CPA IRELAND | CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANCY plus

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PREPARING FOR THE GDPR – THE FINAL STRAIGHT

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BREXIT AND ITS POTENTIAL IMPACT ON COMMERCIAL CONTRACTS

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THE RESIDENTIAL MARKET - A CRISIS THAT NEEDS AN APPROPRIATE REPSONSE

Editorial

Accountancy Plus March 2018

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President's Message

Welcome to the March 2018 edition of Accountancy Plus.

As I look back on my term as President for CPA Ireland, it is clear it has been a busy and positive year with a number of interesting initiatives completed. One such initiative is that of social enterprise and the lack of funding available for Irish social enterprises. When I was elected as president of CPA Ireland, I called on the Government to make good on a five-year-old promise to promote and foster the social enterprise sector in Ireland.

In a report carried out by Forfás in 2013, it was revealed that the Irish social enterprise sector had the potential to create up to 40,000 jobs and contribute €2billion to the economy however, the promise from the Government at the time to act on the report remains unfulfilled.

Social enterprise is not a new phenomenon in Ireland and has operated successfully here for many decades and although prevalent in Irish policy discourse since the 1990s, there is still no nationally agreed definition of social enterprises in Ireland. The most recent definition of a social enterprise by Forfás describes a social enterprise as *'an enterprise that trades for a social/societal purpose, where at least part of its income is earned from its trading activity, is separate from government, and where the surplus is primarily re-invested in the social objective'.*

Government support for the social enterprise sector is sporadic with no cohesive plan. Support has mainly come from the European Union as social enterprise has played an increasingly more important role in European Commission plans for development of both social and economic activity. In the Europe 2020 Strategy social economy and social innovation are at the centre of its concerns.

In 2011, the European Commission launched the Social Business Initiative as part of the Single Market Act within which social enterprise is one of 12 priority areas. Social enterprise accounts for about 6% of GDP across the EU and the European Commission's 'Europe 2020' Strategy sets a target for this contribution to grow to 9% of GDP over the decade to 2020. 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.

The social enterprise sector is relevant for our members in CPA Ireland both in terms of what can be gained from the growth of the sector and what accountants can bring to the sector in terms of advice and experience. Due to the nature of social enterprises, which trade for a social/societal purpose and not as a standard profit-making business, some of the enterprises might not have the right mix of skills to support a growing business. CPA members, as well as other professionals such as lawyers and other business leaders can be a real asset to a social enterprise both through volunteering their expert advice and through their business skills and experience.

At CPA Ireland, we believe that funding for the social enterprise sector is an area worthy of consideration by the Government. A coherent Government policy, a nationally agreed definition and increased funding are essential to this growth.

During 2017, we worked with a number of social enterprises and social enterprise experts to gain an understanding of the difficulties the sector faces and the benefits it could bring to our economy and citizens, particularly those living in rural areas. The findings are available in our social enterprise report which is being published in April 2018.

In December 2017, I was delighted to formally admit the new conferees into membership and I would like to wish them every success in their future careers and look forward to them becoming involved with the Institute on many levels.

As this is my last message as President of CPA Ireland, I would like to thank CPA members, students and staff for your ongoing support. I will pass over the office of the President to Cormac Mohan at the AGM and I wish Cormac a very successful and enjoyable term.

Deirdre Kiely

Deirdre Kiely
President CPA Ireland

ACCOUNTANCY**plus**

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PICTURED ABOVE FROM LEFT TO RIGHT: MARK MULVIHILL, CIARA POWER, CHARLENE KEARNS, DEIRDRE KIELY, PRESIDENT, CPA IRELAND, OLESEA HOLDEN, SHANE HANNIFIN, RUSSEL WALDRON

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INTERNATIONAL

CPD

STUDENT

BY
Dr Margaret Healy, Claire O'Sullivan Rochford, John Doran & Maeve McCutcheon

Meeting Expectations: Post-Entry Experiences of Diverse Pathways to Professional Accountancy Qualification

CPA Ireland encourages and supports research to develop and enhance the profession of accounting and the advancement of knowledge by supporting CPA Ireland members and the wider field of academia. CPA Ireland values the expertise of both academics and practitioners alike and has funded research which aims to inform practitioners, regulators, the academic community and policy makers. The most recent call for submissions was made in 2016 and three projects were funded. This article is the second in a series of Accountancy Plus articles summarising the results of these projects. Further information can be found on the CPA website (http://www.cpaireland.ie/media-publications/other-publications/cpa-research)

In 2015 1,575 students were admitted to membership of one or other of the professional accounting bodies. While most trainees are graduates, a significant number of entrants are either direct entrants from school or enter training from the workplace with prior relevant experience. The combination of declining numbers studying accounting at second level and the expanding range of career options available raises significant questions. Where will the accountants of the future come from? And how can we attract the most suitable candidates to form the next generation of accountants?

To gain insight we took a closer look at the experience of a group of twenty-nine recently qualified accountants, all between three and six years qualified. They were representative of the various professional bodies, age groups, entry routes and training paths. Their candid and reflective descriptions of their experiences provide a vivid picture of the professional training experience. They also raise some questions for the profession on ensuring the continuity of the pipeline of high quality entrants and how to ensure that trainees maximise their potential during training and on qualification. Three questions sum up the journey of these accountants.

How does the accountants journey start?

The most common influence among the interviewees who entered accounting directly, via an accounting or business degree, was the exposure to accounting at secondary school level. Accounting was something of a natural progression often because it was their best subject at school. They played to their strengths and this was reinforced by finding order, simplicity and beauty in their early exposure to book-keeping. We found that what many interviewees had in common was the feeling of satisfaction when doing double-entry and having the balance sheet balanced.

For others, accounting represented a professional career that held value and prestige. For example, even though *Nicola did not progress directly into accounting from second level schooling, once she started the qualification process she persisted as she saw value in completing the qualification and becoming an accountant. She was also aware of the opinion of others whose judgement she valued such as her father. Teachers or family friends were also significant influencers. For Hannah, when it came down to picking her subjects for the Leaving Certificate, the positive influence her teacher had on her helped her make the final decision.

Dr Margaret Healy, Accounting and Finance, UCC

Claire O'Sullivan Rochford, Financial Accounting, Auditing and Financial Statement Analysis, UCC

John Doran, Accounting and Finance, UCC

Maeve McCutcheon, Financial Management and Taxation, UCC

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BY
Dr Margaret Healy, Claire O'Sullivan Rochford, John Doran & Maeve McCutcheon

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Where to train as an accountant?

Three distinct pathways emerged from our study: those who chose accounting as school leavers; those who changed to accounting on graduation; and those who chose accounting when already in the workforce.

The Early-Birds

Those who made an early decision to study accounting or business in a third level degree often followed the path of least resistance. Decisions on a training firm were influenced by peers and family and the reputation of the Big 4 brands.

Early-birds who sought out small firms were likely to have some prior knowledge of the specific experience or did some research and reflection on the nature of the training. Dawn considered the advantages of working in both big and small firms, and having done some research and attended graduation fairs, came to the decision that working in a smaller firm would give greater exposure to Irish businesses.

The path of least resistance might lead to the first job offered irrespective of employer type. The choice of which accounting qualification to pursue was driven mainly by what was on offer in the training firm. If the trainee had a choice, the quickest route to qualification and the exemptions already held were key influences.

The Converts

A number of interviewees had opted for accounting after 'converting' from earlier courses in areas like Arts or Science. For these interviewees, post-graduate conversion programmes paved a route into accounting. If the conversion course had a work placement option then that opened up an initial training environment. These training environments were often industry based. Interviewees looked towards CPA or ACCA if in a financial accounting role whereas CIMA was seen as more suited to a management accounting or business analyst placement.

The Developers

For the developers, an accounting qualification enhanced their existing skills. While some continued in their original setting, others needed to move to a training firm to qualify as accountants. The decision to professionalise was taken to capitalise on work opportunities or overcome hurdles. This typically happened after a number of years in the workplace. For many, the Accounting Technician qualification constituted an essential bridge from which the natural progression was onward to a professional accounting qualification. Nicks work experience included working in a number of different financial positions and although he was not required to be qualified, he felt he needed to gain the qualification and professionalise.

These more mature entrants took greater levels of control and expressed more insight into the consequences of their decision.

What to do next after qualification?

What was striking overall was how relatively satisfied most interviewees appeared with their career progress to date, irrespective of the route taken. All appeared to have had options available to them at critical points, whether they chose to take these or not.

Many of those entrants who came direct from education needed time to develop a career plan as they completed their training. This might involve moving outside their comfort zone and building their CV, and/or seizing opportunities that arose. Eoin believes that many people feel unsettled when they have completed their professional exams and training. They are then out of the system and are unsure of where to go from there.

There is a sense that there is a spiral in operation, particularly in the Big 4, that spins out the majority of those who qualify. It may not be clear whether it is the firm or the individual who drives the decision to stay or leave the training firm. Those who stay are often quickly promoted to manager.

The varied reasons for moving on included work-life balance, leaving their comfort zone and preparing for management roles. Some simply found that audit was not for them such as Eoin found that he did not like having to move around so much as it made it difficult to get to know a business and how it operates.

Moving from the Big 4 to industry was a well-worn path but moving from smaller practice into industry could be a challenge, particularly moving to bigger companies. It was easier to move from a small practice to the Big 4 than to industry. Some took a first role in industry to get a foot in the door. For instance, Nicola who trained in a small firm knew she wanted to move into industry as she felt it would provide more opportunities. However, she found it difficult to get recruited in industry without having any Big 4 experience and found that recruiters were not even sending on her CV. A well know MNC provided the opportunity to move into industry and once there, progress was swift, becoming a team leader after only 9 months.

Conclusion

Our interviewees are a resilient, optimistic group. This is very positive news to report given that they would have trained, and qualified during Ireland's era of economic crisis and near economic collapse. They have developed successful careers through hard work, flexibility and commitment.

Some lessons can also be learnt from the study.

- The choice of an accounting career can be a fairly imprecise and indeed haphazard affair. The educational and work contexts jointly influence the choices made by entrants to the profession. Greater cooperation is needed between the educational and professional sectors to assist potential entrants in their career choices. The evidence of the study suggests that recent changes to the second level school curriculum, which has downgraded the accounting component of the business studies subject at Junior Cert level, combined with the long-term decline in the numbers taking accounting at Leaving Certificate, may well reduce the numbers considering an accounting career in the future.

- The Big 4 dominate the horizon of training routes to qualification for the 'early birds' who make early educational and career choices. But alternative training paths through small and medium sized practices, and in industry and the public sector, also offer a broad-based training and business exposure. The interview evidence shows that these paths can be equally, if not more fulfilling and would benefit from greater promotion and recruitment activities to 'early-birds' at pivotal (i.e. early) decision points to match the lure of the Big 4. The attractions of these paths are already recognised by 'developers' and especially by 'converts'.
- Employers need to offer a compelling combination of experience, further professional development and work life balance to attract and retain newly-qualified talent. Financial rewards were only occasionally mentioned by interviewees. We would infer that earnings were generally seen as satisfactory rather than that the money was unimportant! It is also notable that while the benefits of a small practice training route were recognised by trainees and indeed by the Big 4 in recruiting newly-qualified accountants, they are less recognized by industry and recruitment agencies. There would seem to be a need for dialogue and ongoing promotion of such pathways to address this.

*All names have been changed to preserve the anonymity of interviewees.

CPA Profile Caroline Siggins

Caroline Siggins

TITLE:
Client Accountant

COMPANY:
Irish Progressive Services International Limited

QUALIFICATION:
Qualified as a CPA in 2016

Why did you choose to become a CPA?

I wanted to complete a professional accountancy qualification and initially wasn't sure which route to choose. Having researched the various options I was certain that studying for the CPA qualification was the right option. I wanted a qualification with international recognition but also wanted to choose a qualification that allowed flexible study options and that my employer was willing to support. The CPA qualification also allowed me work in any sector.

What advice would you give to someone considering entering the accounting profession?

Be mindful of the effort that is involved to get your qualification. Depending on your situation, flexible study options can make achieving this a more manageable process. You need to know that the qualification you are choosing is well recognised both at home and abroad. In terms of your career, you need to have an open mind and look into the many career options that are open to you in the accountancy profession. Don't be put off by the old fashioned stereotypical image of the accountant. Certainly since I qualified as a CPA I have become more aware of all of the exciting and challenging career options available to CPAs. Training and development are very important and being in a well-structured training environment helps a lot on the pathway to qualification. I was very fortunate to have excellent mentors in IPSI who ensured that I received exposure to a wide range of competencies and experiences.

What route did you take to become a CPA?

I studied business studies and accountancy for my Leaving Certificate, but was uncertain of my desired career path at that time. I chose to do a Bachelor of Arts degree in Mathematics and Spanish in NUI, Galway. During this time, I decided that I would love a career in accountancy and I began exploring this option. In September 2013 I began my professional studies in Griffith College Dublin.

Can you provide a brief history of your career?

I joined Irish Progressive Services International (IPSI), a third-party life assurance administrator and part of the Irish Life Group in September 2013. I was originally employed as a trainee accountant, managing claims payments, premium collections and treasury functions for a portfolio of clients.

Over the course of my training contract, I received more exposure to the financial reporting function in IPSI and, on achieving my CPA qualification in 2016; I transferred to the financial reporting team. In this team I'm responsible for the preparation of financial accounts, management accounts and regulatory returns for clients. I also play a supporting role in product development and IPSI is a great environment for team involvement in major projects such as the implementation of Solvency II reporting. The diverse client list, in multiple territories, offers exposure to lots of varied challenges almost always against tight deadlines.

Biggest career achievement

Well I am relatively early in my career so it's really great to be offered exposure to a new regulatory reporting framework in the Insurance Industry – Solvency II. Being involved in the development of a solution for IPSI was both challenging and rewarding. Seeing the project through from research to implementation was a great experience and we now have a leading edge solution for IPSI and our clients.

How has CPA helped you in your career?

The service and support from the Education and Training team in CPA Ireland was the envy of some of my colleagues pursuing other qualifications. CPA provided me with an excellent foundation in accounting and finance skills. The qualification is well recognised by employers and I have the option of working internationally. It has been financially rewarding as employers are willing to reward people with the qualification. It has given me opportunities for progression in my career that otherwise would not have been open to me. I could not have made a better choice than to pursue the CPA qualification.

What inspires you most in business?

The ability to make an impact in the business that I am working in and clearly being able to see the positive outcome from it. Whether it is achieving tight deadlines under challenging circumstances or re-designing and implementing new processes, I receive great learning support and recognition from my employer, IPSI. It is great to be part of an organisation with such a continuous learning ethos.

What in your view are the most pressing issues for accountants?

- Using data analytics to get more useful information in shorter timeframes from the never-ending streams of data.
- Maximising efficiencies from technology.
- Continuous learning and keeping up to date with industry developments/ accounting standards and regulatory requirements.

CPA Profile Mark Dineen

Mark Dineen

TITLE:
Chief Financial Officer

COMPANY:
eQube Gaming

QUALIFICATION:
Qualified as a CPA in 2010

Why did you choose to become a CPA?

I was lucky enough to find a trainee accountant position straight after my degree from CIT in a practice called Hyland Johnson Keane (formally Niall Keane & Co.). The managing partner, Niall Keane and my manager, John Manning were both qualified CPA's. Both filled me in on the process and I decided CPA was the one for me.

What advice would you give to someone considering entering the accounting profession?

Accountants can work in any business which makes it very exciting. Make sure to think outside the box, accountants have a stigma of the 'boring' accountant. Throughout my career I have used my personality when dealing with clients and colleagues. I have also designed reports for management teams which aren't just black and white numbers on a page. For me, it is the finance team's duty to make sure that management/operations have timely, informative information (on one page) which they can use to make decisions when needed. Look to make a difference to the business, be ambitious, learn and show initiative.

Can you provide a brief history of your career?

I've been lucky in my career to have had many mentors to learn from. I began in practice as mentioned earlier. I had two excellent mentors in practice who gave me the belief and tools to make me want to progress. I quickly moved from a trainee to audit senior and enjoyed practice life, no two days were the same, this provided a great foundation for my career. My aim leaving practice after qualifying was to move to industry and get to financial controller level. I left to get some big4 experience. I then got my chance to move to industry with ECCO Distributors Limited and again began to learn from another great mentor in Donagh Cafferkey who was financial controller there for my three years. After leaving ECCO, I moved to another SME specialising in commercial management accounts. I then moved on to get SSC experience.

I felt I then had a well-rounded career and began looking to move to financial controller level. Luckily, I found a role with eQube who were going through a period of transition. This transition meant that after a short time at financial controller level, a CFO position became open. I was approached by our CEO John Purcell to take the position which I grabbed with both hands.

Describe your working life.

No two days are the same. I'm primarily based in Cork but travel to our offices in Edmonton, Alberta and Las Vegas, Nevada. We are a listed company (on the TSX) so I have a lot of public company deadlines to deal with along with our domestic deadlines and also dealing with our day to day running of the business. I would normally get to the office at 8 and try to leave between 5 and 6. I log off for a few hours but given our different time zones, I normally log back on after 8 to answer emails/queries from my team in Canada/US.

What is your biggest career achievement?

There's different achievements at different times in accountancy. Moving from trainee to senior is one, becoming a qualified CPA is another.

But, for me, moving from Financial Controller to Chief Financial Officer within six months, being recognised by the CEO and Board of Directors to have the ability to be a bring our company forward was my biggest career achievement.

How do you unwind?

I try to switch off when I'm away from the office. Family life is important, I have two beautiful ladies in my life, my fiancé and two-year-old daughter. I also go to the gym four times a week and try to run three times a week, both are excellent to clear the head.

What traits do you admire most in others?

Honesty, openness, hardworking, ambitious and confident.

Financial Reporting News

Snapshot of IAASA's financial reporting enforcement activities in 2017.

19 companies provide 61 undertakings to improve their financial reporting.

IAASA has published summary information of its financial reporting enforcement activities undertaken during 2017.

The primary function of IAASA's Financial Reporting Supervision Unit is to examine the compliance of financial reporting of those listed entities coming within its remit with applicable accounting standards.

In 2017, IAASA:

- examined the annual and half-yearly financial statements of 34 companies; and
- raised 101 separate matters with those companies.

As a result, 13 companies have provided 53 undertakings to improve their financial reporting in future years. One company voluntarily re-filed its financial report after an IAASA examination.

IAASA carried out four thematic examinations of aspects of companies' financial reporting practices and published the results of those desk-based surveys.

The outcome of 21 financial reporting decisions reached in 2017 in respect of six companies were published by IAASA in the year.

The Snapshot document may be accessed on IAASA's website.

Source: www.iaasa.ie

The FRC encourages insurers to participate in an EFRAG case study on IFRS 17.

IFRS 17 Insurance Contracts was published in May last year. The standard will be effective from January 2021.

The European Commission asked the European Financial Reporting Advisory Group (EFRAG) to give its advice on the endorsement of IFRS 17 in the European Union. To understand the possible effects of reporting under IFRS 17, EFRAG seeks information from stakeholders.

In November 2017 EFRAG sought a small number of insurers to participate in a large detailed case study. By launching this simplified case study, EFRAG is reaching out to insurers that may not be able to provide in-depth information, but can provide some insight on the expected impact of IFRS 17.

Insurers who use IFRS voluntarily or on a mandatory basis are invited to participate. The case study seeks qualitative and quantitative information. Insurers can select the questions they are able to answer.

All information submitted to EFRAG will be treated as confidential. Responses to the case study are due by 31 May 2018. If you would like to participate, please contact EFRAG. The FRC encourages insurers to participate.

The FRC will hold an outreach event on IFRS 17 in the spring. We want to discuss with constituents, the possible benefits and key challenges of adoption in the UK. Further details on this event will be published shortly.

Source: www.frc.org.uk

BY
Robert Kirk

FRS 102 Triennial Amendments applicable 1st January 2019: Part 1

Robert Kirk, CPA, explains the principal amendments to FRS 102 in the first of a series of Accountancy Plus articles.

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.

In December 2017, the Financial Reporting Council (FRC) published their first set of amendments to the set of local standards established three years ago to replace the former SSAPs and FRSs. This is the first of three articles on the principal changes that will be implemented in January 2019. The revisions cover 192 pages and 673 amendments but the rationale for its excessive length is that there are numerous editorial corrections and minor adjustments which have not changed the fundamentals of the standard and these will not be covered in this short series of articles.

The FRC have decided not to incorporate any elements of the three new IFRSs – IFRS 9 *Financial instruments*, IFRS 15 *Revenue from contracts with customers* and IFRS 16 *Leases* into the revised standard. These will be reviewed when the next triennial review takes place in 2019-20 and will probably be incorporated into FRS 102 *The Financial Reporting Standard applicable to entities in the UK and Republic of Ireland* (FRS 102) at that time. The amendments being introduced in this triennial review have come mainly from feedback from stakeholders to help simplify the standard.

