CPA IRELAND | CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANCY plus

The Official Journal of The Institute of Certified Public Accountants in Ireland
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BREXIT AND BUDGET 2019

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Editorial

Accountancy Plus September 2018

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President's Message

Welcome to the September edition of Accountancy Plus.

Since the last edition of Accountancy Plus in June, we have had a busy schedule over the summer months with a critical assessment of the Leaving Certificate Accountancy Paper taking place and significant discussions over the need for a re balance of government policy in favour of the SME sector and Irish Indigenous businesses. It is a strategic imperative that the Government strikes a balance in creating an equal and innovative stable tax policy environment without compromising the benefits that both the SME and FDI sectors bring to the overall economy.

IDA Ireland has indicated that a number of financial institutions have announced their intentions to set up or expand their operations in Ireland since January of this year. Many global businesses will aspire to having a hub in Europe in an EU Member State with access to EU markets. Ireland can continue to attract its fair share of that investment, provided the right policies and tax environment are prioritised giving stability to the overall economy.

There is also opportunity for Irish business to grow and expand by accessing European markets which may not have been previously considered. With regards to this, Government will need to provide targeted support to Indigenous Irish businesses with growth potential to compete internationally.

As budget 2019 approaches, my focus is very much on working with the Government and stakeholders to address the changes needed in policy in the above areas and ensure a vibrant and progressive future for all concerned. The economy is at a critical juncture and it is important to all sectors that it remains competitive, striking a balance between growth and taxation.

At the recent CPA Ireland Annual Conference held in May, I was delighted to meet with An Taoiseach, Leo Varadkar and The President of the International Federation of Accountants (IFAC), Rachel Grimes. An informative discussion was held with An Taoiseach in relation to a variety of key issues currently affecting the accountancy sector.

In June of this year, CPA Ireland undertook a critical assessment of the Leaving Certificate Accountancy paper and identified a number of key issues. The syllabus needs to be updated and rationalised to ensure the continued relevance of the subject. A project-based teaching model would enable students to understand the general economics of business and its application. Finally, implementing a revised syllabus at second level that shows its relevance and demonstrates the breadth of career options in accountancy is a must to encourage future generations to choose accountancy as a career path.

I would like to remind you of the CPA Ireland Autumn/Winter CPD programme which was developed based on feedback from members. October sees the return of the Industry Matters Conferences in Dublin and Cork. Later in the year CPA will run its inaugural Tech Day, available to attend in the classroom or through Live Streaming. CPA will also provide full days training on Audit and Law & Regulation in December and with over 50 courses before the end of the year, including the CPD Wrap Ups, multiple webinar series and Essential Professional Briefings; many training needs are catered for.

Finally, I would like thank our executive, our members and our students for their continued support, CPA Ireland will continue to demonstrate strong leadership to the profession. While our economy continues to grow strongly at present, there are clouds on the horizon such as the threat of Brexit, the push towards international tax harmonisation and the potential fallout from the Trump administration trade wars.

Cormac Mohan
President CPA Ireland

ACCOUNTANCY**plus**

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Investing in our Future

John McGrane discusses the impact Brexit will have on the collaboration between the Irish and the UK Higher Education Sector, and how we must strengthen collaboration with our UK counterparts through bilateral partnerships to move towards a brighter future.

John McGrane is the Director General of the British Irish Chamber of Commerce.

2018 is a momentous year of anniversaries. 100 years ago, the guns fell silent on the Western Front, just 20 years ago the Good Friday Agreement was signed and 60 years ago, the roots of Ireland's economic success were laid in the First Programme for Economic Expansion. The Ireland that we live in today owes much to the vision of its authors, including the late Dr TK Whitaker.

The visionaries behind the programme realised that to invest in Ireland's future, they had to invest in education. What held true in 1958 holds true today. The problems Ireland faced in 1958 seemed insurmountable. We were a nation not long independent, impoverished by a trade war with our neighbour and exporting our young people on the hoof alongside our animals. 60 years on, Ireland has become a vibrant nation with a resilient, talented population and a community that has paid its dues and which now features the best growth rate in the EU. The decisions of 60 years ago have been key to this.

However, as the clock ticks towards April Fool's Day 2019 when the UK formally leaves the EU, we are again faced with a seemingly insurmountable challenge. As the only organisation representing business activities with interests across these

▸ Continued on Page 4

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two islands, the British Irish Chamber of Commerce has been at the centre of the Brexit dialogue since before the referendum in June 2016. The work of the Chamber touches on every dimension of the Brexit discussion, including the potential impact on Higher Education.

Brexit, of whatever hue, will be disruptive for Ireland's Higher Education Sector. The UK is and will remain a world leader in education and innovation and its leaving will have a negative impact on Higher Education in the EU as a whole. But that does not mean that Brexit will not impact on the sector in the UK. Our friends at Universities UK have identified the biggest concerns for the sector as 'increased barriers to recruiting talented European staff, damage to international research collaboration, increased barriers to recruiting European students, loss of funding for research and innovation and reduced outward mobility opportunities for staff and students.' Years of collaboration, of strengthening relationships and seamless cross-border flows of students and staff are now at risk. Losing these knowledge flows and partnerships would be disastrous for the EU and the UK alike. Higher Education and Research thrives on broadening horizons, on exploring new opportunities and challenging pre-existing concepts. Anything that narrows this and restricts the movement of knowledge and talent will be detrimental to all involved.

The impact on collaboration will be immense. According to the Royal Society UK, between 2005 and 2014 there were 16,655 co-authored papers between academics from the UK and Ireland. As outlined previously, the biggest concern for the UK academic community is whether British academics will still be able to collaborate across EU borders with their European peers. Naturally this would also be a significant concern for the Irish research community. UK and Irish research institutions already collaborate extensively, especially under EU research programmes. There are currently more than 900 collaborative links between Irish and UK researchers under Horizon 2020, the EU's €80 billion research fund. Since the commencement of Horizon 2020, 12.6% of all successfully-funded Irish research projects have included at least one UK-based partner and over the course of 2016 and 2017 that number increased to about 40%. Given the fact that Ireland shares a border with Northern Ireland, both jurisdictions have established successful collaborative partnerships. In the precursor to Horizon 2020 - Framework Programme 7 - €89.2m was raised by North-South research collaborations; a success rate of 24%, just above the EU average. These collaborative links are now in danger as a result of Brexit.

So much for the problems but we at the British Irish Chamber are in the business of solutions. That's why we have worked hard alongside key stakeholders and through our Higher Education and Research Policy Committee to identify the opportunities that Brexit presents for the Higher Education Sector in Ireland. In London earlier this year, we brought together for the first time leading Ministers, policymakers, educators, researchers and employers from across the UK and Ireland to identify specific initiatives to enhance cooperation post-Brexit.

Speaking at the event, our Patron Niall FitzGerald, spoke of how Brexit can be a catalyst for Higher Education in Ireland, not a catastrophe. The same issues that cause concern can be turned to create a true UK-Ireland Higher Education and Research Partnership. Ireland is a ready-made partner and friend for the UK post-Brexit and working together, we can mitigate against the potential risks that Brexit poses to both our economies and societies.

Ireland is currently the next best option for many international academics and students, and fears of the recruitment of staff post-Brexit can be solved through bilateral UK-Ireland agreements such as the Common Travel Area (CTA) and the creation of joint-professorships. Likewise, the CTA and commitments to "home" fees for students can ensure that two-way student flows are not unduly impacted.

Upon leaving the EU, the UK may well lose access to research funding and collaborative projects. Ireland, again, presents the solution to this through our continued access to that same funding. Furthermore, by forming strategic partnerships, we can ensure that research collaborations between our islands continue well into the future, regardless of the Brexit outcome.

The challenge for the Irish Higher Education sector is how to make the most of this unprecedented opportunity. Brexit is not the only game in town. Chronic underfunding, lack of affordable student accommodation and a plummet in world rankings have taken their toll upon the sector in Ireland. As we at the Chamber say, 'it's hard to score an open goal when the ball is deflated'. In our recommendations to the Irish government for the up-coming budget, now more than ever it is critically important that we revitalise investment in our education system.

Cutting off ties with the UK's Higher Education Institutions is simply not an option. To avert catastrophe and make the most of the opportunities Brexit presents, we must invest more in education not less - TK Whitaker knew that and we do too.

The Irish Higher Education Sector is at a crossroads. With increased funding it can build strong, mutually beneficial partnerships with the UK. If funding is cut or allowed to stagnate, the opportunities will be missed and the Brexit risks outlined above will come back to haunt us. For the sake of the generations to come after us, we cannot allow this to happen.

Sixty years ago, Ireland overcame a seemingly impossible challenge to develop into the vibrant country we are today. In 2018, we face another seemingly insurmountable challenge yet, much like the problems faced by those before us in 1958, it is not an impossible one. For Higher Education in Ireland, strengthening collaboration with our UK counterparts through bilateral partnerships will ensure that, no matter the outcome, Ireland and the UK and indeed, the UK and the EU, can move towards a brighter, collaborative future. But to reach this future, we must first invest in our people and critically, in our education, now.

CPA Profile Martina Redmond

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

I completed my undergraduate degree in UCD in languages and although I thoroughly enjoyed my studies and the experiences that came with it, I felt that I was missing core skills to be equipped to find a job and build a solid and challenging career. I felt that an accounting qualification would give me a good grounding and firm foothold in a range of business environments, whether it be in thriving or more challenging times.

How did you choose CPA Ireland as your qualification route?

I was working in an educational institution at the time assisting other students to prepare to embark on various careers and it prompted me to consider where I was at myself and the career options out there for me. I thought that taking the accounting exams would allow me to pursue a challenging and rewarding career. I happened to be chatting with an Economics Professor who was teaching some of the students and he recommended that CPA was a route that was worthwhile considering and I am glad that I took his advice. Actually, my sister followed suit shortly after and is now also a CPA!

Can you briefly describe your career?

I work for Mid Europa Partners LLP in London, which is a leading buyout investor focused on the growth markets of Central and Eastern Europe. I started in October 2010 and progressed to Financial Controller and now am Head of Finance. My role entails overseeing Fund and Corporate accounting of onshore and offshore entities, as well as overseeing Transaction Support to our Investment team for accounting, tax, legal and compliance matters in several jurisdictions.

What made you decide to move to the UK?

I actually moved for personal reasons and at the start I was a little hesitant as to what lay ahead and how it would go. However, I applied myself in my job and took on whatever new tasks I could to try and maximise the learning opportunity that was presented to me, and I'm still here, eight years later.

How do you find your CPA qualification has helped you in your UK role?

The CPA qualification has helped me in many ways. As it is quite an internationally recognised qualification, it provided the technical framework to allow me to apply for jobs in the accounting and finance domain. The CPA subject range provided a good all-round knowledge on many topics as well as accounting, which frequently helps me in my role. Furthermore, I think that having had to balance work and study when sitting the CPA exams contributed to useful attributes and skills such as multi-tasking, perseverance, hard work and determination.

What has been your biggest career achievement?

My biggest and happiest achievement has been completing the accountancy qualification and being able to use this as an opportunity to pursue my current role, in which I am constantly learning and developing in many areas, not only accounting, but also law, finance, tax, compliance and investor relations. I am sure that had I not chosen the CPA route, I would not be where I am today.

If you were advising someone just starting out with their CPA qualification, what tip would you give them that would make their journey smoother?

You need to approach the decision to undertake an accounting qualification with the correct mindset. While very achievable, it requires dedication, motivation and self-discipline. Commitment and some sacrifices are required but these are short term, while your accounting qualification is for life. The tutors are very approachable and happy to give live business examples of how certain concepts apply and I would always take the opportunity to ask questions to see how learning outcomes apply practically in real life scenarios. I will never forget how happy and proud I was the day I received my final exam results, and the CPA qualification has opened many doors for me that I think otherwise would not have materialized.

Martina Redmond

TITLE:
Head of Finance

COMPANY:
Mid Europa Partners LLP

QUALIFICATION:
CPA, Accounting Technicians Ireland, HDip Business - UCD Michael Smurfit Graduate Business School, BA Hons Intl UCD

What do you think are the most pressing issues for accountants?

I think as an accountant it's important to keep abreast of many business matters and functions, not just accounting, because this is how employers will see you as adding value to the firm. I also find that as an accountant, people look to you for advice and guidance on many areas; and oftentimes an accountant can be pivotal in the shaping, developing and success of the business model.

How do you unwind?

I enjoy hanging out and dining with my friends and family, particularly in my native Co. Wexford. I love to go to Italy when I can, to enjoy its scenery and culinary delights and luckily I also enjoy the gym which helps to balance out the indulgences!

CPA Profile Aoife Redmond

Aoife Redmond

TITLE:
Senior Accountant

COMPANY:
Swan O'Sullivan Accountants

QUALIFICATION:
BSc Business & Management, CPA

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

I had a keen interest in the area of business from an early age and after secondary school I attended DIT and obtained a Bachelor of Science degree in Business and Management. I specialised in the Accountancy stream of the degree as this was the part of the course that interested me most. It was a natural progression from when I graduated from college to pursue a trainee accountant role in practice. I immediately knew that this was the career for me.

How did you choose CPA Ireland as your qualification route?

My sister is also a qualified CPA so I had first-hand experience from someone who had been through the process and also the opportunities that the qualification can offer. I knew that I wanted to train in practice and the course content was relevant to that role. The application process was very straightforward with regard to obtaining exemptions. CPA was also flexible insofar as I had commenced the course at the same time that I was interviewing for trainee roles.

Can you briefly describe your career?

I am approaching ten years with my current employer, Swan O Sullivan Accountants. I commenced working with the practice as a Junior Trainee Accountant and progressed from there to Senior Accountant. At my current level my day-to-day work life involves working closely with the Partners to assist and advise clients on accountancy and taxation matters as well as contributing to the overall growth and development of the practice. A large part of my role is centred around managing, training and progressing trainees to ensure that they are meeting their training requirements for their qualifications as well as ensuring that the work they produce is of the highest quality.

How do you find your CPA qualification has helped you in your role?

The knowledge that I have gained from studying the course and sitting the exams is hugely relevant to my day-to-day work. The CPD courses and publications provided by CPA also assist in keeping me up to date with current issues. The skills, knowledge and experience I have gained through obtaining my qualification are invaluable in carrying out both the technical side of my role as well as mentoring and training my team.

What do you enjoy most about your current role?

I am lucky in that our firm is continuously growing and expanding. No two days are the same and the diversity of our client base provides both challenges and learning opportunities on a daily basis. As a mentor, there is always a sense of achievement in seeing trainees take on board your knowledge and experience and seeing them grow and progress in their own careers.

If you were advising someone just starting out with their CPA qualification, what tip would you give them that would make their journey smoother?

Embarking on the CPA qualification is a huge commitment. Assess what learning option is right for you. From my experience, I have witnessed that eLearning is not for everyone, some people benefit more from learning in a classroom environment. From a practical perspective, engage the people around you to your benefit. The sooner you apply your course knowledge to your role, the easier you will find both your work and studies. It's not the end of the world if you fail an exam. Dust yourself off and try again. There is nothing like the sense of achievement you will feel when you open those final exam results.

What do you think are the most pressing issues for accountants?

Change; and keeping up with the regulatory environment, Taxes Acts, Companies Acts, Revenue rules and guidelines, Accountancy Standards and technology.

How do you unwind?

Spending time with family and friends, being by the seaside and cooking.

What traits do you admire most in others?

Hard work, willingness to learn and giving back to your team, drive and determination.

Financial Reporting News

Interested in <IR>?

Integrated reporting <IR> embraces the six capitals established by the IIRC's International Integrated Reporting Framework: financial, human, intellectual, manufactured, natural, and social and relationship. Considering each holistically, organisations can build a clearer understanding of the factors necessary to build value over the short, medium, and long term, including how the business uses and effects its resources.

ABN AMRO published its 2017 Integrated Annual Review, the Annual Report of ABN AMRO Group N.V. and ABN AMRO Bank N.V. They used an innovative reporting approach and are the first company in the world to obtain limited assurance on the entire Integrated Annual Review based on the International Integrated Reporting <IR> framework. If you are interested in exploring the option of <IR> for your organisation you can download their report here https://www.abnamro.com/en/about-abnamro/annual-report/download-centre/index.html

Sample Financial Statements

CPA Ireland presents a full Suite of Sample Irish GAAP Statutory Financial Statements 2018. Compliant with the latest legislation, Companies (Accounting) Act 2017 and the latest edition of Irish GAAP Standards, March 2018. The full suite for all company sizes in Ireland are now available to purchase but for CPA Members only, sample financial statements, in pdf format, for Micro, Small and Medium companies are available FREE. They may be downloaded from the Members only section of the website here.

The full suite includes all the following sample financial statements:

- Micro Company - applying FRS 105
- Micro Company Abridged - applying FRS 105
- Small Company - applying FRS 102 Section 1A
- Small Company Abridged - applying FRS 102 Section 1A
- Small Group - applying FRS 102 Section 1A
- Medium Company - applying FRS 102
- Medium Group - applying FRS 102
- Large Company - applying FRS 102

The full suite can be purchased on CD or as a digital download on MS Word for €199 or individual financial statements can be purchased as MS Word digital downloads for €45 each.

IFRIC Guidance on Classification of short-term loans and credit facilities (IAS 7 Statement of Cash Flows)

The IFRS Interpretations Committee (IFRIC) is the interpretative body of the International Accounting Standards Board (IASB). The Committee received a request asking about the types of borrowings an entity includes in its statement of cash flows as a component of cash and cash equivalents. In the fact pattern described in the request:

a. an entity has short-term loans and credit facilities (short-term arrangements) that have a short contractual notice period (eg 14 days);
b. the entity says it uses the short-term arrangements for cash management; and
c. the balance of the short-term arrangements does not often fluctuate from being negative to positive.

The Committee observed that:

a. applying paragraph 8 of IAS 7, an entity generally considers bank borrowings to be financing activities. An entity, however, includes a bank borrowing as a component of cash and cash equivalents only in the particular circumstances described in paragraph 8 of IAS 7—ie the banking arrangement is a bank overdraft that (i) is repayable on demand, and (ii) forms an integral part of the entity's cash management.
b. cash management includes managing cash and cash equivalents for the purpose of meeting short-term cash commitments rather than for investment or other purposes (paragraphs 7 and 9 of IAS 7). Assessing whether a banking arrangement is an integral part of an entity's cash management is a matter of facts and circumstances.
c. if the balance of a banking arrangement does not often fluctuate from being negative to positive, then this indicates that the arrangement does not form an integral part of the entity's cash management and, instead, represents a form of financing.

In fact the pattern described in the request, the Committee concluded that the entity does not include the short-term arrangements as components of cash and cash equivalents. This is because these short-term arrangements are not repayable on demand. Additionally, the fact that the balance does not often fluctuate from being negative to positive indicates that the short-term arrangements are a form of financing rather than an integral part of the entity's cash management.

The Committee also noted that paragraphs 45 and 46 of IAS 7 require an entity to (a) disclose the components of cash and cash equivalents and present a reconciliation of the amounts in its statement of cash flows with the equivalent items reported in its statement of financial position; and (b) disclose the policy which it adopts in determining the composition of cash and cash equivalents.

The Committee concluded that the principles and requirements in IFRS Standards provide an adequate basis for an entity to assess whether to include in its statement of cash flows the short-term arrangements described in the request as components of cash and cash equivalents. Consequently, the Committee decided not to add this matter to its standard-setting agenda.

Source: www.ifrs.org

BY
Robert Kirk

Robert Kirk CPA is Professor of Financial Reporting at the University of Ulster. Robert is also author of the CPA Ireland Skillnet 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.**

FRS 100-105 Triennial Amendments applicable 1st January 2019 Part 3

In this third and final article on the subject I will conclude my review of the main changes to that standard as well as covering some consequential changes to the new standard for micro entities, FRS 105.

