message

Welcome to the June edition of Accountancy Plus

Dear Member,

It gives me great pleasure to write this President's Message for the June edition of Accountancy Plus, my first as President. I am deeply honoured to be representing our Members for the next year and I look forward to meeting you over the coming months.

As a CPA Practitioner I am passionate about business and in particular social enterprise. However, I believe that Ireland is facing huge issues in healthcare, education, social care, the environment and other areas because of a lack of government attention and funding for social enterprise that these areas would greatly benefit from. Indeed the whole economy will benefit from the support of social enterprises. There is the potential for the creation of 40,000 jobs and €2billion for the economy. The EU has plans to increase the funding for social enterprises but Irish social entrepreneurs are missing out on this funding because of a lack of coherent Government policy in this area. CPA Ireland has long been a supporter of social enterprise and I look forward to that support continuing during my tenure and working towards raising the issue of social enterprise support at local and governmental levels.

In addition to this, my time as CPA Ireland President will see great changes for the Institute. The Council has recently decided to progress the collaboration initiative with the Institute of Incorporated Public Accountants (IIPA) to an EGM at which the support of our Members will be sought. This decision is based on the very positive feedback received from over 600 CPAs who attended the 10 briefing sessions in Ireland and the UK recently. The Council welcomes the support of CPAs for this initiative, which we believe is in the public interest, and calls on members to vote positively either in person or by proxy at the Extraordinary General Meeting on June 23rd next.

There are many changes afoot internally in CPA also with the appointments of new Directors of Business Development and Member Services along with staff restructuring ensuring the important task of recruiting students and servicing our diverse membership are at the core of CPA Ireland's strategic outlook. I look forward to working with the team in CPA Ireland, Council and with you, our Members, over the coming months.

Deirdre Kiely
President CPA Ireland

ACCOUNTANCY**plus**

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International Opportunities and the Positives from BREXIT

Seamus McCann provides his views on the potential opportunities available to Irish businesses following BREXIT.

Seamus McCann is Director and owner of ASTEC Global and the current Chairman of ConsultingIreland. ASTEC Global has over 30 years' experience working with the major international funders such as the EC and World Bank. ConsultingIreland is an initiative to help Irish organisations win a greater share of this funded business. Seamus is an accountant and has previously worked in various State organisation such as ESB, Eircom and Teagasc.

Irish Businesses are constantly being encouraged to look for opportunities beyond these shores and outside our traditional markets such as the UK, US and Western Europe. The recent decision by our nearest neighbour to withdraw from the European experiment has focussed minds on the need for a speedier and more expansive market diversification.

Yet Ireland has continued to ignore significant multi-billion Euros opportunities in the developing countries where payment is secure and advances of up to 60% are not uncommon.

Untapped Markets

The markets we refer to are those funded by the major International Financing Institutions (IFIs - e.g. EC, United Nations, World Bank etc.). The numerous opportunities - **over 200,000 daily service and supply tenders across all sectors -** are being aggressively and successfully pursued by both private and public sector organisations from many of our EC partner countries.

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BY
Seamus McCann

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Projects funded by the likes of the EC and World Bank are often a prelude to other private 'downstream' business opportunities in these markets and as such help to promote a more strategic market-entry approach and provide key business intelligence to these increasingly important emerging markets.

From a very-respected position some three decades ago, **Ireland's position continues to plummet where we are now the lowest-ranked member among the initial EC12** and currently in 24th position in the EC28 activity table. The advent of the 'Celtic Tiger' only helped to hasten this dis-engagement process from these key markets, conservatively estimated at over €1trillion per annum.

While Ireland may have the current EC Commissioner for Agriculture and Rural Development, not one Irish Agri/Food firm is pre-selected in the EC top 60 Agri/Food firms providing little in the way of policy, strategy and advice to these international markets.

The UK on the other-hand is currently the most active and successful country at winning EC funded work due in part to the support given by Government through its Foreign Embassies, State Agencies and a focussed International Aid programme that recognises the importance of trade. This is further enhanced by the fact that English is the language of choice for most of these global tenders.

The Positives of BREXIT

With BREXIT, the future selection for any EC funded business is likely to only include organisations from the remaining 27 Member States. In our ConsultingIreland review we are able to identify well over 4,000 UK entities who will no longer be eligible to participate directly in these EC-funded projects. **Ireland will then be the main English-speaking member** and should be well positioned to capitalise on the British exit and enable our firms to replace a number of the existing UK market participants.

While many Irish organisations shy away from this work believing it to be too bureaucratic, the fact is that the bidding process and procedure are always the same no matter whether the opportunity is in Brazil, Mauritius, Washington or Fiji.

My own SME company has worked in these markets for close on 30 years and in over 100 countries, but rather than being concerned by the country of delivery we view our client as the EC or World Bank. Tenders are available on a daily basis and Ireland's expertise and experience is certainly relevant and required and, from a cash-flow perspective, the major IFIs always pay fairly promptly.

'Best Practice'

By way of comparison, Denmark is now winning 10 times the IFI-funded business than that of Ireland and figures published by independent sources show a majority of the newer EC Member States are more engaged with the major IFIs and these external markets. Even Albania, a non-EC Member State, is much more active and their SMEs more engaged.

Elsewhere many of our more established European partners in e.g. France, Germany etc. are engaging highly trained Irish experts for international IFI assignments – in part because of their English language proficiency. The fact that the successful companies are primarily SMEs, leaves little doubt that Ireland has missed - and continues to miss - major business opportunities.

Need for a Trade Focus

The Irish Government and its Agencies tend to focus on the less commercial elements of the IFI and emerging market opportunities. Significant effort in manpower and financial support is given by the Government and its Agencies to EC R&D programmes such as Horizon 2020. But these programmes account for **less than 8% of EC funds** and are primarily the target of selected universities, multinationals and specialist research bodies. One has to wonder why Ireland is prepared to promote engagement in H2020 but not the more-commercial tenders, even though the Funder is the same.

Government's other international focus is on the NGO/Aid market, providing support to the developing markets. However what these markets want and need is 'Better Aid more Trade'. Going forward it is important that Ireland's trade approach is less NGO-led and more commercially focussed, mirroring that of the more successful countries.

The success of other nations and EC partner countries is due to the fact they are able to multi-task/multi-focus and benefit from the existing synergies in these various markets while prioritising the commercial element of their involvement. Ireland lacks that 'connectivity' between the key parties – Government, Embassies, State Agencies, NGOs, Business Associations and Commercials.

Fig. 1 below shows that our other European partners have no such hesitation in engaging with the IFIs.

FIG. 1 WORLD BANK ACTIVITY FOR WESTERN EUROPEAN COMPANIES

Government Engagement Needed

Our analysis indicate that Government support is a key element in the overall success of such an undertaking. The benefits of better 'connectivity' is demonstrated by the success of Hungary where the Government provides strong administrative and financial support to its companies and over the last year they have recorded some extremely positive results for their members.

This structured approach working with the IFIs should be a 'first-step' and can be part of an organisations overall strategy for expansion into new markets, resulting in greater profitability and ensuring less reliance on the domestic marketplace.

If Ireland can embrace these markets, then Irish expertise and products will reach to a greater number of countries and that in turn will help us to start to climb back up the IFI activity table from our lowly 24th position.

CONSULTINGIRELAND SUPPORT

As a Business Association focussed on these IFI funded markets, ConsultingIreland has been established to help Irish organisations and companies win an increased share of these more commercial IFI opportunities. To that end we have reviewed the 'best practice' from other successful nations to facilitate a successful entry into these new markets.

Our Association provides the following support to organisations interested in these markets by;

- **Presenting an overview of the markets and awareness raising**.
- **IFI Trade Portal**.
- **Identification of Opportunities**.
- **Training and Mentoring**.
- **Networking and International Partnerships**.
- **Tender Bidding**.

Deirdre Kiely

Deirdre Kiely is the newly elected President of CPA Ireland. Here she talks through her career and views on business.

TITLE:
Principal

COMPANY:
Kiely & Co. Accountants and Business Advisers

QUALIFICATIONS:
CPA, BL

QUALIFIED AS A CPA:
1990

CPA Profile Deirdre Kiely

Your Career

Why did you choose to become a CPA?

Accountancy was always my preferred subject in school. I was fortunate to obtain a traineeship in a CPA accountancy firm that encouraged its trainees to undertake the CPA qualification. Similar to today there were great local educators of the CPA qualification in Cork who facilitated me attending evening lectures, whilst working as a trainee during the day.

Can you provide a brief history of your career?

I have worked predominately in practice for all my career. I obtained great experience in smaller practices which allowed me to develop my career at a much faster pace. I was appointed to partner at the age of 31 and went on to lead the Audit, Advisory and Assurance department of top-ten accountancy firm RSM Farrell Grant Sparks, now part of Grant Thornton. I set up my own accountancy and business advisory firm in 2015 and I also have a number of Non-Executive directorship roles.

As a Barrister do you feel there are synergies between the 2 qualifications?

Definitely. Law plays such a big part of the role of an accountant. As practitioners we are regularly being asked to advise on company law, taxation and employment law issues. As an auditor and accountant you have to be able to interpret legal agreements to ensure they are being accounted for correctly. Analytical skills are a necessity in both professions as is the ability to see both sides of the argument and draw a defendable conclusion.

What is your biggest career achievement to date?

I am very fortunate to have had a number of career achievements to date but two of note for me personally are being appointed to the board of Tusla, the child and family agency by the Minister for Children and Youth Affairs, Ms. Katherine Zappone, and recently taking up the role as President of CPA Ireland.

Business

What are the challenges and rewards of running your own firm?

The biggest challenge of running your own business is that you are responsible for everything from sourcing the work, finance, quality and marketing but the reward is the freedom to make your own decisions.

Tell us more about your passion for social enterprise

My passion for "social" commenced with volunteering. I was invited to become a member of the finance committee at the children's charity Barnardos, which was a great honour. I was subsequently invited to become a board member and chair of their audit committee and I was privileged to witness the great work the charity does to improve the lives of vulnerable and disadvantaged children. As my tenure at Barnardos was coming to an end I was invited to become a board member of the Social Finance Foundation whose mission it is to provide loan finance to projects that have a strong social impact. The Foundation plays an important role in supporting social enterprises that produce a social dividend. A social enterprise is most typically defined as an enterprise that trades for a social purpose where at least part of its income is reinvested in a social objective. This combines two of my interests, the "social" and the "enterprise".

Life

How do you unwind?

I like to run on the lovely path around UCD or when I am in the west, on the beach in Lahinch or near Clahane beach.

What motto do you live by?

Integrity, honesty and working hard. I believe in doing good deeds as often as possible and supporting equality. I also believe in giving back to society.

CPA Profile David Mellamphy

Becoming a CPA

Why did you choose to become a CPA?

Maths and accounting were always my strongest attributes, I've always enjoyed solving analytical scenarios. An opportunity arose while in my 4th year of college to join a Cork based accountancy firm. This opened the channel for me to be able to achieve my 3 year work experience while also studying for my CPA qualification at night in Griffith College. This was the first move for me to achieving my goal as a professional accountant.

Since qualifying as a CPA how has your career progressed?

Having completed my professional exams in August 2011, and receiving my qualification in December of the same year an opening appeared in a local recruitment agency for an accountant role in ARRIS Communications Ireland, a progressive global telecommunications company. I applied for the role of EMEA accountant and moved to ARRIS in February 2012. I have progressed from an Accountant, to Senior Accountant over the last 5 years and my role has developed into Legal Entity Owner for ARRIS Communications Ireland Ltd, as well as becoming the EMEA intercompany controller for over 35 entities. We have gone through two acquisitions in this short period of time and the company is continually growing.

What advice would you give someone considering becoming a CPA?

Qualifying as a CPA is a life changing experience, the long days spent working and studying are hard at times however once completed are, 100% worth it, as you open so many doors with the CPA qualification.

The accounting industry is very strong at the moment, and I predict for someone starting their studies now that come the time they are finished, accountancy roles will be even more sought after.

Your Career

Describe your working life

My main activities include: analyzing financial information and preparing financial reports to determine and maintain record of general ledger, and accounts payable subledgers, liabilities, profit and loss, tax liabilities, other financial activities in the organization, preparing statutory financial statements and also the EMEA Lead for Intercompany.

What is your biggest career achievement to date?

ARRIS is a company of opportunity, where those who excel are rewarded and promotions are granted based on ability and work ethic. In my short time in ARRIS the position for EMEA intercompany lead opened up, post-acquisition of Motorola from Google.

I was offered the position and I can truly say it has been a fantastic experience so far, enabling me to travel the world and also meet fantastic work colleagues along the way.

Life

How do you unwind?

Playing golf in Mallow Golf Club is my main activity after work and on the weekend, I'm currently playing off four so it requires a lot of practice in the evening. Elaine (also a CPA) and myself are also getting married in June so this is an exciting time at the moment and the planning is going well.

What traits do you admire most in others?

I have learnt so much in ARRIS, and I admire the different cultures we have in the company and also the proven leaders in the company. We have amazing financial controllers here and the time they give you is truly a rewarding experience. I tend to follow them closely in decision making and work attitude, these people are real life accounting superstars.

David Mellamphy

TITLE:
Senior Accountant

COMPANY:
ARRIS Communications Ireland Ltd

QUALIFICATIONS:
Bachelor Degree in Accounting, Cork Institute of Technology, CPA

QUALIFIED AS A CPA:
2011

Financial Reporting News

Amendment to FRS 102 (May 2017): Directors' loans – optional interim relief for small entities

FRED 67 proposes a number of amendments to FRS 102, in response to calls from stakeholders, intended to simplify it and make it more cost-effective. This includes permitting small entities to initially measure a loan from a director who is a natural person and a shareholder in the small entity (or a close member of the family of that person) at transaction price. FRS 102 currently requires such loans to be initially measured at present value, with the discount rate being a market rate of interest for a similar debt instrument.

If stakeholders agree with the proposals in FRED 67, the changes are expected to be available for early application; early indications are that the proposals relating to directors' loans are supported by stakeholders. With finalisation of the proposals expected in December 2017 it will be too late for the first FRS 102 financial statements of small entities reporting as at 31 December 2016 and monthly immediately thereafter. However, later reporters will be able to take advantage of this simplification on firsttime adoption of FRS 102. The FRC is concerned about this inequity and understands the frustrations of many small entities that our proposals to address concerns about the accounting for directors' loans will be finalised too late to avoid implementation for one year only.

The FRC has considered whether relief could be available, in order to avoid some small entities measuring directors' loans initially at present value for one year only, if the proposals in FRED 67 are confirmed. This could be achieved by deferring, for small entities only, the implementation of this aspect of FRS 102, pending the finalisation of the proposals in FRED 67.

Therefore, as an optional interim measure, the FRC is amending FRS 102 to insert the following:

1.15A A small entity, as an exception to paragraph 11.13, may measure a basic financial liability that is a loan from a director who is a natural person and a shareholder in the small entity (or a close member of the family of that person) initially at transaction price. Subsequently, for the same financial liability, a small entity is also exempt from the final sentence of paragraph 11.14(a).

This amendment is effective immediately with retrospective application available; it shall not be applied directly, or by analogy, to any other transaction, event or condition.

Important Note
This amendment is not effective in Ireland until the Companies (Accounting) Act 2017 (which will introduce small and micro companies regime to Ireland) is commenced

As it is an interim measure, this amendment will be deleted as part of the finalisation of FRED 67. It will then be replaced with permanent requirements based on the proposals in FRED 67 after considering the outcome of the consultation process.

Some small entities will have issued financial statements that comply with FRS 102 prior to this optional interim measure being available. In these cases the exemption will be available in any subsequent financial statements, with full retrospective application required.