This first article covers a number of principal amendments to FRS 102. The second article in June 2018 will cover further important changes to FRS 102 before completing the series by reviewing the amendments being made to the other FRSs.

The approach adopted by the FRC was to go through FRS 102 and make amendments Section by Section and this is the approach adopted here.

Section 1 Scope

Many of the amendments in Section 1 are caused by the inclusion of specific references to the new legislation in the Republic of Ireland which will enable small entities to apply Section 1A to their financial statements for the first time. However, the disclosure requirements in the ROI are much more extensive than in the UK and that has resulted in the inclusion of additional or separate paragraphs and appendices for the ROI. In addition, since the Companies (Accounting) Act 2017 was passed last year companies in the ROI are entitled to implement both Section 1A of FRS 102 and FRS 105 for accounting periods as from the 1st January 2015, although many of these would already have been published under the old rules.

- 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 introduced by the amendments to FRS 102 early as long as all of the proposed amendments are implemented at the same time.
- In all cases, if a reporting entity wishes to apply the amendments early, that fact must be disclosed.
- Changes to accounting policies are to be applied prospectively rather than the normal retrospective approach adopted in international standards. That is to help reduce the costs of transition e.g. companies who identified intangible assets separately from goodwill in a business combination will not subsume them back into goodwill on adoption of the revised standard.
- Reporting entities will be able to adopt their latest fair value as deemed cost if they elect to measure investment property rented to another group instead of at cost.
- 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.
- If a small entity departs from adopting the going concern concept it must provide disclosure of the rationale for that.
- There are now two appendices (instead of one) for the compulsory notes to be disclosed under Section 1A – Appendix C for the UK and Appendix D for the ROI as there are considerably more disclosures required under ROI legislation and the former optional disclosures in Appendix D are now recorded as Appendix E.
- Although Irish law permits the filing of abridged accounts this is not the same as UK abridged statutory financial statements thus this option has been specifically removed for Irish small entities from Section 1A.

Section 2 Concepts and Pervasive Principles

The conceptual framework is currently being revised by the International Accounting Standards Board (IASB) so there are only a couple of minor changes to Section 2. The amendments clarify that

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investments in ordinary shares and most preference shares should be valued at fair value with adjustments being reported through profit and loss. They are referred to as non-derivative instruments that are the equity of the issuer. It also confirms that the best evidence of fair value is an active market for an identical asset, then the adoption of a past price but only if it is fairly recent, and finally, as a last resort another valuation technique.

Section 3 Financial Statement Presentation

A new section requires that care should be taken over carrying out too much aggregation thereby 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.

In addition, under Section 1A, a small entity is exempt from preparing a Statement of Cash Flows. However, that may still be required by the rules in a SORP that the reporting entity may have to comply with.

Section 4 Statement of Financial Position

The amendments remove the need to provide the fairly minor disclosure of a reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Section 5 Statement of Comprehensive Income and Income Statement

The requirement to analyse expenses by either function or nature specifically has been removed as it is argued that they are already required in the formats in company law and this adds duplication. However, an analysis is still required in the income statement or in the notes.

Non-operating profit items must be excluded from 'operating profit' e.g. the profit or loss on discontinued operations. In the Appendix to Section 5, the example has been changed to reflect that approach.

	Continuing Operations	**20X1 Discontinued Operations**	**Total**	Continuing Operations (as restated)	20X0 Discontinued Operations (as restated)	Total
	CU	**CU**	**CU**	CU	CU	CU
Turnover	**4,200**	**1,232**	**5,432**	3,201	1,500	4,701
Cost of Sales	**(2,591)**	**(1,104)**	**(3,695)**	(2,281)	(1,430)	(3,711)
Gross Profit	**1,609**	**128**	**1,737**	920	70	990
Administrative Expenses	**(452)**	**(110)**	**(562)**	(418)	(120)	(538)
Other Operating Income	**212**	-	**212**	198	-	198
~~**Profit on Disposal of Operations**~~	-	~~**301**~~	~~**301**~~	-	-	-
Operating Profit	**1,369**	~~**319**~~ **18**	~~**1,688**~~ **1387**	700	(50)	650
Profit on Disposal of Operations	-	301	301	-	-	-
Interest Receivable and Similar Income	**14**	-	**14**	16	-	16
Interest Payable and Similar Charges Expenses	**(208)**	-	**(208)**	(208)	-	(208)
Profit ~~on Ordinary Activities~~ before Tax	**1,175**	**319**	**1,494**	**508**	**(50)**	**458**
Tax~~ation~~ on Profit or Loss	(390)	(4)	(394)	(261)	3	(258)
Profit/(Loss) ~~on Ordinary Activities~~ after Taxation and Profit/(Loss) for the Financial Year	**785**	**315**	**1,100**	**247**	**(47)**	**200**

Section 7 Statement of Cash Flows

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

Investing activities now include payments to obtain control and receipts from the disposal of subsidiaries. In addition, foreign subsidiary cash flows should be translated between the group's presentation (and not the functional) currency.

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. However, it does not have to be presented according to the format in FRS 1 as long as an analysis of changes in net debt from the beginning to the end of the reporting period is presented showing any changes resulting from:

(a) the cash flows of the entity;
(b) the acquisition and disposal of subsidiaries;
(c) new finance leases entered into;
(d) other non-cash changes; and
(e) the recognition of changes in market value and exchange rate movements.

This analysis is also not required to be presented for prior periods.

Section 9 Consolidated and Separate Financial Statements

The updated rules in IFRS 10 *Consolidated and separate financial statements* on how to identify when one entity controls another have not been incorporated in the amendments. However, this could result in special purpose entities (SPEs) avoiding consolidation so instead additional disclosures are now required in the financial statements regarding the nature and extent of a reporting entity's interests in unconsolidated SPEs and the risks associated with those interests. In addition, revised FRS 102 now states that two or more subsidiaries may only be excluded from consolidation if they are not material when taken together.

Sections 11 and 12 Financial Instruments

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

Adoption of IAS 39 and IFRS 9

If an entity chooses not to apply Section 11 and 12 and instead applies either IAS 39 or IFRS 9, until IAS 39 is superseded by IFRS 9 *Financial Instruments*, reporting entities will still have to apply the version of IAS 39 that is in effect at the entity's reporting date, by reference to the IFRS publication titled *International Financial Reporting Standards IFRS Consolidated without early application.*

When IAS 39 is superseded by IFRS 9, an entity shall apply the version of IAS 39 that applied immediately prior to IFRS 9 superseding IAS 39. A copy of that version will be retained for reference on the FRC website (www.frc.org.uk). Entities must apply the so-called 'EU carve-out of IAS 39', which amended paragraph 81A and related Application Guidance in IAS 39.

Definition of basic financial instrument

FRS 102 has been relaxed in relation to the detailed conditions in paragraph 11.9 of FRS 102 to be defined as a basic financial instrument. Additional paragraphs 11.6a and 11.9a (see below) have introduced a description of a more principles based 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.

11.9A A debt instrument not meeting the conditions in paragraph 11.9 shall, nevertheless, be considered a basic financial instrument if it gives rise to cash flows on specified dates that constitute repayment of the principal advanced, together with reasonable compensation for the time value of money, credit risk and other basic lending risks and costs (e.g. liquidity risk, administrative costs associated with holding the instrument and lender's profit margin). Contractual terms that introduce exposure to unrelated risks or volatility (e.g. changes in equity prices or commodity prices) are inconsistent with this.

Director/Shareholders Loans to company

For SMALL ENTITIES ONLY under Section 1A - relief will be provided for loans FROM a director who is a natural person and also a SHAREHOLDER (or a close member of the family of that person) to be accounted for at transaction price rather than at present value. That should alleviate the current problems of loans entered into at below market rates or at zero rates of interest having to be discounted to present value. This change is available for retrospective application from 1st January 2015.

Fair value at initial recognition

Fair value should be adopted as the initial recognition price for a financial instrument under FRS 102 except the following financing transactions may instead be measured initially at transaction price:

(a) a basic financial liability of a small entity that is a loan from a person who is within a director's group of close family members, when that group contains at least one shareholder in the entity; and

(b) a public benefit entity concessionary loan.

Definition of a financial institution

The definition of what constitutes a financial institution has being changed which removes 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 also now removed from the list of financial institutions.

The changes being introduced in the first twelve sections are fairly straightforward but the most significant are in relation to financial instruments which have always caused great difficulty for accountants in practice. Hopefully the changes to Director's loans in small entities and the more principles based definition of a basic instrument should help to make the standard more user friendly.

The remaining changes in FRS 102 will be covered in the next issue in June.

Law & Regulation News

The Credit Union Fund (Stabilisation) Levy Regulations

The Credit Union Fund (Stabilisation) Levy Regulations was signed into law on 5 December 2017. Under the Regulations credit unions will be required to pay a stabilisation levy contribution in 2018. This stabilisation levy is the fourth in a series of annual levies that will be used to build up a Stabilisation Fund for credit unions.

The introduction of the stabilisation scheme was one of the recommendations of the Commission on Credit Unions which also recommended that the scheme be funded by mandatory contributions from credit unions.

The target size for the stabilisation fund is €30 million to be built up over ten years. The size of the fund and the length of time it will take to build it up will be reviewed every three years. On the basis of the results of these reviews, any necessary adjustments can be made to the target size of the fund and the number of years in which it should be built up.

The first of these reviews took place in October 2017 prior to the introduction of these Regulations. The outcome of the review was to reduce the rate of the levy (from 0.022% to 0.017%) while still meeting the original target of €30 million over a ten-year period due to growth in assets for the sector. The Minister for Finance has committed to a review of the levy again in three years before the introduction of the 2021 levy. Officials from the Department will discuss the terms and conditions with the European Commission.

Stabilisation support is available to all credit unions with a reserve ratio equal to or greater than 7.5% of the credit union's total assets and less than 10% and where the Central Bank assesses the credit union as viable. Stabilisation support will be provided to address short-term problems at credit unions that are viable but undercapitalised.

The Stabilisation scheme will operate in two ways. Where a credit union has total assets less than €100 million, viability is assessed by the Central Bank before the Minister can consider granting stabilisation support. Where a credit union has total assets greater than €100 million, viability is assessed by the Central Bank and European Commission approval has also to be obtained, before the Minister can consider granting stabilisation support.

This support may include the provision of technical and financial advice and the provision of financial support to a credit union.

The Minister has made the regulations under Section 59(3) of the Credit Union and Co-operation with Overseas Regulators Act 2012.

The Credit Union Fund (Stabilisation) Levy Regulations, along with a Q&A and the first three-year review of the levy carried out in October 2017 are published on the Department of Finance website.

Source: www.finance.gov.ie

Pending Legislation

Under the General Scheme of the Courts and Civil Law (Miscellaneous Provisions) Bill 2017, it is proposed to amend the Charities Act 2009 such that a Charity which is not a company is required to prepare an annual statement of accounts if the gross income or expenditure exceeds €250,000. If under €250,00 but more than €10,000 it produces an income and expenditure account. If less than €10,000 no financial reporting will be required.

It is also proposed that a charity which is a company will have reporting requirements in addition to their CRO reporting. The form etc… is to be prescribed by the Minister. Additionally, charitable companies (CLGs) will be required to have an audit even if they are audit exemption under the Companies Act 2014. The financial threshold for this requirement is to be decided by the Minister.

BY
Shaun O'Shea

Brexit and its Potential Impact on Commercial Contracts

Shaun is a partner and head of the corporate & commercial team at Beauchamps. Working closely with Irish and international business clients across a wide spectrum of industry sectors, Shaun has broad expertise in mergers and acquisitions, corporate finance, corporate restructuring, joint ventures, inward investment and general commercial matters.

In this article, Shaun looks at the possible impact Brexit may have on businesses engaged in transactions between Ireland and the UK and the potential impact on commercial contracts.

Introduction

It is impossible to predict with any degree of certainty the impact of Brexit. However, it is safe to say it has the potential to directly or indirectly affect most transactions between Irish and UK businesses or Irish businesses doing business in the UK. Suppliers will need to consider not just events which may directly impact them but also anything which may affect their supply chain. Customers will need to consider not only possible impacts on their own ability to use goods or services purchased under an agreement (and whether the price they are paying will remain competitive) but also how the market for their own products may be affected. In this article we look at some of the potential effects of Brexit on commercial contracts.

Brexit as a cause for termination of contract

It is unlikely that Brexit will directly give rise to a lawful termination of a contract. Some have queried whether Brexit would constitute a *material adverse change* (MAC) or could give rise to an *event of default.* Depending on the circumstances of the transaction in question and the exact wording of the MAC, Brexit may not be sufficient to trigger a MAC clause, in particular because it is a foreseeable event. Neither should Brexit in itself lead directly to an event of default, however it could impact on ability to pay and thus give rise to an event of default.

Force majeure clauses are often found in commercial contracts, but whether a force majeure clause may be successfully triggered by Brexit will depend on the exact words that the parties have used, particularly the non-exhaustive list of events that the clause is stated to cover. Absent a suitable express reference to Brexit, force majeure clauses are unlikely to assist on Brexit.

Frustration arises where something occurs after the date of the contract, without the fault of either party that either transforms the obligations into something radically different, or makes it physically or commercially impossible to fulfil the contract. Based on the principles of frustration enunciated by the courts, it is unlikely that contracts will be frustrated by Brexit save in very rare instances.

Express Brexit clauses

A "*Brexit clause*" is a contract clause that triggers some change in the parties' rights and obligations as a result of a defined Brexit-related event occurring. Given that Brexit could affect almost every aspect of doing business but its actual impact is still uncertain, the most a Brexit clause may offer is a binding requirement that the parties will attempt to renegotiate relevant aspects of the contract. It may be possible to specify consequences of certain events, but the risk here is that events occur for which the parties have not made provision.

The parties will need to consider:

- **Definition of Brexit:** Will the clause specifically refer to Brexit and, if so, how should Brexit be defined? Should there be reference to possible outcomes of the negotiations between the UK and the EU?
- **Adverse consequences which trigger re-negotiation**: These may be as broad as an increase in costs, or as narrow as a material change in the requirement for a specified licence. Should there be a specified time period after the triggering event in which the clause must be invoked?

- **Specific events and specified consequences**: Are there any specific events for which the parties feel confident about providing specified consequences, for example on an interest rates rise or certain currency fluctuation, the price of contracts goods will be adjusted by a specific amount or percentage.

- **Renegotiation**: Is it in a party's interest to have a clause allowing for renegotiation and, if that fails, termination, on the occurrence of certain triggers? If so include specific provisions around the negotiations including negotiation in good faith, a specific procedure for conducting negotiations, information rights and a time frame.

- **Termination rights:** If a contract's termination clause already gives a party a right to terminate on relatively short notice, then a Brexit clause may not be necessary; the prospect of termination can be raised as a means of encouraging negotiation.

Audit of existing contracts & negotiation of new contracts

Businesses should carry out an audit of contracts, in particular where there is a UK element to them (direct or through the supply chain), and assess the effect that Brexit may have on them. Similar points arise when negotiating new commercial contracts and the following should be considered:

- **New tariffs, customs checks, non-tariff barriers or other increases in costs:** A supplier should consider including clauses that seek to share the burden of increased costs in providing the goods or services. Agreements could include a number of Brexit-related assumptions on which the charges, or the price, are based e.g. the current tariffs that are in place, applicable corporation tax or VAT rates, the level of complexity of current customs checks, or paperwork. Where those assumptions change, a mechanism could be included for how the agreement will be impacted.

- **Movement of persons:** The freedom of UK nationals to work in the EU and for EU nationals to work in the UK seems likely to be curtailed. This should be of particular importance to businesses operating in the services industry.

- **Freedom to provide services:** New restrictions may apply to the provision of services from the UK or into the UK. Costs may be involved in complying with these restrictions, where compliance is possible.

- **Monitoring currency fluctuations:** Parties may wish to consider how to allocate the risk of future changes in the value of sterling/euro. An agreement may not set out a fixed price, but can include provisions to cater for where there has been an exchange rate shift between the order date and the payment date which exceeds an agreed "exchange rate tolerance".

- **Territorial scope of your agreements:** Does the agreement have the EU as its territorial scope? Depending on the nature of the UK's new relationship with the EU, the question of whether the UK is carved in or out of such territory may now need to be carefully considered and then specifically catered for in the drafting.

- **Parallel regulatory regimes:** If existing or planned commercial agreements govern the introduction of new goods or services onto both the UK and EU markets, note that parallel regulatory regimes - under both UK and EU law - may emerge and contracting businesses will likely need to agree who should be responsible for achieving compliance.

- **Change in law:** Suppliers and customers who are contemplating entering into or are already subject to long-term commercial agreements (particularly service agreements) will need to be mindful of the contractual impact of changes in law arising out of Brexit. Agreements frequently expressly address what will happen if the law changes and who bears the resulting costs, for example by specifying that charges cannot be increased and requiring the supplier to consult with the customer before making any changes to the services.

- **References to the EU:** Some commercial contracts make reference to specific EU legislation, usually by way of an obligation on one party to comply with that legislation. Agreements may also contain references to EU regulatory bodies, or EU standards. Post-Brexit such references may no longer be relevant to the agreement, or may impose an unnecessary level of regulation.

Measures to take

As a practical measure, organisations should:

- **Conduct a business audit:** Consider how Brexit could affect their business generally and their commercial arrangements with third parties.

- **Contract assessment:** Identify the key contracts governing those arrangements and assess if they provide sufficient protection against Brexit, or are at least clear about the implications of Brexit.

- **Contract renegotiation or termination:** Consider whether to try to renegotiate or amend those contracts to deal more clearly with the implications of Brexit.

BY
Hugh Jones

Hugh Jones is a co-founder of Sytorus Ltd, a specialised provider of Data Protection training, consultancy and assessment services. Hugh regularly advises groups of senior executives and strategic decision-makers eager to understand and comply with data management obligations.

Preparing for the GDPR – The 'Final Straight'

Hugh Jones provides a brief description of a number of elements which distinguish the GDPR from its predecessor (the 1995 EU Data Protection Directive) and to encourage organisations who have not yet done so to use the remaining weeks well.

Introduction

As we approach the impending deadline for the General Data Protection Regulation (GDPR), it might be helpful to focus on the key elements of the Regulation and to consider some actions on which members might concentrate in the coming few weeks (that is, those who have not used the past two years of lead-time to put the appropriate structures, policies and protocols in place!).

We are writing the paper from the perspective of CPA members, who are likely to be reading this in their capacity as Data Processors (third party service providers) and will (most admirably) be likely to have concerns for the GDPR compliance of their clients as much as their own compliance.

The GDPR comes into force on the same date, May 25th 2018, in each of the 28 EU member states. Compliance under the Regulation will be evaluated against seven principles, which will apply to any processing of personal data (data which identifies, either directly or indirectly) a living individual.

The Principles are:

1. That all processing of personal data should be fair, lawful and transparent.
2. That any processing of such data should only be for a specified and lawful purpose(s).
3. That only the minimum of processing of personal data will be conducted in order to achieve the purpose(s) – no excessive or unnecessary processing.
4. That, to the extent necessary, the personal data will be kept accurate and up to date.
5. That personal records will only be held for as long as required by relevant legislation and will then be destroyed, anonymised or returned to its source.
6. That throughout the time the data is held, the data will be kept safe and secure, adopting organisational and technological measures to do so.
7. That the organisation will implement the appropriate protocols, measures and policies to be able to demonstrate a commitment to GDPR compliance.

So what does this mean for Data Controllers (the organisations who determine the use of the personal data) and their Data Processors (third-party service providers)?

The following is a list of suggested areas for CPA members to focus on in the coming months – in no order of priority or importance.

Data Processor Agreements

As with the existing DP legislation, the GDPR requires that any third party service provider must operate within the terms of a formal, written contract in place between the Controller and the Processor – members should first and foremost ensure that they have a contract in place with their clients and that this contract makes specific reference to the member's obligations with regard to any personal data to which they might gain access during the course of their engagement with the client. The GDPR stipulates 12 clauses which must be referenced in this contract, details of which can be acquired from any advisor or from the web-site of the Irish DP Commissioner at www.DataProtection.ie

Process Logging

Organisations with in excess of 250 staff (both Controllers and Processors) must prepare a description of their main data processing activities, using headers stipulated in Article 28 of the Regulation – this document will serve as an initial indication to the ODPC, should they require it, of the ways in which personal data is acquired, shared, retained and disclosed by the organisation. The Process Activity Log should be available to the ODPC on request and therefore should ideally be drafted and 'ready to go' by May 25th.

Quality of Consent for direct marketing

Where organisations are relying on consent as the basis for their processing of personal data (perhaps for direct marketing or fund-raising purposes), they need to be aware that the criteria for consent have changed under the GDPR from May 25th 2018. Where organisations rely on consent, they need to be able to demonstrate that the consent was informed, freely given, specific and unambiguous and involved an active indication of the individual's preference. This last item will prove tricky, unless organisations have maintained a reliable record of how, when and under what circumstances the consent was acquired.