As with the previous two articles I am covering the changes Section by Section. I will start with Section 24.

Section 24 Government grants and Section 25 Borrowing costs

There are no substantive changes to either Section and the only changes are typographical and minor adjustments to the wording in each section.

Section 26 Share based payment

There is an important change to this part of the standard dealing with the distinction between an equity and a cash settled share-based payment for a group scenario. This has been clarified in a new Section 26.2A as follows:

26.2A The entity settling a share-based payment transaction when another entity in the group receives the goods or services shall recognise the transaction as an equity-settled share-based payment transaction only if it is settled in its own equity instruments. Otherwise, the transaction shall be recognised as a cash-settled share-based payment transaction.

There are also a large number of minor amendments to the wording in the section.

Section 27 Impairment of assets

There are only a few minor typographical amendments to this section.

Section 28 Employee benefits

A couple of minor changes are being implemented to employee benefits;

1. The cost of a defined benefit plan may now be presented net of amounts relating to changes in the carrying amount of the right to reimbursement; and

2. In group defined benefit plans a net defined benefit cost will require the recognition of a corresponding net defined benefit asset or liability in the individual financial statements for any group entity recognising a defined benefit cost.

Section 29 Income tax

When calculating the tax due on a business combination using the purchase method, a new Section 29.11A will require an entity to consider the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of the income tax asset or liability in order to determine the correct tax rate to apply.

FRED 68 *Payments by subsidiaries to their charitable parents that qualify for gift aid* (September 2017) has now also been inserted into revised FRS 102. However, this will only apply to UK companies. The new insertion responds to the significant differences in accounting treatment arising in practice, in relation to the accounting for gift aid payments made by a subsidiary to its charitable parent. These payments are made during the nine months following the relevant reporting date and are a distribution to owners but are treated as donations for tax purposes. The amendments require the tax effects of such a gift aid payment, when it is probable that it will be made in the nine months following the reporting date, to be taken into account at the reporting date. This will improve the consistency of reporting between entities and the relevance of the information provided to users. The following new insertion is therefore being implemented:

29.14A As an exception, when:
(a) an entity is wholly-owned by one or more charitable entities;
(b) it is probable that a gift aid payment will be made to a member of the same charitable group, or a charitable venturer, within nine months of the reporting date; and
(c) that payment will qualify to be set against profits for tax purposes, the income tax effects of that gift aid payment shall be recognised at the reporting date. The income tax effects shall be measured consistently with the tax treatment planned to be used in the entity's income tax filings. A deferred tax liability shall not be recognised in relation to such a gift aid payment.

Normally the tax expense is recorded in the same component of comprehensive income as the related transaction. However, an exception has now been introduced when distributions go to equity but their related tax effects instead will be recorded in profit and loss:

29.22A As an exception to paragraph 29.22, an entity shall present the tax expense (income) effects of distributions to owners in profit or loss.

Section 30 Foreign Currency Translation and Section 31 Hyperinflation

There are some minor amendments to both of these sections but nothing of a substantive nature.

Section 32 Events after the end of the reporting period

The revised standard has removed the need to disclose the fact that an entity's owners or others have the power to amend the financial statements after issue. This was always a fairly irrelevant disclosure note as rarely would anybody know who would have the authority to reissue the financial statements for the second time as this would be regarded as highly unusual.

Section 33 Related party disclosures

The revised standard has introduced an additional paragraph 33.7A which states that where there is a legal or regulatory requirement to disclose directors' remuneration an entity is exempt from the requirement in paragraph 33.7 to disclose key management personnel compensation as long as the key management personnel and the directors are the same. This is really to help avoid a duplication of disclosure as directors' remuneration is already required under company law. A similar exemption applies to the additional disclosure normally required for the Directors' share-based payment arrangements.

Section 34 Specialised activities

This is the longest section in the standard covering a wide variety of specialised activities including how to account for heritage assets, agriculture and public benefit entities. However, the only major change is a revision applying to service concessions.

Service concessions

Service concessions (better known as PPP or PFI contracts) are now revised to require, under Section 34.16B, both an operator and a grantor to disclose information that enables users of the entity's financial statements to evaluate the nature and extent of the relevant risks arising from those arrangements. This information should typically include, but is not limited to, a description of the arrangement including any rights, obligations or options arising and any significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows.In addition, in Section 34.16C, an operator will now have to disclose the amount of revenue, profits or losses and other income recognised in the period on exchanging construction services for a financial asset or an intangible asset.

Financial institutions

There are also some changes to the disclosure requirements for financial institutions to require additional disclosure of the effect of credit risk on future cash flows, as follows:

34.21A When a financial institution has made the accounting policy choice in paragraphs 11.2(c) and 12.2(c) to apply the recognition and measurement provisions of IFRS 9, it shall disclose information that enables users of its financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows.

Section 35 Transition to this FRS

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

(a) the reason why they had stopped applying FRS 102;
(b) the reason why they are resuming the application of FRS 102; and
(c) whether or not they have applied Section 35 or they have applied FRS 102 retrospectively in accordance with Section 10 *Accounting Policies, Estimates and Errors.*

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Changes to FRS 105 The Financial Reporting Standard applicable to the Micro-Entities Regime

There are a number of consequential changes to FRS 105 as a result of the changes being made to FRS 102:

Section 1 Scope

Micros in the Republic of Ireland can apply FRS 105 for accounting periods commencing on or after 1st January 2017 but early adoption is also permitted provided the Companies(Accounting) Act 2017 is applied at same time whereas Micros in UK can only apply the amendments to FRS 105 for accounting periods commencing on or after the 1st January 2019 except those in Section A which apply from 1st January 2017 i.e. off balance sheet financing and employee numbers disclosure.

Section 3 Financial statement presentation

A micro need not provide a specific disclosure required by FRS 105 if the information resulting from that disclosure is not material, except when required by the Companies Act regardless of materiality. In addition, Irish micros do not have to include the notes at the foot of the Statement of Financial Position.

In addition, Irish micros must now disclose;

- the name and legal form of the micro entity;
- the place of registration and number;
- the address of the micro-entity's registered office; and
- where appropriate, the fact that the micro is being wound up and whether a receiver or provisional liquidator has been appointed and the former name as well as the existing name of the micro if the winding up commences within one year after the date on which it has changed its name.

Irish micros must also provide particulars of any departure from the principles set out in company law in preparing the micro's financial statements, the reasons for it and its effects on the statement of financial position and income statement in accordance with Appendix B to Section 6 Notes to the Financial Statements.

Section 4 Statement of Financial Position

Irish micros must refer to Section B of Part II of Schedule 3B to the Companies Act 2014 and must also disclose information in relation to the following items:

In accordance with Appendix B to Section 6 Notes to the Financial Statements:

(a) a change in the format of the statement of financial position adopted;
(b) an asset or liability that relates to more than one of the items listed in the statement of financial position; and
(c) any debts included under 'creditors' against which security has been given.

Section 5 Income Statement

Irish micros must refer to Section B of Part II of Schedule 3B to the Companies Act 2014 A micro must recognise all items of income and expense in a period in profit or loss unless an FRS requires or permits otherwise, or unless prohibited by the Act e.g. prior period adjustments.

Section 6 Notes to the Financial Statements

Appendix B to Section 6 covers the disclosure requirements for Irish micros and readers should refer to the list there. Suffice to say that it is much more extensive than that required by UK law (Appendix A) and that has resulted in two separate appendices for the two jurisdictions.

Conclusion

Although the three-major international financial reporting standards on financial instruments, revenue and leases have yet to be incorporated into FRS 102 the changes announced in March 2018 are not superficial and preparers should look carefully into the minutiae. The revised standards, FRS 100-105, are all available free of charge to download from www.frc.org.uk. Hopefully there will be no further revisions to the standards until the next triennial review which should take place in 2020.

Law & Regulation News

Well Done, Lobbying Works!

The Companies (Statutory Audits) Act 2018 was signed into law by President Higgins on 25th July 2018 and it is intended that the Act be commenced as and from 21st September 2018. Due to the successful lobbying by CPA Ireland and you, our Members, we have retained the right to apply to the District Court for an extension of time to file an annual return and in so doing not lose audit exemption.

The element of the proposed legislation which we have encouraged you to lobby against since 2017 was the proposal to amend Section 343 of the Companies Act 2014 such that small companies who currently may apply to the District Court for an extension of time to file an annual return would be required to apply to the High Court. Effectively putting this legal option out of the reach of the small companies who could not afford the prohibitive High Court costs. This was a force majeure arrangement intended for use by companies who, due to unforeseeable circumstances (e.g. bereavement or illness), were unable to file their returns on time.

The penalty of the loss of audit exemption only applies to small and micro companies as they are the only companies who can avail of audit exemption. It should be noted that although the primary purpose of this Act was to give effect to an EU Directive, this penalty was an addition to the requirements of the Directive as Ireland is the only EU country that uses the threat of loss of audit exemption.

CPA Ireland felt very strongly that this was a misuse of the audit function, would impose an unnecessary administrative burden on the SME sector and was out of step with the rest of the EU and therefore we lobbied political representatives and encouraged you, our Members, to do likewise.

It should be noted that the position of CPA Ireland was supported by all the opposition parties in the Dáil. CPA Ireland President Cormac Mohan said "Reversing these proposals demonstrates the capacity of our Oireachtas to objectively listen to and respond appropriately to the concerns of the people and business owners. We welcome this decision."

When this legislation is commenced on 21st September a body corporate may audit Industrial & Provident and Friendly Societies. Also from that date should a company not file on time and not be successful in applying for an extension it will lose its entitlement to audit exemption for the two financial years immediately succeeding the financial year where they failed to deliver the return on time. It was also intended that from that date the number of days to file an annual return with the CRO would be extended from not later than 28 days after its effective date to not later than 56 days but this element of the legislation will not be commenced with the main Act.

It is important to note that the capacity to go to the District Court to plead on an extension to filing time is currently available.

Once again congratulations and thank you to all Members who lobbied successfully on this issue.

The Fifth Anti-Money Laundering Directive (5AMLD)

The Fifth Anti-Money Laundering Directive (5AMLD) was adopted by the Council of the EU on 14th May 2018 and came into force on 9th July 2018 with an 18 month transposition period. The Department of Finance has advised that it is considering the implications of 5AMLD for the central register of beneficial ownership of companies and industrial & provident societies and will provide an update in the near future.

Queries in relation to beneficial ownership and 5AMLD can be sent to aml@finance.gov.ie

Source: www.cro.ie

BY
Derek McKay

Best HR Practice must start before the recruitment stage

Over the next few editions of Accountancy Plus, Adare Human Resource Management will examine the Life Cycle of the Employee and provide helpful insights and best practice advice for employers. In the first of the series, Derek McKay, Managing Director of Adare Human Resource Management looks at Attraction, Recruitment and Onboarding.

Derek McKay, Managing Director, Adare Human Resource Management, leading experts in Employment Law, Industrial Relations and best practice HRM.

Attracting the right people

After a decade of riding the Irish economic roller coaster, businesses are now finding it increasingly difficult to retain and attract talented people. This challenge is affecting every sector of the Irish economy but it is a particular concern for professional services like accountancy.

Unemployment is now at just 5.1%, its lowest level in years. Even compared to this time last year there has been a decrease of 1.7%, highlighting a very competitive marketplace. According to our ***2018 HR Barometer***, an extensive research report on trends in human resources amongst Irish companies, the number of employers expecting staff turnover in excess of 15% of headcount has increased dramatically from 11% to 17%.

Another stark finding from our research shows the average cost of recruiting a new employee is now over €13,000, a significant investment by any organisation.

To ensure your organisation is front of mind with prospective employees, it is important that they recognise and know it and they identify with your 'employer brand'. Organisations who attract and retain the best people will have a well-defined brand. Without having a a clearly articulated employer brand, organisations will not be maximising their recruitment resources, whether this is their HR staff, recruitment agencies or advertising spend. It is important that an employer's vision and ethos is clearly communicated to potential employees and resonates well with them in terms of their own ambitions.

Are there risks associated with recruitment?

Apart from the cost and time that goes into recruitment, there are other potential pitfalls that organisations need to be mindful of when shortlisting or interviewing candidates. The Employment Equality Acts, 1998 – 2015 prohibit discrimination by employers on nine grounds, including gender, civil status, family status, sexual orientation, religion, age, disability, race and membership of the Traveller Community. A crucial consideration for organisations is that the Act also prohibits discrimination during recruitment, so it covers prospective as well as current employees.

The Workplace Relations Committee (WRC) has previously made decisions against organisations based on this; one such case last year involved a finding against a disability charity who was ordered to pay €8,000 compensation and apologise for discrimination against a prospective employee on grounds of disability. The WRC found that the job application by the complainant was treated inconsistently by the charity and the selection process had not been transparent. The complainant, who had dyslexia and autism, had applied for a supervisor position with the charity. As part of his application he disclosed that he had dyslexia and Asperger's Syndrome. He explained that he had been shocked that he had not been shortlisted for the position given his experience. After making inquiries, he was told that there was a miscalculation in the assessment of his application that resulted in him not being brought forward; something the complainant did not believe. After he brought the case forward to the

▶ Continued on Page 14

BY
Derek McKay

Continued from Page 13

WRC, they found erasures and revisions on the final marking sheet for applications and found that the complainant had been treated in a manner inconsistent with the selection process.

There have also been cases brought before the WRC in relation to employees going forward for internal promotions but refused on the basis of their age.

It is important to note that once it has been established that there is a prima facie case of discrimination, the burden of proof then lies on the employer when engaging with the WRC, to demonstrate that discrimination, direct or indirect, did not take place. Therefore, organisations must be able to demonstrate, as required, the recruitment process undertaken was both fair and in line with legislation. This includes from the advertisement process, to the shortlisting templates and process used through to the interview questions and scoring/ assessment process.

Understanding different types of contracts and the risks in getting it wrong

It is also important that the organisation familiarises itself with changes and developments in employment legislation and changes to contract types. There has been a lot of talk recently about zero hours contracts and how much protection is afforded to employees on these types of contracts.

Under the terms of the Employment (Information) Acts 1994 – 2014, every employee commencing employment after 16th May 1994 must be provided with a written statement of terms and conditions of employment within 2 months of their commencement with an organisation.

Those on Fixed Term Contracts also have protections under the Protection of Employees (Fixed-Term Work) Act 2003. They cannot be treated any less favourably than those on permanent contracts in terms of sick pay, holidays, overtime and redundancy, unless there is an objective justification, which can be difficult to demonstrate.

Also, an employer cannot continue to offer fixed terms contracts indefinitely. Since July 2003, if an employee has been on two or more fixed term contracts and the total duration of these contracts is four years, after this point, if the employer wishes to continue the working relationship, they must offer a permanent contract or contract of indefinite duration to the employee, unless there are justifiable grounds for fixed term only.

Ensuring your organisation from the outset is clear on the type of employment being offered and the legislation governing that contractual relationship is key. It is important also not to confuse or blend contracts OF service (employees) with contract FOR service (contractors).

Signing on the line

Before formally offering a job to a candidate be sure to follow through on all your checks and balances. Quite often employers are in a rush to get a new employee in place and settled but it's important to check references and also qualifications. Other considerations such as requiring a driving licence or the requirement for Garda Vetting may also form part of the conditions of employment for certain roles.

Neglecting or forgetting to issue a signed statement of terms and conditions, within the two months, can give rise to dissatisfaction with the employee, ambiguity as to what the agreed terms of employment are, as well as giving rise to potential claims.

A decision by the WRC in November 2017 found in favour of an employee, who had asked on several occasions for a contract but never received one. While the complainant accepted that there had been no changes to the terms and conditions during his employment, he still did not receive anything in writing. At the time, the employer was running the business on his own and had put forward a defence that he was too busy "to get around to it". But the WRC found under the Terms of Employment (Information) Act that the employer did not comply with providing the necessary documentation in the 2-month period and the complainant was awarded €800.

Onboarding new employees

Also known as induction, onboarding is about ensuring new employees understand and adjust to their new surroundings; the culture and performance aspects of their new roles. As previously mentioned, we are now in a very competitive employment market so getting employees settled in quickly is key to providing them with stability and assurance that they are valued by the organisation and provided with clear scales for career growth and development.

Also, from an employer's perspective, the quicker a new employee is welcomed and settled, the sooner they can contribute to the overall success of the organisation.

An important part of any new start is how they perform during their probationary period, usually the first six months. The duration of this period must be laid out clearly in the Terms and Conditions of employment.

Any employee on probation has a lot of the same protections as those who are employed by the organisation for greater than twelve months and they are entitled to fair procedure and natural justice in terms of termination. The probation period also affords some protection for employers as employees who have less than 12 months' continued employment do not have sufficient service in general, to take a case under the Unfair Dismissals Acts. However, what is often overlooked by employers is that employees with less than a year's employment can take an employment claim under the Industrial Relations Act, as there is no service qualification under this Act. This can lead to misunderstanding on the part of employers where they may believe they can terminate an employee's contract of employment without following due process and not risk reprisal. Other protections are provided to employees during periods of probation such as those afforded under the Maternity Protection Acts, Employment Equality Acts, the Safety, Health and Welfare at Work Acts to name just a few.

Each year, there are cases adjudicated by the WRC in relation to the Industrial Relations Act. One such case where the WRC found in favour of the complainant was a case that involved a general assistant in a restaurant. While it was noted that the complainants (ex-employee) overall behaviour contributed towards her dismissal, ultimately the employer did not afford her with fair procedure. The basis of the decision was down to the WRC ruling that the employer did not provide the complainant with a written warning and an opportunity to respond to the complaints made against them. Employers must follow correct procedures when dealing with probation and disciplinary issues and document the process correctly, or risk facing possible claims and compensation pay-out.

Regardless of the size of your organisation, whether you employ 5 or 50 people, you are obliged to operate in accordance with employment legislation. The legislation and case law is continuously evolving, particularly as the type of work evolves. At Adare Human Resource Management, we have an expert team that advises our clients on a wide range of HR and employment law issues and ensure clients are not just compliant with employment legislation but strive to follow best practice.

BY
Maureen Kelly

Maureen Kelly CPA,
is Knowledge Manager
with CPA Ireland

The Companies (Statutory Audits) Act 2018

The Companies (Statutory Audits) Act 2018 was signed into law on 25th July 2018. It gives effect in primary legislation to the regulation of the profession of statutory auditor and the conduct of statutory audits and is due to be commenced on 21st September 2018.

It amends the Companies Act 2014 to give further effect to Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts as amended by a number of EU Directives and Regulations up to and including EU (Statutory Audits) Regulations 2016 (SI 312 of 2016). It should be noted that the citation of the primary legislation remains "The Companies Act 2014".

As members will be well aware there was an attempt to use this legislation to remove the right to apply to the District Court for an extension of time to file an annual return. This proposed amendment was not accepted, due to our effective lobbying and that right has been retained. When this legislation is commenced, should a company not file on time and not avail of the District Court option it will lose its entitlement to audit exemption for the two financial years immediately succeeding the financial year where they failed to deliver the return on time. Currently the loss of audit exemption impacts the year of late filing and the following year, resulting in the need for a retrospective audit.

The term "public auditor" has been removed from a number of acts, including the Credit Union Act, 1997 the Industrial and Provident Societies Act 1893 and the Friendly Societies Act 1896. The term "statutory auditor" has been inserted in its place and a body corporate may, from the commencement of the Act, audit Industrial & Provident and Friendly Societies.

The Irish Auditing and Accounting Supervisory Authority (IAASA) is designated as the single competent authority with ultimate responsibility for public oversight of audit. However, this Act provides for the allocation of everyday management of some of these tasks to the recognised accountancy bodies (RAB's), including the approvals, licensing and CPD elements. In addition, the RAB's retain responsibility for quality assurance and investigation and discipline with respect to non-public interest entity (PIE) audits.