Whilst it is usual for the FRC to consult formally on amendments to an extant standard, the FRC has concluded that this is not essential in this case as the amendment is only an interim measure, it merely defers for many entities the first-time application of an accounting policy of measuring such loans initially at present value and the permanent removal of this policy is already subject to an ongoing consultation. The FRC has, however, carried out informal stakeholder outreach which has indicated strong support for the proposal.

Source: www.frc.org.uk

BY
Robert Kirk

The First Triennial Review of FRS 102 – The key changes are announced

Robert Kirk discusses FRED 67 – Draft Amendments to FRS 102.

Robert Kirk CPA is Professor of Financial Reporting at the University of Ulster. Robert is also author of the CPA Ireland Skillnet's publication *A New Era for Irish & UK GAAP – A Quick Reference Guide to FRS 102* **which is available free to CPA Members on www.cpaireland.ie.**

The Financial Reporting Council (FRC) has completed its first triennial review of FRS 102 and has proposed a number of changes to the standard to make the document clearer and easier to apply. The proposed changes are contained in *FRED 67 Draft Amendments to FRS 102 – Triennial Review 2017* (March 2017).

The FRC has decided, however, not to include any changes in relation to the forthcoming major developments in full IFRS - *IFRS 15 Revenue recognition from contracts* with customers, IFRS 16 Leases and the expected loss model in IFRS 9 Financial Instruments. These will be implemented in the next review and will not be effective until accounting periods commencing on or after the 1st January 2022.

Most of the proposed changes in FRED 67 have resulted from responses to stakeholder concerns. The proposed changes are organised into three separate sections, as follows:

- The principal amendments set out Section by Section in FRS 102.
- Proposed editorial amendments to FRS 102 together in one section; and
- Consequential amendments to other FRSs together – FRS 100, FRS 101, FRS 103, FRS 104, and FRS 105.

Although the document is 140 pages in length the principal amendments are contained in the first section comprising of approximately 40 pages. This article will concentrate on these as they will obviously have the greatest impact.

Principal Changes to FRS 102

Section 1 Scope

Reference is made for the first time to the application of SORPs and the circumstances in which they apply. In addition, reporting entities will be permitted to introduce the changes proposed by FRED 67 early as long as all of the proposed amendments are implemented at the same time.

Small entities applying Section 1A will now have to provide a compulsory Statement of Compliance with Section 1A of FRS 102 – until now it was merely encouraged.

Section 3 Financial Statement Presentation

A new section will require that care should be taken over too much aggregation causing material information to be obscured and thus undermining the understandability of the financial statements. Immaterial notes, however, are not required unless those disclosures are required by legislation.

Section 4 Statement of Financial Position

FRED 67 removes the need to provide a reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Section 5 Statements of Comprehensive Income and Income Statement

The requirement to analyse expenses by either function or nature specifically has been removed but an analysis is still required in the income statement or in the notes.

Section 7 Statement of Cash Flows

No specific reference is made to either adopting profit before or after tax as the starting point for the indirect method – instead a MEASURE of profit or loss is adjusted for non-cash transactions, working capital and non-operating income and expenses.

However, the main change is the new requirement to prepare a net debt reconciliation similar to that formerly required by FRS 1 so that the cash flow generated during the period can be reconciled to the net debt on the balance sheet.

Section 9 Consolidated and Separate Financial Statements

The updated rules in IFRS 10 on how to identify when one entity controls another have not been incorporated. However, this could result in special purpose entities avoiding consolidation so instead additional disclosures are proposed in the accounts. In addition, FRED 67 states that two or more subsidiaries may only be excluded from consolidation if they are not material when taken together.

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BY
Robert Kirk

▶ Continued from Page 10

Sections 11 and 12 Financial Instruments

There are a number of important proposed changes in this part of the standard as this has created the most criticism from stakeholders.

- **Definition of basic financial instrument** FRED 67 has been relaxed in relation to the detailed conditions in paragraph 11.9 of FRS 102 to be defined as basic. An additional paragraph 11.9a introduces a description of a basic financial instrument to support the detailed conditions and it is hoped that a relatively small number of financial instruments that previously breached the detailed conditions will now qualify as basic and therefore will be measured at amortised cost rather than at fair value.
- **Director/Shareholders loans to company** The proposal in this area has been deleted from FRED 67 and made immediately effective in the UK (pending legislation in Ireland). Please see details on same in our Financial Reporting News Section.
- **Definition of a financial institution** The definition of what constitutes a financial institution is being changed which will remove references to 'generate wealth' and 'manage risk'. This should reduce the number of institutions required to provide the enhanced disclosures required under Section 34 of FRS 102.
- **Removal of retirement benefit plans from definition of financial institution** Retirement benefit plans are now removed from the list of financial institutions.

Section 13 Inventories

There will no longer be a requirement to disclose the amount of inventories recognised as an expense but there will be a new requirement to provide a reconciliation of impairment losses and reversals for the period.

Section 16 Investment Property

FRS 102 replaced local accounting standards in forcing investment properties occupied by or let to a group member to be fair valued with gains/losses reported in profit or loss. These would, of course, be eliminated on consolidation but it has added extra work on consolidation. FRED 67 has now, in paragraph 16.4A, proposed the introduction of an accounting policy choice for group entities to either account for investment properties at fair value through profit and loss or to transfer them to property, plant and equipment and apply the cost model in Section 17 Property, plant and equipment instead in their individual financial statements.

However, a possible downside is the removal of the 'undue cost or effort' exemption from adopting the fair value model for investment properties. The rationale for this is that all reporting entities should be able to reliably measure the fair values for property.

Under proposed transitional arrangements group members who have been using fair value for properties rented out to other group members, already under FRS 102, may adopt those values as their deemed cost on transfer to Section 17.

Section 17 Property, Plant and Equipment

Where an entity has adopted component accounting the proposals state that if it is not practicable for an entity to identify the carrying amount of the replaced part it can be estimated using the current cost of the replacement part as a proxy for the original cost of the replaced part.

Section 18 Intangible Assets and Section 19 Business Combinations and Goodwill

Under FRS 102, at present, reporting entities are required to recognise more intangible assets in an acquisition than was previously the case under old Irish GAAP. This was introduced to help breakdown goodwill into its constituent parts but it has involved considerable additional costs for acquiring companies.

Under FRED 67 these intangible assets need no longer be recognised separately from goodwill.

However, any additional intangible assets already recognised under FRS 102 in past acquisitions will continue to be recognised. No prior period adjustment will be required. There will also be an option for companies to continue to recognise these intangibles for future acquisitions as long as the option is applied consistently to classes and an explanation is provided in the accounts as to why that approach was adopted.

Section 23 Revenue

FRED 67 has inserted an additional paragraph 23.3A to provide additional clarification relating to recognising revenue arising from each and every separately identified good or service in a single transaction.

In addition, a new example 27 illustrating how to determine whether or not a reporting entity is acting as a principal or as an agent has been inserted. The decision is largely based on which party is exposed to the risks and rewards associated with the goods or services.

Section 28 Employee Benefits

Under FRED 67 a couple of minor changes are proposed to Section 28;

- The cost of a defined benefit plan may now be presented net of amounts relating to changes in the carrying amount of the right to reimbursement.
- In group defined benefit plans a net defined benefit cost will require the recognition of a corresponding net defined benefit asset or liability in the individual financial statements of any group entity recognising a defined benefit cost.

Section 29 Income Tax

When calculating the tax due on a business combination using the purchase method FRED 67 will require an entity to consider the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of the income tax asset or liability.

Section 32 Events after the end of the Reporting Period

FRED 67 will remove the need to disclose the fact that an entity's owners or others have the power to amend the financial statements after issue.

Section 33 Related Party Disclosures

FRED 67 has introduced an additional paragraph 33.7A which states that where there is a legal or regulatory requirement to disclose directors' remuneration an entity is exempt from the requirement in paragraph 33.7 to disclose key management personnel compensation as long as the key management personnel and directors are the same.

Section 34 Specialised Activities

Service concessions

It is proposed in FRED 67 that, in a service concession, an operator and a grantor shall disclose information that enables users of the entity's financial statements to evaluate the nature and extent of relevant risks arising from those arrangements. This information should typically include, but is not limited to, a description of the arrangement including any rights, obligations or options arising, and any significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows.

In addition, an operator will be expected to disclose the amount of revenue, profits or losses and other income recognised in the period on exchanging construction services for a financial asset or an intangible asset.

Section 35 Transition to this FRS

A new paragraph 35.12A is being introduced for entities that have applied FRS 102 in previous periods but not in their most recent annual accounts. They will have to disclose the following:

(a) the reason they had stopped applying FRS 102;
(b) the reason they are resuming the application of FRS 102; and

(c) whether they have applied Section 35 or they have applied FRS 102 retrospectively in accordance with Section 10 Accounting Policies, Estimates and Errors.

Effective Date

The effective date being planned for the implementation of FRED 67's amendments is for accounting periods commencing on or after the 1st January 2019 and the comment period for FRED 67 is open until the 30th June 2017.

Conclusion

The changes being proposed under FRED 67 are fairly minor overall and, in general, are clearly designed to try and reduce the cost of complying with the standard whilst at the same time retaining the high quality of financial reporting. In that regard it seems to be fairly successful and the amendments seem reasonable.

BY
Wayne Bartlett

Latest Developments in US GAAP

Wayne Bartlett discusses the latest developments in US GAAP and also looks at the FASB's Simplification Initiative.

Dr Wayne Bartlett CPA is an experienced public financial management specialist with experience of working in over thirty countries. He is heavily involved in CPA Ireland's IPSAS work and has participated in several joint training initiatives on IPSAS recently in Nigeria and Bangladesh. He is also Chairman of CPA Ireland's IPSAS Advisory Board.

With the effective suspension of efforts to bring US GAAP and IFRS into line, at least for the time being, the Financial Accounting Standards Board (FASB) continues to exercise its role as the standard-setter for all those using GAAP as their chosen or required method of financial reporting. Hot off the press is the release in March 2017 of guidance on Receivables – Non-Refundable Fees and Other Topics, Sub-Topic No. 310-20. This is not a new Standard, as the name might suggest, but it is rather an amendment to an existing Standard, more properly called a Codification, namely ASC 310 on Receivables.

The major impacts of the changes in the revised guidance are to change the amortisation period for some callable debt securities held at a premium. In the past users had generally amortised the premium applicable on such transactions as an adjustment to the yield over the contractual life of the instrument involved. However, critics of this approach had argued that the approach excluded the possibility of such instruments from being used as consideration for early repayment of a principal amount, even if it was certain that the call would be exercised in practice. The criticisms appear to have had an impact and ASC 310 is therefore being amended.

The way that the change has been made in ASC 310-20 is to shorten the amortization period for certain callable debt securities held at a premium. The premium involved will now be amortized to the earliest call date. This is in contrast to the current approach when the premiums are amortized to their maturity date. In the existing approach, if a call is exercised the entity must recognise a loss equivalent to the unamortized amount; the changes will mean that this will no longer be the case. The argument in favour of the change that is now made by this update is that it brings it into line with market practices, something that users will presumably be very happy about.

The timing of the changes varies depending on the nature of the entity involved. FASB recognises a category of businesses called 'public business entities'. Such a business defined by the FASB's Master Glossary as an entity with any one of the following characteristics:

- It is required by the Securities and Exchange Commission (SEC) to file or furnish financial statements to the SEC
- It is specifically required by the SEC Act of 1934 to file or furnish such financial statements
- It is required to file or furnish financial statements with a regulatory agency in preparation for the sale of securities
- It has unrestricted securities that can be sold in an over-the-counter market
- Its securities are unrestricted and it is required by US GAAP to make financial statements publicly available on a periodic basis

If an entity has one or more of these characteristics, then it will be defined as a public business entity. The changes predicated by ASC 310-20 require such entities to make the changes included for the first financial reporting period beginning after December 15, 2018. All other entities must do so for periods beginning a year later, namely after December 15, 2019. However, as is normally the case, earlier adoption is permitted.

Derecognition of non-financial assets

Another important update that has recently appeared is Sub-Topic 610-20 which deals with the Gains and Losses arising from the derecognition of non-financial assets. Some contractual situations may involve both non-financial and financial assets (e.g. cash or receivables in the latter category). The update makes clear that the latter are covered by the provisions of 610-20 if they are what is known as 'in substance non-financial assets'. This is an example of substance over form in practice. Under the terms discussed in 610-20 the financial assets are considered to be 'in substance non-financial assets' if the substantial part of the fair value promised to the other contracting party in any arrangement is to be found in non-financial assets.

The amendments included in 610-20 require that each non-financial asset or each 'in substance non-financial asset' be separately identified and derecognized when a counterparty gains control of it. Consideration shall be applied to each individual element so identified by applying the guidance in Topic 606 which allocates a price based on performance obligations.

610-20 identifies that the impact of the transactions thus clarified will mainly be felt in the real estate industry. However it notes that it might also have an impact in other areas, such as in power and utilities, alternative energies, life sciences and shipping. This is a good insight into the way that the FASB thinks when it considers changes in what may appear to be some quite technical areas. FASB seeks to look at the impact of such changes on specific industries and in the process reveals itself to be a deep-thinking organisation that is not just focussed on 'technical purity' when developing its Standards but also has an eye on practical issues. In this case, for public entities the changes become effective for a period starting after December 15, 2017 – which is not long when you think about it – and for other entities periods beginning after December 15 2018.

Non-Employee Share Based Options

On March 7, 2017 the FASB issued a press release saying that it was proposing, through the mechanism of an Accounting Standards Update (ASU), changes to the way that accounting for non-employee share based options take place. The aim is to reduce cost and complexity and to improve financial reporting in this specific area.

It would have the effect of extending the current provisions of Topic 718, on the subject of Stock Compensation, which is currently limited to employees only, to non-employees too. It is interesting to note that one of the reasons given for this proposed change was that it was identified as a target area by the FASB's Simplification Initiative. There will now be a consultation period before the Update is finalised and then released.

Infobesity

The Simplification Initiative referred to above has been launched by the FASB to look at some narrow-scope areas where simplification of existing Standards is possible. The specific target areas of the Initiative are to look at areas where;

- It is possible to improve or maintain the quality of information provided to stakeholders, whilst;
- Reducing cost and complexity in financial reporting

This is an interesting and welcome initiative. The accounting world as we all know is one that is becoming increasingly complex. There is a trade-off between the costs and benefits of providing financial information that does not always get taken into account when developing standards. Further, such information can be complex and difficult for users of financial information to understand. There is even an everyday phrase to take into account here: 'information overload'. An alternative name that is sometimes applied to this, and one I confess I find quite an interesting one, is 'infobesity'.

The American psychologist George Armitage Miller (1920-2012) hypothesised that people can only assimilate about seven items of information at one time. If they are overloaded then they become confused and become more likely to make poorer rather than better decisions as a result. There has been much research undertaken on this subject but as yet limited response in practice it would seem. But the Simplification Initiative is a good step in the right direction.

It is a timely reminder to all of us of the importance of clear communication. In an increasingly complex world, it is beholden on accountants to try and make things as clear as possible without dumbing down matters so much that the core information is insufficient. It is a difficult balance to strike in practice though it is one that is also encouraged by IFRS with its clear view that it is acceptable to take cost versus benefit considerations into account when preparing financial statements. The FASBs Simplification Initiative is an important step forward in this respect and it will be interesting to see what other clarifications might take place in the near future to add to the work that has already been undertaken.

BY
Derek McKay

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The Protected Disclosures Act – What Employers Need to Know

With the Protected Disclosures Act getting increasing coverage as Employees become more aware of the legislation, it is incumbent on Employers not just to ensure familiarity with the legislation, but to ensure they have an appropriate policy and procedure in place.