Organisations who cannot meet this standard will have time between now and May 25th to re-engage with their Data Subjects (whether they are customers/subscribers/donors/patients, etc.) and re-confirm their consent for such use of their data. The alternative will be to find an alternative lawful basis for such processing - a definitive list of which are set out in Article 6 of the Regulation for personal data and Article 9 for 'special categories of processing', such as the use of racial, ethnic, religious, political or medical information.

Obviously, the 'nuclear alternative' will be to cease processing of legacy data altogether and to start anew using the new criteria for consent. Some organisations have already done this but we don't recommend it unless all else has failed.

Privacy Impact Assessment

The GDPR will introduce a requirement that any proposed change to the way an organisation is processing personal data must be subject to an evaluation of the proposal – particularly where the proposed change might introduce such data to risk.

Known as a Privacy Impact Assessment (PIA), the review will require organisations to involve all relevant stakeholders and to consider the proposed change within the context of the seven principles outlined above. Any risk should be quantified and an appropriate risk mitigation measure should be implemented.

Given that members will regularly process personal data on behalf of their organisations, they will be likely be involved in many of these PIA's and in many cases, will be in a position to recommend to their clients when it is appropriate to conduct a PIA in the first place. For many clients, conducting a PIA may well be a new discipline and something our members can help them to understand.

As with the Processing Log, the output from the PIA should be documented and filed by the organisation for future reference. In the event that the proposed change leads to problems or complaints in the future, the ODPC is likely to request sight of a copy of the PIA Report as evidence that the organisation conducted an adequate risk assessment at the design stage of the project.

Breach Notification Reporting

The GDPR will require that organisations who have the misfortune to experience a Data Breach must notify the ODPC within a maximum 72 hours of becoming aware of the incident. A breach is defined as 'a (security incident) leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed'.

In many cases, it may be the Data Processor who first becomes aware of the breach – in such circumstances, the obligation will be on them to inform the Data Controller as soon as possible.

The GDPR sets out some recommended items of information which should form part of the Breach Notification, including the nature and volume of the data compromised, the circumstances leading to the breach and the measures being taken to prevent a recurrence. The Controller must then work with the ODPC to respond to the breach in an appropriate manner – in some cases, this may require a communication to all Data Subjects impacted by the breach, informing them that their personal information has been exposed to risk.

Not a message any of us would relish having to compose and all the more reason to ensure that appropriate security measures are in place to prevent a breach in the first place!

Respect for Data Subject Rights

The GDPR will introduce some new rights for individuals, as well as reinforcing the rights which have already been in place since the 1995 Directive. The main difference is that there will now be an obligation on Controllers and Processors to respond to a Data Subject Right within no more than one month from receipt of the request. This will place a substantial burden on many organisations which were already struggling to meet the 40-day turnaround required in some circumstances under the current legislation.

Appointment of a Data Protection Officer (where required)

Much will be made in the media in the run-up to the GDPR launch date, of the requirement to appoint a Data Protection Officer (DPO).

The obligation only applies in certain cases – the GDPR sets out three circumstances under which the appointment of a DPO will be mandatory:

- where the Controller or Processor is a Public Body or Government Authority,
- where the organisation conducts surveillance of the public in a large scale, or
- where the organisation conducts special categories of processing, again in a large scale.

So the obligation to appoint a DPO will not apply in all cases. Even where it does apply, organisations will not have to hire a dedicated staff member for the role – the GDPR allows organisations to out-source the role or even to 'share' a DPO between several organisations or 'undertakings'.

Conclusion

We hope that this outline of the key provisions of the GDPR offers some guidance on areas for focus in the coming weeks. For those who miss the May 25th deadline, you will not be alone – many organisations have come late to the game and will continue in their efforts to be compliant long after May has come and gone.

What is most important is that organisations start somewhere, and our members are well-placed to advise and encourage them to achieve and maintain compliance.

If members require any support or guidance in their GDPR preparations, CPA Ireland is happy to team with Sytorus, a Dublin-based Data Protection consultancy, who can be contacted at info@sytorus.com, or at telephone number +353 1 683 3312.

BY
Phyllis Wiloughby

Phyllis Wiloughby CPA, Quality Assurance Executive in CPA Ireland

Monitoring Group Consultation Paper for Strengthening the Governance and Oversight of the International Audit-related Standard-setting Boards in the Public Interest

Introduction

Failures within corporate financial reporting in the early to mid-2000's resulted in the following entities joining forces to form a Monitoring Group to restore confidence and to advance public interest in international audit quality and standard-setting:

1. Organization of Securities Commissions (IOSCO)
2. Basel Committee on Banking Supervision (BCBS)
3. European Commission (EC)
4. Financial Stability Board (FSB)
5. International Association of Insurance Supervisors (IAIS)
6. World Bank Group (WBG)

As public expectations continue to be a priority, standard setting needs to be more effective and evolve with changes in today's technological world. Questions have been raised about independence of the standard setting process and its impact on public interest. The Monitoring Group has indicated that there is a legitimate concern among many stakeholders that the influence of the profession is perceived to be too strong and that addressing this issue could further strengthen public confidence, as well as encourage wider global adoption of the International Standards on Auditing (ISAs). There is also the concern that standards are not developed and issued in a timely manner.

The Monitoring Group held a consultation from November 2017 to February 2018. With the focus on strengthening pubic interest the Consultation Paper (CP) is aimed at wider stakeholder representation including (but not limited) to:

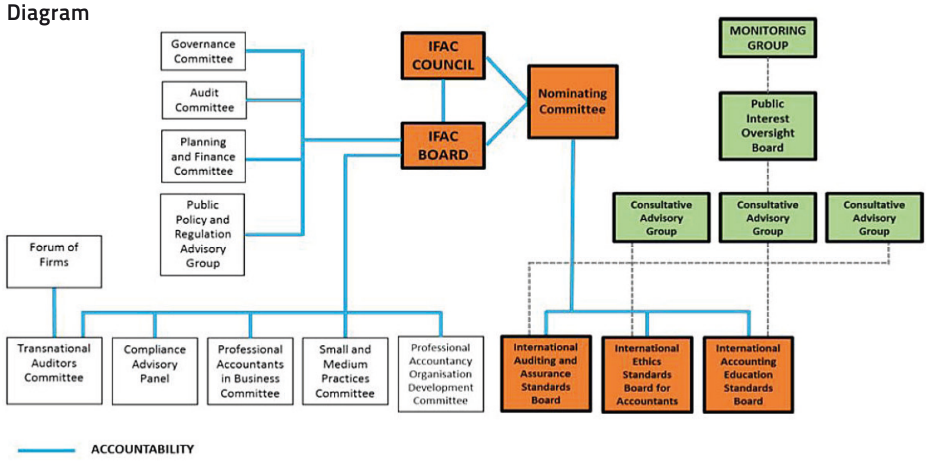
Investors, those charged with Governance, Academics, Preparers, Audit firms, Securities and other capital market regulators, prudential regulators, audit regulators and oversight bodies, national standard setters, Governments, NGO's and public-sector organizations and professional accountancy organizations.

Current Standard Setting Model

The current standard setting model has the following qualities:

- ✓ Public and Private sector collaboration
- ✓ Standards adopted in over 120 jurisdictions
- ✓ Protects Independence
- ✓ Broad stakeholder consultation
- ✓ Geographic and stakeholder diversity
- ✓ Ethical standards applicable for auditors and accountants
- ✓ Transparent stringent due processes
- ✓ Independent public interest oversight of all standard setting aspects
- ✓ Protects public interest
- ✓ No undue influence by any stakeholder

Diagram



BY
Phyllis Wiloughby

Monitoring Group key proposals

The Monitoring Group's key proposals are outlined as follows:

- The Public Interest Oversight Board (PIOB) current role is to protect the public interest. The CP proposes that the current oversight arrangements need to be strengthened to serve the public interest through due process and accountability. The Monitoring Group has asked the PIOB to support them in developing a framework that serves as a mechanism for assessing how the public interest is captured throughout the standard-setting process. This will support the dialogue between the standard-setting board and PIOB. The intention is that the standard-setting board should have a clear understanding of issues which are likely to raise public interest concerns within the PIOB.

- The CP considers it appropriate to develop a single board to include better coordination of ethical and auditing standards whilst simultaneously reducing duplication of work on issues that are relevant to both auditing and ethics. Within the CP there is an option that the setting of ethical standards for professional accountants in business and educational standards should continue to be performed by separate boards, supported by IFAC.

- The proposal suggests that there would be more than one set of ethics standards - one for auditors and further for other practitioners bearing the professional designation.

- The existing boards spend a considerable amount of time performing standard setting functions including detailed drafting without remuneration. The CP seeks feedback on whether a single independent board should be established, comprising no fewer than 12 remunerated members to ensure representative diversity with a remit to encompass both strategic and technical competence.

- IFAC is funded by contributions from its member organizations and costs are allocated by IFAC, which raises independence concerns, as the costs of the Boards and the salaries of staff who work to support them are in effect directly paid by the profession. The CP indicates that the funding of standard-setting needs to be supported by a new model designed to enhance independence and that funding for this should not be provided solely by the accountancy and audit professions. It therefore welcomes stakeholder views about whether a levy mechanism should be used to fund the board and the PIOB, and whether a contractual levy specifying a consistent level of funding be provided over the medium term would address current concerns about lack of independence and influence over the standard-setting processes.

▶ Continued on Page 20

BY
Phyllis Wiloughby

▶ Continued from Page 19

Risks

There are numerous risks to these proposed changes that need to be highlighted, the first being the move away from a shared public-private public interest model and good regulation to a more regulatory model that may allow regulators undue influence. The second risk is moving to a more rules based approach to auditing which diminishes professional judgment and professional scepticism. Ethical standards are of utmost importance and different ethical standards for accountants and auditors poses significant divide within the profession as a whole. The funding model is currently unclear as to how the contractual levy will extend to all audit firms. The cost of the proposed changes impacts most areas of the current model namely the PIOB, Standard Setting Board including staff remunerations.

Alternative Solutions

Alternative solutions must be considered by Stakeholders in response to the CP. These include increasing efficiency and effectiveness of the current processes through:

- Explore closer liaison between ethics and audit boards
- Review due process arrangements
- Rebalance work by board members and staff
- Leverage technology to gain efficiencies
- Align staff numbers and skills
- Keep ethics standards applicable to all accountants and auditors
- Embrace multi-stakeholder composition for boards, PIOB, Nominating Committee
- Clarify PIOB role and operating function
- Enhance PIOB processes and reporting transparency
- Strengthen current funding model with funding from all stakeholders

IFAC response to proposed changes

IFAC believes that there is clear evidence that stakeholders have confidence in the standards being produced under the current arrangements. Over 120 jurisdictions have adopted these standards. The Monitoring Group have not provided specific evidence where the accountancy profession's perceived undue influence has led to low quality results. IFAC have developed standards in the public interest and include input from multi-stakeholders, technical expertise, robust processes, high levels of transparency, independent oversight, multi stakeholder funding and monitoring and reporting obligations that are adequately discharged. Concerns are raised over a single standard setting board for auditing and ethics and it is illogical to even consider two sets of ethical standards for accountants and auditors. Consensus versus majority voting, IFAC are not in favour of majority voting as the current model of consensus approach has resulted in the global adoption of standards. If a contractual levy were imposed on the profession, IFAC are of the opinion that many audit firms would leave the market, therefore leaving audits of listed companies and large multinationals being carried out by larger audit firms.

CPA Ireland perspective on proposed changes

CPA Ireland is currently formulating a response to the CP as a professional body acting primarily for the SME/SMP sector of Ireland.

Ireland is ranked 17th in the World (World Bank IBRD – IDA Survey 2018 of 190 countries) in terms of "ease of doing business" and 7th in the world in terms of ease of "starting a business." Based on available data, of the 140,000 audits completed annually in Ireland, some 138,995 (or 99%) are non-PIE audits. The relevance and proportionality of audit standards are of considerable importance in the Irish economy as the audit process, valuable as it is, consumes entrepreneur resources and therefore impacts on the ease of doing business and economic performance.

CPA Ireland constantly advocates legislators and regulators in Ireland to embrace consultation before legislation, to think small first and to complete an impact analysis on any reform proposals.

From the 2016 IAASA profile of results, only 10 of the 1381 statutory auditors in Ireland have PIE clients, therefore it is imperative that the non-PIE sector is adequately represented and this will be re-enforced in our response to this CP.

It is clear the CP does not specify the perceived risks/deficiencies in the current model. It is also not apparent how changes in objectives such as independence, transparency and accountability of the standard setting process have been impacted in recent times. The rationale for smaller board size with increased standard setting responsibilities for both auditing and ethics therefore requires further elaboration and consideration. The consensus among the wider stakeholder is that ethical standards should not be split between those for accountants and auditors with which we concur.

The Monitoring Group have had various stakeholder meetings including one which was held in London on 15 January 2018 where CPA Ireland had representation at same.

CPA Ireland is committed to this process and will strongly re-iterate in response to the CP that the SME voice be heard from the ethical perspective of not splitting these imperative standards and for the proposed standard setting board to develop standards that are suitable and encompass all sectors from PIE's to SMEs.

Conclusion

We agree that the audit world is changing from an Information Technology (IT) perspective with emphasis on analytical audits being at the forefront. The CP is vague and it is therefore challenging to give a comprehensive response in the absence of required information. The consensus of this nebulousness is felt by many other stakeholders responding to the first draft of this CP process. Following an examination of the initial responses to the CP, a "*White Paper*" will be presented to stakeholders in June 2018 for the next phase to include:

1. Proposed New Model
2. Impact Assessment
3. PIOB Framework
4. Transition Plan

Finance & Management News

Brexit Opinion from the Central Bank of Ireland.

"Brexit is driving an expansion in both the size and complexity of the internationally-orientated section of the Irish financial services industry" – Governor Philip R. Lane.

- Buoyancy of domestic demand and global economic conditions has allowed the Irish economy to expand at a robust level, despite Brexit. View remains that Brexit will have a long-term negative impact on the Irish economy.
- The Central Bank has been working to ensure that Irish-resident financial firms with UK exposures are making adequate preparations for Brexit.
- Governor Lane outlined details of a report of ESRB High-Level Task Force on Safe Assets which examined the feasibility of a new asset class: sovereign bond backed securities (SBBS).

Speaking at the European Financial Forum in Dublin, Governor of the Central Bank of Ireland, Philip R. Lane discussed the ongoing impact of Brexit. He said that while the Irish economy continues to expand at a robust level, due to the buoyancy of domestic demand and global economic conditions, the Central Bank remains of the view that the long-term effect of Brexit will be negative. He added that the main channel by which Brexit has had a macroeconomic impact has been through the 15 percent depreciation of Sterling against the Euro since the referendum.

He said, "One part of our work has been to ensure that Irish-resident financial firms with UK exposures are making adequate preparations for Brexit. Even if firms may hope for a soft type of Brexit, it is essential that all entities with significant exposures are prepared for downside risks. In addition, Brexit is driving an expansion in both the size and complexity of the internationally-orientated section of the Irish financial services industry.

In engaging with firms, it is clear that there is considerable uncertainty and complexity for firms in dealing with Brexit. Among the issues raised by firms are: risk transfer; appropriate governance structures; contract continuity; and the treatment of third country branches by both the home and host regulators. This uncertain environment is a complicating factor, since applicants for authorisation need to prepare robust plans that deal with a range of scenarios."

He also discussed the report of the ESRB High-Level Task Force on Safe Assets, which was chaired by Governor Lane. The report examines the feasibility of a new asset class: sovereign bond backed securities (SBBS). He said, "Although simple in concept, the design of this new asset class throws up many issues and challenges. The task force report runs to two volumes and 300 pages in its attempt to provide strong analytical foundations for a wider discussion of this concept among finance ministries, investors and market analysts. In terms of policy issues, a core finding of the task force is that a necessary condition for the development of SBBS markets is for European regulation to treat the senior SBBS securities no more severely than national sovereign bonds, while the regulations covering the riskier mezzanine and junior SBBS securities should reflect their greater exposures to sovereign risk. To this end, the European Commission is currently examining an enabling regulatory framework that would remove such barriers to the issuance of SBBS."

Source: www.centralbank.ie

Leadership Insight – Willie McCarter

Willie McCarter, Director of Norish Plc and advisor to a number of companies including Isle of Aran Distillery and Cooley Distillery.

Background

I am the Senior Independent Director of Norish Plc which is listed on AIM. Norish provides cold storage for the Food industry in the UK. It has a protein trading division and also operates one of the largest dairy farms in the Republic of Ireland. I am also an advisor to the new Irish Whiskey Distillery at Powerscourt near Enniskerry, Co Wicklow which will come on stream this summer. In addition, I am an advisor to Isle of Arran Distillery in Scotland, Cooley Distillery which is part of Beam Suntory (the third largest Spirits Company in the world) and a number of other companies in IT and Telecoms.

How did you first become involved with John Teeling, founder of Cooley Distillery?

I finished my final exams in Economics and Political Science at Trinity College Dublin on a Thursday in early September 1969, and 4 days later began a two-year Masters programme in Management at the Sloan School MIT in Cambridge Mass just across the Charles River from the city of Boston. In June 1970, half way through my degree, a very good friend at MIT, Breffni Tomlin, who had come to the Sloan School from the Irish Management Institute to do his PhD, told me that I had to meet a good friend of his who was coming out from UCD to the Harvard Business School to do his Doctorate. The meeting was arranged in a famous hostelry called the Plough and Stars roughly half way between Harvard and MIT, which had been opened by another Dubliner called Peter O'Malley. The Plough and Stars had been chosen because our mutual supervisor and friend at MIT, Professor Tom Allen, had taken his classes there during the 1969 student disruption due to Vietnam War protests. That was where I first met John Teeling and was the start of a great friendship right to this day. Several years ago, we placed a plaque on the wall of the Plough and Stars which reads: "Plough and Stars - birthplace of Cooley Distillery 1970. Kilbeggan Tyrconnell and Connemara"!

What attracted you to the Distilling industry?

During our time at Harvard and MIT, John and I became intrigued by Irish Whiskey. We thought as young guys we could do a lot better with the category. We carried out quite a bit of research in the Plough! John researched the history of Irish Whiskey and established that from roughly 1850 to the early 1900s Irish Whiskey was the premier Whiskey of the world and the largest imported Whiskey into the United States. I discovered that Americans loved hot whiskey when they tasted it but they had no tradition of it and had no idea what it was. As part of my Masters I tested 100 graduate students with hot Irish Whiskey at lunch time on a sunny May Day with the temperature outside of about 80 degrees Fahrenheit and found to a man and woman that my graphs went off the chart. I rang John to tell him that we had struck oil!

However, my wife Mary has pointed out numerous times that if you take any group of 100 graduate students and give them any type of free drink at lunchtime your graphs tend to go off the chart!

How were you involved in the development of Cooley Distillery?

Harvard and MIT have famous histories but not many people know their role in the development of a second golden age for Irish Whiskey! When I came back to the family underwear business in Buncrana, Co Donegal in 1971 after a short while, as a side line, I acquired the brand name "Tyrconnell" from the liquidator of Iriscot in Derry. Iriscot was the successor of Andrew A Watt in Derry which in the 1880s had been the largest Whiskey Distiller in Ireland and Britain, and which had exported "Tyrconnell" to the US and many other parts of the world.

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In 1987, John Teeling set up Cooley Distillery and in so doing broke a monopoly which had been controlled by Irish Distillers. John asked me to roll in the "Tyrconnell" brand and join the Company. I became a Director and from about 2005 my role was to find a strategic partner. After being jilted a few times I eventually found Jim Beam and Cooley was sold in 2011. In that Year, there were 4 operating Irish Whiskey Distilleries, two of which were Cooley and Kilbeggan. However, the sale seemed to open the flood gates of entrepreneurial activity in the Irish Whiskey sector because there is now something like 18 operating Irish Whiskey Distilleries and there are at least 18 more in process. I should point out that Irish Whiskey is the fastest growing spirit in the world but is still only selling about 8.5 million cases (12 x 70 cl bottles per case) versus Scotch at 90 million. Irish Whiskey has huge potential. MIT and Harvard and the Plough have a lot to answer for!

Where did your career first begin?

Back to 1971 and my family underwear company W P McCarter and Coy Ltd in Buncrana. My Uncle Willie McCarter grew up in Derry and spent 10 years as a young man working in a large underwear company in the city. Family history has it that he was an avid football fan and followed the fortunes of Derry City to the extent that he took some unauthorized time off to watch a match and since he did not see eye to eye with the boss's son he was handed his P45 the next day. My Grandfather told him that he was the sort of guy who would never work for anybody else anyway and the two of them decided that as tariff protection would probably come for infant industries in the Free State, they should look South for opportunities. They journeyed across the border and set up an underwear company in Buncrana in a building that had been used to secretly produce the famous "Blue Shirts". They produced only underwear and adopted the brand name "National". My uncle was joined by his three brothers one of whom was my father and through the war and the 50s and 60s they grew the business through some very difficult times.