IAASA have responsibility for the quality assurance and discipline processes in respect of the audits of PIEs and the power to direct or intervene in how any tasks are performed by a RAB. Section 934F provides that where administrative sanctions have been imposed on a specified person and all rights of appeal have been exhausted or have expired that information, including particulars of the relevant person, will be published on IAASA's website and will remain there for at least 5 years. In addition, where a breach has occurred in relation to the audit of a PIE section 936A requires that IAASA inform the Director of Corporate Enforcement (ODCE) of the details of the matter and provide any assistance reasonably required by the ODCE to decide whether to investigate or impose sanctions on a relevant director.

The 2018 Act will insert a new Part 27, Sections 1461 to 1584, titled "Statutory Audits" into the Principal Act (being the Companies Act 2014). In this new part under section 1469, a person or firm who either describes themselves or holds themselves out to be a statutory auditor or a statutory audit firm when they are not or carries out a statutory audit whilst not appropriately authorised, shall be guilty of a category 2 offence. In section 1486 it is also a category 2 offence to act as, or represent or hold yourself out to be, a person entitled to be entered in the public register (of statutory auditors and audit firms), without being so entitled. By designating these as category 2 offences they carry reporting obligations to the ODCE and they become relevant obligations for the purpose of the directors' compliance statement.

Chapter 15 focuses on the independence and objectivity of the statutory auditor. It covers professional scepticism, prohibited relationships, threats to independence and the internal organisation of the firms. It specifically cautions members of the administrative, management or supervisory body and the owners and shareholders, of a statutory audit firm, or of an affiliated firm, not to intervene in the execution of a statutory audit in any way which jeopardises the independence and objectivity of the statutory auditor who carries out the statutory audit on behalf of the statutory audit firm.

In section 1472 there has been a change to the appropriate qualification necessary to be eligible for approval as a statutory auditor. A recognised accountancy body may exempt in writing a person who has passed a university or equivalent examination or who holds a university degree or equivalent qualification, in one or more of the subjects referred to in the test of theoretical knowledge specified in Schedule 19 of the Act, if the body is satisfied that the passing of that examination or the holding of that university degree or equivalent qualification, renders it unnecessary for the person to undergo that test in so far as those subjects are concerned.

One element of the Act which will not be commenced along with the rest of the provisions in September is the extension of time to file annual returns. When this provision is commenced the number of days to file an annual return and financial statements with the CRO will be extended from not later than 28 days after its effective date to not later than 56 days.

There is currently no proposed date for the commencement of this section.

The Act is designed to enhance the system of public oversight of statutory audits and auditors in the areas of:

- Approval and registration of individuals and firms;
- Adoption of auditing standards;
- Continuing professional development(CPD);
- Quality Assurance inspection regime;
- Investigation and Discipline.

It also introduces some new measures which impact on the internal workings of IAASA and the RABs.

Conclusion

The Act is a further amendment to the Companies Act 2014 and it is hoped that the Law Reform Commission will, as it did for the 2017 amendments, shortly produce an updated administrative consolidation of Companies Act 2014. In the interim the Companies (Statutory Audits) Act 2018 is available on the CPA website in the Members only Technical Resource, Law and Regulation section. It is important to remember that the ability to apply to the District Court for an extension of time to file an annual return currently exists. The extension of days to file an annual return from 28 to 56 days has not yet been applied and has no proposed commencement date. The other provisions mentioned above are expected to be commenced on 21st September 2018.

Finance & Management News

Concealment of Beneficial Ownership

The Financial Action Task Force (FATF) and the Egmont Group of Financial Intelligence Units has produced a joint study which looks at the mechanisms and techniques that can be used to obscure the ownership and control of illicitly obtained assets. While corporate vehicles, such as companies, foundations, partnerships, and other types of legal persons and arrangements are important for supporting commercial and entrepreneurial activity, they can also be misused to conceal the ownership and control of illicitly gained assets. The report assesses the vulnerabilities linked to the concealment of beneficial ownership in order to support further risk analysis by governments, financial institutions and other professional service providers.

The report can be accessed here on the FATF website at www.fatf-gafi.org/publications.

Workplace Mediation – how effective is it?

Mediation is a voluntary process of conflict prevention and resolution that allows the parties in dispute the opportunity to address and resolve their issues in a confidential and private environment.

Mediation can act as an effective way of creating safe and compassionate dialogue. In doing so, mediation enables the parties to engage in a more emotionally intelligent conversation which is based not on fault or reprisal, but on understanding, empathy, and positive regard.

Mediation works towards long-term solutions for the parties and it can help the parties to plan how they will engage into the future.

In workplace mediation, an independent, neutral Mediator assists the parties to come to agreement through a collaborative process.

Mediation can be effective in some of the following situations:

- In conflict prevention and management;
- In single or multi-issue disputes;
- For conflict of two or more people;
- For developing innovative and sustainable solutions;
- Resolving conflict at an early stage.

Further details are available from Adare Human Resource Management.

Source: www.adarehrm.ie

Blockchain and the future of corporate reporting - How does it measure up?

The Financial Reporting Council (FRC) Lab has published a report on Blockchain to explore some of the potential use-cases and impacts on corporate reporting.

A blockchain (also called a distributed ledger) is a type of shared database which creates a permanent record of transactions. Because it is distributed across a number of participants in a network and therefore not under the control of a single participant, it is robust. This, combined with the fact that any changes made to the data are clear to all participants, ensures both the data and the network are resilient. Blockchain, therefore, is different from a traditional database because of the way it creates trust and resilience.

Whilst there is currently a lot of interest and experimentation in blockchain, it should not be used just for the sake of it. Blockchain works best when it is solving real world problems. Promising applications of the blockchain include those focused on:

- Supply-chain and provenance: Guaranteeing the identity and provenance of high value items such as diamonds.
- Securities settlement: Using blockchain to speed up clearing and settlement processes.
- ID/Password and Know-Your-Client: Creating a verified ID on the blockchain to allow signatures and ID applications.
- Notarisation/Geolocation: Using blockchain to verify a document/file and track changes.
- Licensing/Rights: Using blockchain to record the right to access a service or asset (e.g. software).

For more on Blockchain read the full report in the Financial Reporting Lab's Q2 Newsletter.

Source: www.frc.org.uk

Leadership Insight – Sarah O'Connor

Sarah O'Connor is the CEO of the Irish Asthma Society.

Can you provide a brief history of your career?

I did a BA in Arts in University College Cork, where I studied English and History and I spent a year in a Boston College on scholarship. What followed until recently were careers beginning with p - publishing, politics and then PR.

My first real foray was as a team of three starting the Irish branch of an established international publishing company. After 18 months, I moved to Oxford to work with Oxford University Press and I've tried to replicate the fulfilment I got from creating something really excellent since that time.

I moved home after the 2007 general election to work as a Parliamentary Assistant for my local TD, Tom Hayes. I wrote speeches, engaged with journalists, drafted (and delivered) leaflets, dodged dogs on canvasses, created a social media strategy, planned referendums and campaigns. In 2011, I got a job running the youth wing of Fine Gael. It felt like a real opportunity to see an organisation develop and change and to play a role in that change.

In 2014, I started as Dublin Regional Organiser for Fine Gael. Elections are competitive and can feel like very large aquariums - lots of brilliant varieties of fish to nurture and a few sharks to dodge. I had to learn how to read a room and manage conflict, which was a challenge, but I still feel a rush of pride when I see politicians I worked with make change happen.

I spent almost three years working with Drury Porter Novelli, a PR agency in Dublin. I worked across multiple clients, many of whom are household names. It forced me to be tough and to focus on key priorities - doing three things well is better than attempting the perfectionist dream of 73 things and failing.

While I loved the variety and the intellectual challenge of agency life, I wanted a role with less advice-giving and more decision-making.

You were appointed CEO of the Asthma Society of Ireland in January 2018. Did you set out with a plan to be CEO of an NGO or did you discover a path as you progressed through your career?

I've never been the obsessive career planner type. To clarify, I'm ambitious, I enjoy working, I've even dabbled seriously with being a workaholic, but I've never had a ten-year plan. I've always followed the chunky project or the interesting experience that I felt I lacked - even when this meant sideways move, less status or less money. There have been nights when I have laid awake doubting some of those decisions.

For me, the interview with the Asthma Society changed all of that. The experience I had chased so hard no longer made my career trajectory look odd or speckled. The experience made me feel like I was the right person for the job. I was surprised to feel a reciprocal attitude from the panel and I relaxed in the interview. I am so glad they offered me the job.

Describe your working life as CEO of the Asthma Society of Ireland.

My working life in the Asthma Society is still evolving as I'm only in the role for five months, but I'm loving it so far. Our team and our board are deeply committed and smart people who want to make sure that the 470,000 people in Ireland with asthma have the best services and supports possible.

I start early one to two mornings with networking or breakfast events. I find the early mornings hard, but it does really deliver in productivity. I like to block-book time for big tasks and parcel it out over days – it makes big projects less intimidating to start. I also find the quieter time in the office when people have left very helpful if I need to plan something out. I work late fairly frequently with board meetings, events or project work but I've gotten more disciplined about leaving on time on evenings when there's no specific deadline or event.

I hear from people who are struggling to manage it, who are finding it so expensive to have asthma, who are scared, and, sometimes, who have lost someone to this disease. I have asthma and it had a big impact on my life and that of my family. To be honest, I feel extraordinarily lucky to have this job.

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What initiatives are you working on within the Asthma Society of Ireland?

We need people in Ireland to know and recognise asthma attacks and to know how to manage if one happens. We're working on some big public awareness and online campaigns in the next year to really show how dangerous an asthma attack can be - one person a week in Ireland dies as a result of their asthma and 90% of those deaths are preventable.

People with asthma can do so much to keep themselves well - they can step-up or step-down their medications, recognise their asthma triggers, keep fit and healthy. But it's hard for people to know what self-management tools are out there for people with asthma (or for their carers). We'll be working very hard to help people to develop their asthma management plan so that it puts them back in the driving seat.

I'm currently obsessed with changing our schools programme. I want us to create a schools programme that has a basis in science, is engaging, fun and memorable for primary and secondary students, reassures teachers and parents about asthma management in school - so that the asthma management messages really stick. I want us to roll it out to every place possible in Ireland so that we never have to lose another young person to asthma.

In Australia, every school is mandated in law to have an asthma emergency pack and every teacher and pupil knows what to do in the event of an asthma attack. I'd sleep better at night knowing that we have created that level of safety for young people with asthma.

As CEO of the Asthma Society of Ireland, what is your biggest leadership challenge?

The biggest challenge is really about fundraising because we are so ambitious about how the Asthma Society can improve the lives with people with asthma. I'd like our team to take on new projects - revitalise our schools programme for the one in five children with asthma, create peer supports for people with asthma, improve our workplace programme and grow our research capability.

I have to balance that hunger to do more and to do it better with the need to fund that work. I'm trying to lead us to a place where we have a better more diversified fundraising strategy. It's a constant tug-of-war for any not-for-profit in Ireland today.

To date what has been your career highlight?

We worked very hard as a team to put together our Pre-Budget Submission. We carved out ten policy changes that would revolutionise asthma care in Ireland. I'm incredibly proud of what we've created in that long-term vision for change. But it also matters terribly to me that the whole team contributed and that we listened to the real priorities from people with asthma.

All of the highlights of my career have stemmed from working with teams, putting the work first - award-winning books, running political change campaigns, promoting STEM to young people. These projects have lifted me and have had a long-term positive impact on how I feel about myself.

Who or what inspires you most in business?

I spoke to a woman with asthma recently with asthma attacks multiple times a week. She has two young children. I could hear the tremble in her voice. She needed help to know more about her asthma and was nervous about engaging with medical professionals. When I'm not sure about our direction or our support mix, I try and keeps her top of mind and that inspires me.

People with asthma are powerfully inspirational. They take up fitness challenges, they go back to work or school, they get over things they've missed out on because of their health and they make things work for themselves. They get on with their lives - there's inspiration enough there for us all.

What is the most important business lesson that you have learned in your career to date?

As a woman leading a team, I have a PhD in the Imposter Syndrome but show me a woman who doesn't. I'm confident in lots of ways but I have a streak of questioning myself that can be unhelpful. But I'm trying to use that as an advantage, to listen to my self-doubt and be properly considered about decisions. Alongside that, I'm also battling to let go and believe in my decisions.

My Dad used to say to me: "don't let anyone ever stop you from being as good as you are". At a particular point in my career, dealing with a challenging working relationship, I interpreted that as a call-to-arms. It was concerted and dogged excellence by sheer force of will to counter what came against me – I was showing them. Now, it's not about being good despite someone else's machinations. Having found a job I deeply care about, it's about finding the good parts of myself and maximising those for the good of the organisation.

How do you unwind?

I've gotten better - I hope - at deciding what's a good day's work or week's work and switching off. If I'm thinking about work, I make sure it's the useful, creative kind of mulling and not the mind-killer worry kind.

I write poetry and fiction and as soon as I type even one sentence, work is powered off in my head.

Walking in Howth or the Glen of Aherlow work like a tonic for me. I have brilliant friends and I make time for them every week - let's pretend that's me being a good person, but in reality, I get so much from that time chatting and laughing. I go to the cinema almost every Sunday night for a switch-off before a Monday. There's nothing better than sitting with a pint of Guinness in Slattery's Pub in Rathmines with my boyfriend discussing the big and little bits of the day.

If you want to become a leader like Sarah, sign up for our new course: Leadership - Developing Strategies for Success, commencing December 2018. Further information can be found at www.cpaireland.ie/cpd/certificates-diplomas-online-courses/leadership-for-accountants

BY
Dawn Leane

Women in Leadership Advancing Women

Dawn Leane specialises in leadership development through coaching, training and consulting with a particular focus on diversity. She is Principal Consultant at Leane Leaders.

When I began interviewing women for my book on female leadership, the first question I asked them was 'what is the difference between male and female leaders?' After all, the core skills required for a leader to be successful in today's world, such as self-awareness, are typically identified as female rather than male traits.

Their answers surprised me; most women felt that there wasn't a difference based on gender – instead differences in leadership styles between male and female were attributed to factors such as culture, background and temperament. The real difference, I learned, was not in leadership behaviours – it was the experience of the leadership journey.

The 2017 McKinsey ***Women in the Workplace*** survey concludes that inequality starts at the very first promotion. Women fall behind early and continue to lose ground with every step'. In ***Women in Management – The Leadership Pipeline 2017***, published by The 30% Club, Ireland, we learn that the lowest level in the management hierarchy is almost evenly split between men and women, but that as management levels increase in seniority, their representation falls significantly at each subsequent stage of the career ladder. Less than one third of Executive Director roles are held by women and the percentage of women holding CEO positions stands at 19%.

While these figures represent small gains for women since data collection began in 2015, progress is too slow. The issue is far too important to be left to organisations to resolve, it requires input from all stakeholders and women must be prepared to use every interaction and conversation with others to influence the dynamic.

Research regularly implies that women limit themselves through a lack of self-confidence, which manifests as a reluctance to ask for sponsors, seek mentors, ask for access to senior leadership and pursue a job opportunity beyond their experience.

Suggesting that confidence is the problem is not particularly helpful as it supposes that the problem is exclusively a female one, whereas in fact it is much more nuanced. The women I work with are not short of confidence in their abilities and have a strong desire to add strategic value to their organisations. It might be more useful to consider instead what creates this confidence crisis.

From my experience of working with female senior executives, I see it somewhat differently. The issues many women face are context specific, at times women can be unclear about how to contribute and concerned about how their contribution will be received when they put themselves out there.

Research among female leaders has found that what happens in women's early career phase can be significant. Specifically, opportunities to handle key projects or gain valuable work experience are critical, although often women may not realise this until later in their career.

Help from others is important, sources include their manager, coach, colleague or mentor. When senior women were asked to list the people who supported them in achieving their goals, their manager topped the list and a high proportion cited family and friends. In general, women utilise a variety of supports, rather than focusing on a single one.

The need to be intentionally ambitious and aim high was also identified as important in the early career phase. Many of the women interviewed said that they wish they had been more focused with their career plans.

BY
Dawn Leane

In my experience, these factors are underpinned by four crucial behaviours which, when practised at an early stage of a woman's career will impact her careers trajectory significantly. They are, of course, beneficial to women at any stage of their leadership journey.

Promote your personal brand

One common trait among women I have coached, is that they don't self-promote. When an important task or project is complete, all too often they simply move on to the next challenge. Women regularly underestimate the importance of recognition, seeing it as narcissistic and uncomfortable. Even when recognition is given, all too often women dismiss it out of hand.

A personal brand is about how you build relationships, respond to situations and how you make people feel.

When building a personal brand, it's no good being the best at what you do if nobody knows about it, or worse still someone else is given credit for your contribution.

Build valuable connections

Creating and maintaining a network of influential people is essential for success in business. Yet, for many women, networking is a challenge. It's not the activity of networking itself - where research shows that women have an advantage - but the concept of intentional, strategic networking that women find uncomfortable. Women often see it as, at best, a waste of time or, at worst, self-serving.

Yet networking is one of the best ways to gain a competitive edge, whether seeking new opportunities or gaining access to information.

The most important thing about networking is to build your network before you need it. Decide who you want to know, be intentional about meeting them and follow up afterwards. It's also important to think about what you can contribute to the relationship and how you can create value for the other party.

Get comfortable exercising power

The word 'power' holds many negative connotations; accordingly, women are often uncomfortable being seen to pursue and retain power.

This is particularly true in the context of the 'double-bind' that is, if a woman displays what we perceive as traditional feminine qualities, she may be liked, but not be respected. Conversely, if a woman displays what we call masculine qualities, such as being direct or competitive, she may be respected but she will almost certainly be disliked. In fact, she will be judged to a much higher standard than her male counterparts regarding leadership style and behaviour.

In reality, the Oxford English Dictionary defines power as 'the capacity or ability to direct or influence the behaviour of others or the course of events'. Isn't that the responsibility of every leader? One of the most important determinants of managerial effectiveness is success in influencing people. Without power, issues such as motivating and rewarding team members, driving change and having input to strategic decisions, becomes extremely difficult.

Get a good coach

As reported earlier, women often utilise friends and family as supports. While this has its advantages, it also has disadvantages; firstly, they will have opinions and won't be able to refrain from offering advice, they may be invested in a particular outcome or they may not understand the context or environmental issues at play. In short, it is much more difficult for them to be objective.

In business, executive coaching is often misunderstood as a remedial intervention, used to address performance or behavioural shortcomings. Whereas in sports, coaching is an essential component of success.

A good executive coach is an enabler, they don't tell the client what to do or how to do it. They provide a framework for the client to generate options and find their own solutions. They listen, they feedback what they have heard and they challenge. Most importantly, coaching is an organic form of personal development.

Serena Williams describes the value of coaching as ensuring consistency in her performance – bringing it all together. In her own words 'I have the game, but it's about elevating and reaching higher potential'.

The good news is that these four behaviours simply require attitudinal or perceptual shifts, therefore they are within each woman's command.

Neuroplasticity - the ability of our brain to reorganize itself throughout our life, due to our experiences – suggests our behaviours and attitudes are far more malleable than we imagine. While some of these concepts may feel uncomfortable at first, the more they are implemented the more natural they become, it's like building a muscle.

BY
Jerry Meredith

Authorised Economic Operator - What is a Customs "Trusted Trader"?

Jerry Meredith considers the implications of Authorised Economic Operator post Brexit and how it can benefit your business, how it can help your supply chain and your customers.

Jerry Meredith CMILT is Business Services Manager with Freight Transport Association Ireland. FTA Ireland is a not for profit membership association with a mission to promote professionalism in the Logistics, Supply Chain and Transport Industry.