Enacted on the 15 July 2014, the purpose of the Protected Disclosures Act is to provide a statutory framework within which workers can raise concerns and disclose information regarding potential wrongdoing that has come to their attention in the course of their work in the knowledge that they can avail of significant employment and other protections if they are penalised by their Employer or suffer any detriment for doing so.

What is Whistleblowing in the Workplace?

Whistleblowing is the term used when a worker raises a concern about a relevant wrongdoing such as possible fraud, crime, danger or failure to comply with any legal obligation which came to the worker's attention in connection with the worker's employment. Relevant wrongdoings are broadly defined in the Act and include the following:

- Commission of an offence — has happened, is happening, or is likely to happen;
- Failure to comply with any legal obligation (other than one arising under the worker's contract of employment);
- Miscarriage of justice;
- Health and safety of any individual;
- Misuse of public money;
- Gross mismanagement by public body;
- Damage to the environment;
- Destruction or concealment of information relating to any of the above.

It is important to note that a matter is not regarded as a relevant wrongdoing if it is a matter which it is the function of the worker or the worker's employer to detect, investigate or prosecute and does not consist of or involve an act or omission on the part of the Employer.

What is meant by a Protected Disclosure?

The Act provides that if a disclosure is made by a worker in line with the channels set out in the legislation, a worker is protected from penalisation by the Employer such as dismissal, demotion, suspension and unfair treatment.

Does motivation matter?

The motivation for making a disclosure is irrelevant as to whether or not it is a protected disclosure. What is required is that a worker has a reasonable belief as to the wrongdoing and that this wrongdoing has come to the worker's attention in connection with his/her employment.

Making a Disclosure

The Act sets out a number of distinct disclosure channels for potential whistleblowers. It provides for a tiered or "stepped" disclosure regime with a number of avenues open to workers, internal and external to the workplace. The first tier in the disclosure regime is internal, namely disclosure to the Employer or some other responsible person. However there may be circumstances where this may not always be appropriate. It is in the best interests of all concerned in the workplace — management, workers and their representatives — that disclosures about wrongdoing are managed internally.

The Act provides for direct disclosure to the Employer and the related Code (Code of Practice on Protected Disclosures Act 2014) recognises the strong value to this route. It is on this basis that it is recommended, therefore, that all organisations should have an agreed whistleblowing policy in place. While this Code places a strong emphasis on the value of addressing whistleblowing concerns within the workplace, there is no obligation on a worker to disclose to the Employer in the first instance.

There are other channels available to a worker who wishes to make a disclosure including;

- Disclosure to a Minister
- Disclosure made in course of obtaining legal advice (including advice relating to the operation of the Act form a barrister, solicitor or trade union official)

It should be noted that the evidential criteria for making an external disclosure is set at a higher level than that applying to internal disclosure.

Confidentiality

All reasonable steps must be taken to protect the identity of the person making the disclosure and to ensure the disclosures are treated in confidence. The exceptions to this are:

(a) where the worker making the disclosure has made it clear that he/she has no objection to his/her identity being disclosed and
(b) the identity of the person making the disclosure is critical to an investigation of the matter raised.

A disclosure may be made anonymously. It should be noted that a disclosure made anonymously may potentially, of itself, present a barrier to the effective internal investigation of the matter reported on.

Workplace Whistleblowing Policy

It is mandatory for all public bodies and highly recommended for all employers, to have in place an agreed Whistleblowing Policy. As best practice, a policy should be developed and put in place on foot of agreement with all stakeholders in the organisation i.e. management, workers and their representatives.

What protections are afforded under the Act?

Protection from Penalisation

If an Employee feels that the Employer has penalised him/her for making a protected disclosure, the Employee may refer the matter to an Adjudicator of the Workplace Relations Commission. Generally speaking such action by the Employee would encompass any action which could be interpreted as penalisation by the Employer against the Employee for having made a protected disclosure.

An Adjudicator will hear the case and issue a decision. A decision could declare that the complaint was not well founded or if declared well founded, require the Employer to take a specified course of action, including payment of compensation. The decision of an Adjudicator may be appealed to the Labour Court.

Protection from Dismissal

The Act provides that an Employee who is penalised by dismissal following the making of a protected disclosure may claim that he/she has been unfairly dismissed. There are extensive protections set out in the Unfair Dismissals Acts for protection against unfair dismissals. In addition:

(a) there is no minimum service requirement to avail of the Unfair Dismissal Acts arising from making a protected disclosure and

(b) compensation for unfair dismissal on grounds of making a protected disclosure can be up to a maximum of 5 years remuneration.

Furthermore, where an Employee is dismissed on foot of having made a protected disclosure, protection in the form of "interim relief" on application to the Circuit Court is available to prevent an unfair dismissal proceeding in advance of an outcome being determined.

Claims under the Act

Since its introduction in 2014, aside from the high profile public sector whistleblowing allegations, we have continued to witness an increasing number of claims arising in the private and not-for-profit sectors under the Act.

In the first case in this area, Philpott v Marymount University Hospital and Hospice Limited, the Circuit Court concluded that the disclosure made by the Employee did not constitute a protected disclosure as the applicant did not hold a reasonable belief that the information disclosed tended to show one or more of the relevant wrongdoings prescribed in the 2014 Act. The Circuit Court in a separate claim brought forward following the dismissal of two Lifeline Ambulance Service Employees (Dougan & Clarke) in June 2016, granted interim relief. The Court directed the Employer to continue payment of salary pending the outcome of their respective claims for unfair dismissal before the Workplace Relations Commission (the "WRC"). In this case, costs were also awarded against the Employer. More recently, April 2017, we have seen a WRC Adjudication decision awarding two years' salary (€52,416) for the unfair dismissal of a whistleblower who was sacked after making a protected disclosure to HIQA over practices at a nursing home.

Conclusion

It is our view that the introduction of the Protected Disclosures Act is fast becoming one of the biggest employment related challenges for Employers as the majority of Employers are ill prepared or equipped to effectively manage a protected disclosure should one arise.

Leadership Insight – Damian McDonald

Damian McDonald is Director General of the IFA and recently spoke at the 2017 CPA Annual Conference.

Where did your career begin?

Like a lot of people born on a farm I was immersed in working on the farm from a young age. Growing up on a farm you learn a lot about the real world very quickly. My first real job was as a Teaching Assistant in UCD and then as a lecturer in DIT and NCIR as The National College of Ireland was then. I then took up the post as Agricultural Policy Officer with Macra na Feirme in 1997, worked with IFA from 1999-2001 and then became CEO of Macra na Feirme in 2001. In 2007 I left to become the first CEO of Horse Sport Ireland and I joined IFA as Director General in January 2017.

What are your goals in IFA?

IFA is a hugely successful organisation but it has had some well publicised difficulties in recent times. My first objective as Director General is to build the trust of the Executive Board, the National Council and the members of IFA. Being the CEO of an organisation with a huge voluntary membership is much different to running a commercial company or running your own business. In a membership led organisation, where new leaders are elected regularly, the focus of the organisation can often change when new people are elected. The current President Joe Healy has done a huge amount of work rebuilding the organisation. There is still work to be done in this area but we need to refocus on our core business or representing farmers.

Corporate Governance

The IFA had done a lot of work in this area. A review was carried out by former Chief Economist Con Lucey and a group was set up to implement the recommendations. The IFA have also taken advice from the IPA. Improving Corporate Governance is a journey with no fixed destination. There are always improvements and modernisations that can be made. Overall, a balance has to be found between getting things done and accounting for how decisions were taken and implemented.

Brexit

IFA President Joe Healy has described Brexit as the biggest threat to the Irish Agri Food sector in a generation. Last year agri food exports were worth over €11bn to the Irish economy, €4bn of this went to the UK. The loss or impairment of the UK market would be very damaging for our sector. IFA has published a comprehensive policy document on Brexit which can be found on our website. In general we want the EU to retain the closest possible trading relationship with the UK. While the UK have ruled out remaining in the EU single market, their recent communications were not as definitive about leaving the EU Customs Union. This would be one of the more favourable possible outcomes for Ireland. Failing this, we need a comprehensive Free Trade Agreement with some conditionality in that we would be concerned about the UK being free to do trade deals with other countries, who have lower production standards than the EU. In that context, we would be looking for a common external tariff on food imports to the UK and the EU.

We also have grave concerns about the impact the UK's departure from the EU will have on the budget for the Common Agricultural Policy (CAP). The UK is currently a net contributor to the CAP and we need commitments that any shortfall arising from Brexit would be made up.

The Government

On Brexit, the Irish Government needs to persuade the other remaining 26 countries in the EU that we need a Brexit outcome which sees the continuation of the closest possible trading relationship with the UK.

Ireland will be negotiating as part of the EU 27 and this is where the Government needs to bring its influence to bare. We think the Government has done well to date but the real issues for Agriculture will have more to do with the future trading relationship than the departure negotiations.

Work Life Balance

When you work in a voluntary organisation there are really no normal working hours. However, most weekends are reasonably free and I try to keep these for family time. The reality is that, the main reason I can do a job like this is due to the support of my wife Siobhan. We have three children aged 18, 15 and 13. One is doing the Leaving and another the Junior Cert this year so it's a challenging year. Without the sacrifices Siobhan makes it would be very difficult for me to do it.

BY
Jim Connolly

Hee-haw. Divorce and Pensions

Jim Connolly provides this informative guide on dealing with Pensions in a Divorce situation.

Jim Connolly is Head of Pensions and Technical Services at Goodbody Stockbrokers. He is a Pensioneer Trustee and lectures in Retirement Planning for UCD. He is a well-known commentator on pensions matters and was voted Pensions Personality of the Year for 2015/16.

If the law is an ass, then the branch of law with the biggest ass must be Schedule 23B of the Taxes Acts – the bit that deals with pensions and divorce.

Most people seeking a divorce are looking for a little closure - a permanent parting of ways, a decisive pulling of the plug, a Palthrow'esque conscious uncoupling, a goodbye and good riddance type of closure.

Unfortunately, thanks to Schedule 23B, any of your clients who have negotiated a share of their Ex's pension as part of the deal are indelibly linked to their former spouse until that former spouse retires. And to make it worse, this legislative gem means that you won't know if you have any Chargeable Excess Tax[1] to pay until your Ex retires. And to cap off the misery, the power rests with your Ex in determining if, how and when this tax bill might arise. The more affluent your client, the more pressing this issue really is.

Don't adjust your set, the following tax treatment is actually the way it is.

The Basics

The initial legal framework dealt with the distribution of pension assets in divorce quite effectively. The original legislation allowed pension benefits to be divided between the Member Spouse who owned the benefit and their Non-Member Spouse through a Pension Adjustment Order (PAO). This instrument apportions the pension according to a relevant percentage of the benefits accrued during the period of the marriage.

Once a PAO has been awarded it is the recipient of the order who controls what happens next. They can;

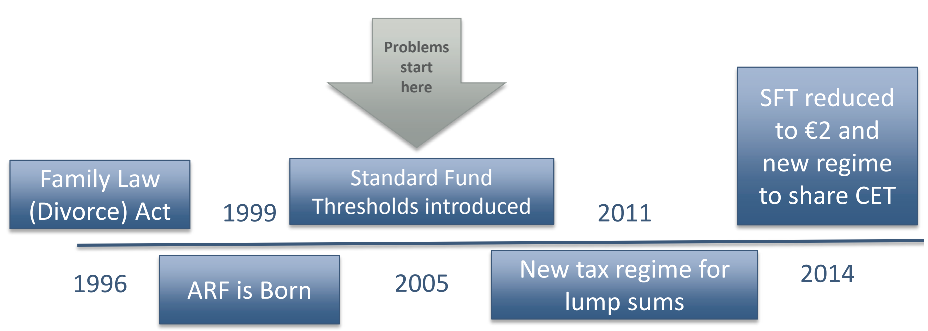
a. simply leave the benefit where it is and when their Ex retires or dies they will receive their share, OR
b. they can carve out the benefit and move it to a product in their own name.

As a pension provider and trustee, it is abundantly clear to me when a PAO client has taken advice and when they haven't. It's difficult to give broad brush advice but generally if the PAO relates to a defined contribution arrangement, the best thing to do is to carve the benefit out – take the money and run. Leaving it where it is simply leaves it within the control of an Ex where they decide how it is invested and control when the benefit is made available.

Square peg, round hole

Since 1996 the Family law positon hasn't really changed. Unfortunately, pensions legislation has – and it has changed hugely. We've new products, new thresholds, new taxes, new lump sum rules to deal with and none of these legislative measures took any material account of how they interact with family law. Real square peg, round hole territory.

What changed?



1 **Chargeable Excess Tax is levied on pension funds that exceed the €2m threshold and is charged at a rate of 40%**

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The story starts to get complicated in 1999 with the birth of the Approved Retirement Fund (ARF). The ARF didn't really impact on the whole divorce arena other than to add a bit of confusion as to whether it fell within the definition of a pension under S2(1) of the Family Law Act. And the answer to that issue is that it doesn't and as such a Property Adjustment Order is a more appropriate instrument to capture ARF assets.

The unintended consequence of the ARF was that it created a mechanism to extract funds from a company, pocket 25% tax free and park the balance in a gross roll-up investment. Between 1999 and 2005 there was a serious amount of exploitation of the regime and some very substantial ARFs were created (the largest know to the author being €100m).

Revenue curtailed this activity in 2005 by introducing the concept of pension fund thresholds. Now if your fund delivered over €5m you would suffer chargeable excess tax (CET). Brilliant, problem solved.

Well sort of, because as one problematic door slammed shut, another flew open. Our new CET regime didn't thoroughly provide for how one should deal with divorce situations. The issue didn't get much billing (or sympathy) for the few high rollers that would have been affected by a €5m threshold but in 2010 and again in 2014 the SFT was reduced and now stands at €2m – a level that brings a far higher percentage of the population into the equation.

The way it was

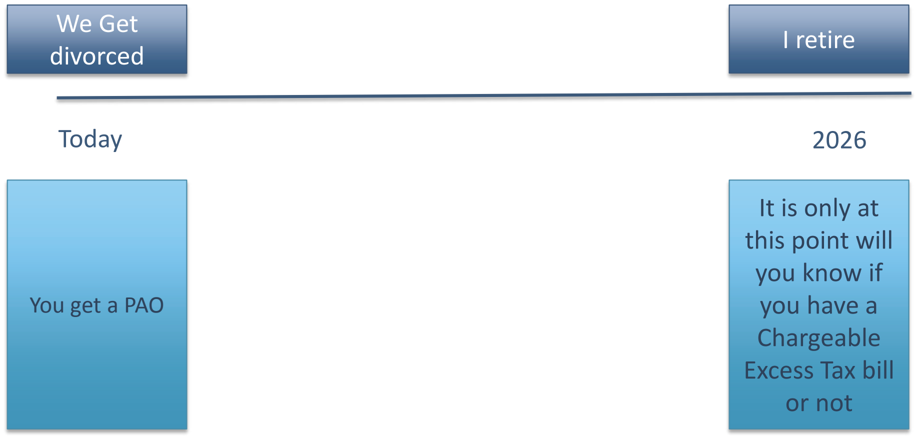
Up until 31st December 2014, all chargeable excess tax fell on the member spouse.

So, in simple terms say I have a pension fund of €2m today, we get divorced, you get half and you take the money into your own product and run. When I eventually retire, a calculation must be carried out to 'guess' what the value of my fund would have been had you not taken your half. Say this calculation results in me having a total notional pension fund of €3m. I would then incur CET of 40% of the €1m excess. Ouch.

The way it is now

In an attempt to address this inequity Finance Act 2014 introduced a regime that seems nothing short of bizarre.

Consider the same situation. Assume I'm 51.