I thought I would stay in the US after MIT but my father who had always discouraged his sons from going into the family business on the basis that "it was far too bloody difficult" told me about 6 months before I graduated that his brothers were in indifferent health and so was the business and that if I ever intended coming home maybe I should as soon as I graduated. He added "and I'm not too well myself"!! I said I would come home for 6 months and I'm still here!

My Uncle Willie died in 1972 and I became Managing Director at the ripe old age of 25! I often think that my father and my two Uncles must have had some faith! Within a short time, we managed to get a second generation of management, both family and non-family, and started to build on existing relationships with good customers. My father and Uncles had been introduced to the late Ben Dunne by a friend of theirs called Willie Irwin who was a shirt manufacturer in Buncrana. They took an instant liking to Ben because as they said, "he spoke with a Northern accent" being from Rostrevor in Co Down. Ben wanted them to supply "National" underwear directly to him as a retailer which they did, even though they would have incurred the wrath of the whole trade at that time where manufacturers only sold to wholesalers who in turn sold to retailers (different days!). Because of my father's good relationship with Ben Dunne we then began to supply Dunnes Stores (then formed a few years previously) not only with underwear, but with our new lines of fashion t shirts for men and women and indeed children's wear. My father had developed a very good relationship with Arthur Ryan when Arthur was with Dunnes Stores, and when Arthur set up Penney's we built up a very good business with him. We branched into sportswear with Adidas and ended up selling about 12 million of the famous 3 Stripe T Shirts to Adidas in Germany and about a million Adidas sweat shirts. We also sold to world names such as Bloomingdales, Polo by Ralph Lauren, Biba, BusStop, Levi, Lee, Cacharel and many others.

What lead to Fruit of the Loom being established in Ireland?

When I came to Buncrana we had around 150 people employed and by the mid 80 s we had around 450. However, the early 80 s were very difficult years with lack of demand and very serious inflation and we were up against it. Our second-generation Directors and my father, who was the only remaining member of his generation, as Chairman decided on a bold initiative to go to the US to find a large joint venture partner. My brother Andy who had previously worked for DuPont in North Carolina volunteered to go to the US for a year to demonstrate to potential partners how serious we were. We were very conscious that we were only 10 miles from the border and for any outsider the troubles in the North would be off putting to say the least. With strong backing from people like Kieran McGowan in the IDA, my brother and I made a list which included Fruit of the Loom. He set off and the rest is history.

Fruit of the Loom, led by John Holland, did a deal with us which led to them investing 200 million dollars in 7 plants in the Republic centred on Buncrana and with 2 in Derry. We rapidly got our work force up to 3,000 people and were producing 1 million t shirts per week and 400,000 sweat shirts, giving us about a 25 per cent share of the European market. I often think that John Holland (who I am still very friendly with) must have had tremendous faith in our team in Buncrana to invest that amount of money and with no resident Americans. I was the CEO for 10 years and the Directors of the family firm all remained in position and together, with our local managers, supervisors and workers, we built probably the largest vertical unit of its type in the world. We took in US cotton in the bale in Derry and pushed out all those t shirts and sweat shirts extremely efficiently in Donegal. When Fruit of the Loom was announced in 1987 it was one of the very few inward investment projects around and it became a very successful cross border and indeed cross community company operating to high standards in very difficult times. Its success was largely due to many local people in Donegal and Derry.

Time moves on and while Fruit of the Loom lasted for 20 years in this part of the world it eventually moved to Morocco but not before it provided good opportunities for many families in the North West and serious infrastructure such as the Pollan Dam, just North of Buncrana, which now supplies water to a very wide area. Fruit of the Loom is now owned by Warren Buffett.

Tell me about your time with the International Fund of Ireland

In 1989, when I was CEO of Fruit of the Loom and finding that there were not enough hours in the day to cope with the rate of growth which we were trying to achieve, I received a phone call from the Department of Foreign Affairs asking me to become a Director of the International Fund for Ireland which had been set up by the Irish and British Governments on foot of the Anglo - Irish Agreement of 1985. My immediate reaction was to explain that we had so much work on that it just would not be possible. I was assured that it would only take a very small amount of time and really would be no bother at all. I checked with my boss in Kentucky, John Holland, who said he was sure I could manage this as well as my day job. I agreed, not realizing that I would become Chairman of the International Fund for Ireland in January 1993 and would only retire from the post in February 2005 and then only because some people probably thought I might gain ministerial pension rights if I stayed any longer!

I must say I enjoyed every minute of my time with the Fund. Its purpose was to use economic development to forge links between Catholics and Protestants in Northern Ireland and between North and South, and in so doing to help create jobs particularly in the areas of highest disadvantage. The International Fund was funded initially by around 100 million dollars from the US Congress in a deal brokered by the then speaker Tip O'Neill with President Reagan and supported by friends of Ireland in both parties. It's architect without a doubt was John Hume. The Fund was also supported in its early days by Canada and New Zealand and then by the EU and finally Australia. To date, it has received total funds of around 900 million euro towards a total investment in over 6,000 projects of around 2.7 billion euro which as my father used to say, "is a not inconsequential sum"!

This has led to over 50,000 jobs being created in Northern Ireland and the 6 border counties of the Republic and to the forging of a lot of cross community activity helping to bring about the Peace Process.

The International Fund for Ireland has developed many projects both large and small and I will only mention one or two. The Fund initiated the Shannon Erne waterway which ended up costing 33 million euro and helped to regenerate huge areas of Leitrim, Cavan and Fermanagh. The Fund also brought together the tourism bodies in both North and South in very difficult times when it was in the old phrase "neither popular nor profitable", but now, like so much else this is taken as the norm. The Fund also helped the late Paddy Harte and the late Glenn Barr establish the Peace Park and Round Tower at Messines with all the reconciliation which that project has engendered between both communities in Ireland, both North and South. I was very privileged to attend the opening of the Peace Park in Belgium in 1998 with my wife when it was opened by President Mary McAleese, Queen Elizabeth and the King of the Belgians. It is little known that that was the first time that President McAleese met the Queen and from that meeting the friendship developed that led to the reciprocal State visits, which had such an important effect on reconciliation and the Peace Process. This is the law of unintended consequences because I'm sure neither Paddy Harte nor Glenn Barr nor the International Fund for Ireland thought that by creating the Peace Park and Round Tower they would start a friendship leading to such important consequences.

One of the unintended consequences for me of being Chairman of the Fund was that I got to know a lot of people in the Republic, in Northern Ireland, Brussels, London and in Washington DC on Capitol Hill and in successive administrations. Indeed, I made some very lasting friendships during my time with the Fund. The International Fund for Ireland is sometimes confused with The Ireland Funds which are a private organization set up by Tony O'Reilly and the late Dan Rooney. One of the pleasures of my time with the Fund was to be able to get to know many of the Ireland Fund people and to be able to co fund some projects with them and also be able to help organizations such as Co Operation Ireland all of which have been helpful in establishing a stable society in Northern Ireland.

One of the other many interesting aspects of the International Fund for Ireland was the establishing of two venture capital companies both called Enterprise Equity, one in Northern Ireland and the other in the Republic. The purpose of these was to demonstrate the use of venture capital as a tool for economic development. Over time we had a considerable success rate and promoted such companies as the well know "Ben Sherman" shirt company which was taken out of receivership by three entrepreneurs and on which Enterprise Equity made 16 million sterling!

What is next for you?

I've had quite a varied career which I think might have another few turns in it yet. Irish Whiskey is entering a new golden age and I'm very pleased to be involved in that. When I was at MIT I became heavily involved with the pioneering group in the Sloan School dealing with the management of technology and innovation. As a result, I've become involved as an advisor to companies in Telecoms and IT, as well as the more traditional Irish Whiskey industry. I'm looking forward to using my experience of multinational and family business and my US connections in helping these companies to develop. The fun continues!

BY
Wendy Hederman & Ailbhe Durkin

Wendy Hederman,
Partner and Head of Food, Agriculture and Beverage Law Team, Mason Hayes & Curran

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The Impact of Brexit on the Agricultural and Fishing Industries

This article considers the EU- UK trade relationship post-Brexit and the implications Brexit may have on the agricultural and fishing industries.

Introduction

The Irish agri-food sector is particularly vulnerable to the impact of Brexit. This is because the UK and Ireland are each other's largest export markets for agricultural and food produce, with the UK accounting for almost 40% of Ireland's agri-food exports. Ireland is the UK's greatest source of beef and dairy. The shared border between Ireland and Northern Ireland, the potential introduction of trade tariffs upon Irish exports to the UK and the loss of the UK's monetary contribution to the Common Agricultural Policy ("**CAP**") and Common Fisheries Policy ("**CFP**") could potentially combine to affect Irish farmers, fishermen and agri-food businesses who are heavily dependent on the UK market.

The effects of Brexit on the Irish agri-food sector were seen when, after the Brexit referendum, weaker sterling reduced profit margins and reduced the value of the UK market for Irish agri-food exporters. Any curtailment of or barriers to trade between the two countries will affect the agri-food sector, rural communities and the economy as a whole.

While the exact nature of the impact of Brexit on the agri-food industry is yet unknown, it is likely that Irish exporters will face more costs when doing trade with the UK as a result of increased regulatory and customs requirements and perhaps also as a result of any tariffs. Combined, these may have the effect of making Irish exports less competitive, resulting in greater uncertainty and reduced profit margins and growth for businesses.

Below, we consider the main areas of concern and key legal issues for businesses in the agri-food sector in relation to Brexit and seek to identify the likely shape of a future EU-UK trade deal and what this means for the Irish agri-food sector.

Ireland and the UK – the negotiations so far

As Ireland's largest indigenous industry, the agri-food sector is especially important to Ireland's economy. The agri-food sector employs over 250,000 people, 180,000 of which are employed in the agriculture sector. The Irish agri-food industry accounts for almost half the direct expenditure of the entire manufacturing sector in the Irish economy. This means that it supports employment throughout a range of other sectors across the country and as a result, is of the utmost importance to Irish society as well as the economy.

For these reasons, trade should be one of the top Brexit negotiation topics between the EU and the UK. The Irish Brexit negotiators have already performed strongly by securing agreement with the UK that there will be no hard border between Ireland and Northern Ireland, including any physical infrastructure or related checks and control. However, this agreement also makes clear that the UK, including Northern Ireland, intends to leave the customs union. How these two principles will work together in practice to provide an open border is unclear. In the absence of a future agreement clarifying this, the UK has agreed to ensure "*full alignment*" with the rules of the customs union and single market that support the Belfast Agreement and an all-island economy. While this is a key win and UK / EU have signed up to this in principle, the reality of reflecting this in a treaty is very different.

Sterling and the value of trade

The value of sterling against the euro has already affected the Irish agri-food sector. In the immediate aftermath of the Brexit referendum, the value of sterling against the euro immediately dropped and has yet to fully recover. The direct impact of this is that Irish exports are now less competitive to UK importers and Irish exporters' sales have declined meaning that Irish exporters are taking home less money. This has already had the effect of reducing the profit margins of many Irish agri-food producers, particularly in the horticulture sector.

Ireland is more exposed to the decreased value of sterling than other Member States due to its heavy reliance on trade with the UK. Exchange rate fluctuations have also caused a sentiment of uncertainty that is only likely to be alleviated upon conclusion of the Brexit negotiations and the agreement of any trade deal, causing the exchange rate to stabilise. It is vital to the Irish agri-food sector that the value of the UK market is maintained at the highest possible value. This can only be done by securing a free trade deal with the UK that does not impose additional costs on Irish exporters nor require them to compete on price with produce from low cost non-EU countries.

Trade deal - WTO rules

The establishment of borders and tariffs between the UK (including Northern Ireland) and Ireland, which is a real possibility following Brexit, would have a major impact on the Irish agri-food sector.

Border

In December 2017, the Irish government secured an agreement with the UK that no hard border between Ireland and Northern Ireland would be introduced post-Brexit. Maintaining a frictionless border between Ireland and Northern Ireland is essential to the agri-food sector, as it is the most highly integrated economic sector on an all-island basis. The introduction of a hard border would be detrimental to such industries as milk processing, meat processing and food and drink production. Businesses in these sectors operate between the two jurisdictions on a daily basis, with produce crossing the border for various different stages of the production cycle. Similarly, many employees working in these sectors cross the border as part of their day's work. Any curtailment of the free movement of people and goods may impose additional time and costs on these businesses, resulting in decreased profits.

While the Irish government has done extremely well in securing a commitment to a frictionless border from the UK, it remains to be seen how this will work in practice, given the UK's intention to extract itself from the Single Market and put an end to the free movement of people, goods and services into the UK. It is essential this commitment to a frictionless border is upheld, given the impact a hard border would have on the agri-food sector and the Irish economy as a whole.

Tariffs

EU membership currently ensures tariff–free trade between Ireland and the UK. In the absence of a free trade deal being struck before the UK leaves the EU, the EU-UK trading relationship is likely to be governed by the World Trade Organisation's Most Favoured Nation ("**WTO MFN**") rules. This means that tariffs would be introduced to Irish exports to the UK, which are typically around 15% and higher for particular agri-food products. The introduction of tariffs would reduce the competitiveness of and demand for Irish exports by the UK. If a free-trade deal is not agreed, it is possible that Irish produce would have to compete with low-cost imports to the UK from non-EU countries with which the UK secures bi-lateral trade deals. This may make Irish produce less competitive, leaving Irish exporters to find other markets for their produce. Given the high volume of produce currently exported by Ireland to the UK, it would be difficult for the rest of the EU market to absorb this amount. Tariffs would especially affect the Irish beef industry (which exports almost 250,000 tonnes or 50% of all Irish-produced beef, to the UK) and the dairy industry (which sends 54% of its exports to the UK). Maintaining tariff-free trade channels with the UK is vital to the Irish agri-food sector.

Non-tariff barriers to trade

However, even if an EU-UK free-trade agreement is struck, meaning no tariffs are introduced, Irish exporters may find themselves faced with non-tariff barriers to trade that may result in increased cost.

Customs Union

As a member of the EU, the UK is currently a member of the Customs Union. The Customs Union means that once non-EU goods have cleared customs in one EU member state, they can be freely transported within the EU without the need for further checks.

If the UK leaves the Customs Union, UK goods would be required to adhere to "*rules of origin*" checks, designed to show that goods that originated in the UK adhere to various EU requirements. Cross-border trade between the UK and Ireland would involve customs controls, rules of origins checks and potentially, increased regulatory checks relating to such things as food safety and animal health and welfare. These trade barriers, as well as the additional associated paperwork, may result in increased time and costs to businesses seeking to export to the UK.

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BY
Wendy Hederman & Ailbhe Durkin

These barriers to trade will especially impact trade between Ireland and Northern Ireland, with particular consequences for specific sectors, such as milk and meat processing. These areas are highly integrated on an all-island basis, emphasising how Ireland and its agri-food sector is particularly vulnerable to Brexit.

It is unclear at this time whether the UK wishes to remain in the Customs Union or not. It is in Ireland's favour that it remains but how this aligns with the UK's wish to leave the Single Market is unclear. If the UK leaves the Customs Union, how this will align with the UK's commitment to an open border between Ireland and Northern Ireland remains to be seen.

Regulatory divergence

In the medium to long term, Brexit may remove the obligations on the UK to comply with the significant regulatory regime relevant to the agri-food sector, such as pesticide regulation, animal health and welfare regulation, environmental regulation and consumer regulation, such as food safety, packaging and labelling. In particular, animal health and welfare is a key area of cross-border co-operation between Ireland and Northern Ireland, enabling the free movement of animals throughout the island. Future divergences in these regulatory areas could negatively impact the competitiveness of Irish agri-products in the UK and distort trade. Irish agri-businesses may have to look at the potential impact of any regulatory divergences on their businesses, addressing possible risks and identifying solutions on both the input (sourcing of ingredients, services and facilities) and output (sales and routes to market).

The final wording of the agreement between the UK and EU negotiators in the first round of Brexit negotiations in December 2017 secured a commitment from the UK to maintain "*full alignment*" with those rules of the Internal Market and Customs Union which support North – South cooperation, the all-island economy and the protection of the Good Friday Agreement. While securing this commitment is a strong indication of political intention to secure a trade deal that will be favourable to the Irish agri-food sector, implementing the practical reality of this may present obstacles.

CAP

The UK is a net contributor of approximately 10% of the EU budget as a whole. The Common Agricultural Policy ("**CAP**") and Common Fisheries Policy ("**CFP**") budgets make up 38% of the EU budget, subsidies upon which Irish farmers and fishermen are heavily reliant. The fact that the UK will no longer be a contributor to these funds means uncertainty as to the size of these budgets after 2020. Any reduction in payments made to Irish farmers and fishermen under either scheme may impact the agriculture and fisheries sectors, especially if combined with less competitive agri-food exports. Reduced payments would most notably put pressure on smaller farmers, especially in the beef sector. Negative effects could also impact the Irish economy as a whole, due to the reduced spending power in rural communities.

On the UK side, UK farmers and fishermen will no longer have access to EU subsidies through the CAP or the CFP. This could give rise to demands for national support and post-Brexit, the UK may not be required to adhere to EU restrictions on State aid. This could have a negative impact on the competitiveness of Irish agri-products in the UK, with consequent distortions to trade.

It is of crucial importance to the Irish economy, the agri-food industry and rural communities that the shortfall in the CAP and CFP budgets that arise as a result of Brexit are made up. Potential sources to meet this shortfall are the UK's "*divorce payments*" upon leaving the EU and increased contributions from other Member States. As the backbone of the Irish farming communities, CAP and CFP payments are matters which can be expected to be heavily negotiated at European level by Irish politicians over the next 12 months.

Conclusion

At this stage it is difficult to predict the precise shape of the EU- UK trade relationship post-Brexit. The UK has already given a commitment to maintain a soft border between Ireland and Northern Ireland, something essential to the Irish agri-food sector. It would be in Ireland's interests for the EU and UK to negotiate a free-trade agreement, thereby eliminating the possibility of the introduction of tariffs and the impact these would have on the Irish agri-food sector. Such an agreement would also move to stabilise the value of sterling against the euro at a greater value, making Irish exports more competitive and helping restore profit margins. Finally, if the UK remains a member of the Customs Union, goods would be able to travel across the border without the need for checks and delays, thereby minimising any additional costs to trade. These issues are expected to be at the top of the Irish government's Brexit negotiation agenda, given their importance to the Irish economy.

It is presently unclear as to whether the UK wishes to remain a part of the Customs Union or not. This may become apparent in the next phase of Brexit negotiations, which will also address the UK's "divorce" settlement and contributions to the EU budget (including CAP), which will be crucial to the Irish agri-food sector. Importantly, the UK has identified agriculture as one of the most important areas for North-South cooperation showing the political will on both sides to ensure a satisfactory outcome for negotiations.

BY
Marian Finnegan

The Residential Market - A crisis that needs an appropriate response

Marian Finnegan discusses the imbalance between supply and demand in the residential property market and what needs to be done to help rectify this divergence.

Marian Finnegan is the chief economist and director of research with the Sherry FitzGerald Group. Marian's position involves monitoring and analyzing economic and property indicators in the domestic and international markets. She is also the spokesperson for the Group and regularly writes and lectures on the property market.

The residential property market is one of the greatest challenges for Ireland today. We suffered an incredibly deep and painful recession and while there is much greater stability today, there are still so many obstacles to overcome.

To put this simply, our economy has recovered much quicker than our property market. The need for accommodation to live in has grown and the market has not been able to respond quickly enough. As such, we are in the midst of a supply side crisis. The word crisis is appropriate and as such we need an appropriate response.

Rebuilding Ireland was launched eighteen months ago, this month. This, together with additional measures announced in Budget 2017 and the relaxation of the macroprudential policy have largely served the market well.

Firstly, activity levels have improved. The Property Price Register reveals that approximately 35,600 single transactions took place in the first nine months of 2017, a 9% increase on the equivalent period in 2016. 2017 also witnessed increased mortgage activity and saw first-time buyers gain a larger foothold in the market. These developments were, in part, helped by the introduction of the Help to Buy scheme at the start of 2017 and the relaxation of macroprudential rules by the Central Bank the previous year.

Furthermore, the average value of new dwellings sold in Dublin in the first nine months of 2017 rose by a modest 1%. The year also saw some increase in the delivery of new housing with an upturn in completions, registrations, commencements and planning permissions being granted, albeit from low bases.

However, despite these developments, the demand for housing still far outstripped supply in 2017. This imbalance manifested itself through sharp price increases across the country. Prices rose sharply in the year, 8.8% in Dublin, up from 3.7% in 2016, while outside the capital, prices rose from 5.2% in 2016 to 7.9% in 2017.