Authorised Economic Operator has been in the vocabulary of EU Customs officials, Brokers and Forwarders since its introduction by the EU in 2008. It has been a lesser known anacronym to Irish Businesses before Brexit became a reality. A globally recognised standard for "Customs to Business" relations it was adopted by the EU after its inception by the World Customs Organisation in 2005 and was created to benefit international trade and to insure safety and security in the supply chain. Now adopted by some 168 of the 180 members of the WCO who are committed to providing or introducing an AEO programme. Some 70 of these programmes are active and more will follow.

While different jurisdictions apply different levels of the standard for AEO they all come back to a commitment of the WCO SAFE Framework of Standards to Secure and Facilitate Global Trade as a deterrent to international terrorism, secure revenue collections and promote trade facilitation worldwide. From 9/11 onwards, governments examined how exposed the supply chain of goods was to misuse and adulteration in supporting terrorist and criminal activities.

The EU strand of AEO focuses on 5 major aspects of the trader. 1. Customs compliance, 2. Record keeping, 3. Financial solvency 4. Proven practical standards of competence in Customs matters and 5. Security in the supply chain.

It is perhaps one of the few accreditations that is awarded and overseen directly by Customs of the EU state where the applicant is based. The process involves due diligence and audit checks on all aspects of the trader's business as it relates to international trade. From the decision to apply to obtaining the accreditation it can take up to 9 months depending on the preparedness of the applicant and the changes that may be required to satisfy the requirements of the audit.

AEO is a much sought after and valued accreditation in the EU however currently Ireland has only in the region of 140 AEO companies. Irish AEO companies are made up of two main types of applicant, those manufacturers heavily engaged in the US markets where AEO is recognised by way of mutual recognition with the US equivalent C-TPAT which is an important requirement for ease of access to US markets. The second are the freight forwarders and logistics providers that are engaged in the carriage and storage of goods for these manufacturers. This link between manufacturers and their logistic providers is important as it introduces strength to the supply chain. The WCO and EU vision is that all participants in the chain large and small will be of AEO standard. From the transport operator to the shipping or airline, the customs brokers and warehouses, all will hold the accreditation and the combination presents a much more secure and robust supply chain. This not only is beneficial to the businesses in the chain but also Customs and government agencies who can have a certainty that because of higher standards the paperwork and declarations accompanying goods will match the goods entering and leaving the country every time and hence reducing the intervention required of Customs.

So why such a small take up in Ireland compared to other EU countries? Geographically Ireland had never been at the forefront of global trade, our main trading partners have been the UK and the European Union. We have been protected by our fringe location and our naturally developed dependency on the Single Market for imports and especially our exports. Our Agri industry has developed into a highly

▶ Continued on Page 24

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complex and efficient trade which spends much of its output stocking the shelves of English supermarkets in a just in time manner ensuring product freshness and longer shelf life.

Up to now Irelands Non-EU trade has been a marginal amount of the goods entering the state via other EU countries where they make their way on to Ireland by sea, road and air. Containerised sea traffic is entering ports such as Rotterdam, Antwerp and Le Havre on some of the largest vessels in the world with a carrying capacity of up to 18,000 containers which are then transhipped on smaller feeder vessels to Irish ports. Trucks are crossing mainland Europe and the UK landbridge before arriving in Ireland and airfreight is being transhipped at major hubs such as Heathrow, Manchester and Schiphol before transferring to domestic flights or even road transport to Ireland. Issues such as security declarations where in some cases, goods are being released into the single market take place before the goods ever arrive in Ireland. The overarching aim of AEO is to protect the internal market from goods entering from outside the EU and hence AEO has not held the same attraction or necessity for Irish businesses as it has for their EU counterparts who are closer to the entry points in the EU single market for these goods.

Brexit changes everything! The established trading patterns Ireland has been accustomed to will change overnight. Our largest trading partner will instantaneously become a non-EU or third country at 2300 hrs on 29 March 2019. From the aspect of the single market the balance shifts as the volume of our trade from outside the EU will change from 20% to 80 % on the UK departure.

At the time of writing the UK government have just issued their white paper amidst a crisis of indecision created by the polarised opinion of the Tory party which resulted in the departures of David Davis and Boris Johnson from the UK Cabinet and one guarantee is that more distractions are on the way. Theresa May is vulnerable now from the interference of day to day parliamentary business that the disgruntled Brexit MPs will use every opportunity to demand that their opinions be reflected in the outcome of Brexit. Even more difficult for the British Prime Minister is that she is now wed to the Chequers agreement, a stance that remains far removed from the red line positions of the EU and their need to protect the single market and prevent the potential for any further defections from project EU.

The confusion and lack of direction continues for business as we enter into the second half of 2018, only three months away from when the EU want an agreement on the withdrawal. Only then can discussions on a trade agreement take place by the scheduling that the EU have choreographed for talk. Keep in mind the recent Canadian free trade agreement took over 7 years to agree, prospects for the EU GB trade agreement from Oct 18 to Mar 19 are not optimistic.

The question for Customs formalities is a straight forward one and the answer is one of two options: either an agreement takes place that allows Britain to remain in or create a new Customs Union, or Britain exits the customs union, which is their stated aim. The result of Britain leaving the Customs Union will be Customs declarations. When we speak of Norway, Switzerland, Canada or associate type agreements all trade with these countries require Customs declarations. Anyone of the countries that contribute financially to the EU may well feel aggrieved if the UK is given the selective advantages they seek in the white paper. The risk runs of other member states wanting a taste of the British pie and the whole EU project runs the risk of unravelling. The white paper expresses a desire for no customs declarations but lacks content on how this might be achieved. A complicated process of collecting duties on behalf of the EU and tracking goods to their destination will be a difficult chore to deliver and monitor by both jurisdictions. The white paper is aspirational on the part of the UK part and difficult to balance with the EU 4 freedoms.

We deal with non-EU customs goods every day in our ports and airports; procedures and systems already exist to deal with them but what will change is that the volume of non-EU goods will increase dramatically. We may be tempted to conjure up images of the border crossings back in the 1980's with long queues of trucks waiting between Dundalk and Newry to have documents processed. Thankfully due to improved procedures, IT systems and the elusive back stop agreement it is very unlikely that we will revisit these scenes.

For North/South trade both parties have agreed on the desire of an invisible border, however this may ultimately be achieved, IT will play a major role for sure but the willingness for all parties to continue the stability in the region, from a social, economic and political point of view will make it the main priority in the overall deal.

From an East/West trading perspective, existing IT facilities between traders and Customs mean less direct intervention is required by Customs. Currently Dublin port handles 200,000 freight units per year from outside the EU. This means Customs formalities and checks from the Department of Agriculture are already happening every day, however post Brexit that number will increase from 200,000 to 1,200,000 non-EU freight units per annum. The existing system which works well now may well begin to creak under the added strain and the potential for delays increase. Irish Customs and UK Customs are preparing for such an eventuality, additional staff are being trained in Customs duties, IT Systems are being upgraded in both the UK and Ireland, new facilities for examination and immigration are being planned with port authorities and Customs are actively preparing for the potential outcome of customs declarations for IE/GB trade.

To meet this demand Government bodies in Ireland, UK and Europe are putting additional resources in place to deal with the increased volume. They are working on the premise of prepare for the worst, however industry does not enjoy the luxury of planning on such uncertain outcomes, any expenditure needs to be justified and the return identified before approval will be given on the spend.

There is little doubt at this stage that we will be trading with the UK as a third Country to the single market from 29th March 2019 and that the transition period will leave the status quo in place for trading up to Dec 2020. What then? The EU is a rules-based entity, it depends on the rules and regulations applying equally to all parties to have clarity, transparency and competitiveness in the single market. All Customs activities are conducted under the Union Customs Code which outlines the rules and regulations for allowing third country goods enter into or leave the single market. Within the UCC there is scope for the special treatment of traders, it is called Authorised Economic Operator ("AEO"). As the trade pattern shifts we begin to see the attraction of AEO to our European counterparts who are one step closer than we currently are in trading with third countries. Trade facilitation will be a major focus for the Governments, one of the three priorities of the Irish Government is "minimising the impact on trade and the economy", this will see businesses being encouraged to make use of the existing simplified customs procedures. The UK white paper calls for trusted traders to be able to make self-assessment on duties and they are calling for mutual recognition of AEO traders. Simplified procedure will be the corner stone of minimising the impact of Customs while remining inside the existing rules. There are already several different types of simplified procedures in the Union Customs Code and AEO companies can avail of them quicker and more cost effectively than non-AEO companies. AEO companies are already the "trusted trader" that Customs authorities speak of when using the term. Revenue have indicated that they would like to see over 2000 Irish businesses obtaining AEO status. They are encouraging businesses to re-examine their supply chain and the threat that Brexit poses for them and to give serious consideration to the advantages that AEO status will bring to their business.

Simplified procedures are extended to businesses that already have an existing relationship with Customs. These are companies that Customs have already reviewed their compliance records, their financial solvency and have processes and policies that are part of an ongoing audit based AEO accreditation overseen by Customs. The enhanced trade facilitation to AEO businesses include a lower risk rating from Customs surveillance on the movement of goods, prior notice of customs interventions such as exam or document checks and priority in carrying out these customs control measures.

This will be the value of the spend on AEO that businesses will want to identify, a higher state of preparedness, less customs interventions, fast resolution of interventions and a more accessible route to obtaining simplified procedures. All adding up to a stronger and more efficient supply chain.

There may well be further concessions to AEO companies as clarity begins to appear on the outcome. There is no cost for the application and Customs will work with those that engage with them and display compliance and knowledge of the Customs process. Now is the time to consider AEO and how it can benefit your business, how it can help your supply chain and your customers. Those that plan now will overcome the challenges that Brexit throws up. The time for sitting on the fence and wondering what will happen has passed. Applications for AEO are increasing in the Irish market, businesses are recognising its importance. The application process is anything between 6 and 12 months well into the transition period. Supports and assistance are in place for those starting the process including a self-assessment questionnaire which is an excellent management tool for review of current practices and building new practices for those engaged in international trade.

Further information is available from Jerry Meredith CMILT at jmeredith@ftai.ie or 087 327 0518

BY
Sean McLoughney

Sean McLoughney, founder of LearningCurve, is a sought after learning and development specialist, author and speaker. He has three books published to date and is a regular speaker at CPA CPD events.

Turning negative conflict into a positive conversation

Sean McLoughney looks at how we can embrace conflict by using a 3-step approach to structure and deal with difficult situations.

Theodore Roosevelt once declared that "the most important single ingredient in the formula of success is knowing how to get along with people". For me, this quote puts dealing with people in perspective. Developing a solid working relationship with people you like or admire is relatively easy. You are more forgiving of their quirky habits or annoying mistakes. However, throughout our careers we will have to work with people we don't like or find hard to work with; as professionals we must develop our skills to deal with these situations.

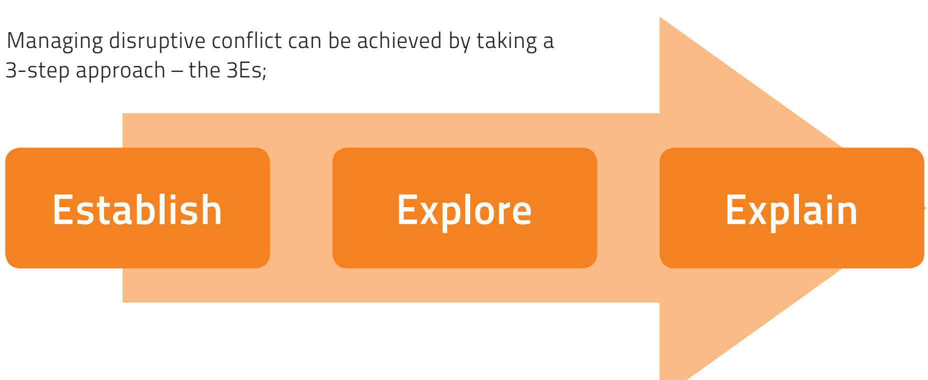
Your ability to work and get along with all types of people also impacts your career progression. When I look at potential managers one key area that I focus on is their ability to deal with people professionally. How do they get the best performance out of people? How do they inspire people? How do they deal with challenging conflict situations or difficult people? Dealing with conflict is a great test for managers and potential managers. Do they make the situation worse, avoid it by running away or do they deal with the situation skilfully? Getting along with people isn't about being friends with everyone, it is about working with people in a professional manner.

There is a tendency to view all conflict as bad; that if someone is causing conflict in the team, you must get rid of the troublemaker before they ruin the entire team. Conflict is seen as time consuming, a major cause of stress and something that most people would avoid. Negative conflict will deflect attention away from important issues and use up already stretched resources.

However, not all conflict is destructive. In lots of ways having no conflict within your team can be as bad for business as negative conflict. Conflict that is managed effectively can be beneficial. It encourages people to debate issues robustly, to view things from different perspectives and it reduces the negative impact of 'group think'. Managed conflict can generate new ideas, reduce the risks of mistakes and build a collaborative approach to problem solving.

Turning negative conflict into a positive outcome is a skill that people can develop over time. Disruptive conflict is a part of the working environment, it happens. It is our reaction to the conflict that will significantly impact the outcome. We can, through our actions, either fuel the flames of the conflict or reach an agreement to move forward with a solution that everyone can live with.

Managing disruptive conflict can be achieved by taking a 3-step approach – the 3Es;



Establish the facts

Often during this part of the process there will be differing views on what the conflict is actually about. Emotions can be high and people are rarely listening to each other. They are upset and want their side of the story to be heard. Because communication is at the heart of so much conflict in the workplace it is essential that this step is about defining what is the conflict, what's the dispute. Refrain at this stage from saying anything that might make the situation worse. Avoid any action or comments that might seem defensive. You should be in total active listening mode.

Focus your attention on establishing all the facts, no assumptions. Ask the person to explain the situation from their point of view. If there is a third party involved talk to them rather than accept someone else's version. Get agreement on the facts of the situation; this can take time as people may dispute the facts at first. Move from a blame culture to an ownership and responsibility culture because too much time is wasted deciding on whose fault it was. Blame culture invites a defensive position from people and rarely helps those involved to move forward and find a workable solution.

You cannot move to a resolution until the problem has been clearly described. Once all the facts have been gathered and the problem defined then summarise the facts back to the person. By doing this you are ensuring that there was no misunderstanding and the other person will feel that they have been listened to. This stage is about defining the problem.

Explore the reality

One reason why some managers find it hard to deal with conflicts is that they are fixers. They like to fix things through quick answers and often lack the patience to explore further and identify the real causes of the conflict. When they are confronted with a problem they will look for the quickest solution. Consequently, the problem will often resurface a week or two later. For example, if a report is given to you late, you need to establish why it is late rather than telling the person to speed up and in future have it completed on time. Dealing with the 'why' will be the key to solving the problem long term.

Resolving a conflict requires you to establish the root cause of the problem and build a solution when you understand the full picture. Skilled conflict negotiators will empathise with the person. They seek to understand the situation without bias and they take the emotion out of the situation as emotion fuels negative conflict.

Explore the reality of the situation through great questions, don't accept that all the facts are valid. Challenging the persons view of the situation will ensure you solve the real problem. Management guru, Peter Drucker believes that "the important and difficult job is never to find the right answers, it is to find the right questions." This is the most demanding part of the process as poorly judged questions can make the situation worse. Choose your questions carefully as you are now gathering information at a deeper level. In our example you might ask: what was the biggest challenge in writing the report? What support did you get from the sales department? What do you need to happen so that the report will be on time next month? Asking these types of questions helps you to move away from the issue of the report being late towards identifying the root cause of the problem.

During this probing stage acknowledge points that both sides agree on. Explore this a little further and highlight the benefits of these points. It is a good tactic to emphasise these areas of agreement as it shows that both parties agree on things and with a little effort they can move forward.

This stage is about bringing clarity to the problem and ensuring that you solve the real issue rather than the perceived problem.

Explain the options

Now that all parties understand the conflict from everyone's point of view it is time to turn your attention to finding a workable solution. Discuss the impact the conflict is having on those involved and the need to find a solution. This stage is all about the future. You cannot change the past so focus on a successful outcome.

Explain the options available and agree on the actions that can be taken so that everyone can move forward. Put a timescale on these actions. Explain that you will check-in with all parties to ensure that the actions are working. Finish the conversation by repeating the agreed course of action so that there are no misunderstandings.

It is important that dealing with a conflict situation isn't seen as a one-off discussion, that the problem is solved immediately. You may need to re-evaluate the situation from time to time and make some further adjustments so that the problem won't resurface again later.

Once the problem has been successfully dealt with you should acknowledge the great work done by everyone to move forward. This will build team collaboration and become one of the 'ways of working' for the team.

Conclusion

Embrace conflict as it will help develop a core skill that can be used in lots of different situations. Use the 3-step approach to give yourself some structure when dealing with difficult problems. Remember to establish all the facts, explore further so that you solve the real issue and explain what action needs to be taken to move forward.

Taxation News

Return and payment dates for the month of October

DATE	Type of return and the period of the payment cover for each tax type
14	**PAYE/PRSI/USC/LPT:** P30 monthly return and payment for September 2018 P30 quarterly return and payment for July - September 2018
	DWT: Return and payment of DWT for September 2018
	PSWT: F30 monthly return and payment for September 2018
19	**VAT:** Monthly VAT 3 return and payment (if due) for the period September together with a Return of Trading Details where the accounting period ends in September
	VAT: Annual VAT 3 return and payment (if due) for the period October - September together with a Return of Trading Details where the accounting period ends in September
20	**VAT:** MOSS VAT return and payment (if due) for the period July – September 2018
1-23	**Corporation Tax:** PT for APs ending between 1-30 November 2018
	Corporation Tax: Returns for APs ending between 1-31 January 2018
	Corporation Tax: Pay balance due on APs ending between 1-31 January 2018
23	**RCT:** RCT monthly return and payment (if due) for September 2018
	RCT: RCT quarterly return and payment (if due) for period July - September 2017
1-31	**Corporation Tax:** Returns of Third Party Information for APs ending between 1-31 January 2018
31	**Income Tax:** Preliminary Tax 2018
	Income Tax: Pay balance of 2017 tax liability
	Income Tax: Return of income for 2017
	Capital Gains Tax: Return of Capital Gains for 2017
	Capital Acquisitions Tax: Return and payment of CAT due in respect of gifts / inheritances where the valuation date arises between 1 September 2017 and 31 August 2018

Return and payment dates for the month of November

DATE	Type of return and the period of the payment cover for each tax type
14	**PSWT:** F30 monthly return and payment for October 2017
19	**VAT:** Monthly VAT 3 return and payment (if due) for the period October together with a Return of Trading Details where the accounting period ends in October
	VAT: Bi-Monthly VAT 3 return and payment (if due) for period September - October 2018 together with the Return of Trading Details where the accounting period ends between 1 September and 31 October
	VAT: Annual VAT 3 return and payment (if due) for the period November - October together with a Return of Trading Details where the accounting period ends in October
1-23	**Corporation Tax:** PT for APs ending between 1-31 December 2018
	Corporation Tax: Returns for APs ending between 1-28 February 2018
	Corporation Tax: Pay balance due on APs ending between 1-28 February 2018
23	**RCT:** RCT monthly return and payment (if due) for October 2018
25	**LPT:** Deadline for confirming payment method to Revenue if spreading payments over 2018 (making phased payments). Note: This date is provisional.
1-31	**Corporation Tax:** Returns of Third Party Information for APs ending between 1-31 January 2018
31	**Corporation Tax:** Returns of Third Party Information for APs ending between 1-28 February 2018

Return and payment dates for the month of December

DATE	Type of return and the period of the payment cover for each tax type
14	**PAYE/PRSI/USC/LPT:** P30 monthly return and payment for November 2018
	DWT: Return and payment of DWT for November 2018
	PSWT: F30 monthly return and payment for November 2018
15	**Capital Gains Tax:** Payment due on gains arising between 1 January 2018 - 30 November 2018 inclusive
19	**VAT:** Monthly VAT 3 return and payment (if due) for the period November together with a Return of Trading Details where the accounting period ends in November
	VAT: Annual VAT 3 return and payment (if due) for the period December - November together with a Return of Trading Details where the accounting period ends in November
1-23	**Corporation Tax:** PT for APs ending between 1-31 January 2019

BY
Cormac Mohan

Brexit and Budget 2019

In this article, Cormac Mohan, President, CPA Ireland, proposes the way forward to support Entrepreneurs.