We split up today (in 2016) and you take €1m into product in your own name. Say I am age 50 which allows you to actually retire the portion of the fund you have taken. So you sail off into the sunset with a lump sum and an ARF.

In 2026 when I retire at age 60 the administrators of my pension must carry out a calculation to establish what the value of my fund might have been had you not taken half of it 9 years earlier. So, let's say, it works out at the same €3m above.

Now a second calculation is carried out to establish how much of this you owe. And because you got €1m of my €3m notional fund, you are now the proud owner of 1/3 of the tax bill.

No, I'm not joking. A full 9 years after we spilt you get presented with a whopping tax bill of €133,333 (being 1/3 x 40% x €1m).

And all of the measures are in place for this to be deducted straight from your ARF.

Maybe its just me but this seems to be grossly unfair on the Non-Member Spouse as we are essentially saying – here's a PAO, but don't go spending it all at once because you might have a tax bill of an unknown amount payable at an unknown date in the future and its your Ex that will determine this because it's the future value of their fund that matters.

Anomalies

The interesting thing about this new regime is that the test is only carried out when I trigger my half of the benefit.

If I had given you 100% then nothing would happen as I can never trigger part of it.

This presents an anomaly. Instead of me giving you half of my fund, I could split my fund into two separate contracts first and then give you 100% of one of them. In this case, the entire issue is avoided.

The solution

The solution is to convince the Policy and Legislation division of the Department of Finance to recognise that PAOs and Standard Fund Thresholds have never worked properly and that we need a drawing board to go back to.

This should culminate in the obvious solution of recognizing that each of the parties to a divorce are entitled to their own €2m threshold and should be taxed accordingly – if I give you €1m, then you should be limited to accumulating a further €1m. As it stands today if I give you €1m of my €2m fund you can still accumulate another €2m and I have no scope to make any further contributions – nuts.

In the meantime, if you have clients that have already given away some for their pension or will be seeking a PAO they need to take advice, particularly if they are likely to breach the threshold. Obviously, they should talk to someone with a Goodbody first!

BY
Verona Murphy

The BREXIT Issues

As President of the Irish Road Haulage Association Verona Murphy highlights some of the main areas of concern for this crucial sector in light of BREXIT.

Verona Murphy is President of the Irish Road Haulage Association and recently spoke at the CPA Annual Conference 2017.

Although it is still way too early to speculate with certainty about the nature of the UK exit from the EU, Irish and EU policy makers must plan on the basis of a 'hard-Brexit' and act accordingly.

In particular the following issues are the key challenges that are likely to impact on the Irish road haulage sector as a result of a 'hard-Brexit'.

Currency Fluctuations

Prior to the Brexit vote on June 23rd 2016, sterling had already been under pressure against the euro for the previous 6 months. Sterling weakness over the past year is now causing significant difficulties for Irish exporters to the UK. It is not certain where sterling will go from here, but it remains extremely vulnerable to Brexit-related uncertainty over the coming years. For Irish exports to the UK this is a serious risk, and is a particular risk for the road haulage sector. If sterling weakness continues to undermine Irish exports to the UK, then business for the sector will suffer. In addition, main Irish road haulage operators are paid in sterling, so will suffer financial losses if sterling remains as weak as it currently is, or if it weakens further.

Border Controls

Each week, €1.2 billion worth of trade in goods and services is carried out between Ireland and the UK. In addition, over 80% of road freight to and from Europe travels through the UK.

In the event of a 'hard Brexit', the likelihood is that there would be a border between the Continent and the UK, and between Northern Ireland and the Republic of Ireland. Customs procedures would become more onerous and add to the cost base for Irish road haulage operators. Such border restrictions would also lead to costly delays at ports and other border crossings. It is not certain that operators would be in a position to pass these extra costs onto their consumers, which would increase consumer prices and undermine consumer welfare. Absorbing those extra costs would further squeeze already tight margins and force more operators out of business.

There are also a number of significant issues for trucks travelling to and from the North-West of Ireland to and from Dublin, who come through Northern Ireland. In the case of a haulier taking fish from Donegal to Spain, it is conceivable that post-Brexit, the trip could involve four onerous customs check points and immigration checks. In the event of any unforeseen delays, the driver would have a serious problem. Current regulations 561/2006 governing driver hours are no longer fit for purpose as they were drawn up for an environment with no borders and free movement.

Apart from trucks crossing into Northern Ireland to travel from Dublin to the North-West and vice-versa, a large number of trucks cross the border to and from Northern Ireland delivering various products. For example, a large quantity of milk is taken south of the Border for processing and some of the processed milk is taken back to Northern Ireland. Border controls and tariffs would seriously damage milk processing activity in counties such as Monaghan and Cavan and would do serious damage to regional economies that are already under significant economic pressure.

For the 80% of road freight to and from Europe that travels through the UK, the imposition of hard borders would also cause enormous difficulties for the Irish road haulage industry. If customs restrictions are put in place this will cause time delays and add to costs, which will inevitably have the effect of making such freight unviable to transport by road through the UK.

Cabotage

Outside of the EU, the UK would in theory be in a position to introduce its own regulations in some of these areas, while some are already enshrined in UK law.

Cabotage, which means the national carriage of goods for hire or reward carried out by non-resident hauliers on a temporary basis in a host Member State, is governed by Regulation (EC) 1072/2009 as of May 14th in 2010. The aim of the regulation is to improve the efficiency of road freight transport by reducing empty trips after the unloading of international transport operations. Article 8 of the Regulation provides that every haulier is entitled to perform up to three cabotage operations within a seven-day period starting the day after the unloading of the international transport. A haulier may decide to carry out one, two or all three cabotage operations in different Member States and not necessarily the Member State in which the international transport was delivered. In this case, only one cabotage operation is allowed in a given Member State to be carried out within three days of entering that Member State without cargo.

In 2013, the UK Government relaxed cabotage restrictions on car transporters from other EU member states operating in the UK during its two annual vehicle registration periods. It is possible that the UK might decide to alter Cabotage Law 1072/2009 as it currently operates once it leaves the EU. This would undermine the current operations of Irish hauliers in the UK, and particularly those car transporter firms.

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BY
Verona Murphy

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Employment and Workers Rights

The average age of the HGV driver in Ireland is now 48 years. The reasons for the ageing workforce are many and varied, but basically revolve around anti-social legislation, that pertains to drivers' hours and work practices. Irish hauliers currently employ a large number of UK drivers. Once the UK leaves the EU, these workers will presumably be required to have a non-EU work permit. At the moment, HGV drivers are not regarded as an eligible category for a non-EU work permit. This could cause significant difficulties for Irish hauliers who are already facing immense challenges in recruiting HGV drivers. Non-EU work permits cost €1,000 and have a two-year time limit.

There is also considerable uncertainty in relation to the taxation, social security and pension status of UK workers working for an Irish haulier once the UK exits the EU.

Mobile Phone Charges

The EU intends to abolish roaming phone charges in June 2017. The risk exists that once the UK exits the EU, high roaming charges will apply in the UK, thereby adding further costs to the already onerous cost burden facing Irish hauliers.

Existing Challenges for the Irish Road Haulage Industry

Even without the issues and uncertainties posed by Brexit, the Irish road haulage sector was already facing significant challenges. These include:

Insurance costs for hauliers have increased dramatically over the past couple of years. These insurance costs include motor, fleet, employer and public liability insurance. Hauliers in Ireland report that insurance costs across the board have increased by between 50% and 100% over the past year. According to data presented by the IRHA, a truck on a motor policy in Ireland costs an average of €5,000 per truck; in most other EU member states the equivalent insurance is €2500[1]. This places Irish hauliers at a significant cost disadvantage, and is contributing with other factors to Irish hauliers taking the business abroad.

The IRHA has asked the Irish government to address a number of issues driving insurance costs, but particularly it wants the Government to make provision for road haulage operators to source their own insurance in another member state.

Legislative changes in July 2016 resulted in a two tonne reduction in carrying capacity adding to further difficulties and should be restored immediately as the UK has intimated an increase to their gross vehicle weight limits.

Irish based operators face a £10 per day levy for trucks travelling in the UK. This is called the Lorry Road User Levy (LRUL). This charge does not apply to UK trucks in Ireland. This extra charge is a contributing factor that has forced many Irish operators to re-flag to the UK in order to avoid the levy and ensure business survival.

In general, the operating environment for Irish road hauliers has become very volatile and very difficult. Margins are being squeezed; currency developments are creating serious difficulties; costs are rising across the board; and many are being pushed out of the industry. Every HGV truck operating on an Irish haulage licence contributes €250,000 to this economy.

What the Irish Government must Recognise in Brexit Negotiations

In the Brexit negotiations, the Irish Government will need to take account of the many possible implications of the UK leaving the EU and ensure that it communicates its concerns to the EU and pushes for policies and agreements that will help alleviate the negative consequences for the Irish Road Haulage Industry.

The Government will need to ensure that any barriers to the free flow of goods between Ireland and the EU are minimised and that the common travel area is preserved. The creation of a 'free trade corridor' across the UK mainland would be optimal.

In the event of a 'hard border', every effort must be made to ensure as little disruption as possible to freight and passenger transport services. The use of IT systems to minimise delays at border crossings is essential.

In any agreement is reached between Ireland and the UK, it should be a pre-requisite that the LRUL imposed on Irish registered hauliers in the UK be removed as no such charge currently exists for UK hauliers currently travelling through the 26 counties of Ireland. However, failing this, an alleviation of the LRUL on the Ireland-UK land border area is essential.

The Irish Road Haulage Industry believes that the Irish authorities in the past have not adequately policed the cabotage legislation, with the result that very lucrative haulage contracts have been illegally awarded to foreign haulage firms who pay no tax in Ireland. Cabotage legislation will need to be implemented fully in Ireland in order to create and maintain a level playing field for Irish hauliers.

Irish hauliers must be able to obtain non-EU work permits for HGV drivers from the UK. HGV drivers must be placed on the eligibility list for non-EU work permits.

The Republic of Ireland is serviced by ferries that leave the UK for Ireland and leave Ireland for the UK every 12 hours. This interval could be changed to every four hours without adding additional capacity, but would require agreement from current ferry operators. Rosslare and Dublin Ports have serious space issues in the event of any delays to services. Such delays would be inevitable post-Brexit, so an agreement to alleviate these problems would be helpful.

In order to avoid some Irish trucks having to go through the UK, consideration should be given to creating new ferry routes from Ireland to Holland or Belgium. Such additions to ferry services cannot happen overnight as there is a shortage of this type of ferry. Hence, a longer-lead in time and adequate planning is required at this stage.

The IRHA estimates that the costs associated with a 'hard Brexit', based on the number of shipments, distances, fuel delays and paperwork, would be €180 million in a full year. Such a cost imposition would do serious damage to a pressurised but very vital component of the Irish economy. A 33-cent rebate on truck fuel purchased in Ireland would cover this cost and is something that should be considered as part of Irish budgetary policy down the road.

1 **'Rising Cost of Motor Insurance', Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach, September 13th 2016.**

Taxation News

Your Tax Calendar Deadlines

JUNE

DATE	Type of return and the period of the payment cover for each tax type
14	**PAYE/PRSI/USC/LPT:** P30 monthly return and payment for May 2017 **DWT:** Return and payment of DWT for May 2017 **PSWT:** F30 monthly return and payment for May 2017
19	**VAT:** Monthly VAT 3 return and payment (if due) for the period May together with a Return of Trading Details where the accounting period ends in May **VAT:** Annual VAT 3 return and payment (if due) for the period June - May together with a Return of Trading Details where the accounting period ends in May
*1-23	**Corporation Tax:** PT for APs ending between 1-30 April 2017 **Corporation Tax:** Returns for APs ending between 1-30 June 2016 **Corporation Tax:** Pay Balance due on APs ending between 1-30 June 2016
23	**RCT:** RCT monthly return and payment (if due) for May 2017
1-30	**Corporation Tax**: Returns of Third Party Information for APs ending between 1-30 September 2016

JULY

DATE	Type of return and the period of the payment cover for each tax type
14	**PAYE/PRSI/USC/LPT:** P30 monthly return and payment for June 2017. P30 quarterly return and payment for April – June 2017 **DWT:** Return and payment of DWT for June 2017 **PSWT:** F30 monthly return and payment for June 2017
19	**VAT:** Monthly VAT 3 return and payment (if due) for the period March together with a Return of Trading Details where the accounting period ends in June **VAT:** Bi-Monthly VAT 3 return and payment (if due) for period May - June 2017 together with the Return of Trading Details where the accounting period ends between the 1st May and the 30th June **VAT:** Bi-Annual VAT 3 return and payment (if due) for period January - June 2017 together with the Return of Trading Details where the accounting period ends between the 1st January and the 30th June **VAT:** Annual VAT 3 return and payment (if due) for the period July - June together with a Return of Trading Details where the accounting period ends in June
20	**VAT:** MOSS VAT return and payment (if due) for the period April – June 2017
*1-23	**Corporation Tax:** PT for APs ending between 1-31 August 2017 **Corporation Tax:** Returns for APs ending between 1-31 October 2016 **Corporation Tax:** Pay balance due on APs ending between 1-31 October 2016
23	**RCT:** RCT monthly return and payment (if due) for June 2017 **RCT:** RCT quarterly return and payment (if due) for period April - June 2017
1-30	**Corporation Tax:** Returns of Third Party Information for APs ending between 1-31 October 2016

AUGUST

DATE	Type of return and the period of the payment cover for each tax type
14	**PAYE/PRSI/USC/LPT:** P30 monthly return and payment for July 2017 **DWT:** Return and payment of DWT for July 2017 **PSWT:** F30 monthly return and payment for July 2017
19	**VAT:** Monthly VAT 3 return and payment (if due) for the period July together with a Return of Trading Details where the accounting period ends in July **VAT:** Annual VAT 3 return and payment (if due) for the period August - July together with a Return of Trading Details where the accounting period ends in July
*1-23	**Corporation Tax:** PT for APs ending between 1-30 September 2017 **Corporation Tax:** Returns for APs ending between 1-30 November 2016 **Corporation Tax:** Pay balance due on APs ending between 1-30 November 2016
23	**RCT:** RCT monthly return and payment (if due) for July 2017
1-31	**Corporation Tax:** Returns of Third Party Information for APs ending between 1-30 November 2016

*Where the return and payments are not received electronically, the return and payments filing date is 1-21 of the relevant month.

Note: Extended date for certain taxes for customers who both file and pay electronically (via ROS).

www.revenue.ie

Interacting with Revenue - Audits and Interventions

Jonathan Ginnelly outlines the various audits and interventions undertaken by Revenue and how best to prepare for an audit or intervention.

Jonathan Ginnelly is a senior manager in the Private Clients tax department, Deloitte, and advises on matters relating to capital taxes, wealth management, shareholder restructurings, trusts and estates. Jonathan also advises on stamp duty issues with respect to corporate restructuring, property and financial services transactions. Jonathan also manages and coordinates Deloitte's Revenue Audit and Interventions service

The core role of the Revenue Commissioners is the assessment and collection of taxes and duties. In this regard in order to promote compliance by taxpayers with the tax system the Revenue Commissioners vigorously pursue those who do not comply with the tax system through various types of Revenue intervention. Revenue interventions vary from Revenue aspect queries to Revenue audits and investigations. The core purpose of these interventions is to collect any taxes and duties that are correctly due to the State. Interest and penalties are also imposed to promote compliance. According to the Annual Report of the Revenue Commissioners for 2016, the total number of interventions for that year was 537,204. The vast majority of these interventions related to risk management interventions and assurance checks. A total of 6,173 audits were carried out by Revenue. In 2016 the total yield from Revenue audits was €247.9m, and €555million from all interventions. The figures show that the level of Revenue interventions activity is significant and has resulted in significant taxes being collected.