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BY
Marian Finnegan

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In summary, both of these initiatives have been positive, however it is simply not enough.

Arguably, the most immediate need lies in the residential lettings market. Our latest in-house analysis of vendor and purchaser profiles in 2017, reveals a continued outflow of investors from the buy to let market. Reflecting the trends of recent years, 33% of vendors were selling their investment properties, while investors entering the second-hand market represented only 20% of purchasers. The volume of investors in the new homes sector is negligible, outside of the multi-family sector.

The lettings market has effectively lost tens of thousands of units in recent years. Rental levels in our key urban centres are now greater than the peak levels achieved at the height of the Celtic Tiger. Current market conditions are clearly a direct response to inadequate supply levels, and yet the Government's policy to date does not address this imbalance at all in the short term. Instead, it focussed on capping rental inflation to 4% in key urban areas. This was disappointing and ineffective as is evident by that latest RTB data on rental inflation which show annual inflation levels of greater than 9% in both Dublin and Ireland as a whole.

There is clear evidence that rental yields for private investors are too low. If one takes the example of a two-bed apartment in the Central Business District of Dublin, with a 70% LTV mortgage. Based on current capital values, rental levels and taking into consideration all expenses, the current net yield is 1.76%.

In this example, the Government will receive 24% of the total rent paid by the tenant through tax.

Clearly this is just one example, but it does beg the question, are investors being taxed out of the market?

In short, there is no doubt that private landlords require a more equitable tax treatment particularly given the very favourable tax structure offered to other investment vehicles such as REITs etc.

Steps to address the loss of properties from the rental sector are required immediately. However, they will be only part of the solution. While much has been achieved to date, we are still too far away from equilibrium in the market. As such, every effort needs to be made to fast track the supply of property to the market in the short to medium term.

The lack of accommodation is leading to significant hardship for many and is a potential threat to our future economic success. We should leave no stone unturned in seeking a solution, however unpalatable to the populist culture.

Looking to the immediate future, the outlook for the residential property sector in 2018 and further into the future remains distinctly mixed. As the UK's exit from the EU drags on, the consequences for Ireland still remain unclear. Unfavourable developments in the second round of negotiations, beginning in March, could still have a major impact on Ireland's economic circumstance.

At a national level, given the expected development of the economy, the strength of the labour market, as well as demographic pressures, the severe imbalance between supply and demand is likely to persist. Thus, the sustained price growth experienced last year is likely to continue with current indications suggesting that prices will increase by 6-8% in the established housing market in 2018.

Progress has been made by the Government to stimulate greater supply. The fast track planning initiative, along with the measures introduced in October's budget should go some way to rectifying the divergence between demand and supply in 2018. Similarly, the Help to Buy scheme is likely to have a continued positive impact in inducing the supply of starter homes over the course of the year. Nevertheless, further efforts to increase supply in all locations is needed. Current construction output still cannot deliver the approximate 40,000 new homes, Sherry FitzGerald estimates needs to be delivered per annum between 2018-2021, if supply is to equate to demand. Furthermore, the Government's prolonged inaction in addressing the crisis in the rental market has been a frustration. Measures to encourage investors to enter the market and raise the supply of buy to let properties are also needed, if there is to be any stabilisation in rents over the year.

Taxation News

New Revenue Guidance on Professional Membership Fees and Exam and Study Fees

This new guidance from Revenue is particularly relevant to the accountancy profession and should be reviewed carefully by all accountants and those who employ accountants. It clarifies the circumstances in which membership fees paid to a professional body may be allowed as a deduction under Section 114 TCA 1997. It also provides information on fees payable in respect of courses of study, examinations etc. necessary to become a member of a relevant professional body which may be refunded without deduction of tax where they are relevant to the business of the employer.

Professional Membership Fees

Revenue advises that professional membership fees will only be deductible under Section 114 TCA where incurred **wholly, exclusively and necessarily** by an individual in the performance of the duties of his or her employment.

Where it is a statutory requirement to be a registered member of a designated professional body, association, society, council, etc. in order to exercise a particular profession and an individual is employed in that professional capacity, a deduction under Section 114 TCA 1997 is allowed in respect of the annual registration or membership fees in such instances.

In addition to membership of a professional body, association, council, etc., an employee may also be statutorily required to hold a current practicing certificate before they can carry out the duties of their employment.

A deduction under Section 114 TCA 1997 is allowed in respect of both the annual membership fees payable to such body, association, etc. and in respect of the cost of the practising certificate or licence where there is a statutory requirement that an individual must hold a current practising certificate or licence issued by it before that individual can carry out the duties of his/her employment.

You can also pay the subscription without deduction of tax if all of the following apply:

- the duties of your employee require them to be a member of a professional body;
- your employee exercises those duties; and
- membership of the professional body is an indispensable condition of the tenure of the employment.

Examinations, courses and expenses

Course or exam fees are not taxable BIK if the course or exam is relevant to your business.

A course is relevant to your business if it:

- allows your employees to gain knowledge necessary for their role;
- helps your employees perform their current or future work duties better.

Repayment of Expenses

You may pay the expenses of an employee or repay them for expenses they incurred in studying for a course. This is not taxable if both the following apply to the course:

- it is relevant to your business; and
- it is necessary for your employee to perform their work duties.

More detailed information is available in the Revenue Tax and Duty Manual Part 05-02-18 on the Revenue website. www.revenue.ie/en/tax-professionals/ebrief/2018/no-0042018.aspx

Source: www.revenue.ie

Essential Guide to Claiming Capital Allowances for Property Expenditure

In this article Philip O'Connor aims to demystify this complex area of tax law.

Philip O'Connor is a dual qualified tax advisor and chartered quantity surveyor with over 10 years' experience specialising in capital allowances and other property based tax incentives. He heads up the Gateley Capitus Dublin office and focuses primarily on Irish capital allowances and is also an expert on UK capital allowances.

Capital allowances claims for property expenditure range from the simple to the extremely complex. Where claims are carefully prepared, they can provide a low-risk and tax compliant contribution towards significantly reducing the claimant's tax liability.

What are capital allowances?

Capital expenditure is not tax deductible. However, tax relief is available through the capital allowances regime for the depreciation of certain capital assets used in the course of a business.

Whether a business incurs capital expenditure on occupied business property or on property investments, capital allowances are an issue that they will need to address, due to the considerable savings they can provide.

In the past, capital allowances and other property tax incentive schemes have been used by government as a tool for incentivising investment in certain geographic areas and specific building types. Following the abolition of various generous temporary property tax incentive schemes in recent years, traditional forms of capital allowances which have always been available are now more important than ever. These include:

- Wear and Tear Allowances (including Accelerated Capital Allowances)
- Industrial Building Allowances

This article focuses on Wear and Tear Allowances (WTAs) which are the most commonly available form of capital allowance.

Rates of relief and typical claim values

Industrial Building Allowances are available at 4% per annum over a 25-year period (accelerated rates are available for certain building types).

Wear and Tear Allowances are claimed at 12.5% per annum over an eight-year period.

Accelerated Capital Allowances provide 100% tax relief in the first year and are available to companies and unincorporated businesses for expenditure on eligible energy efficient equipment. Eligible equipment can be found on the Triple E Products Register, which is operated by the SEAI in conjunction with Revenue. Leased equipment does not qualify.

Opportunities for making WTA claims are usually easy to identify and include the following situations:

1. Claims for chattels expenditure, i.e. loose plant and machinery.

2. Claims for plant and machinery fixtures attached to a property, which can be made in the following situations:

   - Capital projects including property developments, fit-outs, refurbishments, extensions and alterations.
   - Purchases of existing property.

The following graphs provide indicative qualifying amounts for fixtures claims on both capital projects and property acquisitions.

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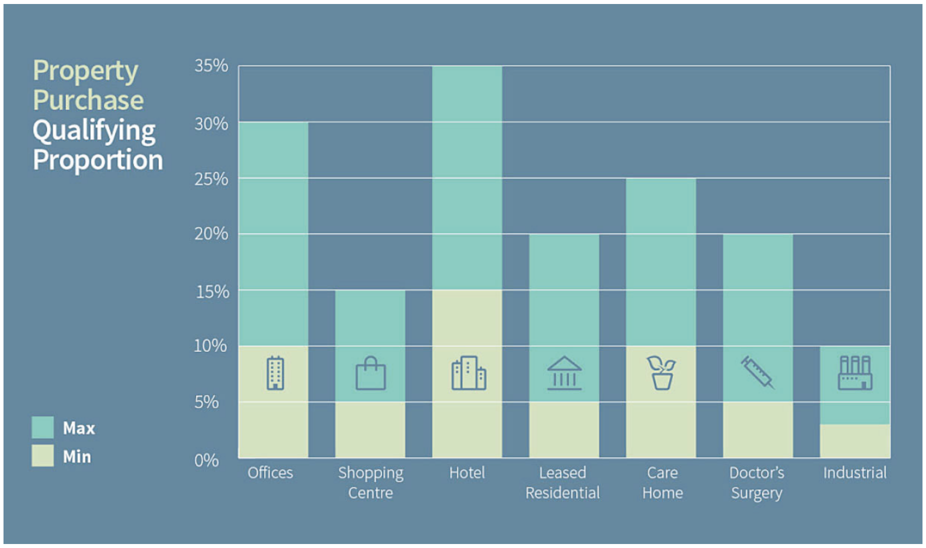

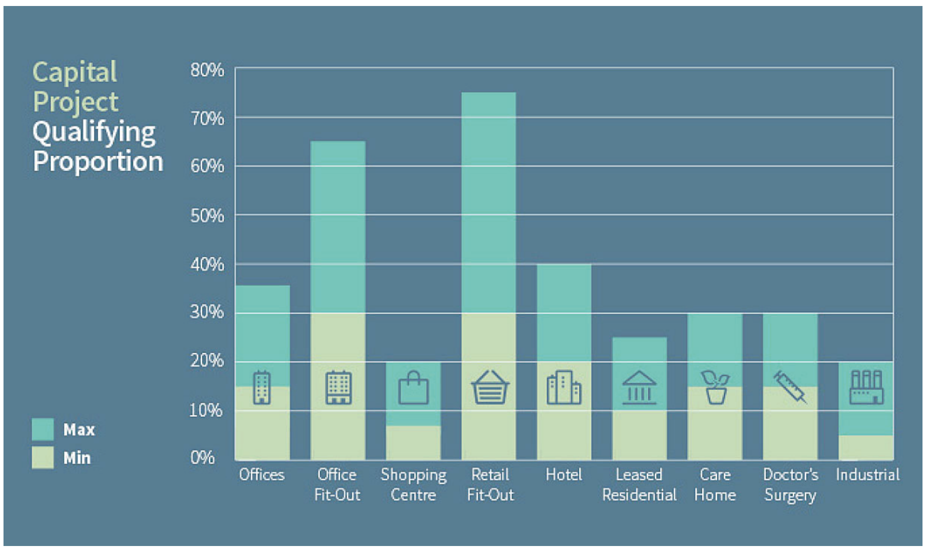

The above excludes any claims for chattels, which would provide additional tax relief.

What qualifies for wear and tear allowances?

WTAs are available for capital expenditure incurred only on *plant and machinery*. What constitutes a *machine* is easy to define but there is no definition of *plant*. Certain items have been held to be plant in specific circumstances in various legal cases in Ireland and other common law countries, and some of these items are listed here:

- Heating, ventilation and air-conditioning
- Lifts, escalators and moving walkways
- Sanitary fittings
- Security installations
- Furniture
- Catering equipment

Under case law, numerous other assets have been held to be plant in specific situations, however whether an item qualifies typically depends on how it is used in the course of each taxpayer's business. Therefore, an item might qualify in one situation but not in another. In the case of IRC v Scottish & Newcastle Breweries [1982] the following judgement commentary summed this up well:

"Whether an item qualifies as plant should be determined not only by reference to the nature of the trade but to the particular operations and methods of the taxpayer in the pursuance of his particular business. There can, be no 'standard pattern' of permissible plant in respect of each industry, trade or profession."

We can use fixed lighting as an example to illustrate this point, which based on case law precedents, is usually not plant. It can sometimes qualify however in specific circumstances, where it is used in the course of the trade. This could be argued for some leisure and retail trades, however the same lighting found in an office property will almost always be non-qualifying. In order to determine whether an item such as lighting qualifies in a particular situation, it is required to reference the relevant case law, which in the case of lighting includes Lyons & Co v AG [1944], Cole Bros v Phillips [1982], Wimpy v Warland [1989], IRC v Newcastle & Scottish Breweries [1982], JD Wetherspoon v HMRC [2012] and others.

It is interesting to note that since 2008 in the UK, the same restrictive rules no longer apply and lighting now qualifies in all situations due to the introduction of the *Integral Features* legislation.

In order to determine whether an asset may qualify as plant in a particular circumstance, reference should be made to the volume of case law relevant to that asset. There is an enormous amount of case law addressing different assets and different situations which can provide guidance.

Case law has also provided a number of "tests" which can be applied in order to decide whether an asset may qualify in a particular circumstance.

How do I quantify the qualifying expenditure?

Claims for chattels

With a good knowledge of the legislation and relevant case law, claims for chattels can be relatively straightforward. This involves analysing fixed asset ledgers and backup invoices, and identifying qualifying expenditure. If entitlement to claim exists, the qualifying expenditure should then be claimed for the period in which the expenditure was incurred, or when the asset was put into use if this was later.

Claims for plant and machinery fixtures

Whilst claims for chattels are usually straightforward, fixtures claims on capital projects and property acquisitions require more thought and investigation, as there are more complex entitlement issues to be considered and the qualifying costs are not often easily identifiable. For example, in capital projects where lump sum costs appear in a fixed asset ledger for a property acquisition or for building works, analysis is required in order to extract the qualifying expenditure.

Such qualifying expenditure includes not only the cost of the asset itself but also costs incidental to installing the asset. Using the example of lighting again, the qualifying cost could also be argued to include not just the cost of the lighting unit, but also the associated wiring, labour costs, etc. as well as a proportion of relevant professional fees, and other relevant "soft costs".

Although considerable analysis is usually required, it is important to ensure that valuable fixtures claims are not ignored as they typically amount to over 20% of the purchase or capital project cost.

The main steps involved in making claims for capital projects and property purchases are set out below.

Capital projects

(a) Due diligence – establish a legal basis for claiming based on legislation and case law (see due diligence section below).

(b) Project team briefing – liaise with the project team to ensure that sufficient information is obtained to analyse the expenditure in detail. If there is entitlement to claim accelerated capital allowances (ACAs), request the information required to quantify and maximise this relief. Collate construction cost information, specifications, drawings, equipment registers, etc.

(c) Capital allowances survey – ensure that notes and photographic records are taken of all qualifying assets.

(d) Claim preparation:
- Analyse information and categorise into qualifying and non-qualifying expenditure.
- Undertake cost assessments where required on lump sums to extract qualifying expenditure. Cost assess qualifying assets identified on survey, but not sufficiently detailed in cost breakdowns.
- Identify and analyse expenditure incurred in addition to the building contract and apportion "soft costs" to justifiably maximise the claim.
- Ensure that the costs analysed reconcile with the business accounts.

(e) Submit claim to Revenue - claim the allowances based on the date of expenditure of the various assets, or the date of first use if this is later. Detailed records should be kept for to justify the claim in the event of a Revenue investigation.

BY
Philip O'Connor

Purchase of an existing property

(a) Due diligence – as above, in addition to reviewing the relevant purchase information and researching the history of the property, in order to establish a reasonable basis for claiming.

(b) Capital allowances survey – take detailed notes and compile photographic records. Qualifying assets can be identified and recorded, and used to build up a specification for the property.

(c) Building and plant and machinery reconstruction cost estimate – create a specification for the property based on information compiled. Undertake a reconstruction cost estimate at the date of purchase.

(d) Analyse and quantify the qualifying plant and machinery.

(e) Site valuation – undertake a bare site valuation at the date of purchase.

(f) Just Apportionment" calculation – apportion the values of land, building and plant and machinery to the property purchase price paid. This must be done in accordance with s311 TCA 1997 and Revenue Precedent IT963250, which requires a professional valuation be undertaken.

(g) Submit claim to Revenue as above.

What due diligence should I undertake?

Once it is apparent that qualifying expenditure is present, the first step should be to establish a legal entitlement to claim, based on the applicable legislation. Many provisions of TCA 1997 apply and the basic conditions are outlined in s.284 which sets out the following conditions:

- A trade or profession must be carried on
- Capital expenditure must be incurred on the provision of plant and machinery
- Plant and machinery must be used wholly and exclusively for the purposes of the trade
- The plant and machinery must belong to the claimant
- The plant and machinery must be in use for the purposes of the trade

For lessors of plant and machinery, which includes most landlords of leased property, the following additional conditions of Section 298 apply:

- The burden of wear and tear must fall directly on the lessor of the plant and machinery
- A claim can be made within 24 months after the end of the chargeable period

With regard to modern commercial lease agreements, the *burden of wear and tear* causes much confusion amongst potential claimants; however, the term is not quite as restrictive as its initial reading in legislation implies.

Case law such as Lupton v Cadogan Gardens [1971], MacSaga Investment v Lupton [1967] and other cases have helped to interpret this term, however like the definition of plant, there is no set pattern to determine who bears the burden of wear and tear and each must be assessed on its own merits.

In all situations, case law should be referred to in conjunction with the lease agreement and other relevant documents to determine whether the landlord (as the lessor) or the tenant (as the lessee) suffers the burden of wear and tear.

Depending on the situation, additional conditions set out in other sections of legislation will also apply when determining whether entitlement to claim exists.

The importance of retaining claim information

Generous time limits are available to Revenue for investigating the tax returns of tax payers and because a Revenue investigation into a claim could occur many years after a transaction, it is important that sufficient backup information and records are retained at the time of claiming.

It is notoriously difficult to obtain detailed information and records for construction projects and property acquisitions years after the event and this approach can help to avoid the negative consequences of such investigations, if they occur.

Revenue have four years from the end of the period in which the tax return is filed in which to investigate, however where there are reasonable grounds to believe there is fraud or neglect, the time period is open ended.

Revenue have not clarified whether this time period relates to when the claim is first made or whether it is from the last year of claiming. If the latter applies, the enquiry period could be twelve years after the period in which the claim was first made and even longer since the expenditure was incurred.

BY
Feargal O'Rourke

What does US Tax reform mean for Ireland?

Feargal O'Rourke considers the changes enacted in the overhaul of the US tax system and what the implications of these provisions may be for Ireland.

Feargal O'Rourke
Managing Partner, PwC

After a seemingly unlikely journey through the House of Representatives and the Senate, the proposed overhaul of the US tax system was finally signed into law on 22 December 2017 by President Trump.

Most commentators were initially predicting that it would be 2018 before any potential changes could be enacted, and even at that, questioned whether such changes would be significant. However, moving forward at unprecedented pace, and producing final tax legislation within a few weeks, against the odds Congress swept away years of inertia by introducing sweeping changes to the US tax system.

Given that the last major overhaul of the US tax system was more than 30 years ago, US tax reform is an extremely hot topic. The changes are being talked about, written about and deliberated on by individuals, companies, advisers, economists and governments, all hoping to decipher and get a deeper understanding as to what effect these provisions will have on their position.

Everyone is a stakeholder – even in Ireland – and is keen to get to grips with what US tax reform will actually mean in reality, whether it will result in wholesale changes in how companies operate and the taxes they pay and what the economic impact of this reform will be in the US and further afield.

While it is too soon to be able to answer these questions, what is clear is that the impact is not just confined to the US – it has far reaching global implications. Against this backdrop, it is now clear that US companies operating in Ireland and Irish companies operating in the US will be impacted regardless of the industry they operate in.

What are the key provisions of interest from an Irish perspective?

Tax reform was a cornerstone issue during the US presidential election, with President Trump declaring it as one of his key policy objectives. President Trump and the Republican Party have positioned this push for reform as an effort to make the US business environment more competitive, hoping this will encourage an influx of jobs and investment into the US, thereby driving economic growth. The provisions introduced have largely been framed against this overarching objective.

When considering the impact of US tax reform provisions on Ireland, it is necessary to think about two distinct communities, namely the foreign direct investment ("FDI") sector and the domestic sector. Depending on whether you are a US multinational with operations in Ireland, or conversely a domestic Irish company with operations in the US, different provisions will have different implications and a different weighting of importance.

The final legislation includes provisions that will positively and negatively move effective tax rates for companies. Which of these provisions is most relevant for a company is wholly dependent on its individual characteristics, structure and operating model. Not every US multinational group operating in Ireland or every Irish company operating in the US will be impacted in the same way. Taking all the provisions together and applying them to a company's specific facts and circumstances is the only way of knowing whether a company will be a winner or loser from these changes.