Cormac Mohan, President, CPA Ireland

Introduction

Ireland has a track record for attracting quality foreign direct investment. Brexit can create an opportunity to attract new investments into Ireland across a range of sectors including the Agri-food, financial services and funds sectors.

Certainty is a key ingredient of tax competiveness to investors and makes Ireland a significantly more attractive jurisdiction for inward investment. However, there is also opportunity for Irish business to grow and expand by accessing European markets which may not have been previously considered. With regards to this, Government will need to provide targeted support to Indigenous Irish businesses with growth potential to compete internationally.

There are a number of measures outlined in CPA Ireland's pre-budget document which Government should consider for adoption in order to improve conditions for entrepreneurs and growth orientated businesses.

Personal Taxation

Income tax was introduced in 1799 on a temporary basis to fund the Napoleonic war and in 2011 we were all assured USC was also a temporary measure. It is now proposed to merge PRSI and USC. It will be a complex endeavour as one is calculated on a weekly basis and the other cumulative, they also have differently calculated rates. Changing the title does not make these taxes any less permanent. As this proposal would result in a temporary tax becoming permanent CPA Ireland feels that this is a retrograde step and would not be in favour of this proposal.

Overall the current employee marginal rate (comprising income tax, USC and PRSI) of 52% is still too high to attract key staff from abroad and the self-employed marginal rate of 55% unfairly penalises this sector. We recommend that the 3% USC surcharge where non-PAYE income is more than €100,000 a year be removed.

Recent surveys among the entrepreneur community highlights how the high marginal tax rate of up to 55% is a major barrier to Irish entrepreneurship as it penalises risk-taking and discourages individuals from accessing cash to enjoy the fruits of their labour. It is disappointing that "creative measures" are not being considered by our Government to encourage entrepreneurship in this country. A roadmap should be developed to determine the approach and timing to reduce the marginal tax rate on a phased basis.

Corporation Tax Surcharge

The corporation tax surcharge on undistributed profits of service companies is punitive and anti-entrepreneurial in that it drains developing companies of much needed capital. In the event that the capital is distributed to shareholders it is subject to full income tax/USC/PRSI. The effective doubling up of corporation tax rates on undistributed profits is a major disadvantage to the effective and timely management of such companies.

Business & Entrepreneur Community

Although CGT Entrepreneur relief is welcome, it is of limited value when compared to similar benefits offered under the UK regime. The relief currently applies a reduced CGT rate of 10% on qualifying gains of up to €1m in a vendor's lifetime. The UK equivalent applies up to a £10m threshold. This has led to entrepreneurs questioning whether Ireland is the best location from which to operate their business, particularly given the proximity of the UK. We would suggest that this relief is improved up to a limit of €10m in line with our UK counterparts in order to enhance Ireland's attractiveness to entrepreneurs and help ensure indigenous companies develop beyond the start-up phase. Furthermore, the conditionality attached to the relief is overly onerous and currently lacks commerciality for vibrant businesses.

In order to encourage entrepreneurs to commit to their business for the longer term, the CGT position should be amended by granting such individuals higher lifetime limits and lower rates of CGT commensurate with how long they have held their shares in the business. In addition, cash extraction and exit measures reflecting a longer holding period should be considered to further incentivise an entrepreneur to stay in the business and grow it for either an exit strategy through a flotation or the next generation.

Brexit

We must be mindful of the impact of Brexit, Irish-owned firms rely heavily on the UK as the source of intermediate inputs, which are goods used to produce a final product. Over 50% of the total imports used by Irish-owned firms are sourced in the UK with many importing solely from the UK market. Many Irish-owned companies are therefore highly exposed to cost increases in the case of a hard Brexit, which could damage their competitiveness and impact their export performance. It is imperative as Accountants we are alert to the extent of the risks posed by disruptions in the supply chain post-Brexit and the distribution of risks including foreign exchange exposures across the different sectors, particularly focusing on domestic and medium sized enterprises.

As we face into this post Brexit world SME's will likely need to consider expanding their business into Europe and international markets other than the UK. In order to assist SME's and food businesses which will be heavily impacted by Brexit, Minister for Finance, Paschal Donohoe, should announce further reliefs and supports in the form of tax reliefs on top of the current loan scheme in place to assist these companies in managing their working capital requirements.

The Brexit Loan Scheme should be of assistance to a number of SME's to assist them in expanding into foreign markets. However, this is a funding measure and does not provide any tax incentives to entrepreneurs who have taken significant risks to expand and grow their business. The current relief does not do enough to incentivise Irish entrepreneurs.

The Loan Scheme is offered in partnership with the Department of Business, Enterprise and Innovation, the Department of Agriculture, Food and the Marine and is supported by the SME Guarantee Facility, with the financial backing of the European Union under Horizon 2020 Financial Instruments. The loans are available through the main Irish retail lenders where approval of these loans are subject to the banks own credit policies and procedures. This is perceived as a barrier and should be tailored to international expanding businesses.

KEEP

A new Key Employee Engagement Programme (KEEP) has been introduced to assist SME's attract and retain top talent. Where employees are given share options as part of their remuneration package, any gains arising to employees on the exercise of these options will be liable to CGT on a disposal of shares rather than being subject to income tax, USC and PRSI on exercise of their share options as is currently the case. This rate of tax should be significantly reduced to retain talent, give them a sense of ownership and take a long-term view of their career path within Irish indigenous businesses.

R&D

The R&D tax credit system should be tailored to the size of the entity attempting to avail of it. The 2016 Department of Finance Economic Evaluation of the R&D Tax Credit "show that it is mainly older, larger and non-Irish firms who derive financial benefit from the scheme".

The scheme needs to be streamlined with timelier processing of R&D claims and greater support given to indigenous Irish growth orientated companies.

For Ireland to remain competitive with other jurisdictions such as the UK, the government must act to make them fit for purpose for SMEs. An important measure of commercial vitality is a country's spending on research and development. Total spending on R&D in Ireland was just over 1.6% of GDP in 2014, below the EU average of 2.1% and less than half that of Finland, one of Europe's top performers. Of the already small amounts, only one-third is accounted for by home-grown companies.

Capital Taxes

In relation to CGT and CAT, the current rate of both taxes remains excessively high at 33% therefore acting as a disincentive for assets to pass to the next generation. It is recommended that the CGT rate is reduced significantly from 33% to a figure in line with most other EU countries.

The tax-free thresholds for CAT, particularly those with regard to close family relations and strangers remain historically low.

While the Class "A" threshold (parent to child) has increased slightly in the last few Budgets it is still significantly behind where it was prior to the recession. Given the increases in property values in the last number of years and the changes to CAT residential relief, the tax-free thresholds should be restored to their pre-2009 levels.

Further, the quantum of the annual small gift exemption of €3,000 should also be reviewed to reflect current cost of living/ assets values. This is particularly acute since Finance Act 2014 effectively abolished the ability of a parent to provide support to their children once out of full time education.

Conclusion

In summary Budget 2019 must provide supports to both our Indigenous Irish businesses and appropriate incentives to international business to base themselves in Ireland in a post Brexit environment. It must encourage rather than discourage investment in business and valued employees. It can do this through an overall simplification of the personal taxation system, a streamlining of the business supports and a reduction in the corporate and personal tax rates.

Rent a Room Relief & Airbnb

David FitzGerald reviews Rent a Room Relief and its interaction with Airbnb.

David FitzGerald, Director of International, CPA Ireland.

With the increasing focus on the current housing shortage (and expense of student accommodation) the Rent-a-Room Relief scheme has come under the spotlight recently.

The scheme offers an opportunity to taxpayers to avail of tax exempt income (including PRSI & USC) up to €14,000 per annum through letting of rooms in their own homes. It is not an opportunity that suits everybody but may suit those who need to supplement their income (e.g. pensioners), or those who have burdensome mortgages who are happy to have paying housemates.

To put it in context, a pensioner whose sole income is the state pension could augment this through the Rent a Room Scheme and bring their income to c €30,000 taxable equivalent. Alternatively, a first-time buyer with mortgage repayments of c €1,150 per month could recoup this by availing of the scheme.

However, as with most things in life, there is a price to pay, and in such cases the price is that of having, typically a stranger, sharing one's home, which sometimes can lead to difficulties. As stated above, it's not for everybody.

The numbers availing of the scheme have risen in recent years. In 2012, 5,250 taxpayers availed of the scheme and this had risen to 7,350 in 2016 (the latest year for which statistics are available). Interestingly, although participation has risen by 40% over those years the cost of the tax relief claimed has risen by only 16% (from €8.0m to €9.3m). This suggests the use of the rent-a-room relief by homeowners for fewer rooms, or for shorter periods, or both.

The relief is also topical because of the assumption on the part of some people that the income from letting rooms via online booking platforms (e.g. Airbnb) for short periods qualifies for the relief. Revenue have confirmed that this assumption is incorrect. The "Rent-a-Room" relief cannot be availed of in respect of short-term guest accommodation.

In 2017 the Government raised the income limit from €12,000 to €14,000 and while we do not know as yet what approach they will take for 2019 and beyond, it is most likely that it will at least be retained, if not increased.

Subject to the qualifying conditions, income under the scheme which is €14,000 per annum or less is exempt from income tax, PRSI and USC. The income may include charges for provision of ancillary services – for example meals, laundry etc. However, if the gross income exceeds the threshold, ALL the income (and not just the excess) is taxable in the normal manner.

Conditions

- The rooms must be in the taxpayer's main or sole residence, either in a room, or rooms or a self-contained unit within the residence. It is not necessary for the taxpayer to own the residence – if someone rents out a room in a dwelling that s/he is renting from someone else, Rent a Room Relief can still be availed of. A self-contained unit adjacent to, but not attached to the property will not qualify.
- The occupant(s) must use the room(s) on a long-term basis. Revenue have advised that lettings to students for an academic year or term meet this requirement.

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- The gross amount received must not exceed €14.000 in any one year. This will include all income associated with the letting – e.g. including provision of meals etc.
- Where more than one individual is entitled to the income, the limit is divided equally between them.
- Although tax exempt, the income must be declared in an individual's tax return.
- No deduction is allowable for any related expenses which may have been incurred.

The relief does not apply where:

- The income is from the child of the taxpayer, or the taxpayer's civil partner (but there is no restriction where rent is paid by other family members).
- The income is from a connected person to the taxpayer or where the taxpayer is an office holder or employee of the person making the payment.
- The income is from occasional visitors – for example visitors who book rooms on an ad hoc basis via booking platforms.
- The income is from rooms let for a business purpose.

Examples:

a. Mary lets 2 rooms to 2 individuals in her own home and provides meals to them. The combined income is €14,000 pa. Under Rent a Room relief, no Tax, USC or PRSI is payable on the €14,000.
b. Martha lets 2 rooms to 2 individuals in her own home for €14,100 in total. Included in the €14,100 is an optional charge of €600 for meals, which the individuals have opted to pay. As the total gross income is €14,100 none of this income is exempt, and she is liable for Tax, PRSI and USC on this income of €14,100. (if the meals had cost €600 to provide, she would be entitled to deduct this from the €14,100 leaving a net taxable income of €13,500, less any other allowable expenses).

Note: A taxpayer in receipt of income below the €14,000 threshold which qualifies for Rent-a Room relief may opt not to claim the relief. In such cases the taxpayer will specifically elect to have the income assessed in the normal manner. The income is then taxed under Case IV or Case V depending on the circumstances of each case. An election must be made each year, and must be made, in writing, on or before due filing date.

Example:

David spent €15,000 renovating a basement in his residence. €12,000 of this qualifies for wear and tear allowances. He also has incurred a further €1,000 in allowable expenses. He let this for 3 months in 2017 for a total rent of €1,750.

In addition, he has a separate property which generates €20,000 rent and he has €2,400 allowable expenses.

He has two options – (1) avail of Rent a Room relief in relation to the basement or (2) opt not to avail of the relief.

He also has unrelated income of €70,000.

Option 1 (Avail of Rent a Room relief)

Rental income (1)	20,000		
Less	(2,400)		
Net rental income		17,600	
Other Income		70,000	
Taxable Income			87,600

Option 2 (opt **not** to avail of Rent a Room relief)

Rental income (1)	20,000		
Less	(2,400)		
Net Rental Income (1)		17,600	
Rental Income (2)	1,750		
Less Rental Expenses	(1,000)		
Less Wear and Tear Allowance (€12,000 x 12.5%)	(1,500)		
Net rental income (loss) (2)		(750)	
Other Income		70,000	
Taxable Income			86,850

Thus, in this case, David would opt not to avail of Rent a Room relief.

Capital Gains Tax

When a principal private residence is disposed of, any gains are normally exempt from CGT. Additionally, where part of the residence is let out the exemption from CGT is restricted. However, the restriction does not apply in relation to periods where the rent a room relief was availed of.

BY
Leigh Cullen

Capital Gains Tax Entrepreneur Relief

This article looks at the main conditions that need to be satisfied by an individual in order to obtain Capital Gains Tax Entrepreneur Relief.

Leigh, an AITI Chartered Tax Adviser, is the Principal of Cullen Tax Advisers, a specialist tax practice that provides tax advisory services mainly to other accountancy and law firms. Leigh provides private client, corporate, VAT, capital tax consulting services in addition to assistance on Revenue Audits and Investigations.

1. Introduction

To encourage investment by individual entrepreneurs, a number of years ago a reduced rate of capital gains tax was introduced ("CGT Entrepreneur Relief") on the sale of certain assets subject to satisfying certain conditions.

Over the years a number of legislative amendments have been made to CGT Entrepreneur Relief and since 1 January 2017, under Section 597AA of the Taxes Consolidation Act 1997, the rate of capital gains tax ("CGT") that applies when CGT Entrepreneur Relief is relevant is 10%.

The amount of qualifying "chargeable business asset gains", discussed further in section 2 below, on which an individual can obtain the benefit of CGT Entrepreneur Relief is a lifetime cap of €1m.

With the recent upturn in the economy and the resultant increase of individuals selling assets, particularly shares in merger and acquisition deals, the purpose of this article is to look at the main conditions that need to be satisfied by an individual to obtain CGT Entrepreneur Relief and outline some considerations and pre-sale actions when assessing whether clients can avail of the relief.

2. Conditions for CGT Entrepreneur Relief

In order for CGT Entrepreneur Relief to be available the main conditions to be satisfied by an individual are:

a. The asset(s) disposed of must be "chargeable business assets"; and
b. The individual making the disposal must be a "relevant individual" and if that individual is disposing of a shareholding that person must also be considered a "qualifying person".

These definitions can be further explained as follows:

2.1 Chargeable business assets

Chargeable business assets are generally:

a. Assets owned by a sole trader and used in their trade including goodwill once the business operated is a "qualifying business". A share of assets owned by an active partner in a trading partnership should also qualify; and
b. Shares held by an individual in a trading company that operates, wholly or mainly, a qualifying business or in a holding company of a qualifying group (discussed below), once the shareholding held is 5% or more of the issued ordinary share capital of the relevant company (even though the entire shareholding does not need to be sold).

A qualifying business is any business other than a business of:

1. The holding of securities or other assets as investments;
2. The holding of development land; or
3. The development or letting of land.

A group of companies cannot be a "qualifying group" if any of the holding company's 51% subsidiaries carry on a business that is a not a qualifying business, e.g. developing or letting of land or carry on no business, i.e. a dormant company. Given that many family group companies will hold property in a separate group company to segregate valuable property from commercial litigation this can cause issues when seeking to claim CGT Entrepreneur Relief on a sale of the group.

Situations can arise where a holding company could own a dormant company in its group, e.g. non-disclosure structure and on a technical basis a "qualifying group" does not exist.

We are aware Revenue previously granted a concession to allow a non-disclosure structure to be considered a qualifying group, even though it contained a dormant company. If such a case arises for members and it is not possible to remove the dormant company pre-sale we would suggest making a submission to Revenue, given the concession granted is contrary to the published Revenue position.

Finally, we do understand that Revenue by concession allow a Double Holding Company Structure to be considered a qualifying group for the purposes of CGT Entrepreneur Relief.

2.2 Relevant individual

To qualify as a "relevant individual" the chargeable business assets must have been beneficially owned by the individual for a continuous period of three years in the five years immediately prior to the sale of those chargeable business assets.

Unfortunately, any previous period of ownership of the assets by a spouse is not aggregated in determining the continuous period of three years nor does any period of ownership as a sole trader prior to the incorporation of a business.

Any period during which the individual owned shares in or was a director or employee of a company that qualified for CGT reliefs under restructuring provisions, may be considered for the purpose of the three-year ownership and director or employee requirements.

2.3 Qualifying person

To be considered a qualifying person the individual must have been a director or employee of the qualifying company (or companies in a qualifying group) who is or was required to spend not less than 50% of his or her time in the service of the company or companies in a managerial or technical capacity and has served in that capacity for a continuous period of three years in the five years immediately prior to the sale of the chargeable business assets.

There are currently two views as to how the working time condition must be satisfied when claiming CGT Entrepreneur Relief. The first is that the individual must spend 50% of their available working time in the business and that time must be in a managerial or technical capacity. The alternative view of interpreting the provision is that the entrepreneur has worked only part time in the business for the required period and 50% of that time must be in a managerial or technical capacity. It is likely Revenue might challenge the latter interpretation, so should a client be seeking to rely on that interpretation we would strongly suggest seeking confirmation from Revenue on the point.

2.4 Liquidations

A question that is commonly asked is whether CGT Entrepreneur Relief can apply on a liquidation of a company and one which is not provided for in the relevant legislation.

On tax first principles, a capital distribution received by a shareholder in respect of their shares on liquidation would not qualify for CGT Entrepreneur Relief, as a company is generally not trading, i.e. not operating as a "qualifying business" at the time at which it is dissolved by the liquidator and the distribution made.

It can also be the case that even at the date a liquidator is appointed, a company is not carrying on any activity or has wound down its activities significantly.

However, Revenue provided a limited concession in their CGT, Tax and Duty Manual at Part 19-06-02b (last updated in February 2018) which states the following:

"Relief can apply on the liquidation of a company, provided the company was carrying on a qualifying business up to the time the liquidator was appointed and the liquidation was completed within a reasonable period of time."

Once a company liquidation is completed within two years[1] from the appointment of the liquidator and the relevant company carried on a qualifying business up to the appointment of the liquidator, then relief should be available provided the other conditions for relief are satisfied and the company is still trading prior to the appointment of the liquidator. Finally, the concession would not apply to the liquidation of a holding company, as the holding company would not have carried on a qualifying business prior to the appointment of a liquidator.

3. Recent changes to the relief

Due to Revenue's perception of abuse of the relief the definition of chargeable business assets was amended in Finance Act 2017 and since 2 November 2017 no GGT Entrepreneur Relief can be claimed on:

a. Non-share consideration (e.g. cash) received by a seller for the sale of a business on incorporation if the seller is connected to the company after the sale; and
b. Goodwill, shares or securities sold to another a company if the seller is connected to the company after the sale of those assets.

The above exclusion from the definition of chargeable business assets will not apply where it can be shown the transaction is made for bona fide commercial reasons and did not form part of any arrangement or scheme, the main purpose of which was tax avoidance.

4. Interaction with CGT Retirement relief

One of the most common queries we receive with regard to CGT Entrepreneur Relief is its interaction with CGT Retirement Relief, particularly given that both reliefs have mandatory application to the sale or transfer of assets.