Aspect Queries

An aspect query is a request of information by Revenue in relation to a particular risk that has been identified. This type of query can be dealt with by a correspondence. It does not constitute a full audit of the taxpayer's affairs and generally relates to a specific issue. If any issue is identified by the taxpayer during aspect query an unprompted qualifying disclosure can be made.

Audits

In relation to a full Revenue audit, such an intervention is an examination of the figures included in a tax return against the figures shown in an individuals or in a company's records for one or multiple tax heads.

The manner in which individuals or companies are selected for audit varies. The selection can be random and any taxpayer could potentially be selected for audit. However, generally taxpayers that are selected for audit would have certain risk indicators that would be highlighted on Revenues system and as such lead to an audit being launched for that taxpayer.

Revenue Interventions Procedures

An aspect query is generally dealt with by way of correspondence to the taxpayer or their agent. This correspondence will outline the risk Revenue has identified and seek clarification or information in relation to this issue. The taxpayer/agent will then respond as necessary to the query and liaise with the Revenue official to conclude the query. If as part of the review when responding to such queries a tax liability has been identified then the taxpayer may need to make a qualifying disclosure in relation to a particular tax head.

In relation to a Revenue audit, an audit notification letter will issue to the taxpayer and/or their agent. The letter will outline the tax heads and years under audit and may set out details of information Revenue may require to be submitted in advance of the audit.

▶ Continued on Page 24

BY
Jonathan Ginnelly

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The date and time of the audit is also included in the letter. However, if the date or time do not suit, or do not allow sufficient time to review the taxpayers affairs before the audit commences, then the taxpayer can request an alternative date. The taxpayer should engage with Revenue early on such changes.

Many audits, particularly of companies, are now carried out by way of e-audit. The taxpayer may need to supply various electronic files and data to Revenue. This data is uploaded to Revenue's system. Revenue are not permitted to operate the taxpayer's computer systems so the files are uploaded to Revenue's system for analysis. If a request for an e-audit is made then the taxpayer/agent will need to liaise with the Revenue officials in advance of the audit to prepare for the data transmission.

In relation to the Revenue audit itself, there will be an initial interview of the taxpayer by the Revenue auditor (the taxpayer's agent usually also attends). The Revenue auditor will generally seek to have this meeting at the place of business of the taxpayer. If the taxpayer does not have a place of business then they will request to have the interview at the taxpayer's home although the Revenue Commissioners have no right to enter a person's home without permission. In certain instances if the taxpayer does not wish Revenue to visit their home then the audit meeting might (with the agreement of Revenue) be held in the offices of the agent.

From a practical perspective a review of the tax heads (and periods) under audit should be carried out in advance of the audit. If any issues are identified which would give rise to an additional tax liability, the taxpayer should prepare a disclosure. The additional tax liability (as well as interest on this tax) should be calculated and included with the disclosure letter.
During the course of the audit interview the taxpayer will be invited to make a qualifying disclosure at that meeting. The Revenue audit does not commence until after the audit interview has been concluded so a qualifying disclosure can be made up to the end of the interview. The qualifying disclosure must include details of the tax liabilities that have been identified as well as tax and interest computations. Payment of the tax and interest must also accompany the disclosure. The liability can be paid by way of a cheque or by way of electronic funds transfer to a specific Revenue account. Penalties are agreed with Revenue at the end of the audit.

In general where taxpayers are engaged with Revenue in some form of Revenue intervention be that by way of an aspect query, audit or investigation, the taxpayer should, together with their agent, review the periods under audit or investigation in detail to make sure that they were fully compliant with their tax obligations in those periods. It is important in this process to be as open and cooperative with the Revenue officials as possible and ensure that any omissions or mistakes that have been identified are declared to Revenue.

In relation to aspect queries and audits, the possibility of making a qualifying disclosure could mean that the taxpayer will benefit from lower penalties and avoid publication. If the taxpayer makes a qualifying disclosure before any notification of a Revenue audit is given then they may be able to avail of the unprompted qualifying disclosure treatment and possibly avail of the lowest category of penalty. If an audit notification letter has been issued then any disclosure will be a prompted disclosure and the penalties will be higher.

In the case of an unprompted disclosure or a prompted disclosure provided all the requirements are met, there should be no issue of publication for the taxpayer. Generally, if the tax liability together with interest and penalties does not exceed €35,000 then there would be no publication of the outstanding liability.

Offshore Income and Gains

The Revenue Commissioners have in the last number of months issued correspondence in relation to disclosures of offshore income and gains. The initial deadline for disclosing any undeclared offshore income or gains was 30 April 2017. This was extended to 4 May 2017. Any disclosures made after this deadline which include offshore income or gains may not qualify for a qualifying disclosure treatment and as such will face the higher level penalties as well as the prospect of publication. Therefore, if a taxpayer identifies any such offshore income or gains that has not been disclosed then they should be aware of the fact that they can no longer avail of the qualifying disclosure treatment.

In summary, when dealing with the Revenue in relation to any type of intervention, a thorough review of the periods or issues being queried/audited should be undertaken. Any liabilities that have been identified should be disclosed and the taxpayer should be transparent and cooperative with the Revenue officials throughout the process so as to finalise matters and to ensure that the taxpayer is fully compliant.

BY
Mairéad Hennessy

Tax Considerations for a Start Up Business that Advisors need to focus on

Mairéad Hennessy outlines some of the key tax considerations for a Start Up.

Mairéad, an AITI Chartered Tax Advisor and Chartered Accountant, is the owner of Taxkey a specialist tax practice that provides advisory services to accountancy practices, legal practices and financial advisors. Mairéad provides personal, corporate, VAT and capital tax consultancy services to a broad range of professional firms, specialising in succession planning for individuals and businesses, corporate restructuring, taxation of mobile employees, VAT on property and Revenue Audits and Investigations.

For entrepreneurs setting up a business, there are a myriad of matters to consider in addition to running their core business. As trusted advisors, it is essential that accountants ask the right questions to get the necessary "snap shot" understanding of where the business is at and where its ambitions lie.

One of the most important tax decisions that can be made in relation to a new business is whether it should be carried on as a sole trade or a company. Here we look at some of the most common tax considerations that arise in the context of determining whether a new business venture be carried on through a company or as a sole trade.

Benefits of a company structure

- **Lower tax rates** - Ireland's 12.5% tax rate applies to the trading profits of most types of companies. By contrast, individuals may pay tax on up to 55% of their trading profits. The business owner can dictate the amount of salary to extract from the company and thus retain a level of control over the income tax liability ultimately suffered by way of PAYE, PRSI and Universal Social Charge. This is different to the position of a sole trader who must pay income tax on the total business profits irrespective of whether or not they are taken out of the business.

- **Business financing -** When an initial cash investment is required by the business, the business owner may lend the funds to the company through which the business is operating by way of a "director's loan". Such a loan can be repaid to the business owner tax-free by the company as cash becomes available. This assumes that the business owner becomes a director of the company on incorporation. If this approach is being considered, advisors should be aware that if the company will have preferential shareholders, for example Enterprise Ireland, then such preferential shareholdings may take priority in repayment to the director's loan.

- **Borrowing from financial institutions** - It is more tax efficient to borrow money through a company than through a sole trade business. The company tax rate of 12.5% leaves 87.5 cent in every euro of trading profits retained in the company for development/loan repayments compared with as little as 45 cent when trading as a sole trader taxed at the marginal rate of income tax. Thus, it is tax efficient to operate through a company where there is an intention to build up profits in the company for future business expansion.

- **Pension contributions** – Pension contributions remain one of the most tax efficient methods of extracting funds from a company and the company gets a tax deduction for the pension contribution made. The tax treatment afforded to company pension plans is more generous compared with self-employed pension plans.

- **Greater number of tax reliefs available to companies -** There is a broader range of tax reliefs available to companies than to sole trades. Valuable tax reliefs available to new companies include:

  – <u>Start Up Corporation Tax Exemption</u> - This relief reduces corporation tax on the profits of a new trade and gains on disposal of any assets used for the purposes of the new qualifying trade by the amount of PRSI paid for each employee, subject to a maximum of €5,000 per employee and an overall limit of €40,000 in the first 3 years of trading.

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BY
Mairéad Hennessy

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- Enterprise and Investment Incentive Scheme - This incentive provides tax relief to investors of certain companies. A company can obtain large scale investment in a tax efficient manner over a period of 5 years provided certain conditions are satisfied. This scheme allows individual investors to obtain income tax reliefs of up to €150,000 per annum on investments in certain qualifying companies.

- Start Up Refund for Entrepreneurs - This scheme allows an individual leaving employment to set up their own business to reclaim income tax on the capital invested in the new business. The capital must be invested as shares in the company. The income tax refund can be claimed in respect of up to €600,000 of income in the previous 6 years, subject to an annual income cap of €100,000 in each of the six years. Under this scheme, if an employee leaves employment and invests in shares in a company, which carries on new business, he/she may claim a refund of income tax paid in the previous 6 years, known as seed capital relief.

- R&D tax credit – For every €100 of qualifying research and development expenditure identified as eligible R&D spend, a company could be entitled to €25 in tax credits in addition to the 12.5% corporation tax deduction on the expenditure incurred. This credit can be offset against tax liabilities arising or provide cash refunds where certain conditions are met. It may also be used as a means of incentivising key R&D staff.

- Knowledge Development Box - This relief provides that profits from patented inventions and copyrighted software earned by a qualifying Irish company can, to the extent that it relates to R&D undertaken by that company, be effectively taxed at a rate of 6.25%.

- **Termination payments** - Company directors are entitled to a lump sum tax free payment for loss of office on retirement. This tax treatment does not apply to sole trade business owners.

- **Limited liability** – In a litigious environment, there are benefits in having limited liability. However, entrepreneurs should be aware that frequently banks and key suppliers may require personal guarantees from the shareholders and/or directors in respect of company debts thus eroding the benefit of limited liability. Nevertheless operating through a company can increase the credibility of a business with third parties.

Benefits of a sole trade structure

There are however times when it can be beneficial to operate the business through a sole trade, for example:

- **Trading losses** - If trading losses are expected in the first few years of business then it might be best to operate the business as a sole trade for this period. This decision will require consideration of the business owner(s) marginal rate of tax for income tax purposes and the extent to which the amount of the Case I or II losses will be absorbed by their other sources of income.

- **Double charge to tax –** The company pays tax on its profits and in addition, income tax is payable by business owners on any income or dividend extracted from the company. However the aggregate tax paid by the company and business owner should be less than would be paid where the business is operated as a sole trade, otherwise incorporation would generally not be advisable from a tax perspective.

- **Start Your Own Business Relief –** This relief applies to individuals who were unemployed for at least 12 months before setting up the business and in receipt of certain social welfare payments. It provides an exemption from income tax on up to €40,000 of their qualifying profits from that business for the first two years of trading. It applies only to sole traders and not incorporated businesses.

- **Succession Planning** – If the business owner has grown up children and would like to pass the business to them over time, the transfer of an incorporated business to the next generation is more complex than if the business is being carried on as a sole trade. However, with careful planning the various tax reliefs should not be lost for an incorporated enterprise.

- **Close company surcharge** – The vast majority of Irish small companies are subject to the "close company rules" which stipulate that rental and investment income of a close company is liable to a 20% surcharge. Undistributed income of a service company is liable to a 15% surcharge (on half of the undistributed trading/professional income).

Ample time and careful consideration should be given by business owners and their advisors as to what is the optimum structure for the business from the outset.

In Practice News

Future Irish Auditing Framework to be the FRC Auditing Framework

IAASA has published its feedback paper to its consultation on the future auditing framework for Ireland ('Consultation Paper').

On 15 June 2016, the Minister for Jobs, Enterprise and Innovation signed the European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, And Regulation (EU) No 537/2014) Regulations 2016 (S.I. No. 312 of 2016) which came into operation on the 17 June 2016. One of the impacts of the Regulations is that IAASA is now responsible for the adoption of the auditing framework in Ireland.

The Consultation Paper outlined three options which IAASA could adopt/adapt as a future auditing framework for Ireland:

Option 1 – adapt the UK FRC audit framework for the Irish market;
Option 2 – adopt the international audit framework; or
Option 3 – develop domestic standards.

IAASA noted the points raised in the responses in its consideration of the appropriate auditing framework to be adopted in Ireland. IAASA has concluded that the Auditing Framework for Ireland will be based on the FRC Auditing Framework for the UK.

Source: www.iaasa.ie

Can you facilitate a CPA student placement in your firm as an additional resource across the summer, in or near Athlone, Navan or Dundalk?

Some CPA students are currently studying the first stage of their CPA exams on a full time basis, together with additional modules on accounting and payroll packages as part of a course called the CPA Accounts Executive Traineeship. The course includes a work placement of 13 weeks, 5 days a week commencing on Monday 3rd July. We are looking for firms in the areas of Athlone, Navan and Dundalk and surrounding areas to facilitate CPA student placements. No costs are incurred by the firm as the students receive funding for the duration of the placement through the Education and Training Boards (ETBs). Students will require a work station and a mentor. If you or your firm will be able to facilitate a CPA Accounts Executive Traineeship student placement please email traineeship@cpaireland.ie for more information or phone 01 4251000 and ask for Adam or Jean for more details.

Gordon Gilchrist is Marketing Director with 2020 Innovation and is recognised as a global leading consultant to accountancy firms in the areas of marketing, strategic planning, practice management and increasingly succession issues including buying, selling and merging of accountancy practices.

Diversify or face the consequences!

In this practical piece Gordon Gilchrist outlines what the modern accountancy practice should do to stay profitable and successful.

The accountancy profession is constantly changing with less paper solutions such as cloud accounting and digital filing the new reality, along with the prevalence of mobile technology.

The need to maintain profitability with the rapidly changing environment Practitioners' do business in is now essential for the success of an accounting practice – so here are a few thoughts that may be helpful if you want to diversify your offering as a Practitioner;

Understanding what clients will pay good money

If a new client were to approach you saying that were setting up a business offering a service that few people would choose to buy, given the choice, I suspect you would suggest that they reconsidered and thought more along the lines of offering a service that most people do want to buy. Yet ask yourselves the same question. Are audits, accounts, tax returns etc services that most of our clients would choose to buy?

It surprises many outsiders looking into our profession that we can do so well offering services that clients would actually prefer not to pay for. Were it not for the fact that they have to buy these services, I wonder how many clients we would actually have today.

That said, as Practitioners, we remain our clients most trusted advisors when it comes to money and, although not specifically paid for it, are often the first point of call for many clients for a large range of issues and needs that our clients would be happy to pay for. When we look at these issues, the consistent ones remain;

- Strategic Planning
- Wealth Management
  - Retirement funding
  - Legacy planning
- Exit Route Strategies
- Tax Planning
- Finance & Corporate Finance
- Profit Improvement

It seems to me that we now need to offer these services more formally so that the client no longer just looks at us as 'the accountant' and the real value advice is no longer just "all part of the service."

Understanding how to reward and involve your staff

Staff and partners have always been our strongest assets but the number of accountants seems to be dropping year on year. The need to keep good staff is essential to your success and profitability.

You need to provide an environment of challenging work, good communication and excellent training, especially in the area of IT. "People will do that which they are rewarded for", says Peter Drucker. More and more firms are introducing incentive schemes for both their staff and partners especially in the areas of:

- New clients
- Cross selling
- Finding new staff - Bounty Scheme, and
- Chargeable hours

Generating new fees from clients

Cross selling techniques that work include;

Newsletters - send your newsletter out with a covering letter that highlights a particular article that is relevant to that client.