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BY
Feargal O'Rourke

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(i) Corporate Tax rate reduction

Perhaps the most significant change is the reduction of the US corporate tax rate from 35% to 21%. While on the face of it, this should be a significant advantage to Irish companies operating in the US, stakeholders need to balance this change against other enacted provisions, for example the repeal of certain tax deductions that were previously available.

From an FDI perspective, while this is a substantial reduction in the US federal corporate tax rate, once US state taxes are taken into account, the Irish corporate tax rate of 12.5% should still be competitive in terms of a location for investment. Additionally, factors such as the need for US companies to internationalise so they can access markets easier, and the changing international tax environment driven by the BEPS project means that tax is often no longer the determining factor as to where companies locate operations. This is often driven by the availability of talent, the cost of doing business and access to markets, so in that sense Ireland as a location of choice for FDI remains competitive. What is clear however, is that the reduction of the corporate tax rate will make the US a more competitive location when considering potential investments, and this could put some pressure on Ireland's ability to encourage inward investment from the US in the future.

(ii) "International" provisions

The legislation includes provisions which aim to move the US towards a "territorial" system of sorts, with overseas subsidiaries now able to repatriate their profits without paying additional tax in the US (previously, repatriated profits were fully subject to US corporate tax).

This change is introduced in conjunction with a one-time mandatory tax (which applies at a rate of up to 15.5%) on overseas earnings of US subsidiaries, to be levied irrespective of whether the funds are repatriated to the US. Ultimately, this tax is likely to see a significant amount of cash being repatriated to the US, some of which could be currently held in Irish subsidiaries.

This repatriation of funds back to the US is not without precedent. The Homeland Investment Act ("HIA") in 2004 provided a onetime tax rate reduction on funds being repatriated back to the US. Around circa $300billion was repatriated at this time, and the results as later evidenced in economic analysis of the impact of the HIA, found they had an insignificant impact on employment and investment in R&D. What was relatively clear at that time was that this Act did not significantly impact Ireland's attractiveness as an investment location and the initial consensus would appear to be that the impact this time should be similar.

The legislation also has international provisions which seek to raise revenue by applying US tax on profits of overseas subsidiary companies that have only been subjected to a low level of tax in the foreign country. These provisions, known as "GILTI", seek to include the global intangible low-taxed income of overseas subsidiaries within the US taxable profits, initially at a rate of 10.5%. We would expect that these provisions could potentially make it more attractive for US multinationals to invest in the US as opposed to operating through overseas subsidiaries. This could particularly be the case when combined with certain other provisions that have been introduced which effectively provide for a reduced US tax rate on companies selling products and providing services to non-US customers.

(iii) Domestic "base broadening" provisions

As intimated above, a number of provisions have been introduced which seek to limit tax deductions available to US companies. These provisions will be of particular interest to Irish companies with operations in the US, as they could have a significant impact on the benefit available by virtue of the reduced corporation tax rate.

In particular, the limitation of interest deductions to 30% of the company's adjusted taxable income (defined similarly to EBITA) will also impact on how companies are funded and the typical approach to leverage. At this time when interest rates are historically low the impact of this may not be as significant as when the cost of capital begins to increase, but for certain inter-company financing with historically higher rates this could be significant.

In addition, provisions known as "BEAT" have been introduced which effectively seek to apply a minimum level of US tax where a US company is making significant payments to non-US related parties. In many cases, this could result in a significant increase in the US tax paid by such companies.

In summary and what next?

While the reform proposals outlined above will most certainly affect Irish companies with existing businesses in the US or vice-versa, a number of other potential impacts can also be expected.

In a wider sense, M&A activity may be driven by the repatriation of funds (albeit with changes to how it is generally financed or structured due to changes in the interest deductibility rules), changes to supply chain models and operational activity may be driven by provisions on capital expensing and or the international provisions.

It is important to note that the US tax reform journey doesn't end with the Act being signed into law. We expect the next steps to include the release of detailed guidance by the staff of the US Joint Committee on Taxation, which will contain explanations of the enacted law and attempt to combat uncertainties and unintended consequences arising.

It is also likely that the US Treasury department will consider the need for any additional regulations, to provide more colour to the law and enable a smoother transition. Given the unprecedented speed of the drafting and passing of the legislation it has been acknowledged that a number of technical corrections may be needed.

At this point, the majority of the new legislation has been effective for circa 2 months since 1 January 2018 so it's very early to reach conclusions, particularly given the scale of the change. The impact will only become clear in the months and years ahead as the practical considerations of the Act are worked through and strategically the C-Suites of companies begin to understand what reform actually means. But for most companies operating in or from the US, it will mean significant change.

In Practice News

CPA Ireland Responds to IAASA Consultation - Call to Retain Guidance for Auditors of Small Entities.

CPA Ireland has responded to the IAASA Consultation Paper – Supplementary Standards and Guidance. The purpose of the consultation was to seek views regarding the intended policy on additional standards and also its intended policy with regard to practice notes and audit bulletins for the Irish market.

Of concern to CPA Ireland was a proposal to not adopt Practice Note (UK & Irl) 26 – Guidance on Smaller Entity Audit Documentation. It is CPA Ireland's view that given that the majority of audit firms are small and medium firms that Practice Note 26 remains relevant to the Irish market.

CPA Ireland also sought guidance for auditors on the audit of charities, investment intermediaries and the auditor's report on revised accounts.

In summary, CPA Ireland supports the intention to amend and adopt ISAs (UK) 800 and 805 for use in the Irish market and the intention to adopt SIRs for use in the Irish market.

In relation to IAASA's proposed course of action for each of the guidance documents in issue prior to IAASA adopting the Auditing Framework for Ireland, CPA Ireland has set out below its views on each proposed course of action.

Practice Notes

PN 27(I) - The audit of credit unions in the Republic of Ireland CPA Ireland supports IAASA's intention to adopt as soon as practicable.

PN (UK&I) 26 - Guidance on smaller entity audit documentation CPA Ireland does not support IAASA's intention not to adopt this practice note. The rationale for such a decision is not clear from the consultation. It is our experience that this practice note provides useful guidance to the auditors of small entities. It is also our experience that the audits of small entities tend to be conducted by small and medium sized audit firms.

The IAASA Profile of the Profession for 2016 noted that of the 1,381 audit firms in Ireland, 1,285 of them were single office firms, 926 of them were one principal firms and 1,371 of the firms did not have PIE audits. Given therefore that the majority of audit firms in Ireland are small and medium sized firms, we believe that the guidance for the market should reflect such a position. In our view Practice Note 26 remains of ongoing relevance to the audit market in Ireland and should be adopted for the Irish market.

PN (UK&I) 23 - Special considerations in auditing financial instruments. It is not clear from the consultation why the decision not to adopt this for the Irish market has been made. Given the complexity of the matter guidance for auditors would be welcome.

PN 19(I) - The audit of banks in the Republic of Ireland and PN 15(I) - The audit of occupational pension schemes in Ireland. CPA Ireland supports IAASA's intention to adopt as soon as practicable.

PN 10(I) - Audit of central government financial statements in the Republic of Ireland. It is not clear from the consultation why the decision not to adopt this for the Irish market has been made.

Bulletins

CPA Ireland supports IAASA's intention to adopt the following bulletins as soon as practicable:

1(1) - Compendium of Illustrative Auditor's Reports on Irish Financial Statements and subsequently issued supplementary example report.

2011/1 - Developments in Corporate Governance affecting the responsibilities of auditors of companies incorporated in Ireland.

2008/2 - The Auditor's Association with Preliminary Announcements made in accordance with the Requirements of the UK and Irish Listing Rules.

2006/5 - The Combined Code on Corporate Governance: Requirements of Auditors under the Listing Rules of the Financial Services Authority and the Irish Stock Exchange.

2007/2 - The Duty of Auditors in the Republic of Ireland to report to the Director of Corporate Enforcement. It is noted that there will be considerable update required here in terms of the changes introduced by the Companies Act 2014.

2006/4 - Regulatory and legislative background to the application of Standards for Investment Reporting in the Republic of Ireland. CPA Ireland supports IAASA's intention not to adopt as soon as practicable.

CPA Ireland considers that supplementary guidance in the following areas would be beneficial;

- The audit of charities in Ireland - Given the complex nature of the charity sector in Ireland it would be considered beneficial to audit quality for a Practice Note to be developed providing guidance to auditors on the special considerations relating to the audit of charities. The legal framework for the preparation of financial statements for charities is evolving and it is accepted that such a project would be best commenced post the issue of accounting and reporting regulations from the Charities Regulatory Authority.
- The audit of investment intermediaries - Given the complexity of the audit of entities authorized under the Investment Intermediaries Act 1995, as amended, and the additional reporting obligations of the auditor to the Central Bank, it would be useful to develop sector specific guidance for the auditors of such entities.
- The auditor's report on revised accounts and reports in Ireland The Companies Act 2014 introduced a new mechanism for companies to voluntarily correct defective financial statements. Guidance for auditors in such circumstances would be very beneficial given the complexities that may arise for the auditor when engaged in such circumstances.

CPA Ireland also considers that it would be useful if IAASA could issue a timeframe for the adoption of the supplementary standards and guidance, particularly those planned for adoption "as soon as practicable".

There are some guidance documents that we would rank higher in terms of need. We believe that the adoption of these guidance documents should be driven by what is most pressing in terms of the Irish audit market and we would welcome in IAASA's response to the consultation, a rationale for the order in which guidance is to be developed.

BY
Alan Farrelly

Global trends affecting Practitioners

Three of the main global trends affecting practitioners include technological innovations, big data and staff retention issues. Discover how to embrace the digital age, maximise the potential of big data and hold on to key staff members with our guide to these trends.

Alan Farrelly is one of the founding partners of UHY FDW, one of Ireland's leading providers of financial advice. Alan is a Fellow of the Association of Chartered Certified Accountants and a Past President of CPA Ireland.

Accountants in a digital age

Accountants who want to succeed in a competitive market need to develop a clear digital strategy and embrace the latest technology. Used effectively, technology can ease your workload, improve customer experience, increase your public profile and win new clients.

Some industries have been majorly disrupted by technology in recent years, while accountancy has managed to escape being hit by a tsunami of digitisation. However, the next wave of technology *is* going to impact accountants. If you want to swim rather than sink, start preparing to navigate the inevitable challenges that will ensue. As Charles Darwin famously stated: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change."

Some accounting firms are struggling to move to fully-digital operations, especially using cloud software. Many companies have a range of software that was acquired over the years and as a result there are common problems with the accounting and financial systems in use today. The data within these financial systems is often defined differently in each system; this can lead to poor performance such as delays before a transfer of data begins. This is problematic for accountants and business-owners today because there are large volumes of data available for review.

The solution lies in accounting software — cloud-based and mobile services which can be used to improve operations and enhance your client's overall satisfaction with your services. Using the cloud also helps to streamline your internal business operations and improve your profitability. In addition, you can offer your clients more convenience and transparency.
In order to remain relevant, start researching digital products that will suit the needs of your clients. You will add value to your services if you educate yourself about software that clients can use themselves. Bear in mind that it takes time to build trust in technology and that trust is based on familiarity and performance.

According to a *Trust in Technology* report by HSBC, "the majority (80%) of respondents believe technology makes their life easier and that 76% feel comfortable using new tech. It will pay dividends if you inform your clients about the different options available, especially in relation to the move to digital tax. According to Kirton's adaption-innovative theory (1976), adaptors desire to do things better; innovators desire to do things differently. By devising and implementing an excellent digital strategy, you can be both an adaptor and an innovator.

Big data – The role of the accountant

Big data is a hot topic because key executives and business-owners are increasingly using it to make all kinds of decisions relating to their business. If you think that your client and practice is too small to worry about big data, you need to think again. Data scientists are currently leveraging big data and analytics, which could eventually reduce the advisory capacity of accountants. Accountants or financial specialists who want to maintain a competitive advantage over other professionals need to get involved in the rise of big data.

BY
Alan Farrelly

All businesses, large or small, create a large amount of non-financial data such as website and social media statistics or text in surveys. Traditionally, businesses are represented in transactions (sales and operational indicators) and financial statements. Big data includes non-traditional information such as ratings, reviews, one-to-one conversions, and geolocation of customer activities. It can help answer questions such as, which region sold the most product?

Predictive analytics enables firms to use historical data to forecast the future. For example, if a business spends more money on marketing, how will it likely affect sales? Business-owners can use such information to make important decisions before waiting for financial statements from their accountants.

There is a huge opportunity in accountancy for using big data for real-time impacts and financial predictions. Use it to position yourself as a strategic business partner instead of the more traditional accounting role.

Staff retention – Issues facing practitioners

Staff retention is an issue in accounting because accountants often move from public practice into industry or vice-versa. Inflexible working hours; monotonous, unrewarding work; technological change; and a lack of transparency are some of the reasons cited by employees for job dissatisfaction. It takes time to recruit, hire, and train new staff members so it's important to do your utmost to reduce staff turnover.

The inability to hire experienced professionals is exacerbated when it's time for succession and no one is ready to take over. It's crucial to hold on to good staff once they have been recruited.

Some measures being taken by firms to reduce staff turnover include ending tracking of traditional work hours. Punching the clock was an innovation developed during the industrial revolution when manufacturing and factories played a much bigger role in the economy. Strict hours don't work well in today's service driven economy because it erodes autonomy and people need to feel autonomous to do their best work.

Instead of tracking work hours, more companies are opting to focus on charge hour budgets. This is in line with the changing nature of the workplace, as many firms adopt flexitime schedules and telecommuting options. Empowering employees to take control of their own workdays is far more innovative than using the latest employee monitoring tools.

Performance

Research has shown that people want to feel successful and that their skills are being used in a way that makes a real difference to the business. Human beings tend to enjoy pursuing goals and are often happiest when they are achieving their goals. Set clear, achievable objectives.

Avoid micromanaging. No one likes to work for a controlling boss who doesn't trust them. Are you a micromanager or do you know one? Micromanagers monitor what's least important and expect regular reports on miscellany, push aside the experience and knowledge of colleagues, and discourage others from making decisions.

Other signs of micromanagement include taking great pride or pain in making corrections, preferring to be cc'd in emails, and constantly wanting to know where all your team members are and what they are working on.

Micromanagers rarely recognise their behaviour and the impact it has on the team. Micromanaging might get short term results, but over time it leads to frustration because it's demoralising and demotivating.

This is a major issue when it comes to staff retention because most people deal with micromanagers by moving on to another company where they will have more freedom.

Communication

Good communication is an essential part of a staff retention strategy. Active listening is a really important skill; if a staff member raises a concern, give him or her your full attention. Don't stare at your computer screen trying to make yourself look busy so you can avoid dealing with the situation. Instead make eye contact and make sure they feel listened to and understood. Acknowledge their concerns and avoid using language that attempts to belittle the issue.

Remember that communication is a two-way channel. A good communications process is informative and reaffirms to employees that their workplace contributions are having an impact. Provide constructive criticism and positive feedback when necessary.

Loyalty

People don't begin their employment as loyal employees, but if they are trusted, respected, and financially rewarded, loyalty will develop over time. Don't forget that your success is tied to the success of your employees.

Competitive advantage

People want to feel proud of where they work. What sets your company apart from your competitors? Take time to identify your unique competitive advantage then tell your employees and clients about it.

According to President & Chief Retention Officer at Crescendo Strategies, Cara Silletto, workers today will leave their jobs if they don't like their immediate supervisor, the leadership team or their coworkers, so encourage your entire staff to attract and retain talent.

Crunch Time: Finance in a Digital World

This article gives a first look at the impact of our digital world on finance organisations and how they must evolve to keep up.

Alan Flanagan: Alan is a Partner in Deloitte Consulting with over 20 years' experience in large scale transformation and change programmes. He leads the S&O Finance Transformation team in Ireland, with a focus on technology implementation and digital finance.

Barry O'Donovan: Barry is a Manager in Deloitte's S&O Finance Transformation practice. He focuses on performance management, process optimisation and their supporting technologies while working predominately with the Life Sciences and Consumer Business companies.

What Digital Means for You

For many people, the word 'digital' conjures up thoughts of cloud computing, smart assistants, mobile access, user focused design and other customer centric innovations that have revolutionised consumer experiences. As these technologies evolved, organisations quickly deployed them in front office functions such as marketing and sales.

In the back office, the digital revolution is also underway with HR out in the lead. For finance, the pressure for shorter business cycles, cost reduction and better insights from exploding data volumes is greater than ever. However, the disruptive potential of blockchain, artificial intelligence and next generation automation might have the largest impact here.

Digital Finance will transform ways of working as automation, real-time analysis, insightful reporting and interconnection are baked into systems and processes, redefining Finance's role and value in the wider organisation.

The Digital Mindset

In the past, many companies invested in large ERP implementations, customised systems and other technology transformations. Processes were standardised, controls increased and transactions centralised. However, has total workload decreased? Is data accessible? Which way are costs trending? Are systems responsive to changing business and user needs?

The good news is that most organisations have a solid foundation, and digital technologies can deliver on these expectations without having to start over. The 'digital mindset' is about embracing agility, improving user productivity, bridging organisation and technology gaps and continuously optimising everything you do.

Vision Meets Technology

While the technologies available have changed, the vision for strategic and operational finance remains the same. For each long-term goal, there is a digital enabler available today.

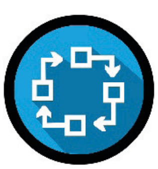
Faster, cheaper, better meets **Robotic process automation**
Automation reduces cost, time and risk. **Robotic process automation** (RPA) uses software programs to perform repetitive tasks, just like a human would, but without the potential for errors and fatigue. These processes, operating across multiple technology systems, often involve numerous manual activities, including data entry and reports.

Information accessibility meets **Visualisation**
With more data, analytics and reporting cycles than ever before, traditional reporting techniques can't keep up. **Visualisation** technologies not only present the information held in finance systems in near real-time, but allows users from across the entire organisation to explore and self-discover insights, enabling seamless oversight, planning, and decision-making.

Automated analysis meets **Cognitive**
The term **cognitive** computing describes an array of technologies including machine learning, natural language processing, speech recognition, computer vision, and artificial intelligence. Taken together, these tools simulate human cognitive skills, grinding through mountains of data to automate insights and reporting in real time.

Detailed insights and forecasts meets **Advanced analytics**
Analytics has long been part of the finance arsenal, but new techniques are helping finance people provide more insightful answers. **Advanced analytics** tools illuminate connections and trends buried within data, making forecasting more detailed, more accurate, and more efficient.

High performance and low latency data meets **In-memory computing**
To manage digital information effectively, finance organisations need to handle massive data sets without sacrificing availability, timelines, or detail. **In-memory computing** stores data in main memory for faster response times, and because the data is compressed, storage requirements are reduced. This results in speedy access to quantities of data previously unimaginable.



Digital trust and direct transactions meets **Blockchain**
In the digital economy, financial and legal transactions that involve third-party intermediaries can be replaced by person-to-person transactions that do not require traditional trust mechanisms (e.g. banks or law firms). Instead, parties to a transaction will create digital identities that verify their trustworthiness and store these identities in a **blockchain** where others can access but not alter them. Similarly, blockchain-based 'smart contracts' can self-monitor conditions and execute transactions, without human effort or potential interference.

Agile and efficient meets **Cloud computing**
In a digital world, new product integrations and upgrades can be fast and economical. Public, private, or hybrid **cloud** computing solutions offer a full stack of flexible, scalable 'as-a-service' functionality without the large start up and upgrade costs of in-house IT architecture and code maintenance.

The People Puzzle

As digital technologies play an increased role in delivering finance strategy, many people believe that robots will replace jobs. However, this is a simplified view. While certain tasks are suited to automation and redesign, the skills that are critical to executing strategy and managing change are uniquely human, including skills such as listening, customer service, analytical thinking and innovation.

Now is the time to think about the skills and competencies your organisation will require remembering that every hire you make is an opportunity to prepare for a digital future.

Research shows that millennials will make up 75% of the workforce by 2025. As digital natives, they expect consumer grade technologies to be part of their everyday work lives and don't want to work for organisations that fail to provide opportunities to learn, grow and innovate using digital technologies.

What To Do Now?

For finance leaders, preparing for the digital future is neither a marathon nor a sprint. Rather, it is a series of sprints that can begin with the following steps:

- **Learn from others** by creating / working with a small cross-functional team to help you understand the possibilities. The chances are that some of your peers are already leading digital initiatives.

- **Make a plan** by mapping out a transformation agenda. Remember to take one step at a time. Things change fast in the digital world so avoid big bets until you know you are ready and fully understand the impacts.

- **Hire for the digital future** by identifying individuals with both the traditional finance and business skills, as well as the analytical, technology and change skills needed in an agile digital environment.

- **Start cleaning up your data** as it is the lifeblood of digital technologies and a potential source of challenge in any new finance led initiative. In many companies, data is siloed and rife with inaccuracies. Consider appointing a data steward to govern data quality, examine problematic data and resolve issues.