When CGT Retirement Relief applies to a sale or transfer of "qualifying assets" by an individual any gain arising is relieved from CGT. By comparison, CGT Entrepreneur Relief reduces the rate of tax at which CGT is payable up to the €1m lifetime limit for chargeable business asset gains.

As the reduced rate of CGT available under CGT Entrepreneur Relief contains a lifetime limit of €1m on chargeable business asset gains since 1 January 2016 it is important that any prior sales or transfers of any chargeable business assets on which gains arose and on which no CGT may have been paid due to CGT retirement relief applying, are aggregated in determining whether the €1m threshold has been exceeded and if so 33% tax is applied to the excess.

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5. What action should be taken before advising?

It is our experience that clients will reach out to their accountant as a trusted adviser, even if not tax specialists, to seek a preliminary view as to whether CGT Entrepreneur Relief might apply to a sale of chargeable business assets, typically a share sale.

To ensure no loss of goodwill with these clients before advising or offering a preliminary review we would suggest the following action is undertaken:

3. Review all the conditions for the relief including the current structure of the business and all assets held to consider any pre-sale planning that might be required;

4. If the proposed sale is of a shareholding, ensure that the individual satisfies the working time condition to be considered a qualifying person;

5. If the main trading business is carried on by a group company and a sale of shares will possibly not qualify for relief can any pre-sale planning be implemented, or Revenue concession obtained to ensure relief might be available;

6. Enquire about (if not originally involved) and review any previous sales or transfers of "qualifying assets" on which CGT Retirement Relief was claimed after 1 January 2016 to determine if those transfers might change the level of CGT Entrepreneur Relief;

7. If CGT Retirement Relief is expected to be claimed on the sale or transfer of another asset, consider the timing of those transactions to ensure CGT Entrepreneur Relief can be maximised; and

8. If the position appears complicated seek advice or at least get a second opinion from a tax specialist.

6. Conclusion

CGT Entrepreneur Relief is a favourable relief of up to €230,000 to an individual and is expected to increase in the coming years. However, given that the relief contains similarities to other CGT reliefs it can at times not be as straightforward as one would initially expect so approach it with caution when asked to provide advice or assistance with the claiming of this relief.

In Practice News

GDPR and Engagement Letters

To support members we have recently updated our Sample Letters of Engagement for both audit and non-audit engagements to include reference to GDPR obligations. It should be noted that compliance with GDPR may require more than just updating letters of engagement and members are recommended to review the 12 steps which organisations should take in order to be GDPR compliant. The guide is not an exhaustive list and members should ensure that their preparations take account of all actions required to bring them into compliance with the new law.

Please see our GDPR webpage at www.cpaireland.ie/members/technical-resource/gdpr

Important Notice for Firms Holding CPA Investment Business Authorisation

Firms holding Investment Business Authorisation from CPA Ireland under the Investment Intermediaries Act, 1995 (the IIA) are advised to read this important notice.

The transposition by Ireland of the EU Insurance Distribution Directive (the IDD) later this year is likely to have significant implications for those firms authorised by CPA Ireland under the IIA, including removing the need for certain firms to hold IIA authorisation.

As part of the transposition of the IDD, it is likely that 'insurance policies' will be removed from the scope of the IIA and therefore from the scope of CPA Ireland's Investment Business Regulations. This is expected to apply from 1 October 2018.

When the IDD Regulations take effect, firms which are involved actively in advising on or arranging insurance products, including insurance-based life and pension products, must be registered for such activities directly by the Central Bank of Ireland.

Firms should note that where a firm introduces or refers a client to a third party for the purposes of arranging the purchase of an insurance product and that firm has no further role in the transaction, that firm will not be required to be registered with the Central Bank and will continue to be authorised by CPA Ireland until 1 October 2018. This is because the act of introduction or referral in respect of an insurance product does not fall within the definition of 'insurance distribution' and is not subject to the IDD.

Furthermore, the IDD does not apply to persons with another professional activity, such as accountants, who provide advice on insurance cover on an incidental basis in the course of that other professional activity, nor to the mere provision of information of a general nature on insurance products, provided the purpose of that activity is not to help the customer conclude or fulfil an insurance contract, e.g., preparing calculations of the maximum amount a client might contribute to a pension.

So if a firm currently holds IIA authorisation from CPA Ireland solely because it makes referrals to a third party for advice on or for the purpose of arranging insurance-based products and does not conduct any other type of investment business, then that firm is likely to no longer require investment business authorisation from 1 October 2018. However, this will be a matter for the firm to decide.

The scope of the IDD is confined to insurance products only. Firms that currently hold investment business authorisation and make referrals to third parties in respect of other types of investments or for investment advice (e.g., to a stockbroker), or are active themselves in carrying on investment business will continue to require authorisation – either from CPA Ireland or directly from the Central Bank in respect of such IIA activities.

Further details on what actions you may need to take are available on the CPA website.

Source: www.cpaireland.ie

Statement on Scope and Authority of Audit and Assurance Pronouncements

IAASA has published its Statement on Scope and Authority of Audit and Assurance Pronouncements. The document provides more details on the Auditing Framework for Ireland, as adopted by IAASA.

Audit and assurance pronouncements issued by IAASA include:

- Quality control standards for firms that perform audits of financial statements or other public interest assurance engagements,
- Ethical and engagement standards for audits of financial statements, and
- Guidance for auditors of financial statements and auditors involved in other public interest assurance engagements.

IAASA may issue further standards and guidance relating to assurance engagements other than financial statement audits when it considers it appropriate to do so in the public interest and to fulfill its functions as defined in statute, including that of promoting adherence to high professional standards in the auditing profession.

The document can be accessed at www.iaasa.ie/News

Source: www.iaasa.ie

BY
Mary Cloonan

Marketing for Professional Services – Where to Start?

In this article, Mary looks at the importance of knowing your target market and ways of ensuring that your message is relevant to them.

With over 20 years marketing experience in professional services, Mary Cloonan is a freelance marketing professional and founder of Marketing Clever.

So why are you considering marketing your accountancy firm? This is a question I ask when I speak with any group of accountants and the answer is always one of the following:

1. I want to find new clients, usually of a particular type or sector to grow the firm;
2. I'm thinking about the future and would like to build my profile so my practice is a more attractive option to take over, usually by a larger firm; or
3. I am having trouble retaining and attracting the right talent.

In my experience, once there is a clear spoken strategy for the firm, it's simple; the marketing strategy is built to support that business strategy and the marketing plan is then formulated based upon the marketing strategy.

The accountancy sector, like other professional service sectors has witnessed an increased focus on actor specialisation to bolster general practice activities over the last decade.

This trend is largely driven by clients who want their advisers to be experts not just in technical accounting issues but also in the issues that impact a particular industry or type of client. Niche services or a sector focus can be very profitable if you choose the right sector.

So where do you start?

Marketing a professional services firm takes serious commitment and effort and to maximise the return you and your partners need to be prepared to sustain your focus over a medium term.

There are four questions to consider carefully before embarking on your firms marketing journey:

1. Leadership

Will we be consistent and supportive of the professionals brave enough to make the effort?

2. Clear strategy before tactics

All too often when I meet a new firm I hear tales of failed marketing tactics that never stood a chance of being successful as there was no clear strategy involved and usually little or no follow through.

3. Engagement, action & commitment

Active Regular Engagement with clear accountability and ideally more than one party involved. Two heads are better but commitment is essential.

4. Measurement

What gets measured gets done, especially for accountants.

Eight key areas to consider for your firms marketing, strategic and tactical plan.

I usually build out a market strategy and an operational plan based loosely on the following:

1. Competitive analysis

Here you can state your overall observations of the competitive landscape and particular opportunities or threats within this landscape. Also mention any trends you have noticed competitors adopting. List your top competitors.

It's important to note that there is an increased focus on market development and profiling in the professional services sector in the last 18/24 months in Ireland and this trend is expected to continue. Pressure on recruiting and retaining resources is also a trend.

2. Target market

Outline your client personas. You should discuss why these are your target clients as well as the types of clients you want to avoid. Remember, you can have as many client personas as you feel necessary. This is a critical area to focus on to ensure you have clarity on your audience and what your offering is to them (USP). This is also the area that identifies what sector or niche expertise your firm has, a critical development point for all firms today.

All of the top ten accounting firms in Ireland have clearly identified their industry sectors. My experience in the market shows that if we spread ourselves out as generalists we preclude ourselves the opportunity to build the deep, meaningful expertise we need to reach beyond geographic, traditional markets. This is critically important for practices that wish to build a portfolio of clients than are more likely to understand the value of advice from experts and these clients tend to be more fee tolerant and stay longer with a practice.

Think carefully about what sectors you are currently working with and ask yourself if you honestly will put the time into growing a specific sector as it will take time to immerse yourself in a sector, write articles for the relevant publications, go to events, speak at events, do simple surveys and bring relevant insights to your chosen industry sector.

While focusing on a narrow vertical market may feel risky in terms of excluding other sectors, a practice that focuses on a few specialist areas has key audiences to communicate with and is more likely to be heard.

3. Buying cycle

Think about the buying cycle of your clients. Through your day to day life in your firm, you will understand how, when, where and why clients engage. Consider your strategy for converting leads through each phase of the buying cycle - awareness, consideration and decision.

Prospects engage for a number of potential reasons:

1. A moment of dissatisfaction with an existing provider usually from lack of service, speed of return on assignments, lack of insight or experience in a specific sector, etc
2. A specific new project needing new expertise.
3. New into market – either domestic or international start up.

Profile building continues to be an important factor in all professional services firms given the nature of the industry. Traditionally referrals were the main source of new clients into a professional services firm. While this continues to be an important source, the nature of referrals has changed given the markets tendency to search online to either identify a suitable service provider or to verify what a referrer has recommended.

There is an international view that:

1. 70-90% of the buyer’s journey is complete prior to engaging a vendor (Forrester).
2. A consumer engages with 11.4 pieces of content prior to making a purchase (Forrester).

Much of the buyers’ interpretation of the above two points will be driven by the firms’ digital footprint. Identifying a clear approach is critical for understanding how to engage with higher value target clients.

Think carefully about your ideal prospective client, how will they find you when their moment of discontent arises? Will they have met you at an event? Will they have seen you speak at something or read something you wrote in an industry publication? When they Google your name are you happy with what they find?

Overall will each point of contact create a positive impression of you and your practice that you are the ideal option to assist them? Think about building your profile so you are the top of mind option with they reach a moment of dissatisfaction with their current provider. It happens all the time.

4. Brand

Consider your brand and how it will be profiled and protected. Changes or strategies you are hoping to develop around your practice should be included here in terms of how your practice looks fit for market.

You should consider how your brand is currently perceived in the marketplace and how it fits your growth strategy.

Does your firm look fit for purpose for your target market, is it dated or has your firm outgrown and developed since the original branding was created?

I frequently meet practices that have been around for a number of decades and their stationary, website, business cards etc are very dated. In a world where your prospects will be influenced by how you look in the market place, make sure you are in the strongest position and don’t let a simple issue like an outdated brand lead prospects to dismiss you. Don’t forget your prospects are also getting younger and that a lot of firms are working hard on their brand presence, visual gaps can get wider very quickly given many practices have worked on their branding in the last 2 years especially. Don’t get left behind.

5. Digital

This is a wide landscape that includes a number of interlinked channels to leverage your profile once carefully planned and implemented. Few professionals can ignore the digital space since prospects will use this as a first touch validation point. A poor digital presence will speak volumes to your target audience so it is critical to ensure your digital footprint is professional and strong. Again if you are not comfortable with this area, find someone either in your practice or outside that is. It is said that *“You are never __not__ communicating”* so if you ignore this critical area, you are sending a message in itself.

5.1. Website

Consider how you plan to improve/optimise your current site or explain your plans for a new site, if that is your intention. Why is your website important and the role it plays in attracting and converting clients? If you need additional resources for your web plans list them here. You should also add how you will measure your efforts and what success will look like. Websites are a very important validation point for professional services firms and your content marketing and social media strategy should tie into your site in a consistent manner. I frequently hear practices question the value of a great website, saying they don’t get business directly from it. I believe your website is even more critical that having a quality office environment to meet clients, this is a spot your clients and prospects visit without invitation so ensure it reflects your strengths.

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BY
Mary Cloonan

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5.2. Content marketing

Similar to the points above on website, content marketing is simply creating good content, with your target audience in mind and using it on your website, social media channels, email newsletters, potentially as a press release, etc. Consider how great content will be used, who will be creating it and why it will improve search and attract clients. You should discuss any changes from the previous year, list KPIs, explain how content will be distributed and outline your rough goals for the plan.

5.3. Social media

How you will be either launching or maintaining social media channels? With the aim of ensuring you are the top of mind option for prospects and validating to your existing clients that you have great insight. Include the strategies – how you will keep a consistent presence, build relationships, gain followers, get likes, etc. In most professional services firms, LinkedIn is the priority for targeting businesses and leveraging referrals and simply online networking and profiling. Consider what your prospect will find when they search your name. Will they find a well-written LinkedIn profile, with a current photograph, will full contact details and links to relevant material illustrating your insight?

5.4. Email marketing

Consider the importance of measurement and testing in email marketing. You may also want to discuss how you will use personalization and segmentation and how email will be incorporated into your overall campaigns.

5.5. SEO (Search Engine Optimisation)

Is SEO important to your firm? It's a competitive space in most urban areas unless you have a specific offering that is unique.

6. Events & networking

Do you have an event strategy? Consider how it will be incorporated throughout your website, social media and content marketing efforts. Don't expect prospects to come to you, also think about your existing clients who are circulating with your competitors or potentially hearing them speak.

7. PR strategy

Do you have or need a PR strategy? Consider how it could support your profile particularly if your firm has specialist expertise in an industry sector.

Press releases will be useful to incorporate throughout your website, social media, content and SEO efforts.

8. Measurement and KPIs

Hard facts are so critical for professional services if you are serious about fostering a consistent and sustainable marketing effort. Accountants in particular need to have measures in place to appreciate efforts in marketing and development.

Here, list out how and when you plan to measure your efforts, the KPIs you will use and what success ultimately looks like. Success should tie back to the business objectives and marketing goals. Successful firms usually track the following:

- New client wins
- Prospects in pipeline by stage
- Press mentions
- Google analytics
- Email analytics
- Survey response rates
- Events attended
- Events hosted – number of invites, attendance etc.
- Client feedback?

Win Reports

One way to demonstrate the value of your marketing activity is to produce 'win' reports. These reports should provide at a minimum the names of new clients, the value of the fee agreed, details of who introduced the client, the sector, and the services that will be provided to the client and how the business was won. Circulate the report widely in your firm to share the good news and to keep business development on the agenda.

"Our wins for April have been €50k as follows:
John won 2 new clients with fees of €25k
Ann won 3 new clients, agreed fees of €15k
Paul won ….etc

Fees YTD are €……."

Pipeline

Your firm should manage a pipeline of business prospects with information on who is responsible for each contact and what stage it is at. Pipeline management involves identifying and developing firm-wide opportunities. The pipeline should include a full list of prospects, details of who owns them and the stage they are at.

Funnelling opportunities through a pipeline forces teams to regularly review open and active opportunities and ensures that no opportunities are lost. Each targeted opportunity should be assigned to a specific individual who manages it and reports on progress during pipeline meetings.

Many practices start out with a random approach to business development. Failure to plan effectively generally leads to wasted resources and is disheartening for all involved. A very short weekly meeting with individuals willing to focus on building new clients is a simple method of getting some energy into this critical area.

9. Priorities, tactics and timeline.

It is often helpful to have two or three priorities with tactical initiatives to focus on, which will help a sense of achievement and build momentum.

Conclusion

A limited budget doesn't have to be an obstacle to effective marketing. It is critical to know your target market and ensure that your message is relevant to them. In my experience, money spent educating yourself about your target market's sector will deliver better long-term value than competing for attention in a large market where your competitors have heftier marketing budgets.

To maximise opportunities, your firm's market development strategy should be actively supported by partners and their teams. Focused marketing and business development efforts that are consistent and disciplined can deliver powerful results but remember that the benefits will take time to realise.

BY
Emer Kelly

Going into Practice

CPA members in public practice work at the coalface of Irish business, assisting clients as they face the challenges of Brexit, the digitalisation of the taxation system and increasingly the impact of technology on business. The service range provided by CPA accountancy firms continues to evolve and the demand for forward looking business planning has become the norm as technology enables accountants to better position their clients for the future. While technology is providing for the automation of more traditional compliance services this is allowing practitioners shift their focus to more proactive solutions for clients. CPA accountants are uniquely positioned to bring such invaluable insights to their clients.

CPA members who engage in public practice and provide such services including tax planning, financial reporting, management consultancy and audit services require a practising certificate. This ensures that such services are provided to the highest standards and are appropriately and proportionately regulated.

Emer Kelly, ACA, Quality Assurance Manager, Professional Standards Department, CPA Ireland.

Pathway to public practice

Establishing your own accountancy firm can provide a flexible and rewarding career.

There are a number of matters to consider and plan for if you decide this may be a route that you wish to explore.

As a practitioner you will need to obtain a CPA practising certificate. To be eligible, you must have two years approved post admission to membership experience working in an area that is relevant to the services that you intend to offer.

The following requirements must also be considered and met;

- Given that tax is a core service, an applicant must have completed CPA's Advanced Taxation examination at Professional 2 level.
- CPD is a vital component of eligibility and an applicant must have met the relevant CPD requirements for the previous two years. When planning your CPD, focus on CPD that will support your proposed service offerings.
- Designed to support the complex environment that a practitioner operates in, an applicant must also have completed within the previous 36 months, the Practice Orientation Online Certificate and passed the associated online assessment. This online course over five modules provides essential technical and practice management information to assist with the navigation of the start-up phase and beyond.

As part of the application process a business proposal must also be submitted and requires the applicant to set out their service offering, marketing plan, resources plan, financing etc, a key skill for all future business advisors.

Other considerations for start-ups are professional indemnity insurance requirements and continuity of practice arrangements, details of which can be found on the CPA website.

Statutory Audit Services

With the ever-increasing audit exemptions thresholds, the number of audit firms in Ireland has decreased over the last number of years. However, the majority of CPA firms continue to hold audit registration.

To be eligible to act as a statutory auditor, you must hold a practising certificate with audit qualification. This will allow your firm to apply for an audit certificate and for you to engage in statutory audit work.

An audit qualification is obtained by:

- Completing three years' experience working under the direct supervision of a Statutory Auditor, at least two of which must be post admission to Membership and at least 20% of the time spent during those two years must be in an area of Statutory Audit.
- Completion of the Practice and Audit Orientation Online Certificates.
- Completing eight hours of Structured Continuing Professional Development in the subject area of Auditing in the twelve months prior to the application to become a statutory auditor.
- Completion of CPA's Audit Practice Assurance Services examination at Professional 2 level.

There are currently 700 members holding CPA practising certificates and providing Irish business with vital services.

If you think that a career in public practice may be for you, further details can be found on the CPA website at www.cpaireland.ie

BY
Neal Costigan

Blockchain, its affordability & Accounting

Neal Costigan looks at the efficiencies and the improved process gained through using blockchain for accounting.

Neal is a Solutions Consultant within the new Dublin-based Innovation Studio supporting a multi-functional facility focusing on delivering ethereum-based blockchain platforms and products. He has worked full time in the blockchain space since mid-2016 and helped develop blockchain products around Know Your Customer (KYC) and Trade Finance.

Technological Revolutions

Technologies we take for granted today were once quiet revolutions in their time. Take the World Wide Web which became publicly available in 1991. From a single machine in Switzerland to a global network of computers, laptops, smartphones, and tablets, the web is deeply ingrained in our everyday lives which seemed an unrealistic thought at inception with its fair share of scepticism.