Client Alerts and *Datamining* – this is the most powerful cross selling methodology because firms ONLY email clients who would find a particular Client Alert relevant. Firms are using datamining to identify which clients would find a particular Client Alert relevant and the best firms often find

4 fields within the database that make the email most relevant – for example:

Dear John

Because you are over 50 years old, are married, have 2 children and your income last year was the highest ever, you will find the attached Client Alert on pension contributions most relevant. You can also refer to our webinar on the subject by clicking here (15 minute summarising the recent changes affecting our clients).

Once you have had a chance to read the attached and viewed the webinar, I think it would be useful if we could organise a meeting to chat this through. There is no charge for this meeting and I was wondering how you were fixed for next Wednesday at 3pm either at your offices or at mine?

Kind regards
John Smith

The *Helpsheet* Idea – have a list of helpsheets available at reception and ask your receptionist to ask the clients, when they are at reception, which helpsheets they would be interested in having. Her role would then be to run off fresh copies of those helpsheets selected by the client, give them to your client whilst your meeting is taking place and, most importantly, hand you the list of helpsheets that the client ticked so that you know which were of interest to your client. You can also ask your staff to take the list of helpsheets out to the client and to discover which areas the client is interested in.

Reception slide show – run a PowerPoint presentation that changes the slide every 10 seconds or so, running through all the different add on services you provide.

Seminars - are always a great way of introducing new ideas to clients and running 2 or 3 per year will significantly increase cross selling opportunities.

Webinars – another very effective way of educating clients. A number of firms produce an informative webinar every month, some live, all recorded, and post onto the firm's website.

Always let your clients know that you provide unlimited phone support for those quick queries we all get from time to time. You do not want clients to think that they are going to be sent a bill every time they pick up the phone but you do want them to call you so that you can hear their needs, and from that, you may well be able to help them (and charge a fee).

Understand Value Pricing and triple your profits

Our research at 2020 suggests that, on average, about 1% of all phone calls actually give rise to a fee exceeding €500. We also appreciate that a good deal of the profitability in most firms arises from the extra add-on work. Therefore, if you were able to increase the conversion rate from phone call to cross-sell to 3%, you would triple your profits. The first thing to do therefore is to train staff to ask questions around the client's query to establish how much money, risk, emotion or security is involved, and thereby gauge the value of the advice to the client. Always remember that just because you know the answer to the client's query, does not mean it is worthless, (i.e. don't just give the answer away down the phone).

How to set and agree the fees with clients

There are 2 clear areas to discuss; Compliance work. The most profitable firms are well down the line of agreeing a fixed fee for all the routine compliance work (and are "onboarding" clients into the cloud environment) and the extras are, in fact, as a result of all the cross selling or proactive ideas listed above. For example, "when you are a client of this firm, we will do your audit, accounts and tax returns for €3000 AND included in that will be unlimited telephone support so that you can contact us at anytime. You also get our quarterly newsletter giving lots of ideas and tax saving opportunities AND you will be invited to 3 seminars during the year. Additionally, we produce ongoing helpsheets, which you are most welcome to have. Etc etc."

Non compliance work. When clients do call or come to a seminar and are asking for something extra, this is when you need to learn the skills of Value Pricing – i.e. what is this work worth to your client at that particular time. This is the number one skill of a successful accountant today and, because the income from compliance work is falling (thanks mainly to the cloud) if firms are not able to do this effectively, they will leave so much money on the table, they run the risk of not making enough money to attract quality staff – a major problem!

The modern accountant needs to be flexible, proactive and think 'outside the box' to future proof his or her business - diversify now or face the consequences!

Paula Guilfoyle CPA has been an online Excel and Power BI instructor with TheExcelClub.com since 2010. During this time over 18,000 learners across 166 countries have taken her courses.

Excel's BI Tools: An Introduction to Excel's Power Query (Get and Transform Data)

Paula Guilfoyle's second article on Excel brings you through how to transform data into a usable format.

In the last edition of Accountancy Plus you were introduced to the use of Power Pivot. Power Pivot was the first of the Business Intelligence Power Tools introduced by Microsoft. Power Pivot, on its own proves to be an extremely powerful and useful tool, allowing you add data to a model and create relationships across a table of data for reporting. But when you are looking at Business Intelligence data can come from many sources and in many forms. If you really want to analyse data in Excel then you need to get the data and transform the data into a useable format.

So what is a useable format in Excel terms? The descriptive word would be tabular data. It doesn't matter if this data is text, or numerical data. To analyse data in a pivot table or power pivot report then you need to have your data in a tabular format.

Working in Excel it's easy enough to make sure your data is in the right format, but sometimes even Excel data is not in the correct format. Imagine how the data could be structured when it is an external data source, such as data from the internet.

Microsoft have made all of this rather simple for us. In 2013 the Excel add in Power Query was released. In Excel 2016 this becomes a standard feature of Excel known as Get and Transform Data.

Power Query has masses of Power, with an interface that allows non-programmers transform data like never before. And if you are a programmer, then you will be delighted to hear that behind the user interface Power Query has its own language know as M. However as Excel is a self-service system, Microsoft have been kind enough to ensure most of the transformations can be carried out by the Excel user and not a programmer.

It's hard to show the capabilities of Power Query in just one short article, but for now we will look at how Power Query can be used to combine a folder of CVS files. Saving you massive amounts of time on re-occurring tasks.

Transforming Data with Power Query

Remember our ice-cream distributor from the last article. Well with some system improvements, they are no longer keeping track of sales in Excel, but now they are using a system. Each month the accountant downloads a CSV file containing the sales data and saves the file in a folder set up just for these files. But we all know that CSV files need a little work, even in plain old excel. So let us look at setting up a Power Query that will connect to a folder of CSV files and transform the data into a useable format.

In Power Query (or Get and Transform Data in Excel 2016) select Get external Data from Folder, see Figure 1.

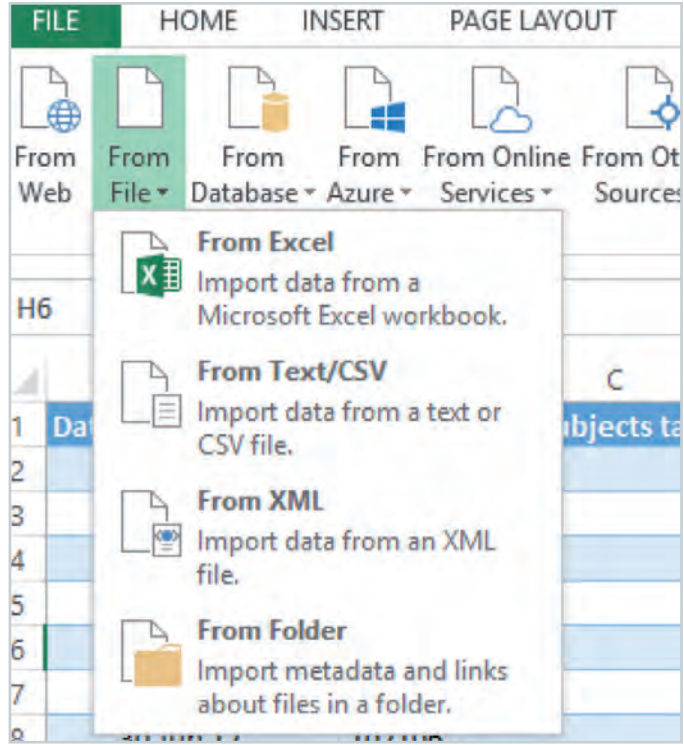


Figure 1

Then navigate to the folder in which the CSV files have been saved. Once the folder has been selected, a new screen showing details of each file in the selected folder will appear. From here, select Combine, and select Combine and Edit, see Figure 2.

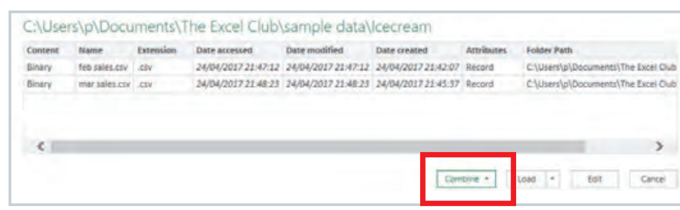


Figure 2

Power Query runs through the data and returns a suggested separation for the data in the files within the folder. Most often this suggestion is correct, however if it is not, changes to the delimiter can be made manually to get the correct separation. Once this is correct, ok is then selected, see Figure 3.

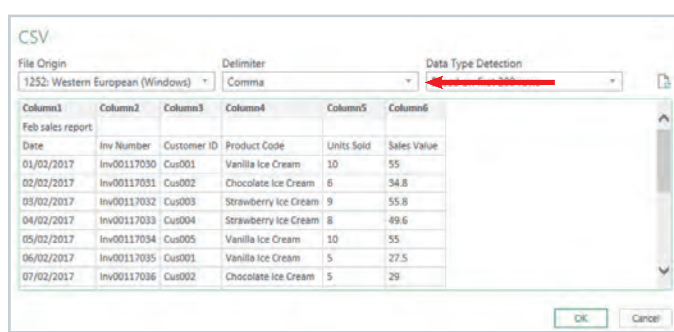


Figure 3

Continued on Page 31

▶ Continued from Page 32

Power Query editor will now open. The place where all the magic happens and all the transformations take place. On the right of the editor, Query settings, is where you will find all of the transformation steps that you have applied so far. On the top we have some ribbons just like excel, and down the left you will find the Data Queries, see Figure 4.

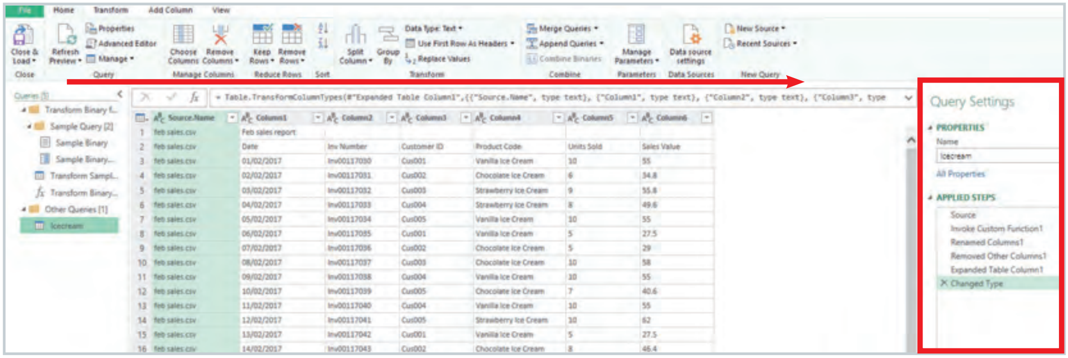


Figure 4

The steps we have taken so far are the automatic steps to combine binary's (or files) within a folder. Now we need to do a little work on the data.

We have imported two files of the same format and we can see that Column2 has no data in row 1. This was a header row in the CSV file. Let's remove this by first selecting Column 2, and in the filter remove the check on Blank Rows, see Figure 5.

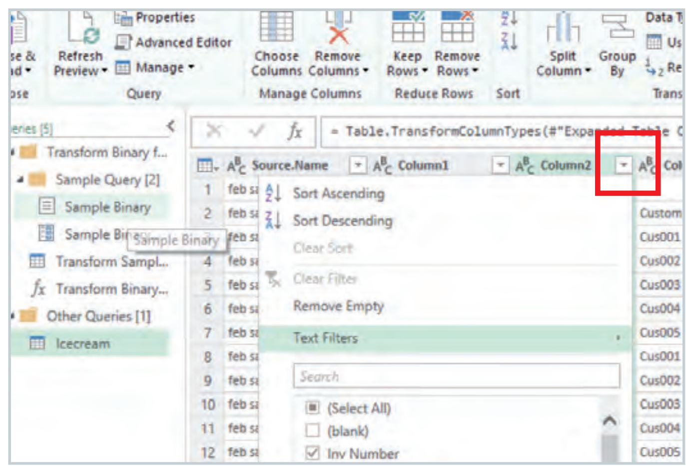


Figure 5

The next step would be to add some column headers, as at the moment we have Source.Name and then Columns 1-6. In the Home Ribbon you can now select Use First Row as header, see Figure 6.

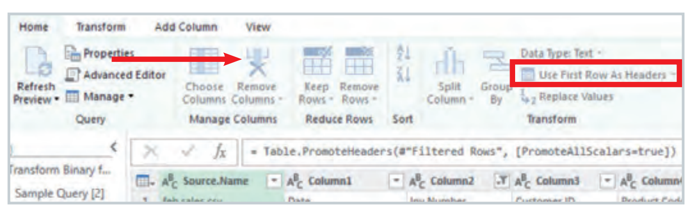


Figure 6

The column that was originally called Source.Name is now Feb sales. csv. We don't really need this column so we can remove it by selecting the column and in the Home Ribbon, select Remove Columns.

Scrolling down our data now to see if there are any further transformations, we see that there is a row that contains the same data as the column headers. This is because in each CVS file there is a header row. We can remove this by selecting any of the filters on the column headers and unticking the row we do not need, see Figure 7.

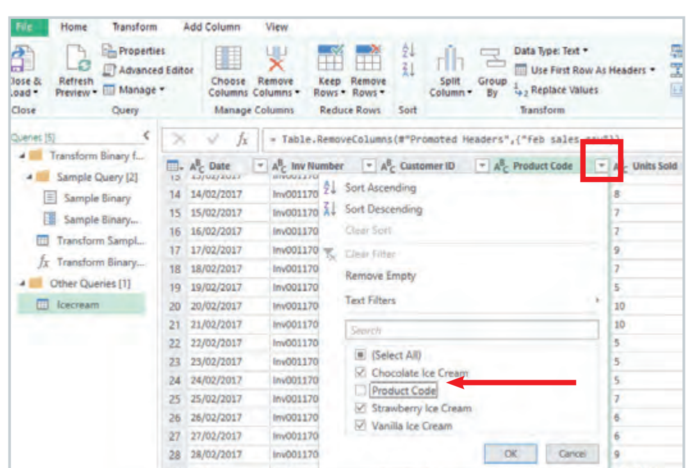


Figure 7

Now that we have our data transformed, we can select either Close or Load, which will load the transformed data to a table in Excel or Close and Load to, which will load the data into the data model ready to be used in Power Pivot for further analysis, see Figure 7.

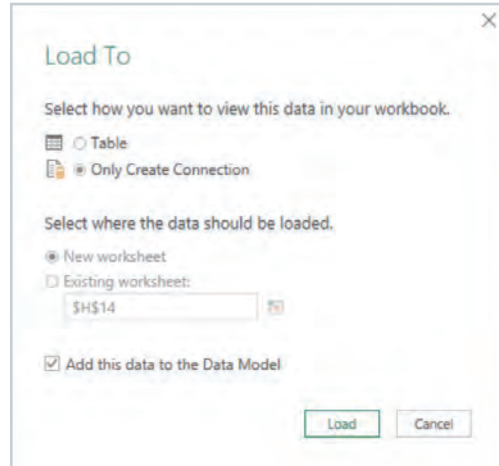


Figure 7

Back to DAX

In the last article we looked at some simple DAX calculations. DAX rocks. Now we have multiple months of data in our data model we could analyse our data by time periods and use some of the DAX Time Intelligence Functions. Last time we only had one period of data which we sliced by customer. Using the same data model we can now slice by both customer and time period.

But for DAX Time Intelligence Functions to work, you need to have a Date table in your model. For a Date table to be complete it must list each and every one of the days of the years in the model.

Let's say you have a shop that does not open on Saturdays and Sundays. It would not have sales for these days, but the Date table would still need to include these dates. There should be no gaps at all in the Date table.

A Date table can be created in Excel and added to the model as we have seen in the first article. A Date table can also be created in Power Query with a little knowledge of M (or a copy of the script!!) And a Date table can be created using DAX.