Where To Next?

Before committing to bold visions of digital grandeur, consider the hardest part of the equation: Where do your people, organisational structure, processes and technology fit in this brave new world? Many established assets can serve as building blocks for a digital future. But make sure any modernisation needs are well understood before provisioning budget and locking down milestones. Build confidence in the when to invest, not just the where and the what. And remember that the world in which you start, won't be the world in which you'll finish.

BY
Emer Duffy

Emer Duffy, Head of Strategic Partnerships in Ireland.

Technology and accounting evangelist with a keen interest in digital and IT transformations

Artificial Intelligence and its Positive Impact on the Accounting Profession

Sage examines the rate of progress of artificial intelligence and what positive impacts it can have on the accounting profession through machine-learning and chatbots.

Long-predicted by science fiction, there can be little doubt that artificial intelligence (AI) is now making it into the mainstream. In fact, some are saying it's the next evolutionary leap for both our personal and business lives and every bit as profound as the introduction of the personal computer back in the early 1980s, or the Internet explosion of the 1990s.

Although the reality isn't yet robots on every street corner, the rate of progress is certainly steady. Ultimately success is being measured in terms of time saved for us humans when it comes to mundane, everyday tasks that we typically like to avoid – and as we all know, the accountancy industry certainly has its fair share of these.

Machine learning

Machine learning is one of the underlying components of modern AI and describes the ability for computers to essentially program themselves by making their own predictions and decisions based on the data they have already come across.

One example of an everyday accounting task that machine-learning will handle in future is reconciliation and in particular assigning incoming bank statement entries with the correct nominal codes. Ordinarily it takes human intelligence to perform this simple task but machine learning has the ability to emulate the small logical connections.

Thereby the accountant is freed from a time-consuming chore and can then focus on other things – such as becoming the trusted client advisor they've always wanted to be. Here, machine learning would be helping accountants add true value to their services.

In 2016, a Narrative Science survey found that 38% of enterprises were already using A.I. like this to automate manual, repetitive tasks. At the same time, it was predicted this would rise to 62% by the end of this year.

It isn't necessarily that the nature of accounting is going to change because of AI. It's more that, because of AI, certain pro-active aspects of being an accountant will become much more dominant. It's a happy benefit that these aspects, such as becoming a valued advisor for clients, are the ones that drove many people to enter the profession.

But it isn't just about taking care of the boring tasks. Machine learning and AI has the ability to break down the walls between departments of business. For example, AI will be able to understand, predict and model the flow of cash into an organisation so that it can be confident and measured about authorising the flow of money out of it. Problems will be identified early and possibly even before they arise.

AI fears

Needless to say, one doesn't need a crystal ball to realise the introduction of AI might present challenges for people and society. However, according to research undertaken by Sage in the UK*, the fear that AI will take away jobs is largely rejected in the real world. Consumers were perhaps the most doomsday-oriented, with 17.4% of respondents predicting humanity's downfall at the hands of robots. Still, that's less than one in five people.

In fact, a large majority of people surveyed – more than 4 out of every 5 responses – indicated optimism or at least neutrality when it came to AI's potential to make their lives better in the near future. Technology professionals tended to be the most optimistic (32.2%) about the potential to make their lives better, while consumers tended to be more pessimistic (23.2%).

The clearest benefit survey respondents thought AI will deliver is the elimination of the aforementioned repetitive workplace tasks. In fact, this was the most selected response to the question of AI benefits, with almost half (48%) of respondents from the tech community marking the elimination of repetitive tasks as a key benefit – compared to 40.7% of U.S. tech respondents.

If nothing the survey's findings indicate that, despite wariness, at least some consumers understand some of the benefits of workplace AI and that it's breaking through into mainstream consciousness.

Introducing chatbots

On top of machine learning there's another AI technology infiltrating the business world. Chatbots typically come in two forms: scripted bots or sophisticated AI or natural language bots, also known as smart assistants.

Scripted bots are the ones that have been around for a long time – they're easier to build and mostly used for mobile engagement strategies.

However, AI and machine learning is giving smart bots the ability to learn like a human and often to provide a spooky degree of realism.

ING Bank, The Hyatt, Vodafone and FedEx are already all using chatbots to support their customer service requirements. Gartner predicts that by 2019 requests for customer support through mobile messaging apps will exceed customer support by traditional social media and that by 2020, 85% of customer interactions will be with AI.

Sage is behind the world's first accounting chatbot, 'Pegg', an AI virtual assistant designed specifically to help you manage your finances. Pegg can keep a real-time account of your expenses, track incoming payments and automatically balance your books. The more you interact with Pegg, the more intelligent the chatbot will become, adapting to how you work and providing you with recommendations tailored to your business.

However, what's most astonishing about Pegg from an accountant's perspective is how it abandons accounting terminology and concepts. The user has no need to be aware of double-entry bookkeeping, for example or Accounts Payable/Receivable. Their accounting requirements are pared down to just a handful of questions: "How much money do I have?", for example, or, "How much am I owed?"

Chatbots for hire

And it isn't hard to imagine accountancy firms employing similar chatbots themselves, perhaps even in the near future, as a first line of client support. As mentioned above, with its non-accounting-oriented approach and language patterns, a chatbot can literally speak the same language as the client. Imagine questions like this: "Hey accounting bot, how long is it until my VAT returns are due? And does my VAT account match-up with what I've sold this quarter?" And then imagine how, if the answer indicates any discrepancy, the chatbot can flag an accountant to contact the client immediately to discuss better business practices.

In this instance the chatbot hasn't taken work away from the accountant. The client still pays for the same service, after all, but the chatbot has created additional value for the accountant – and in a way that the accountant can use to form genuine and useful bonds with the client.

A knee-jerk reaction is to assume people reject chatbots. Maybe we suspect there'll be a feeling similar to that which came about upon the widespread introduction of call centres, which typically receive negative attention. However, just as the research quoted earlier shows that people are broadly accepting of AI in general, there's also evidence that people actually prefer to use chatbots – especially the up-coming millennial generation who are entering the world of work and starting businesses. As just one indicator, a Retale survey showed that 67% of millennials are likely to purchase products or services using chatbots.

Ultimately, chatbots can be a very efficient route to getting a task done – so what's to dislike?

Challenges ahead

AI is set to challenge not just business practices but also the way we consider technology. In both cases the outcomes can be counter-intuitive and surprising. The best way to enter into a consideration of AI is to keep an open mind and to measure its importance based purely on the real-world benefits that are delivered – which in nearly all cases will be taking care of the low-end work tasks within an accountancy firm and freeing up staff to provide a more personal service for clients.

*** Sage, *An AI Reality Check,* 2017**

Institute News

Congratulations to our new members!

CPA would like to congratulate all the students who were conferred and officially became new CPA members on Saturday 2nd December 2017 in Croke Park:

Abdullah Alagha
Maggie Barrett
Erlinda Bernes
Tomasz Bieniek
Matthew Billings
Roman Fernandez
Bodelon
Lisa Boyle
Deborah Broaders
Beatrice Caball
Aoife Carolan
Marie Cooley
Daniel Charles Daly
Pamela Daly
Patricia Anne Daly
Katie Digby
Diane Egan
Mary Fawcett
Karen Fennessy
Brendan Ferriter
Alan Gerard Geasley
Linda Gill
Patrycja Gonsior
Barbara Goryczka
Paul Grinsell
Shane Hannafin
Sarah Harmon
Catherine Harpur
Padraig Harrington
Tony Harris
Ita Hickey
Olesea Holden
Ahmad Hossain
Chris Jones
Charlene Kearns
Aine Keely
Natalie Keely
Gabriel Kelly
Elizabeth Kennedy
Ewelina Kuczynska
Leeann Maguire
Darren McGirl
Elizabeth McSweeney
Tonderai Mhlanga
Carmel Moroney
Mark Mulvihill
Fiona Murphy
Sharon Murray
Mary Murtagh
Sylvestre Nijimbere
Tatsiana Niznik
Danielle O'Brien
Martha O'Brien
Orla O'Brien
Sandra O'Connell
Linda O'Connor
Trevor Thomas
O'Connor
Alan O'Dwyer
Peter O'Dwyer
Ailish O'Hara
Sean O'Keeffe
Ronan O'Mahony
Uchenna Opabola
Helen O'Sullivan
Seamus O'Sullivan
Monika Katarzyna
Paczuska
Ciara Power
Danyanne Quemper
Christopher Roe
Damien Shaughnessy
Jane Susan Small
Pat Somers
Cheryl Twomey
Gillian Twomey
Therese Vaughan
Conor Vesey
Russell Waldron
Jacqueline Walsh

CPA Ireland Conferring 2017

Sponsored by JDM Insurance

Congratulations to all the 2017 conferees and prize-winners who come from diverse roles in both practice and industry. Speaking at the conferring Deirdre Kiely, President of CPA Ireland said; "I am delighted to say that we continue to see full employment among newly conferred CPAs, reflecting the strong reputation among employers for the CPA qualification. The demand for accountants reflects the continued growth in the economy and has reached new heights with employers telling us they are now finding it increasingly difficult to fill vacant positions".

"With fantastic career opportunities and continued strong demand for qualified accountants, I would encourage leaving certificate and undergraduate students to seriously consider a career in accountancy. It is a valuable qualification and one that opens many doors both nationally and internationally. An accountancy qualification provides the flexibility to deliver varied and interesting career paths to all those who pursue it".

In conjunction with our sponsors, CPA Ireland each year presents an award to those students who have achieved the highest examination mark in each subject for the CPA examinations.

1. Pictured above from left to right: Paula Byrne – Griffith College Dublin; Ann Donegan – Griffith College Dublin; Samantha Taylor; Rupa Anand; Geraldine Leahy; Gillian Smith; Russell Waldron; Jacqueline Walsh; Barbara Goryczka; Jenny Kiely; Ronan O Mahony; Tatsiana Niznik; Tom Colgan – Griffith College Dublin

2. The Trinitones performing at the CPA Conferring Ceremony 2017, photograph courtesy of Rock Photography

Date for the Diary

British CPA Regional Society

10th May 2018
London

With the advent of Brexit and the uncertainty it brings The British CPA Regional Society is keen to bring together CPA Ireland accountants based in Britain to provide information as well as build a network of peers who can offer insight and advice to one another.

We would like to bring as many of us together as possible in the first half of this year to enjoy a *dinner and networking event in London in combination with the annual Review of Professional Issues Update*. We see this as an invaluable opportunity to reignite the British CPA Regional Society and maybe learn something at the same time!

Local members will receive, or will have already received, an email inviting you to attend this event. Can you please respond to the email to let us know if you will be attending in order that we can make the arrangements with the hotel. Full details of the timings and location will be included in the email.

We look forward to meeting you in May.

Liam Donnelly Award for Outstanding Accomplishment

The Liam Donnelly Award is presented in recognition of outstanding accomplishment in the CPA Ireland Professional 2 Stage examinations by newly qualified members of the institute conferred in December 2017. CPA Ireland were delighted to present this award to Russell Waldron.

Pictured above from left to right: Eamonn Siggins, CEO, CPA Ireland, Russell Waldron – Liam Donnelly Medal Prize Winner, Deirdre Kiely, President, CPA Ireland, Ann Donegan, Griffith College Dublin

Member Engagement 2018

As a membership body we need the input of our members to ensure we provide a strong, independent professional body supporting business needs through its internationally recognised qualification.

CPA Ireland hosts an annual series of events, the Review of Professional Issues, in multiple locations around the country to provide members with an update on the latest technical issues and what is happening in the Accounting professional. For the first time ever, this year's agenda included a thirty-minute session facilitated by Amarach Research to consider how CPA might deliver a better service and more value to its members. We listened to your thoughts on what was working, what was not working and how things could be improved. We are reviewing all feedback and taking the appropriate actions to identify what we can do to improve your experience as a member of CPA Ireland.

Irish Accountancy Awards 2018

CPA Ireland is delighted to once again support the Irish Accountancy Awards. The awards seek entries from firms and individuals who have provided the highest quality of service and who can demonstrate they have added significant value and competitive advantage to their client organisations. CPA Ireland is sponsoring "The Young Accountant of the Year – Industry" category.

The awards will take place on Thursday, April 26th, at the Ballsbridge Hotel, Dublin.

New Council Appointments at CPA Ireland

CPA Ireland is delighted to announce the election of two new Council Members in Clodagh Henehan and Orna Stokes. Both were elected to Council of CPA Ireland on Friday 16th February 2018.

Clodagh Henehan trained with Clibborn & Co. Ltd in Cork and qualified as a Certified Public Accountant in 1990. Clodagh has previously worked for the Office of the Comptroller and Auditor General and the Local Government Audit Service and was the Head of Finance for South Dublin County Council from 2004 to 2015. She is currently employed as a Divisional Manager for Cork County Council. Clodagh has been an active member of the Institute's Finance and Audit Committee since October 2012.

Orna is a past chairman of the CPA Leinster Society, and returns to Council where she previously served from 30/03/1995 to 09/04/2003, Orna has more than 30 years' experience across the Financial Services industry, particularly working with SME's and Franchises. Orna was project manager for the CPA Ireland/IIPA integration programme in 2017. She is a board member of St Catherine's Association which provides care and educational services to children with special needs throughout county Wicklow. Orna is now an independent business consultant and project manager.

CPA Ireland Membership Changes:

Resignations

Nigel O'Driscoll (001928)
Patrick O'Brien (005722)
Chiara Hayes (011645)
Caroline Wilde (006003)
Bernard Lawlor (000713)
Martin O'Reilly (001968)
Des Grace (024110)
Richard O'Callaghan (024230)

Removals

Barry Lynch (000754)
Robert Hurley (003315)
Charles O'Neill (004791)
Evan O'Keeffe (004820)
Bronagh McGee (004877)
Mary Finnerty (004983)
Hoi Tung Tang (005453)
Charston Poon (005489)
Carmel Galvin (006207)
Elaine Vesey (007264)
Myra Doherty McDermott (007661)
Fiona Spillane (007705)
Claire Dunne (007749)
Christine Bowden (007812)
Modupe Olusanya (008391)
Sybil Rynhart (015103)
Willard Chikomo (015629)
Ahmad Hasnain (016394)

Deceased

Colm O'Callaghan (002477)
Kamarudin Nurudin (004274)
Patrick Dunne (000386)

International News

International Agreements

CPA Ireland is part of an international community, with CPA members working in over 40 countries around the world. CPAs may be found working in a wide range of business sectors, multinationals, finance, government, public practice and more.

The CPA designation is the most recognised professional designation globally - over 1 million accountants worldwide recognise themselves as CPAs. We have a number of Mutual Recognition Agreements in place with accountancy bodies around the world. The Mutual Recognition Agreements allow our members to become members of other bodies and vice versa, subject to certain conditions. These include:

- Australia – CPA Australia
- India – Institute of Chartered Accountants India
- Canada – Certified General Accountants Association of Canada
- Nigeria – Association of National Accountants of Nigeria (ANAN)
- South Africa – South African Institute of Professional Accountants (SAIPA)
- Pakistan – ICMA Pakistan

CPA Ireland also has Memoranda of Understanding with:

- CIMA Global
- Sri Lanka - CPA Sri Lanka
- Bulgaria - CPA Bulgaria
- Russia - CPA Russia
- Belarus - CPA Belarus
- Lithuania – Lithuanian Chamber of Auditors (LCA)

There are a host of benefits to becoming a Member of CPA Ireland through the MRA programme including:

- **Dedicated Member Services and Professional Standards Departments** supporting Members in Industry and Practice.
- Access to over **100, competitively priced Continuing Professional Development (CPD) courses, seminars, webinars, online diplomas and conferences**.
- Access to a **dedicated team of technical executives** available 5 days a week to answer technical queries. CPA Ireland receive over 75 technical queries a month from Members and 90% of queries are responded to over the phone within 24 hours – as such this is a unique service offered by CPA Ireland.
- **High quality, expert publications** including CPA Ireland's quarterly journal Accountancy Plus, Monthly Members eBulletin, *A New Era for Irish & UK GAAP – A quick reference guide to FRS 102* - all available free of charge to CPA Ireland Members.
- Posting of job vacancies and/ or personal CVs via our online Jobsearch facility.
- An array of **exclusive Member Benefits** including discounts on Professional Indemnity, Home, Car Insurance. Further discounts are available on Accounts Software Packages, Employment Law Advisory Services, Website Development and much more.
- Exclusive access as a member of CPA to a range of **technical materials and guidance booklets on essential auditing, financial reporting, ethical and legal issues.**

For further information please contact Milena Delany on mdelany@cpaireland.ie

CPA Ireland / ANAN Leadership Programme

CPA Ireland will once again host the CPA Ireland Leadership Programme consisting of members of the Association of National Accountants of Nigeria (ANAN). The dates of the CPA Ireland/ANAN Leadership Programme for 2018 have been announced as 18th to 22nd June. Up to 30 members of the Association of National Accountants of Nigeria (ANAN) will visit Dublin to participate in the programme.

This year CPA Ireland has collaborated with 3 prestigious organisations – the Irish Management Institute, the Institute of Public Administration and the Irish Revenue Commissioners to provide this gold standard programme in Leadership. The programme will consist of two days of lectures in the Institute of Public Administration, two days of lecturers in the Irish Management Institute and a visit with the Irish Revenue Commissioners in the Revenue Offices.

MRA Member Profile Marcus Rwang Gyang

Marcus Rwang Gyang

Entered into membership through Mutual Recognition Agreement: 2017

What route did you take to become a CPA?

I was admitted through a Mutual Recognition Agreement between CPA Ireland and Association of National Accountants Nigeria (ANAN), an opportunity I cherish immensely. This is the greatest opportunity I have had in recent times and it has helped me realise my dream.

What advice would you give to someone considering entering the accounting profession?

The accounting profession is a profession that ensures individuals, organisations, associations and nations are made accountable as well as evaluating the establishment, their birth, growth and development. The role of the accounting profession in the life of an individual, organisation or a nation cannot be overemphasized, therefore, anyone considering entering this noble profession should please do away with any element of procrastination and embrace this profession as soon as possible.

Can you provide a brief history of your career?

My career began in the banking industry and from there I moved into the airline industry where I have spent more than a decade working. Working in the airline industry has granted me the opportunity to visit prestigious places around the world as well as upgrading myself academically (presently as a PhD student).

What is your biggest career achievement?

It is not easy to point at a particular career achievement as the biggest having worked for over a decade with a reputable and recently the first Five Star Airline in Europe, Lufthansa German Airlines. I thought handling four offices (Abuja town office, Abuja Airport office, Port Harcourt Town office and Port Harcourt Airport office) was my biggest career achievement until late last year when I volunteered to train students during our first Design Thinking (Impact Week) held at University of Lagos Nigeria where my Team (Easy Fare) came second out of twenty-two teams. I consider this as my biggest career achievement because it has been my desire to create a positive impact in the lives of people especially the young generation.

How has CPA helped you in your career?

Within the short time of becoming a member of CPA Ireland, my tenacity and career have been firmly established which has given me boldness in making major decisions. I realised that the ladder of success does not care who climbs it and CPA has made it possible for my career ladder to stand firm while I take my steps gradually upwards. CPA has helped me to face new challenges, to enrich my knowledge, widen my insight and develop other skills that were hidden potentials.

What inspires you most in business?

Solving problems, facing challenges and impacting the lives of people inspires me most. I am a person who has a good eye for identifying potential customers, an expert in solving commercial conflicts and skilled in developing business strategies. I am very analytical and I foresee the outcome exactly thanks to the years of experience I have, I develop work plans well in advance, and am willing to take on new business challenges. When I take on any assignment, I am committed because I like to try my best and highlight my knowledge and skills to satisfy my clients ensuring somebody smiles at the end of the day.

What in your view are the most pressing issues for accountants?

Trust is very important in any business and some businesses are taking risks by receiving poor advice from individuals that have narrow skill sets and are not fully qualified. This can reflect badly on the whole profession. This has a negative effect on their growth and development not to mention leading to deterioration in the trusted and reputable status we have earned as a profession. The advent of new online technologies and a mobile internet culture has seen a proliferation in the number of cloud-based accountancy software.

The good news is that the accountancy profession is still seen as trustable and reputable, as it continues to develop professional relationships with other industries and supporting new businesses for a positive future.

How do you unwind?

I am truly in love with nature. Therefore, I engaged in farming of both crops and animals where I get to spend quality times with my blessed family. I also enjoy reading and I sing and dance joyfully at my place of religious worship too.

What traits do you admire most in others?

I strongly admire people that have integrity, honesty and a strong moral compass. I sincerely respect human dignity and have genuine concern for others. The ability to renew themselves and others, learn from themselves and others, no matter the situation. A humbleness that is inspiring.