An example of such scepticism came in the form of an article published in a Newsweek magazine on February 27, 1995, under the headline ***"The Internet? Bah!"***. Clifford Stoll a notable astronomer, scientist, author, teacher and PhD publicly criticised the future vision of the World Wide Web saying: "***Visionaries see a future of telecommuting workers, interactive libraries and multimedia classrooms. They speak of electronic town meetings and virtual communities. Commerce and business will shift from offices and malls to networks and modems".*** He goes on to say: ***"The truth is no online database will replace your daily newspaper, no CD-ROM can take the place of a competent teacher and no computer network will change the way government works".*** Within months of Newsweek's publication, Amazon began selling books online, followed shortly by the rise of Google, the search engine that made the Web something less than the ***"big ocean of unedited data"*** that Stoll lamented.

Blockchain Technology

Fast forward almost 30 years and we are currently seeing another technological revolution but maybe not so reticent this time, the blockchain revolution. A blockchain is a public distributed ledger, in which all who choose to participate in it have the autonomy to access it. Simply put, a blockchain is like a spreadsheet anyone can access. There are many different blockchains; Ethereum and Bitcoin are just two examples amongst hundreds of other protocols, which co-exist in the blockchain ecosystem.

Every participant has a copy of the spreadsheet and is responsible for keeping it up to date. The process of keeping a blockchain up to date is called "mining", which is performed by miners who are incentivized through cryptocurrency to perform the role of transaction validators.

Blockchain Critics

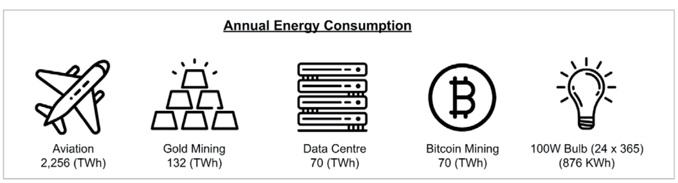
The blockchain revolution is no different when it comes to the number of individuals critiquing its true value to the world. J.P. Morgan Chase CEO, Jamie Dimon, recently trashed cryptocurrency bitcoin as "***a fraud that will blow up"***. While billionaire chairman and CEO of Berkshire Hathaway, Warren Buffett, said "***Bitcoin itself is creating nothing. When you're buying non-productive assets, all you're counting on is the next person is going to pay you more because they're even more excited about another next person coming along".***

It is no secret that the technology has faced issues around transaction speed, cost and scalability but they have either been solved already or soon will be. The most damning challenge blockchain faces since its initiation, is the amount of energy it consumes and the understanding of this topic by the greater public.

Proof-of-Work v Proof-of-Stake

How the Bitcoin network is managed is through a highly controversial Proof-of-Work (POW) security protocol which requires miners to solve cryptographic math problems in exchange for receiving bitcoin. These cryptographic problems are growing in difficulty over time and this, in turn, is driving up the equipment needed and in turn electricity costs. To maintain the Bitcoin network a total of 73.2 terawatt-hours a year is exerted, this is the equivalent to Austria's total annual energy consumption. This is a significant problem for the Bitcoin network and to make matters worse, this figure is estimated to increase further, with no plans to move to a lower energy model.

However, the public Ethereum network, which is now the largest and most used blockchain in terms of transactions and computations, is readying to shift away from POW to an alternative low-energy consensus mechanism called Proof-of-Stake. To achieve this reduction in energy, Proof of Stake replaces the high energy costs associated with mining in the POW with security deposits to incentivize validators to maintain the network. This move to a lower energy consumption model will also allow the role of validating blocks (e.g. mining) to be more accessible to anyone in the community, whereas currently this role is exclusively reserved for large-scale operations such Bitmain and GigaWatt.



While there have been significant efforts to reduce energy consumption within the blockchain industry it is interesting to contextualize the total energy consumption and annual economic costs of different industries, with bitcoin mining. The annual economic costs of Bitcoin today is $3.5 billion per year, meaning that Bitcoin costs 500 times less than the global banking industry and 30 times less than gold mining.

Blockchain & Accounting

Along this journey, we have encountered some of blockchain's imperfections but often it's the imperfections which make things beautiful and it is clear that the accounting industry sees it's true beauty and value.

If there are tasks that are still being performed manually, it's costing companies time and consequently money. To achieve daily targets, the accounting industry still relies on mutual control mechanisms, checks and balances. Among other things, there is a systematic duplication of efforts, extensive documentation and periodical controls with most of them being manual and far from being automated.

Accountants currently store data in disparate locations with no way to consolidate and validate it. For accountants, blockchain offers new ways of storing and sharing data, providing clarity over ownership of assets and the existence of obligations, which could dramatically improve efficiency. Currently, the majority of audit clients typically take a week or more to close their month-end accounts. With blockchain, this can be done within hours, streamlining the entire process.

Balanc3

Balanc3,a ConsenSys formation has been working for over a year to build out a blockchain-based financial management platform for the token world. It has brought together leaders in both the accounting and blockchain industries to build a platform that interprets blockchain transactions and transforms that data into financial and business insights. Balanc3 translates on-chain transactions and data into traditional accounting formats needed for reporting and compliance resulting in a technology which helps build a user-friendly bridge between the "token world" and traditional accounting systems.

Conclusion

In the world of innovation, learning from failures is an inescapable reality and part of growth and success in organisations. It is how the ecosystem and entrepreneurs move forward to greater heights. For accounting and blockchain to be as much of a success story as the world wide web, it must critically analyse its flaws, iteratively build on current failures and listen to users to build the most effective, intuitive and worthy platforms. The efficiencies and improved processes gained through using blockchain for accounting will bring about cost reductions and increased productivity, a recipe for success for accounting firms willing to be innovative in this space.

BY
Brendan Brady

Accountancy and the Bots

In this article, Brendan Brady looks at the reality of what Artificial Intelligence can actually do and how it can propel innovation in the Accountancy profession.

Brendan Brady CPA, ACCA and Chartered Tax Adviser. Brendan is Partner in the firm Brady & Associates, a general practice and tax advisory firm. www.bradyassociates.ie

The advent of double entry bookkeeping was considered one of the greatest advances in the history of finance. Even though some people still struggle to understand the difference between a debit and a credit, the concept hasn't changed since its inception which was over 500 years ago. However, as the old axiom goes, when things change they tend to do so gradually and then suddenly.

Bill Gates previously described Artificial Intelligence (AI) as the "Holy Grail". In a separate widely-reported 2017 interview with Quartz, Gates suggested that when human roles are replaced by robots there is an argument that robots should pay tax. Gates pointed out that when a human worker earns $50,000, that income is taxed. So, if a robot does the same thing, why not tax the robot?

The interview prompted a lot of debate. Many commentators agree that while robots can't pay tax themselves, businesses could be taxed for replacing human workers with robots. Advocates of such a tax say it could combat inequality and that the revenue raised could be put to good use supporting workers in areas such as nursing homes and health care where human skills are invaluable.

Gates is not the only one thinking about how the advance of robots will impact society and work. In a paper published in 2013, Carl Benedikt Frey and Michael Osborne, of the University of Oxford, suggested that almost half (47 percent) of all jobs are at risk because of automation. Such jobs include white collar occupations like accounting, auditing, market research analysis and marketing.

Ever since General Motors introduced the first industrial robot in the 1960s, robotic hardware has taken on more and more tasks that were previously carried out by human workers. Initially, this was mostly in the manufacturing industry but now robots are used in many other sectors. It is estimated that there are 1.7 million robots worldwide. These include self-driving cars, drones, robots used in industry, farming, entertainment, and many other areas. The legal profession, always very resistant to change, appears to be one of the last bastions to tech disruption. However, services like Courtsdesk in Ireland and LegalZoom in the US are replacing traditional legal services such as writing a will and IP protection. As accountants, we've already seen the introduction of products like Xero, Sage and Receipt-Bank which have effectively replaced the role of the traditional bookkeeper. Taxi drivers will ultimately lose out to self-driving cars while medical procedures and surgeries are increasingly being performed by mechanical robots.

How does this affect accountants?

AI for Accountants

Tidings of Artificial Intelligence (AI) replacing standard accounting tasks have been mooted for years. In a 2018 article from Forbes.com, they cited that in their upcoming research report on the future of accounting that they expect to announce that accounting, payroll, and audit tasks will be fully automated using AI-based technologies by 2020.

However, rather than seeing the replacement of the accountant, what we are witnessing now is the reality of what AI can do rather than what it was originally expected to do. Where AI enables better insight from data, it helps human experts make better decisions and augment the services that accountants are already providing.

Bank reconciliations

Who wouldn't want to leave a bank reconciliation to a robot? With the exception of a few diehards, the days of clients bringing boxes of bank statements to their accountant to be typed up by a bookkeeper or junior are over. Clients can export their transactions directly into a spreadsheet and the reconciliation is essentially done. Even in instances where clients hold onto their paper statements, these can be easily scanned and uploaded to an OCR tool for as little as 50 cents per page and within a day, a fully reconciled spreadsheet is produced. That's €50 for 100 pages. To put that in perspective, for a human to reconcile 100 pages in a day, they would need to type and analyse over 13 pages per hour.

If that's not enough to whet your appetite, apps like Sage and Xero can directly integrate with a clients' bank statement through a Yodlee bank feed. Rather than export and import a bank statement, the transactions feed directly into your accounting software. The software can then learn rules on which nominal account to post these transactions to and will even suggest matching sales and purchase invoices against bank payments and lodgements. For example, "bots" could tell and organize data that comes from the same source to various categories, thus if one has a monthly phone bill and a monthly payment for that phone bill from the same carrier, the bots automatically understand that these transactions are related and will suggest a match.

Invoice entry

There are already AI-powered invoice management systems available that can make invoice processing much more streamlined. Before apps like Receipt Bank and AutoEntry, accounting staff manually created and processed invoices from paper documents. Those documents were then manually entered into accounting systems for approval and payment. The Accounts Payable workflow can now be automated by software that analyses, recognises and exports data into a company's accounting system. They can even learn the accounting codes that are appropriate for each invoice.

Year End

The automating of these transactions throughout the financial year means that the time needed to prepare statutory year end accounts will be reduced since all the information is readily available and automatically analysed. Accounting software can post data from the different sources (bank, purchases and sales), consolidate and reconcile it. This will allow more time to be spent on advisory work such as tax planning rather than "ticking and bashing" and analysing excel spreadsheets.

Audits

Big 4 firms have been investing in the digitalisation of the audit process for a number of years. Instead of examining individual balances and requesting backup documentation, auditors will be able to use digital files and improve the efficiency and accuracy of audits. It will now be possible to audit 100% of a company's financial transactions instead of just a sample. Larger audits will become controls based and we will move away from the traditional and time consuming substantive approach of testing balances.

Chatbots

Chatbots are already used all over the internet to efficiently solve common questions from customers including when their accounts are due and more. How many times have we been asked "what expenses are deductible?", "Can I claim coffee as a business expense?", "What's the income tax deadline?". Chatbots can automatically answer these questions saving time and energy of responding to our ever-growing email inbox.

The Limitations

Notwithstanding the benefits of AI, the accuracy of the learning algorithms that are used in most of the solutions still requires improvement in efficiency to avoid errors and truly fulfil the promise of automation. AI still cannot replace the emotional intelligence humans bring to the job. Where staff were previously engaged in typing up bank statements or entering invoices, their time will now be spent analysing the work that has been prepared by AI.

Conclusion

Cloud solutions are now available to millions of users resulting in constant technological improvements. (Contrasting with older on-site software that was installed on hard drives and networks). The self-learning capabilities of cloud-based software solutions are constantly improving. These solutions essentially "learn" from their mistakes and do not make them again once humans correct them. Consequently, as clients are becoming more familiar with how to use these solutions, it invariably drives the cost of the standard compliance and accounting tasks downward as the perceived value of these services are being reduced because clients are now aware that these tasks are being completed by algorithms as opposed to accounting staff.

However, when machines take over these repetitive, time-consuming and redundant tasks, it will free human accountants to provide higher level and more lucrative services for their clients. Not only will they be more productive and proficient, it will allow accountants to handle more clients and deliver more value because they can provide actionable insight rather than just crunch the numbers. Ultimately, machines will be able to propel innovation in the profession.

Institute News

CPA Ireland Annual Conference

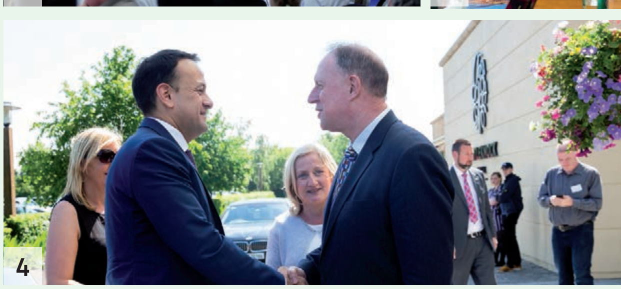
CPA Ireland discusses key topics with An Taoiseach Leo Varadkar

At the recent CPA Ireland Annual Conference held in May, An Taoiseach, Leo Varadkar met with Cormac Mohan, President, CPA Ireland, Rachel Grimes, President of IFAC and Eamonn Siggins, CEO, CPA Ireland.

An informative and collaborative discussion was held with An Taoiseach in relation to a variety of key issues currently affecting the accountancy sector.

CPA Ireland raised the need for the revision and updating of the Leaving Certificate accountancy syllabus to make it more current and dynamic, greater recognition and clarification of the term accountant in the public arena, and the need for a re balance of government policy in favour of the SME sector and Irish Indigenous businesses.

CPA Ireland would like to work with the Government and stakeholders to address the desired changes in policy in the above areas and ensure a vibrant and progressive future for all concerned.

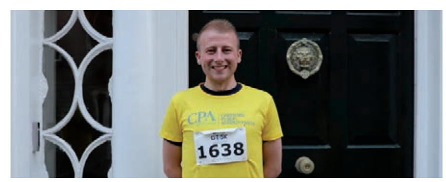


1. Pictured at the CPA Ireland Annual Conference - Rachel Grimes, President of IFAC, An Taoiseach, Leo Varadkar & Cormac Mohan, President of CPA Ireland. 2. Cormac Mohan, President of CPA Ireland. 3. Rachel Grimes, President of IFAC, An Taoiseach, Leo Varadkar 4. An Taoiseach, Leo Varadkar, Eamonn Siggins, CEO CPA Ireland. 5. From L – R Audrey Carville, Eamonn Siggins, CEO CPA Ireland, Rachel Grimes, President of IFAC.

Grant Thornton Corporate 5K Team Challenge

Once again, CPA Ireland staff took part in the Grant Thornton Corporate 5K Team Challenge in support of the Simon Community on Wednesday 5 September 2018. Adam O'Reilly, Business Development, came first of CPA Ireland runners with an impressive 23 minutes 29 seconds.

L – R: Arran Feery, Adam O'Reilly, Adrienne Behan, Ciara Tobin, Róisín McEntee, Cait Carmody, Paul Heaney



Adam O'Reilly, Business Development

IIPA Integration Events

CPA Ireland has organised a series of integration events for our new AIPA & FIPA members. The first of these events was held recently in The Horse and Jockey Hotel in Tipperary on Friday 31st of August. CPA Ireland's Knowledge Manager, Maureen Kelly, delivered an update to members on financial reporting and Jenny Conmy, Senior CPD Administrator, gave details on the Institute's CPD requirements and how to make a online CPD return. Another event was also held in Horse and Jockey dealing with Succession Planning on 14th September delivered by Colm Divilly, Professional Education Seminars Ltd. Both events were very well attended and a further integration event for new AIPAs & FIPAs is coming up on the 24th of September in the CPA Ireland Offices in Harcourt Street. More information is available at http://portal.cpaireland.ie/showcourses.aspx?event_category=0&event_type=0&keyword=&location=&start_date=&end_date=&cpe_hours=0&event_categoryid=0&event_typeid=0

Women in Business 2018

Recent research from Grant Thornton reveals that, in Ireland, only 24% of senior leadership roles are currently held by women. Statistics for the number of board positions held by companies on the ISEQ were even lower (8%).

This year's women in business event, which took place in June 2018, featured speakers who presented case studies of the challenges they had overcome along their journey to success and shared the strategies they employed. A practical workshop on how women in professional roles can build their personal brand including planning a wardrobe and a session on how to build networking skills led to fantastic engagement among the delegates.

Elaine Brady, Managing Partner, Barden

Women in Business 2018

Kathryn Byrne, Your Image Matters

Sarah O'Connor, CEO, Asthma Society of Ireland

Member engagement sessions held in Spring 2018

amárach research

Amárach Research was hired by CPA Ireland to undertake member engagement research. The format devised was a senior director of Amárach was hired to facilitate a discussion at each of the nine-member engagement sessions held in February and March 2018. The sessions were held in Dublin; Galway; Dundalk; Limerick/Clare; Killarney; Cork; Cavan; Kilkenny and Newbridge.

In order to maximise the opportunity for openness no member of the Council or the Executive of the Institute were present in the room for the discussion.

In advance of the discussion we sent several questions to each attendee to consider prior to the meeting. They were:

1. What does CPA Ireland do really well?
2. What does CPA Ireland do that you would like to change or strengthen?
3. Is there anything that you have seen done elsewhere that CPA Ireland might adopt?
4. In five years' time how could CPA Ireland be different?

We also set up a confidential email address, so that if anyone wanted to submit other ideas privately they could do so.

These sessions provided detailed engagement with members and the report and recommendations were fed to the Executive of the Institute and to all the members of staff in Harcourt Street. We are grateful to all those who participated.

A more detailed review of the engagement process was emailed to all members on the 26th July 2018, if you did not receive this email please contact the institute on 01 425 1000 and we will send it to you.

canvas

Launch of Canvas / Livestreaming

CPA Ireland is delighted to announce that we have launched our own Learning Management System, Canvas. This LMS will enhance the learning experience for the user by organising the eLearning content into one location and allowing users to engage and connect with others. Through the LMS we will also be able to livestream and record our courses allowing members to access them at a time and place that works best for them.

CPA Ireland Pre-Budget Submission 2019

CPA Ireland's Pre-Budget submission 2019 outlines recommendations for the government to provide support in the areas of Research & Development, Tax Credits, Capital Gains Tax and Personal Taxation, as well as the need to provide targeted support to indigenous Irish businesses particularly those with growth potential to compete internationally.

Further details of the submission is available at http://www.cpaireland.ie/members/publications/member-e-bulletin/institute-news/2018/08/28/pre-budget-submission

2017 IASSA Report – Profile of the Profession

IAASA has published its annual Profile of the Profession, which contains statistical data regarding the nine Prescribed Accountancy Bodies ('PABs') within IAASA's supervisory remit in Ireland for the year 2017.

The Profile, which was compiled with the assistance of the PABs, presents an overview of the PABs' memberships, student numbers and profiles, as well as the nature and scale of their regulatory and monitoring activities.

Launch of CPA Ireland FastTrack

Supporting accountancy students from an early stage in their studies to qualifying as a professional accountant is a key objective for CPA Ireland.

CPA Ireland is now accepting students who are still in university or college on a new initiative called CPA FastTrack.

This programme allows students in college to count relevant summer internships or work placement modules towards the training requirement with CPA Ireland. This essentially means that students may qualify faster with CPA than any other accountancy body. Both employers and third level institutions have endorsed this new initiative.