Excel 2016 includes a new DAX function to help create a Date table. Select Power Pivot and select manage to open up Power Pivot. Then select New table from the Get Data tab. In the formula bar enter

=CALENDARAUTO([monthofyearend])

If the year end differs from the calendar year end, you can enter the month number for your year end. This will now create a new table with all of the required dates in the model.

Let's just add two further calculated columns to this table. The first will have the DAX expressions

= MONTH('Date'[date])

This will return the month number for each month. Next we will create a column using the expression

= FORMAT(MONTH(['Date'[date]),"MMMM")

to return the month name. Now we have created a column which we can use as a sort column and we have also added the month by name which we can use to slice and pivot our data.

The last step in creating the Date table is to tell DAX that it is a DATE table. To do this, in Power Pivot, under the Design tab, select 'Mark as Date Table' see Figure 8.

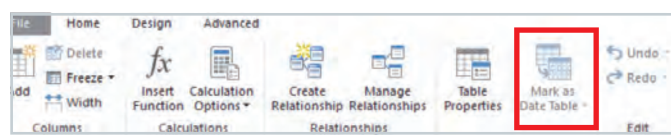


Figure 8

In the relationships tab we can now create a relationship between the Sales table and the newly created Date table.

Let's now pivot our data by creating a new pivot table, adding the month to the Rows of the Pivot table and the Customer to the Columns. Now we have created a report containing all of the month's sales, split by customer.

The Magic of Power Query

Now here is where things get really exciting. Yes we have just created a report and sliced it very quickly, something that would have taken a lot of work in Excel, but check this out! Once you save this Excel file, with the query, any new CSV you add to the folder will also be transformed and added to the model with a simple refresh of the data. There is no need to carry out the same steps month on month.

Prior to Power Query, this was only possible with VBA coding. Now you can save hours without the need to know VBA.

BY
Conor Lynch

Conor Lynch is CEO of SocialMedia.ie and is a digital marketer with vast experience as an adviser to businesses in digital and social media marketing. He won many awards when he worked at RaboDirect and now also manages award winning brands Connector.ie and TheSnapys.com. Conor Is contactable on +353 1 906 0006 or email conor@socialmedia.ie..

2017 - Social media marketing - time to be a bit more social!

Conor Lynch highlights the benefits of a social media strategy for your business.

Social media marketing has never been so important and if implemented correctly, can bring remarkable success to your business. There are real early mover advantages for those firms who seize the opportunity social media and indeed, the overall digital world, offers.

Social media marketing can be defined as the use of social media platforms and websites to promote a product or service. The digital age gives you incredible new opportunities to connect with new clients and retain current valuable clients.

Why you need to use social media marketing

Social media has changed how businesses operate - with the right strategy, you can reach more prospects than ever before, for less cost, and you can track and measure your progress every step of the way. It's all in the numbers.

The consumer is in control, well informed, well connected and with so much choice. Consumers expectations are rising and they will continue to seek user friendly products and consumer experience will be a key differentiator among competitors.

A social media strategy helps you to identify and formalise who your clients are, what you want to say to them (and what they want to hear from you), how you intend to do it, how you are going to measure the effectiveness of your marketing, and where you go next.

Your strategy depends on your business's specific goals; more prospects, better prospects, client retention. Without a digital strategy you have no direction - and you run the risk of spending your budget without the means of showing any return on your investment. Traditional marketing for professional services is expensive and it's generally hard to measure its impact.

Social media marketing options include Facebook, Twitter, LinkedIn, YouTube, Instagram, audio- visual content, as well as your website as a nun for all activities. We will review some of these options now.

Website - Your online home

A fundamental step is the creation of a website so that people are likely to find you and get information about your company. These days, most people will go online and research products and companies before they make a purchase. If you don't have a strong website you are missing out on one of the most powerful marketing tools and possibly losing potential business.

An up to date website will not only give you credibility but it will also help to give the impression that your company is bigger and more successful than it may actually be. You should also integrate your social media channels into your website in order to drive traffic to your Facebook, Twitter, LinkedIn, etc. And vice versa.

The creation of a blog can help clients to have a better understanding of accountancy and of the services the firm offers. Blogging on a frequent basis is a relatively easy, inexpensive way to enhance your inbound marketing efforts, drive traffic to your site, and attract more prospective clients.

Blogging allows your company to boost search engine optimisation, develop a closer and long-term relationship with potential and existing clients, establish your business as an industry leader, connect people to your brand and create new business

▶ Continued on Page 35

▶ Continued from Page 34

opportunities.

Mobile Marketing

People in today's world are on the move and they're using smartphones to manage their lives.

Whether they use mobile phones, tablets, or other mobile devices they have all the information they need at their fingertips.

If your website isn't optimised for mobile, clients will go elsewhere. Google search results are now also penalising old websites that are not mobile friendly and Google says 61% of users are unlikely to return to a mobile site they had trouble accessing and 40% visit a competitor's site instead. (McKinsey & Company).

Having a mobile app is not required for most businesses, particularly your average accountancy firm but a mobile website is a must however.

Social Media for accountants

Social media is online social interaction using computers and mobile phones to turn person to person communication into interactive open dialogues.

Social media includes social networks, internet forums, blogs, podcasts, digital photos and videos, live streaming, mobile apps, customer ratings, games and much more.

Social media is not just about sharing what you had for lunch or catching up with old classmates.

Social media is proving very successful in B2B marketing too.

Accounting and social media don't traditionally go hand in hand, but with the importance of online profiles and social networking, it is vital that there is a social media marketing strategy in place.

Social networks like these are a great way to communicate with your local community. Additionally, they are a great way to drive people to your accounting website. As people share their profiles online, businesses can target them based on location, demographics, interests and other criteria.

Some accountancy firms have successfully engaged their audience about their services with interesting updates and conversations.

Ernst and Young (EY) won big at the 2017 Gradireland Graduate Recruitment Awards recently. Among their wins were Best Large Internship Programme and Best Student Marketing Campaign. Speaking to the Irish Times, EY's Luke Maycock explained how they placed a greater emphasis on social media channels and the use of "fast, colourful and engaging" videos featuring past EY graduate recruits ultimately helped to deliver tangible results, including an increased Facebook following.

Here are the biggest social networks globally today:

1. Facebook
A social phenomenon, unlike any before it. The network allows you to chat with friends and companies, share private messages, links, videos and photos. An incredible 1.9 billion people around the world, with almost 2.5 million in Ireland, use the site regularly, creating a world of opportunities for accountants to build an online community and engage with potential clients.

2. Twitter
A micro-blogging service where you can communicate and stay connected with the online conversation. These short messages, or 'Tweets', are composed of 140 alphanumeric characters or less. Twitter has 1.4 million Irish users.

3. LinkedIn
A business-oriented social networking site. Ireland is now one of LinkedIn's top markets with 1.2 million Irish users. The network manages your online professional profile, connects you to trusted business contacts and helps you exchange knowledge, ideas, and business opportunities with other accountants and suppliers.

4. YouTube
A video-sharing website that hosts digital videos and over 100 hours of video are uploaded to YouTube every minute. More than 1 billion unique users visit YouTube each month and watch 6 billion hours of video - that's almost an hour for every person on earth.

5. Instagram
Instagram is a fun and quirky way to share snippets of your business through a series of pictures or videos. It has 1 million users in Ireland and over 500 million active monthly users globally. An average of 95 million photos and videos are shared per day on the app and 4.2 billions posts are "liked" everyday.

Audio / Visual Content

1. Blog posts
A blog is an easy-to-use platform for connecting and sharing timely and relevant information. It's your direct communication channel to both your colleagues and clients, giving your company a voice and allowing your expertise to reach a wider audience.

2. SlideShare
SlideShare is the world's largest community for sharing presentations and other professional content. It's a great marketing tool for businesses with interesting information to share.

3. Livestreams
Sharing live events with your audience can make them feel more connected to your company. The key here is not just showing the event, but also letting users be a part of it - be your audience's eyes and ears!

4. Podcasts
Podcasting is a cost-effective alternative to video. Although podcasts are a one-sided medium, they can help to build effective relationships with the listeners. It gives the feeling that the listeners know the person speaking on the podcast.

Conclusion

The digital age has created unprecedented opportunities for those who adopt digital channels for business. With the right investment, your business will be more efficient in every aspect. Digital & social media marketing presents an opportunity for accountants to keep up to date with industry developments, competitor activity as well as interacting with current and potential clients and suppliers.

What are you waiting for?

Institute News

New CPA President warns that Ireland's failure to grasp Social Enterprise opportunity is costing the economy jobs and economic growth

40,000 jobs and €2 billion in GDP could be generated by social enterprise activity

The newly elected President of the Institute of Certified Public Accountants Ireland (CPA Ireland), Deirdre Kiely, has called on the Government to make good on five year old promises to promote and foster the social enterprise sector in Ireland. According to Ms. Kiely "social enterprise has the potential to create 40,000 new jobs and generate an additional €2 billion for the economy, but its growth and development has been hindered by a lack of action on the part of Government."

Ms. Kiely is a CPA, a barrister and Principal of Kiely & Co. Accountants and Business Advisers. She also has extensive experience in the charities and not for profit sector and is a board member of the Social Finance Foundation.

Addressing the CPA Ireland AGM following her election, Ms. Kiely said that Irish social entrepreneurs were losing out on EU funding because of a lack of coherent Government policy in this area. "The EU has flagged plans to increase the total amount for social enterprises and microfinance for Employment and Social Innovation from €193m to about €1bn under the Employment and Social Innovation programme. But without a coherent Government strategy and structured Government supports in place, the ability of any social enterprise to secure funds from the EU is severely hampered."

Ms. Kiely called on the Government to take urgent action on this issue. "The Government first promised to introduce a national policy on social enterprise some five years ago but we have yet to see anything emerge", She added. "It was mentioned in three of the last five Action Plans for Jobs but was absent in the most recent. The Minister of State for Regional Economic Development Michael Ring has indicated that the policy will be published this year and we can only hope that he makes good on this promise."

According to Ms. Kiely, social enterprise, which is already responsible for at least 25,000 jobs and €1.4 billion in economic activity, not only has the potential to create huge numbers of jobs but also to address the numerous social deficits which have emerged in Ireland as a result of public finance constraints.

"Ireland faces massive problems in healthcare, education, social care, the environment and many other areas", she said. "These problems are partly the result of enforced cutbacks in public expenditure following the economic collapse of 2008 to 2010. It will take many, many years for spending to be restored but social enterprise could address the issues very quickly if given the opportunity."

According to Ms. Kiely, a small number of key changes would have a significant impact. "A clear legal structure for social enterprise companies would be hugely helpful", she said. "The UK has a model we can follow and we should do this as quickly as possible. We could also be more imaginative in how social enterprises are treated in the public procurement process to ensure that the social benefit delivered by these businesses is factored into calculations. Encouraging volunteer effort in social enterprises by ensuring that volunteers do not lose social benefits as a result of this activity would also be a very positive move."

"All societies gain from a vibrant social enterprise sector but Ireland seems to be determined to turn its back on those benefits", she continued. "In 2016 the Thompson Reuters Foundation conducted a global study ranking 44 countries for their social entrepreneurship environment Ireland ranked 43rd, behind countries such as Colombia, Mexico and Pakistan. Even more damning is the fact that our nearest neighbour, the UK, came in third.

"The potential to create 40,000 new jobs was first identified by Forfás some five years ago", she said. "The number could be even greater now. Social enterprises can help us tackle many of the issues faced by our society while creating needed jobs for marginalised or disadvantaged groups. The Government must act and act now."

CPA Ireland is a strong supporter of social entrepreneurship and is a proud sponsor of the Spark National Social Enterprise Awards. The competition, which is open to students at a number of Institutes of Technology, facilitates, recognises and rewards entrant's creative, innovative solutions towards a diverse range of social issues.

Cormac Mohan, Vice President

Cormac Mohan, CPA is Vice President of CPA Ireland. He took office at the Annual General Meeting of Members on April 27th 2016.

He is a practising CPA who holds an MBA. He has significant commercial and Industry experience with a proven track record in business strategy, financial management and control. He holds a Diploma in Insolvency & Corporate Restructuring from the Law Society of Ireland.

He is currently Managing Partner in an Accounting & Business Advisory Practice based in Fitzwilliam Square, City Centre - FM Accountants & Business Advisors (www.fmaccountants.ie), providing specialist insolvency and corporate restructuring services, Auditing & Taxation.

He has previously worked internationally over a number of years for both Coca Cola and Microsoft at senior management level and has served on the board of a number of companies in recent years.

Cormac is chair of the Institutes' Finance and Audit Committee and currently represents the Institute on the Consultative Committee of Accountancy bodies for Ireland. (CCAB- I).

He is a member of the Irish Society of Insolvency Practitioners and is a certified commercial mediator.

Gearóid O'Driscoll, Vice President

Gearóid O'Driscoll, FCPA, has been elected as Vice President of CPA Ireland. The election was announced at the Annual General Meeting of Members on April 26th.

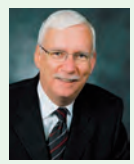
He is a Partner in ODM Accountants, Bandon who specialise in strategic business and accountancy services for individuals and businesses across Ireland.

Gearóid became a member of CPA Ireland in 1980. He is also a member of the Irish Taxation Institute and holds a Degree in Commerce. He has been an active member of the Institute's SMP Committee for many years. He was co-opted to Council on September 2010.

New Director Appointments at CPA Ireland

Trish O'Neill has been promoted to Director – Member Services. Patricia spent 8 years in the role of CPD Executive at CPA Ireland and during that time set up and managed the CPA Ireland Skillnet Network.

Gillian Peters has been promoted to Director – Business Development. Gillian has worked in Professional Bodies (CPA Ireland and the Irish Tax Institute) for over 15 years in a variety of events, marketing and communications roles.



David FitzGerald has been appointed Director – International & Projects. David has been with CPA Ireland for over 13 years, initially as Director - Business Development, and for the last 11 years as Director – Member Services. He will be working on a reduced basis going forward.

New Staff appointments at CPA Ireland

Dearbhla Carmody joins the Institute as CPD Executive**.** Dearbhla has over twelve years' experience developing an annual programme of learning events for Chartered Accountants Ireland and has a proven ability to build relationships with senior business leaders in both professional practice and industry.

Aisling Mooney joins the Institute as Administrator, Member Services. Aisling has experience working as the administrator in the UCD Examinations Centre and has spent the past five years as an English Language teacher in South Korea.

Claire Ryan has joined the Business Development Department as Communications & Marketing Assistant. Claire has completed a Masters in Marketing with UCD Smurfit School of Business and has recently finished an internship with Storyful.

Anthony Redmond has joined the Professional Standards team as Administrative Assistant. Anthony is a graduate of Maynooth University with a BA International in German Studies and English. He has significant experience as a quality assurance tester in the gaming industry.

Adrienne Behan joins the Institute as Accounts Administrator, Finance. Adrienne has over 8 years' experience in a similar role with the Economic and Social Research Institute (ESRI), and more recently with Peamount Hospital.

CPA Ireland Tax Conferences 2017 – Tax Moves

Over 260 delegates attended the March 2017 Tax Conferences which took place in Dublin and Cork. Delegates heard from a range of expert speakers on Revenue Audit Trends, VAT, International Tax, Succession Planning and the Tax Appeals Process.

Delegates at the Dublin Tax Conference

Speakers: Ciara McMullin, Deloitte, Maureen Kelly, CPA Ireland and Gary O'Mahony, O'Hara Dolan

Attendees: Belinda Mowlds, PJ Hegarty and Sons and Jane Byrne, Niall Byrne & Co

CPA Ireland Membership Changes

Resignations:
Ms. Joy Crampton, Co Offaly.
Mr. Kevin Mangan, USA.
Mr. Norman Adams, Co Dublin.