CPD News & Events

Dates for your diary

CPA Practice Matters Conference

Building a Next Generation Practice

Imagine a next generation way to manage your practice, engage your clients, streamline your work and grow your bottom line. CPA Ireland is delighted to launch our Annual Practice Matters Conferences 2018 Building a Next Generation Practice. These conferences have been moved to April as a direct result of member feedback that September was no longer an appropriate time for this event.

Dublin: 20/21 April 2018
– Castleknock Hotel, Dublin

Cork: 27/28 April 2018
– Radisson Little Island Hotel, Cork

Annual Conference

Great Expectations - Accountancy and Business in 2018

CPA Ireland's Annual Conference, Great Expectations – Accountancy and Business in 2018, will take place on Friday 25th May in the Castleknock Hotel in Dublin. This full day event provides attendees with an opportunity to meet with some inspirational business leaders who have achieved great success in their sphere providing strong leadership whilst transforming their companies to perform in the 21st century.

Date: 25 May 2018 - Castleknock Hotel, Dublin

Speakers include: Rachel Grimes, President, IFAC, Edmund Scanlon, CEO, Kerry Group and Verona Murphy, President, Irish Road Haulage Association.

IT Conference

Technology is changing accountancy. Technology is becoming the driving force behind today's evolving practice. Cloud computing makes the automation of data instant. Mobile devices are now critical devices. The role of the accountant is moving to that of a business adviser expected to provide value and expertise. The event provides attendees with an opportunity to participate in a stimulating and interesting event on latest IT developments.

Date: 22 June 2018 – Castleknock Hotel, Dublin

Upcoming Courses March – May 2018

Location	Dates	Title	Member Price	Non-Member Price	CPD Credit
Cavan	22/03/2018	Review of Professional Issues	€0.00	€50.00	2 hours
Cork	25/04/2018	Financial Reporting	€95.00	€125.00	3 hours
Cork	27/04/2018	CPA Practice Matters Conference 2018	€295.00	€345.00	8 hours
Dublin	11/04/2018	Conflict Management	€105.00	€130.00	3 hours
Dublin	12/04/2018	Creating Strong Team Dynamics	€105.00	€130.00	3 hours
Dublin	18/04/2018	Financial Reporting	€95.00	€125.00	3 hours
Dublin	19/04/2018	Plan your career	€20.00	€25.00	2 hours
Dublin	20/04/2018	CPA Practice Matters Conference 2018	€295.00	€345.00	8 hours
Dublin	15/05/2018	Talent Management Strategies	€105.00	€130.00	3 hours
Dublin	22/05/2018	Project Management Fundamentals	€225.00	€275.00	8 hours
Dublin	25/05/2018	CPA Annual Conference 2018	€195.00	€225.00	8 hours
Dublin	29/05/2018	Getting More Done in your Day	€105.00	€130.00	3 hours
Galway	10/05/2018	Financial Reporting	€95.00	€125.00	3 hours
Limerick	17/05/2018	Financial Reporting	€95.00	€125.00	3 hours
Newbridge	21/03/2018	Review of Professional Issues	€0.00	€50.00	2 hours
Webinar	20/03/2018	Economic Update Q1	€0.00	€36.00	1 hour
Webinar	21/03/2018	Master of your career -Sell your brand	€29.00	€36.00	1 hour
Webinar	27/03/2018	eBriefing - 1	€29.00	€36.00	1 hour
Webinar	28/03/2018	Master of Your Career - Invest quality time in your career	€29.00	€36.00	1 hour
Webinar	10/04/2018	Forensic Accounting and Fraud Investigation for Accountants	€29.00	€36.00	1 hour
Webinar	17/04/2018	A guide to a forensic accounting investigation	€29.00	€36.00	1 hour
Webinar	24/04/2018	Financial Investigations; the use of Forensic Accounting Techniques and Indirect Methods of Proof	€29.00	€36.00	1 hour
Webinar	30/04/2018	Fraud Risk Assessment	€29.00	€36.00	1 hour
Webinar	09/05/2018	Audit Planning	€29.00	€36.00	1 hour
Webinar	16/05/2018	Audit Execution	€29.00	€36.00	1 hour
Webinar	23/05/2018	Audit Completion	€29.00	€36.00	1 hour
Webinar	30/05/2018	Audit Reports	€29.00	€36.00	1 hour

Online courses in US GAAP & FRS102

Our online courses are a cost effective and flexible way of learning that allows you to develop your skills and professional knowledge at a time and place that suits you. Both the US GAAP Diploma & the online course in FRS 102 are delivered through a series of webinars and recordings and with access to the lecturer in advance of assignment submission dates (where the course involves an assignment).

US GAAP Diploma

The US GAAP Diploma is available through a series of videos and webinars which you can watch anywhere at any time. Presented by Dr. Wayne Bartlett, CPA, the US GAAP Diploma will enable successful participants to:

- Demonstrate a comprehensive knowledge and understanding of US GAAP
- Apply US GAAP to financial statements
- Apply the Concepts and pervasive principles of US GAAP to accounting transaction problems.
- Recognise and measure assets and liabilities as per US GAAP
- Identify disclosure requirements as per US GAAP
- Prepare a full set of financial statements as per US GAAP
- Reconcile IFRS financial statements to US GAAP and explain differences

CPD Credit: 40 hours with completion of assignment
Cost: €750

FRS 102 Online Course

The online course in FRS 102 is now available. This course is available through a series of videos and webinars presented by Robert Kirk, CPA and will equip accounting professionals with a full understanding of and a capacity to apply the new standards. The certificate will enable successful participants to:

- Demonstrate a comprehensive level of knowledge and understanding of FRS 102
- Practically apply FRS 102 to financial statements
- Convert current GAAP accounts to FRS 102
- Identify options on transition
- Apply the concepts and pervasive principles of FRS 102 to accounting transaction problems

CPD Credit: 15 hours
Cost: €400

CPA Ireland Annual Conference, ***Great Expectations – Transforming Accountancy in 2018***, will take place on Friday 25th May in the Castleknock hotel in Dublin. The conference, a full day event, will provided attendees with an opportunity to meet with some inspirational business leaders who have achieved great success in their sphere leading their companies to great success. All our speakers are experts in their fields with years of experience behind them. The conference will also provide member of CPA Ireland with an opportunity to network with fellow members and build new and lasting business relationships.

Student News

April 2018 Examinations

The April 2018 examinations will take place from 23 – 27 April (both dates inclusive). A complete list of examination venues is available below:

April 2018 - Examination Venues

DUBLIN: Erin's Isle GAA Club, Farnham Drive, Finglas, Dublin 11.

CORK: Bishopstown GAA Club, Bishopstown, Cork.

LIMERICK: Radisson Blu, Ennis Road, Limerick.

GALWAY: Western Management Centre, Galway Business Park, Dangan, Galway.

CARLOW*: Seven Oaks Hotel & Leisure Club, Athy Road, Carlow.

CAVAN*: Cavan Institute, Main Street Campus, Cavan.

LONDON: To be confirmed.

*Students should note that examinations will only be held at our Carlow and Cavan Examination venues in April 2018. There will be no examination sitting for August 2018 in either venue.

Remember, there are a number of resources available on the 'study support' page of the CPA Ireland website so please ensure that you avail of these as they are designed to provide guidance on the examination and training process.

For queries regarding examinations please contact Lisa Kelly at lkelly@cpaireland.ie or Ciara Tobin at ctobin@cpaireland.ie

CPA Ireland wishes all its students well in their examinations.

CPA Revision Courses for April 2018 Examinations

The following Approved Educators are providing revision courses for the April 2018 examinations:

Griffith College Cork

Griffith College Cork is offering revision courses for Formation 2 (Tax, Information Systems, Financial Accounting and Management Accounting), Professional 1 (Corporate Laws and Governance and Managerial Finance) and Professional 2 (Strategy and Leadership and Advanced Corporate Reporting).

These courses will take place between 24th February and 8th April 2018. Please contact Helen Long on 021- 4508617 or email helen.long@griffith.ie

Griffith College Dublin

Griffith College Dublin is offering revision courses for Formation 2, Professional 1 and Professional 2 (excluding Strategic Performance Management) for the April 2018 examinations. The courses will take place from 3rd February to 14th April 2018. For further information please contact Patricia Greene at 01 4150473 or email patricia.greene@griffith.ie

StudyOnline.ie

For the April 2018 sitting, StudyOnline.ie offers online tuition with revision lectures. The courses are fully supported and the tutors are on notice to expect more queries during exam time. Students enrolling in a subject are given access for both the April and August exam sitting at no extra cost. A 50% discount is available to students who are repeating/resitting a subject. Please contact Magda on 01-901 2016 for information.

Training Records

CPA Ireland would like to remind you, as a student, of the importance of maintaining your training record as you progress through the CPA qualification. The primary responsibility for the maintenance of your training records rest with you. Keeping an accurate record of your training and reviewing it on a quarterly basis with your supervisor enables you to receive structured feedback on your performance and facilitates planning for your training in the next quarter and beyond. Many resources such as FAQs, guides and webinars are available on the CPA Ireland website – these are designed to assist you in completing your training records and have proved beneficial to students in the past. Training records should be signed by a qualified accountant and submitted to the Institute on an annual basis.

Any students who did not submit their 2017 training records by Janaury 31st as required should do so as soon as possible.

Relevant Articles 2017/2018 Academic Year

CPA Ireland has published a series of articles to support students in their studies. These articles may be accessed in the students' section of the CPA Ireland website with further articles to be published during 2018. Recent articles include:

Revenue from Contracts with Customers - IFRS 15
This article by Brendan Doyle will be of interest to students studying P1 Corporate Reporting.

Case Study Questions in Formation 2 Information Systems
This article by Dr. Danielle McConville will be of interest to students preparing for the F2 Information Systems examination.

Accounting for Negative Goodwill: IFRS 3 versus FRS 102
This article by Dr. Sean Power will be of interest to students sitting P2 Advanced Corporate Reporting.

IFRS 15 - Revenue from Contracts with Customers
This article by Conor Foley will be of interest to students sitting F2 Financial Accounting.

Transfer of a Business to a Company
This article by Paul McDevitt will be of interest to students studying F2 Taxation.

Inventory Management
This article by Rosemarie Kelly will be of interest to students studying F2 Management Accounting.

Final Review Procedures and Audit Reports
This article by Paul Lydon will be of interest to students studying P1 Auditing.

The Role of Non-Executive Directors on the Audit Committee
This article by Mary Kelly will be of interest to students studying P1 Corporate Governance.

Accounting for Provisions and Contingencies
This article by Brendan Doyle will be of interest to students studying P1 Corporate Reporting.

Strategic Decision-Making: An Introduction to Bounded Rationality and the Influence of Cognitive Errors
This article by James Redmond will be of interest to students studying Strategy and Leadership.

Advanced Variance Analysis: The Case of Labour Costs
This article by John Currie will be of interest to students studying Strategic Performance Management.

Annual Student Awards Ceremony 2017

The Annual Conferring and Student Awards Ceremony took place on Saturday 2nd December 2017. A total of 77 new members have been conferred by the Institute and we are looking forward to working closely with all our newly qualified members through the course of their career as a CPA. The Student Awards Ceremony provides CPA Ireland and its sponsors with the opportunity to recognise those students who achieved the highest overall marks by subject in each stage of the Institute's examinations from Formation 2 to Professional 2 in 2017. Award winners were presented with a cheque from their sponsors and a piece of commemorative silverware from the Institute. CPA Ireland would like to congratulate award winners for 2017 and thank their sponsors for their generous support.

1. Russell Waldron, winner of the Liam Donnelly medal of Excellence with Eamonn Siggins, CEO CPA Ireland, Deirdre Kiely, President CPA Ireland and Ann Donegan (Griffith College). The prize was sponsored by the Office of the Auditor and Comptroller General. 2. Paula Byrne Griffith College Dublin, Frank Murray, Deloitte, prize sponsor, Jacqueline Walsh CPA Prizewinner, Advanced Taxation and Paul Heaney, Director Education & Training, CPA Ireland. 3. Ann Donegan, Griffith College Dublin, Russell Waldron, CPA Prizewinner Strategy and Leadership, Paul Heaney, Director Education & Training, CPA Ireland.The prize was sponsored by Byrne Curtain Kelly. 4. Paul Heaney, Director Education & Training, CPA Ireland, Geraldine Leahy, CPA Prizewinner Advanced Corporate Reporting, Tom Colgan, Griffith College Dublin. The prize was sponsored by Farrelly Dawe White. 5. Paul Heaney, Director Education & Training, CPA Ireland, Candace Kinsella, CPA Prizewinner Audit Practice and Assurance Services, Vaeni MacDonnell and Colm Foley, StudyOnline.ie. The prize was sponsored by HLB Sheehan Quinn. 6. Ann Donegan, Griffith College Dublin, Barbara Goryczka, CPA Prizewinner, Strategic Corporate Finance and Paul Heaney, Director Education & Training, CPA Ireland. The prize was sponsored by Quintas. 7. Paul Heaney, Director Education & Training, CPA Ireland, Tatsiana Niznik, CPA Prizewinner Strategic Performance Management, Gearoid O'Driscoll, ODM Accountants, prize sponsor and Ann Donegan, Griffith College Dublin. 8. Tom Colgan, Griffith College Dublin, Ronan O'Mahony, CPA Prizewinner Corporate Reporting, Cormac Firzgerald, Munster CPA Society, prize sponsor and Paul Heaney, Director Education & Training, CPA Ireland. 9. Paul Heaney, Director Education & Training, CPA Ireland, Rupa Anand, CPA Prizewinner Corporate Laws and Governance, Henry Thynne, Leinster CPA Society, prize sponsor and Ann Donegan Griffith Dublin. 10. Colm Foley, StudyOnline.ie, Sunil Appat Sukumaran, CPA Prizewinner Auditing, CormacFitzgerald, Fitzgerald & Partners, prize sponsors and Paul Heaney, Director Education & Training, CPA Ireland. 11. Paul Heaney, Director Education & Training, CPA Ireland, Jenny Kiely, CPA Prizewinner Managerial Finance, Tom Colgan, Griffith College Dublin. The prize was sponsored by the Western CPA Society. 12. Paula Byrne, Griffith College Dublin, Samantha Taylor, CPA Prizewinner Financial Accounting, Eamonn O'Connell, OCMC, prize sponsors. 13. Paul Heaney, Director Education & Training, CPA Ireland, Samantha Taylor, CPA Prizewinner Management Accounting, Helen Murphy, JDM, prize sponsors and Ann Donegan, Griffith College Dublin. 14. Paul Heaney, Director Education & Training, CPA Ireland, Gillian Smith, CPA Prizewinner Taxation (sponsored by FCOS) and Information Systems (sponsored by Continuum) with Tom Colgan, Grififth College Dublin.

Student Profile Geraldine Leahy

Geraldine Leahy

Why did you choose to become a CPA?

I always had an interest in accounting and graduated from CIT in 2008 with a Degree in Business & Accounting. I knew that I would further my studies to become a qualified accountant at some point but wanted to do it at the right time. I worked and travelled for a few years then decided I would return to college part time to study for my professional qualification. I choose to study CPA with Griffith College as they have flexible study options (classroom based and online). This suited me as working full time and attending lectures part time is quite demanding. Many of my colleagues have a CPA qualification and speak very high of the institute. CPA is globally recognised which leaves you open to ample opportunities to travel with the qualification.

What advice would you give to other CPA students?

I think that being organised and managing time is very important. Make a study plan and stick to it, set realistic goals for yourself of how much study you want to get done on a particular day/week. Keep up to date with lectures and study. Past exam papers are a great study aid and the more you practise these questions the better. P2 exams are open book but you still have to have an in depth knowledge and understanding of the material. Make sure you organise your notes and use tabs for quick reference to topics – you don't want to be wasting time in the exams looking for information.

What route did you take towards becoming a CPA?

I had exemptions as a result of the degree course that I completed in CIT so I was exempt from all F1 and F2 subjects and 2 subjects in the P1 level. There are few educators in Cork that run the CPA course so I decided to go with Griffith College. I have attended classroom based lectures for all subjects except 1 which I am doing online. The flexibility to be able to do this is great for me.

Can you provide a brief history of your career?

I graduated from college in 2008 and started working in a credit control/accounts administrator position with a safety company in Cork. I worked with this company until January 2011, when I left to go travelling. While in Sydney, I spent some time working for a media company in an accounts receivable position. When I returned home I worked for the company I had previously been employed with, in a similar accounts assistant role to previous. In February 2014, I joined Ervia (formally Bord Gais) as accounts receivable administrator. I also spent some time working with the Compliance Team. In 2015 I was appointed Accounts Receivable Team Lead. This is a challenging role where you have to manage the exception of various stakeholders while also meeting month end timelines and KPI's. I have three direct reports which is new for me but it is a role I really enjoy. My manager always encouraged me to pursue my studies in accounting and in September 2015. I returned to college part time. Ervia is a fast paced, ever changing company and having an accounting qualification opens you up to a lot of opportunities.

What is your biggest career achievement?

Finishing first in Ireland in P2 Advanced Corporate Reporting 2017 exam. I studied very hard for this exam and put a lot of time into practising past exam questions. It is nice to get awarded and recognised when all the hard work pays off.

How do you unwind?

I enjoy keeping fit and healthy. I like going for walks and fitness classes such as kettlebells and circuits. I'm lucky enough to be living by the sea where there are plenty of scenic walks to enjoy. I also like to spend time socialising with friends and family. Life can be very busy and I think it is important to take some time out to relax and un-wind.

What traits do you admire most in others?

Hardworking, honest people who show respect for others.

Publication Notices

Ref: Invest/16/16

Resignation from Membership during Disciplinary Process.

On 9 November 2017, Mr. Nigel O'Driscoll of Barrack Bridge, Old Yellow Walls Road, Malahide, Co. Dublin resigned from membership before the conclusion of disciplinary proceedings.

At its meeting of 12 September 2017, the Investigation Committee formed the view that prima facie evidence of misconduct exists in that: -

1. Mr.O'Driscoll acted in breach of the Institute's Code of Ethics by the inappropriate treatment of his own VAT which lead to a significant underpayment of VAT and resulted in a judgement debt being registered by the Collector General and

2. Mr. O'Driscoll failed to satisfy a judgment debt in the amount of €259,496 to the Collector General.

The Investigation Committee referred this case to the Disciplinary Committee. However, Mr. O'Driscoll resigned his membership before the conclusion of these disciplinary proceedings and accordingly a Disciplinary Tribunal have ordered this Publication in accordance with Bye Law 6.55.

INSTITUTE
Information & Disclaimer

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

The Institute of Certified Public Accountants in Ireland, CPA Ireland is one of the main Irish accountancy bodies, with in excess of 5,000 members and students. The CPA designation is the most commonly used designation worldwide for professional accountants and the Institute's qualification enjoys wide international recognition. The Institute's membership operates in public practice, industry, financial services and the public sector and CPAs work in over 40 countries around the world.

The Institute is active in the profession at national and international level, participating in the Consultative Committee of Accountancy Bodies – Ireland – CCAB (I) and together with other leading accountancy bodies, the Institute was a founding member of the International Federation of Accountants (IFAC) – the worldwide body. The Institute is also a member of Accountancy Europe, the representative body for the main accountancy bodies

The Institute's Offices are at 17 Harcourt Street, Dublin 2, D02 W963 and at Unit 3, The Old Gasworks, Kilmorey Street, Newry, BT34 2DH.

ENROL NOW FOR 2018

CPA IRELAND | CERTIFIED PUBLIC ACCOUNTANTS

Certified Tax Adviser (CTax) –
Acquire an Accredited Tax Qualification*

What qualified Certified Tax Advisers had to say about this course

"I found the CTax qualification extremely beneficial to my career, I now have the necessary skills and knowledge to work in tax and to be an invaluable adviser to my clients."
Rhonda Brophy CPA CTax

"The CTax qualification was an excellent course that delivered all the tax modules using a practical and easy to learn approach. I work in industry and am involved in company taxation matters. This course equipped me with the necessary taxation skills to undertake this work."
Bridget Hunt ACA CTax

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

Why do this course?

- Acquire a qualification at Level 8 on Ireland's National Framework of Qualifications (NFQ)*
- To be up to date and relevant in your field
- To stay abreast of developments in tax
- To demonstrate to both clients and employers that you have enhanced your professional qualification
- As a refresher course if already qualified in tax

Who should do this course?

- Qualified accountants
- Legal professionals
- Comparable financial professionals
- Already working in tax and requiring certification

*The designation of Certified Tax Adviser (CTax) is awarded on successful completion of the Special Purpose Certificate in Advanced Taxation Planning and Advice which is provided in collaboration with Griffith College. This QQI validated programme is placed at Level 8 on Ireland's National Framework of Qualifications (NFQ) and consists of 15 European Credit Transfer System (ECTS) credits and is in line with European higher education standards. The development of the CTax course was funded by CPA Ireland Skillnet.

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