Leinster CPA Society – BREXIT Briefing

7.30am Wednesday 14th June,
Ely Bar & Brasserie CHQ, IFSC, Dublin 1
Guest speaker:
Austin Hughes, Chief Economist, KBC Bank
Cost: €25 per person
Full Irish Breakfast on Arrival

To book please contact:
Richard O'Hanrahan 086 242 0987
richardohanrahan@hotmail.com
or
Henry Thynne 086 171 3116
hfthynne@gmail.com

CPA Ireland History Book

CPA Ireland is delighted to announce the launch of a new book celebrating its rich and diverse history since its founding in 1926, "The History of CPA Ireland 1926 – 2016 - 90 Years Accounting for Business".

Richard Bruton TD, Minister for Education and Skills officially launched the book on Wednesday April 26th at Government Buildings, Dublin.

CPA Ireland's 90 year history has been both rewarding and progressive, the Institute has grown substantially from its original seven founding members, to currently over 5,000 students and members, with CPAs working in over 48 countries worldwide.

Speaking at the launch, the CPA Ireland President Nano Brennan commented that *"Ninety years of history is well worth celebrating and on behalf of our membership, I want to thank the authors, Dr Bríd Murphy and Dr Martin Quinn, for placing CPA Ireland's development and growth in the context of nine decades of change in Ireland. Who knows where the next 90 years will take CPA Ireland and the profession, but all CPAs can take pride in our progress since 1926".*

CPA Ireland remains extremely active in international activities and has since established numerous successful strategic partnerships and mutual recognition agreements, with some of the world's largest accountancy bodies across the globe. The CPA designation is the most commonly used designation worldwide for professional accountants and the Institute's qualification enjoys wide international recognition.

We take great pride in our achievements over the past 90 years and remain committed to our mission to be recognised as an accountancy qualification that reflects ethics, excellence and innovation. CPA Ireland continues to adhere to our vision for strategy, leadership and international business and the Institute is looking forward to more significant milestones to come in the next 90 years.

Accountancy Awards
CPA Ireland Congratulates Alison Ritchie and John Donoghue

CPA Ireland is delighted to announce the success of two of its members at the 2017 Accountancy Awards.

Alison Ritchie from Portarlington Co. Laois has been named as Accountant of the Year and John Donoghue accepted the award for Employer of the Year on behalf of IFAC Accountants at the prestigious awards ceremony attended by 350 accountants in Dublin on the 18th May.

Alison is a member of the Institute of Certified Public Accountants in Ireland (CPA Ireland) and the CEO of Polar Ice which has its headquarters in Portarlington. She has previously won the Women Mean Business Female Entrepreneur Award and Small Firms Association Environmental Sustainability Award.

Commenting on the announcement, John Donoghue, Chief Executive of IFAC Accountants said, "We believe in developing and growing our people, giving them the opportunity to achieve excellence. Our people deliver for our members every day and this award is a recognition of our determination to be the very best accounting and tax firm in Ireland." A native of County Kildare, John has led the expanding firm since 2015 and with over 30 locations across the country, IFAC Accountants has grown into one of the country's largest accountancy firms and is the only Irish firm specialising in the agri-business sector.

Congratulating both winners, Cormac Mohan, Vice President of CPA Ireland said "Alison has demonstrated that she is an exceptional Accountant and is a wonderful Ambassador for CPA Ireland. We are extremely proud of her achievements and congratulate her warmly on this award. IFAC Accountants is a well-established network throughout Ireland delivering a quality service , and CPA Ireland is proud to be associated in congratulating IFAC on this significant achievement

Liz Hughes, Head of ACCA Ireland presents the Accountant of the Year Practice/Industry award to Alison Ritchie, Polar Ice

John Gaynor Chairman of ACCA Ireland presents the Employer of the Year Award to John Donoghue, IFAC Accountants

CPD News & Events

Digital Fluency for Women in Business

This year's Women in Business Events will explore the importance and benefits of digital fluency in the workplace. Find answers to how women can blog their way to a successful career and how we can harness the power of digital to close the gender gap in the workplace.

With excellent speakers from Ireland's leading female entrepreneurs, business leaders and personal & professional development speakers these sociable and inspiring events provide the perfect platform for new networking and business opportunities.

Dublin, 6th July, CPA Institute HQ and Cork, 13th July, River Lee Hotel

Online Diploma in IFRS

In 2017 CPA Ireland launched its online Diploma in IFRS with the IFRSacademy.net, providing participants with an in-depth knowledge of the International Financial Reporting Standards (IFRS). Academic oversight of the Diploma by Professor Robert Kirk and authored by Dr. Wayne Bartlett completing this Diploma will enable the learner to:

- Understand and apply IFRS standards
- Implement the standards within your organisation
- Provide the best practical advice on the application of the standards
- Create and interpret financial statements compliant with the standards

Academic oversight from Financial Reporting expert Professor Robert Kirk

Authored by Dr. Wayne Bartlett.

Costing €550 (ex. VAT) with 70 CPD hours of fully interactive online study, together with exercises, scenarios, action plans and self-study assignments make the CPA Diploma in IFRS Financial Reporting the most engaging and learner friendly programme available.

Social features enable you to share and learn from other learners as well as the experts, so you feel supported along the way.

Each of the 9 modules has an assessment so you can monitor your progress and know how you are doing before you get to the final assessment.

9 online modules and accompanying assessments build towards completion of this prestigious certificate, fully accredited Diploma by the CPA Ireland.

Conference Dates for your Diary 2017!

Practice Matters Conferences

The new format of the Practice Matters Conferences was a great success with over 150 delegates attending the 2 conferences which took place in Dublin and Cork last year. With updates on tax, law, financial reporting, professional development and digital fluency this is the key event for accountants working in practice.

Dublin 8th & 9th September, Crowne Plaza Blanchardstown

Cork 15th & 16th September, Clayton Silver Springs

Industry Matters Conferences

The CPA Ireland Industry Matters Conferences are designed to give an all-round, comprehensive update on the major changes in the profession and impacting your professional life. CPAs who work in industry have been attending the Industry Matters Conferences for years because of the breadth of subjects covered over a day and a half. A balance of technical and personal development topics are selected to bring accountants up-to-date on changes in the profession.

Dublin 6th & 7th October, Crowne Plaza Blanchardstown

Cork 13th & 14th October, Radisson Little Island

Corporate Finance Conferences

After a 6 year hiatus the CPA Ireland Corporate Finance Conferences are back. Whether you are in practice or industry, advising colleagues or clients this one day event is a must for all those concerned with raising finance for business.

Dublin 17th November, Crowne Plaza Blanchardstown

Cork, 24th November, Clayton Silver Springs

Upcoming Courses June - August 2017

Location	Date	Course	Member Price	Non Member Price	CPD Credit
Athlone	19/06/2017	Company Accounting Bill/Act 2017	€50.00	€75.00	2
Dublin	15/06/2017	Project Management for Accountants	€195.00	€245.00	8
	06/09/2017	Advising Beyond Numbers - Strategy	€210.00	€250.00	8
	13/09/2017	Advising Beyond Numbers - Marketing	€210.00	€250.00	8
	20/09/2017	Advising Beyond Numbers - Exporting	€210.00	€250.00	8
	27/09/2017	Advising Beyond Numbers - HR	€210.00	€250.00	8
Limerick	14/06/2017	Company Accounting Bill/Act 2017	€50.00	€75.00	2
Live Streaming	06/09/2017	Advising Beyond Numbers - Strategy	€210.00	€250.00	8
	13/09/2017	Advising Beyond Numbers - Marketing	€210.00	€250.00	8
	20/09/2017	Advising Beyond Numbers - Exporting	€210.00	€250.00	8
	27/09/2017	Advising Beyond Numbers - HR	€210.00	€250.00	8
Webinars	20/06/2017	Tax 2 - Revenue Audits	€28.00	€35.00	1
	22/06/2017	Tax 3 - Corporation Tax	€28.00	€35.00	1
	27/06/2017	Tax 4 - Tax Filing for 2016	€28.00	€35.00	1
	04/07/2017	Tax 5 - Succession Planning	€28.00	€35.00	1
	10/08/2017	Company Secretarial 1	€28.00	€35.00	1
	17/08/2017	Company Secretarial 2	€28.00	€35.00	1
	24/08/2017	Company Secretarial 3	€28.00	€35.00	1
	31/08/2017	Company Secretarial 4	€28.00	€35.00	1
	20/06/2017	Tax 2 - Revenue Audits	€28.00	€35.00	1
	22/06/2017	Tax 3 - Corporation Tax	€28.00	€35.00	1
	27/06/2017	Tax 4 - Tax Filing for 2016	€28.00	€35.00	1
	04/07/2017	Tax 5 - Succession Planning	€28.00	€35.00	1
	10/08/2017	Company Secretarial 1	€28.00	€35.00	1
	17/08/2017	Company Secretarial 2	€28.00	€35.00	1
	24/08/2017	Company Secretarial 3	€28.00	€35.00	1
	31/08/2017	Company Secretarial 4	€28.00	€35.00	1

Student News

Examination Notice

April 2017

The April 2017 diet of examinations took place in six locations in Ireland in addition to four international locations. The results of this diet of examinations were approved by the Education and Training Committee at its June meeting and released to candidates on Friday 9 June, six weeks after the final examinations.

Formation 1 and Certificate in Business and Accounting

The online Formation 1 and Certificate in Business and Accounting examinations took place in Griffith College Cork and Griffith College Dublin on 26 May and 2 June 2017.

Formation1 and Certificate in Business and Accountancy examinations also took place in Cork, Athlone, Navan and Dundalk ETBs during April and May.

Results for these examinations were approved by the Education and Training Committee at its June 2017 meeting.

CPA Ireland extends its congratulations to all successful candidates in the 2017 examinations!

August 2017

The Institute's August 2017 diet of examinations will commence from Monday 28 August to Friday 1 September 2017 (both dates inclusive). The examinations timetable and venue details are available to download from the CPA website. In order to be eligible to sit an examination in August, each CPA student must register online for the relevant examination(s) by Tuesday 1 August via their My CPA Profile. Please note that the Exam Registration process will close at midnight on this date and no further applications will be accepted.

For queries regarding examinations, please contact Lisa Kelly at lkelly@cpaireland.ie or 01 425 1024.

Professional 2 Students: Application to Membership Notice

The following information will be of particular interest to Professional 2 (P2) students who are aiming to successfully complete and pass their P2 examinations in 2017 and who intend to apply for membership of the Institute in 2017.

The Institute will issue an "Application to Membership Pack" to all students who successfully complete and pass their P2 examinations in April and August 2017.

The completion or submission (as appropriate) of the following documentation is a mandatory part of the application process. These documents, if not previously submitted to the Institute, should be submitted along with each "Application to Membership Pack".

1. Application Form.
2. Two Employer References on headed paper.
3. Training Records (evidencing 3 years relevant supervised training, if not previously submitted to the Institute).
4. Competency Guide & Return (including Form 2: Four individual Records of In-Depth Competence Statements and Forms 3A, B & C). Please view the Competency Guide & Return section of the CPA website for further information.
5. ECDL Certificate OR Certificate of IT Competence (If not previously submitted to the Institute).
6. Admission Fee: €731 (submit cheque, debit card or credit card details).
7. Conferring Invitation Form.
8. Student ID Card.

This year's Conferring Ceremony is scheduled to take place on Saturday 2 December 2017 in the Hogan Suite, Croke Park, Dublin 3. Mandatory Induction Training will take place on the morning of the Conferring Ceremony.

Fully completed Application to Membership Packs must be received in the Institute by 4 August 2017, from those students who are invited to apply for membership following the April 2017 examinations (and previous years). There is no guarantee that any late application will be reviewed and processed.

Fully completed Application to Membership Packs must be received in the Institute by 1 November 2017, from those students who are invited to apply for membership following the August 2017 examinations. Please note that late applications will not be processed.

Students who are eligible to apply for membership are encouraged to begin the process as early as possible. If you have any questions regarding completing the process, particularly in relation to the completing the Competency Guide & Return, the Institute is more than happy to discuss and offer guidance on any aspect with you.

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

Student Articles 2017

CPA Ireland has published a series of articles to support students in their studies. These articles can be accessed in the student's section of the CPA Ireland website. Please see the below titles recently published.

Article: Deciphering the Labyrinthine Strictures of Employer and Employee Duties

This article will be of interest to students studying P1 Corporate Laws and Governance

Article: Customer Relationship Management (CRM) Systems: Beyond Retail Applications

This article will be of interest to students studying F2 Information Systems

Article: Tax Relief Available in Ireland for Companies Involved in Research & Development

This article will be of interest to students studying P2 Advanced Taxation

Article: Inventory Management

This article will be of interest to students studying F2 Management Accounting

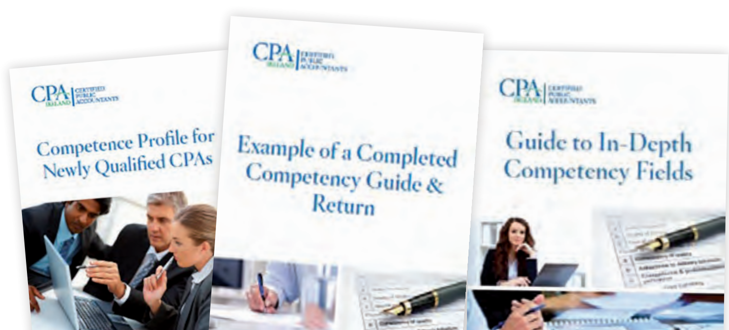
Article: Final Review Procedures and Audit Reports

This article will be of interest to students studying P1 Auditing.

A full list of articles published for each paper can be found on the Study Support page of the CPA website.

CPA Student Training Guides

These online guides are essential reading for any CPA student either currently studying or at the application to membership stage. It is imperative that you familiarise yourself with the content of these – if you have yet to download a copy please do so as soon as possible



Students who:

- Satisfy the entry requirements for admission to membership,
- Who fully comply with the Application to MembershipProcess, and
- Pay the appropriate fees,

will receive written confirmation of their approval for admission to membership and a formal invitation to the Induction Training and Conferring Ceremony.

Please note, that the above Application to Membership fee does not include the Annual Member Subscription for 2018, which, for members, falls due in January 2018. The Annual Member Subscription for 2017 is €587.

If you have any queries regarding the Application to Membership Process, please contact the team at 01 425 1023 or by emailing Réidín at training@cpaireland.ie

Publication Notices

Investigation Committee – Consent Order

Case Ref: Invest/12/16

On the 20 February 2017, the Investigation Committee found prima facie evidence of misconduct where a Member and a Member Firm acted in breach of S.I.220 of 2010 by acting as a statutory auditor to a Company for two years while prohibited by Section 71 of same statutory instrument.

The Committee offered and the Member and Firm accepted, a Consent Order, the terms of which are as follows:-

- Reprimand
- Fine €1,500
- Contribution towards the Institute's costs €800

Disciplinary Tribunal

On 1 February 2017, a Disciplinary Tribunal found the following charges of misconduct proven against a Member in Practice:-

1. That by appearing on the Revenue List of defaulters the Member defaulted in a manner which tends to discredit himself, the Institute and the profession of accountancy and
2. That he failed to co-operate fully with the investigation into this complaint by failing to respond to correspondence from the Secretary.

The Tribunal ordered that the Member:-

- Be reprimanded
- Contribute €1,800 towards the Institute's costs in this case (payable by 31/12/2019)

And that details of these findings and orders be published in the official journal of the Institute without reference to the Member by name.

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.