"We would highly recommend CPA Ireland FastTrack. We were looking for an extra resource during the summer months and the FastTrack programme gave us access to high calibre third level accounting students. Not only did Hurley Accountancy benefit from having a FastTrack intern but the student also got to count their work experience towards the three- year training requirement with CPA." Imelda Hurley, Hurley Accountancy

CPA Ireland Membership Changes:

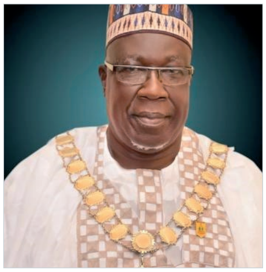
The following members have resigned:

007253 Stephen O'Beirne 22 Feb 2018
000303 Cormac P. de Barra 21 Feb 2018
005165 Katherine Gordon 15 May 2018
012292 Tara Marie Gallagher 3 May 2018
024146 Oliver Nilan 29 May 2018
011648 Martin Hamill 18 Jun 2018
015411 Margaret Hughes 18 Jun 2018
011564 Michael Molloy 2 Aug 2018
001794 Anna Masterson 4 Jul 2018
007146 Ros O'Kelly 2 Aug 2018
000817 Patrick McCluskey 14 Aug 2018
000277 Brid P. Curran 14 Aug 2018

The following member is recently deceased:

002003 Thomas Phelan 17 Jun 2018)

CPA Profile – Shehu Usman Ladan



Shehu Usman Ladan, President of ANAN, MNI, FCNA, CPA.

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

Right from my student days in secondary school, I was excited by the esteem status of civil servants in our society, particularly, the treasurers and accounting staff, who were highly rated in the government of newly independent Nigeria in the 1960s and from this I developed an interest in the accounting profession. This indeed influenced my decision to enroll for a Diploma in Accountancy programme and subsequently, I graduated with a Bachelor's Degree in Accounting and I obtained a Master of Business Administration (MBA), both from Ahmadu Bello University, Zaria which is the first university in Northern Nigeria. Afterwards, I was admitted into the professional membership of the Association of National Accountants of Nigeria (ANAN) which qualified me as a Certified National Accountant, CNA. I am still happy with my decision to pursue accountancy profession in my life.

Can you provide a brief history of your career?

I am currently the President of Association of National Accountants of Nigeria (ANAN), which is a recognized Professional Accountancy Organization (PAO) in Nigeria and is one of the largest in terms of its membership size in Africa. ANAN has a Mutual Recognition Agreement with CPA Ireland.

My real-life work experience began with a vacation job at Barclays Bank of Nigeria (now Union Bank of Nigeria) in 1977, where I was engaged as a bank clerk. After completing my National Diploma in 1978, I had a stint with the Nigerian Television Authority as an Accounting Assistant. I joined Usmanu Danfodio University, Sokoto (then University of Sokoto) in 1978, where over the years I rose to the position of Chief Accountant. In 1989 I was appointed as Bursar of Federal College of Education (Technical) in Gusau and in 1994 I was appointed as the Bursar of Usmanu Danfodio University where I retired in 2000. As a Bursar I was responsible for the Financial Administration of the University as well as the Chief Financial Adviser.

It is obvious that my career had been mainly in higher institutions of learning. Indeed, my reflections on my career have been wonderful because I found myself in the initial development stages of the two educational institutions where I worked. From the beginning of my career as an Accountant, I was involved in various projects, especially capital development projects, covering planning, execution and monitoring responsibilities.

Two years after my retirement from the public service, I was appointed as Revenue Adviser to the Government of Sokoto State of Nigeria in 2002 until 2011. My contributions went beyond matters of increasing revenue generation in the state to improving the human resource management of the State Revenue Agency towards greater efficiency in service delivery.

Why did you choose to become a member of CPA?

The CPA qualification is one of the highest rated qualifications within the IFAC family, and thus I feel it is worthwhile to become one.

What have been the benefits of joining CPA Ireland through Mutual Recognition?

As a leader of ANAN, which has a Mutual Recognition Agreement with CPA Ireland, I believe becoming a member of CPA Ireland will encourage other ANAN members to take the liberty of actualizing the mutual recognition and, more so, with the additional qualification, members will be better prepared for the international accounting environment. So, combining the CNA qualification of ANAN with the CPA Ireland qualification is a plus for professional accountants.

What is your biggest career achievement?

Although it is difficult to evaluate a career path that spans more than three decades, I am happy to have been a mentor to many accounting and financial professionals, particularly my subordinates in the public service. More significantly, it is great to have worked with many people at different levels of the career ladder and leave without a blemish. That is, I was able to track my path and surmount the unquantifiable risks of the profession successfully. I always like to develop others and add value to any tasks in my kitty.

How do you feel being a member of CPA Ireland will help in your career?

With dual membership of professional accountancy organizations, one will be better equipped with the knowledge and skills required for this dynamic profession based on symbiotic relationships in terms of training and retraining as well as cross fertilization of ideas and experiences.

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

Balancing professional responsibilities with challenges in the professional environment. The Accountancy profession has had a very difficult trajectory, manifested in various corporate scandals across the globe since in the 1990s. The profession is walking on a very tight rope of renaissance towards changing its battered image worldwide. We must adhere strictly to the ethics of the profession by ensuring quality assurance in our service delivery geared towards the protection of public interest, which is the hallmark of the profession. The Accountant performs an important role in decision making, from generation through to execution and evaluation of accounting information to taking final corporate decisions. Having worked in the public service in the higher education sector and considering the prevailing concern for good governance, I believe the Accountant has a greater role to play in combatting corruption, especially in areas of public financial management and performance (value for money) audit. Another dimension is that of combatting the bourgeoning cyber and financial crimes. The Accountant of today is confronted with the huge challenges of technology, because Information Technology (IT) is driving the profession and so does the need for the Accountant to embrace the technology for efficiency and excellent service delivery.

Building Trust – A Look Ahead At Our Global Profession

Gail McEvoy, IFAC Board Member, Past – President, CPA Ireland.

The International Federation of Accountants (IFAC) is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over 175 members and associates in more than 130 countries, representing almost 3 million accountants.

CPA Ireland is a founding member of IFAC and has a long tradition of actively contributing to IFAC.

The Board of IFAC, consisting of the President and not more than 22 members, is entrusted to govern and oversee the operations of IFAC.

Having been nominated by CPA Ireland, I was appointed to the Board of IFAC in 2013 and re-appointed in 2016 for a second term of 3 years. My journey to this international role started with joining the Council of CPA Ireland and subsequently, being elected President of CPA Ireland. I always have been motivated to give something back to my profession but this is not a journey that I ever anticipated when I first qualified as a CPA.

As we all know, the accountancy profession is operating in an environment of volatility, uncertainty and change and this is an appropriate time to share some of the key challenges facing the IFAC Board.

A Strategy for the Profession

On a personal level, it is very challenging but rewarding to be involved in the development of a strategy for the global profession. The profession is built on the values of integrity, expertise and transparency. How do we articulate that expertise in an environment of artificial intelligence and machine learning? Recent crises and audit failures have damaged global trust in the profession. How do we rebuild that trust and speak out as a profession with authority and confidence? These are just some of the strategic challenges facing IFAC and they demonstrate the imperative to be agile and this probably applies to every business and practice and the imperative to add value to what members (professional bodies like CPA Ireland) are already doing.

CPA Ireland's Role in the Global Profession

I am particularly conscious of how CPA Ireland's work, nationally and internationally, can help our peers. For example, our research on entrepreneurship and on social enterprise spark global conversations and ideas that help the profession in other countries and also help CPA Ireland to consider other perspectives. CPA Ireland's work in developing the profession is also enhancing the profile and reputation of CPA Ireland, internationally. Our most recent capacity building contract to working with the Association of National Accountants of Nigeria to advance accountancy education demonstrates how CPA Ireland's global footprint can make a difference.

Rachel Grimes, President of IFAC, An Taoiseach, Leo Varadkar, Gail McEvoy, Past President, CPA Ireland.

Future Challenges and Opportunities for the Profession

Technology, the war for talent, high quality international standards, regulatory fragmentation are immense challenges and also immense opportunities for the profession.

In April 2018, IFAC and Business at OECD (BIAC) launched a key piece of research: "Regulatory Divergence: Costs, Risks and Impacts" which found that fragmented financial regulation costs the global economy US $ 780 billion per annum.

IFAC has long advocated for smart regulation and when the President of IFAC, Rachel Grimes, addressed the CPA Ireland Annual Conference 2018, it presented the opportunity for a meeting with An Taoiseach, Leo Varadkar and a discussion on the impact of fragmented regulation. This is a good example of IFAC adding value to a national accountancy body.

Operating Effectively Within an International Board

Operating within an international board is incredibly challenging, developmental and rewarding. Entertaining different perspectives and valuing diverse viewpoints challenges me to listen, watch, avoid premature judgement and appreciate the context.

Being curious helps me or one to see and understand others' frame of reference using non – critical questioning, such as "what makes this work for you?".

On an international board we focus on commonalities and never lose sight of what is shared. There are many issues that are common to all countries such as regulation, cybersecurity, the war for talent, access to finance and the impact of technology.

Creating time to meet with other board members informally is also invaluable to learn from their ideas and perspectives.

Charting a Future Built on Trust

Despite uncertainty in an increasingly fragmentated world the accountancy profession, through IFAC, continues to move closer together and speak out on issues that are important for global economies and the welfare of people.

IFAC is volunteer led and is dependent on volunteers to contribute to its Board and Committees. Ours is a profession that depends on volunteers, diversity and shared perspectives for the best outcomes.

The future for the profession will be challenging but also full of opportunity. It's never too late to ensure that you are contributing to your profession. From personal experience I can assure you that what you will get out of your profession is in direct proportion to what you put in. So be a part of a bright future at national or international level.

CPD News & Events

Certified Tax Advisor (CTax) – Enrol with us today and catch up online

Enhance your professional qualification with a QQI Validated Certificate in Advanced Taxation!

The CPA Ireland Certified Tax Adviser (CTax) course offers a unique and exciting higher-level qualification in Tax for accounting and legal professionals. The designation of Certified Tax Adviser (CTax) is awarded on successful completion of the Special Purpose Certificate in Advanced Taxation Planning and Advice. 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.

Why do this course?

- Acquire a QQI validated qualification at Level 8 on Ireland's National Framework of Qualifications (NFQ)*.
- Gain an advanced technical knowledge of tax across all tax heads.
- Develop your expertise in the application of the latest tax legislation affecting business.
- Stay abreast of the latest developments in tax.
- Demonstrate your commitment to enhancing your skills and knowledge to both clients and employers.

Method: Classroom or Online via Live Streaming
CPD Credit: 50 hours (6 hours per module + 2 for VAT Webinar)
Cost: €1950 (flexible payments options available)

Alternatively, you can register for individual modules

"The CPA Certified Tax Adviser course was instrumental in assisting me with many tax queries during our busiest periods. This gave me great confidence in the job. The lecturers were very good and helpful with questions. The course has improved my Tax skills and knowledge, and I would recommend this course for any accounting professional."
Ted Kavanagh, CPA CTax

Industry Matters Conferences

As the Irish economy continues to rebound from the recession, more and more businesses are now turning their attentions towards gearing up for growth. Accountants in industry will play the most critical role in achieving this growth and preparing for the future of the finance function including incorporating machine learning and artificial intelligence.

This year's ***Industry Matters Conference – Gearing Up for Growth*** offers CPA members working in industry important updates on areas such as **changes in employment law, the current economic outlook, and changes in tax**. This year's conference also features a session on **dealing with Brexit;** what may happen, how to deal with it, and what supports are available.

Online further learning courses

Diploma in US GAAP, Diploma in Governance for the Charitable Sector & the online course in FRS 102.

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. The Diploma in US GAAP, Diploma in Governance for the Charitable Sector & 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).

Online course in FRS 102

Cost: €400
CPD Credit: 15 hrs
Lecturer: Robert Kirk
Assessment Details: NA
Further information click here.

Diploma in US GAAP

Cost: €750
CPD Credit: 36 hrs / 40 hrs with assignment
Lecturer: Dr Wayne Bartlett
Assessment Details: Optional Assignment
Further information click here.

Diploma in Governance for the Charitable Sector

Cost: €650
CPD Credit: 21 hrs
Lecturer: Various
Assessment Details: Optional Assignment
Further information click here.

Accelerated Pathway: Accountant's Update 2018 (ROI)

This online learning pathway contains material that is specific to Irish tax, financial reporting and regulatory developments and is therefore designed specifically for those working in the Republic of Ireland.

Start date: 10 October 2018
Price: €380 +VAT
Structure: 10 weeks, 2 hours per week

Developed in collaboration with accountingcpd.net, the Accelerated Pathway: Accountant's Update 2018 (ROI) will keep you up to date with all the latest developments in **financial reporting, tax, technology and regulation** as well as recent **thinking in management accounting and financial management**.

Through a combination of webinars, online courses, peer discussion, articles and quizzes, you will find a varied and engaging learning experience that fits around your working life, helping you to balance your personal and professional imperatives with the task of staying up to date and maintaining the currency of your professional knowledge.

The Accelerated Pathway: Accountant's Update 2018 (ROI) combines the structure of a 10-week curated programme with the flexibility of allowing you to access the materials wherever and whenever you want. A facilitator will be on hand to help and guide you through the material and to gently remind you if you are falling behind.

This learning pathway provides a wide coverage of updates for every finance professional:

- Taxation
- Financial Reporting
- Audit
- Compliance
- Management accounting
- Technology
- Finance function
- Financial management

You can learn more about the Accountant Update Pathway and the indicative syllabus by clicking here.

Save The Date: British CPA Regional Society Event

15th November 2018, London

The British CPA Regional Society is keen to repeat the success of the May CPD and Networking Dinner Event and will once again bring together CPA Ireland accountants based in Britain to meet one another, pick up some valuable CPD hours and enjoy a lovely dinner! We see this as another invaluable opportunity to reignite the British CPA Regional Society and to learn something at the same time!

Key Event Details

Date: Thursday 15th November
Location: The Wesley Hotel London,
Cost: £35.00 / €40.00

Book your Place Now!

If you have any issues booking or have any queries, please contact Jenny Conmy: jconmy@cpaireland.ie

Schedule

6pm: Registration & Refreshments
6.30pm: Corporate Governance, Maureen Kelly, CPA Ireland
7.30pm: Drinks reception
8.00pm: Networking Dinner

Upcoming Events 2018

Location	Date	Title	Members Price	NM Price	CPD Credit	Start Time	Finish Time
Webinar	26 Sep	Insolvency, Private Equity & Succession Planning Webinar Series: 2019's key trends in Personal Insolvency	€29.00	€36.00	1 hr	1pm	1pm
Webinar	27 Sep & 4 Oct	Micro-Company Accounts Webinar Series	€55.00	€65.00	2 hrs	1pm	1pm
Webinar	3 Oct	Insolvency, Private Equity & Succession Planning Webinar Series: Statement of Insolvency Practice Review for 2019	€29.00	€36.00	1 hr	1pm	1pm
Webinar	8 Oct	Managing change in the workplace	€29.00	€35.00	1 hr	1pm	2pm
Webinar	9 Oct	Insolvency, Private Equity & Succession Planning Webinar Series: Private Equity in Ireland	€29.00	€36.00	1 hr	1pm	1pm
Webinar	11 Oct	Budget 2019 Webinar	€0.00	€10.00	1 hr	1pm	2pm
Dublin	12 & 13 Oct	CPA Industry Matters Conference 2018	€295.00	€345.00	8 hrs	9.30pm	5pm
Webinar	16 Oct	Insolvency, Private Equity & Succession Planning Webinar Series: Exit Planning: Why, when and how to leave a business	€29.00	€36.00	1 hr	1pm	1pm
Dublin	17 Oct	Budgeting and Forecasting: Practical Approaches	€95.00	€125.00	3 hrs	2pm	5pm
Cork	19 & 20 Oct	CPA Industry Matters Conference 2018	€295.00	€345.00	8 hrs	9am	5pm
Webinar	22 Oct	10 habits of a highly effective team meeting	€29.00	€3.00	1 hr	1pm	2pm
Webinar	23 Oct	Corporate Governance	€29.00	€36.00	1 hr	1pm	1pm
Limerick	12 Nov	Accountants in Industry	€225.00	€275.00	8 hrs	9.30am	5pm
Dublin	13 Nov	Accountants in Industry	€225.00	€275.00	8 hrs	9.30am	5pm
Cork	14 Nov	Accountants in Industry	€225.00	€275.00	8 hrs	9.30am	5pm
Dublin	14 Nov	Connect your personal brand to your business brand to achieve success	€105.00	€130.00	3 hrs	2pm	5pm
Galway	15 Nov	Accountants in Industry	€225.00	€275.00	8 hrs	9.30am	5pm
Dublin	21 Nov	Essential Professional Briefing	€225.00	€275.00	8 hrs	9.30am	5pm
Cork	22 Nov	Essential Professional Briefing	€225.00	€275.00	8 hrs	9.30am	5pm
Dublin & Livestreaming	23 Nov	Technology for Business Seminar	€105.00	€130.00	4 hrs	9pm	1pm
Webinar	23 Nov	Audit Webinar 1 - Winter Series	€29.00	€36.00	1 hr	1pm	2pm
Limerick	27 Nov	Essential Professional Briefing	€225.00	€275.00	8 hrs	9.30am	5pm
Webinar	27 Nov	Audit Webinar 2 - Winter Series	€29.00	€36.00	1 hr	1pm	2pm
Kerry	28 Nov	Essential Professional Briefing	€225.00	€275.00	8 hrs	9.30am	5pm
Dublin	28 Nov	CPA Ireland Nexus: Practitioners Evening	€10.00	€10.00	2 hrs	6pm	8pm
Webinar	28 Nov, 5, 13 & 20 Dec	Meaningful Performance Review Meetings – 4 part webinar series	€105.00	€130.00	4 hrs	1pm	2pm
Horse & Jockey	30 Nov	SME Conference - The Changing Landscape	€195.00	€225.00	8 hrs	9.30am	5pm
Kildare	4 Dec	Essential Professional Briefing	€225.00	€275.00	8 hrs	9.30am	5pm
Webinar	4 Dec	Audit Webinar 3 - Winter Series	€29.00	€36.00	1 hr	1pm	2pm
Galway	5 Dec	Essential Professional Briefing	€225.00	€275.00	8 hrs	9.30am	5pm
Dublin	6 Dec	Advising Beyond Numbers	€195.00	€225.00	8 hrs	9.30am	5pm
Dublin & Livestreaming	10 Dec	Law & Regulation Day	€225.00	€275.00	8 hrs	9.30am	5pm
Webinar	11 Dec	Anti Money Laundering Webinar	€29.00	€36.00	1 hr	1pm	2pm
Dublin	11 Dec	Pensions Update	€95.00	€125.00	3 hrs	2pm	5pm
Webinar	12 Dec	eBriefing - 4	€29.00	€36.00	1 hr	1pm	2pm
Dublin	12 & 13 Dec	CPD Wrap Up 2018	€340.00	€390.00	8 hrs	9.30am	5pm
Cork	12 & 13 Dec	CPD Wrap Up 2018	€340.00	€390.00	8 hrs	9.30am	5pm
Webinar	14 Dec	Audit Webinar 4 - Winter Series	€29.00	€36.00	1 hr	1pm	2pm
Dublin & Livestreaming	17 Dec	Annual Audit Update	€225.00	€275.00	8 hrs	9.30am	5pm
Webinar	18 Dec	Year End Review	€0.00	€36.00	1 hr	1pm	1pm
Webinar	19 Dec	Economic Update Q4	€29.00	€36.00	1 hr	1pm	2pm

Student News

Welcome to all of our new CPA students!

On behalf of CPA Ireland, the Education & Training Department would like to welcome all newly registered students! You may be aware of the Institute's 'open door policy' and you are encouraged to avail of this. Please feel free to contact us with any questions you may have regarding your study, examinations or training. Feedback from CPA Ireland students is essential to the Institute's continuous improvement processes and its 'open door' is one important channel. Others include class visits by representatives of the Institute, online surveys, regular meetings with Approved Educators, examView (feedback from students during examination diets), the annual Educators' Conference, social media and the more traditional channels such as e-mail, telephone and surface mail. We look forward to hearing from you while you train to become a Certified Public Accountant.

At the start of each month you will receive the monthly Student News e-bulletin so ensure to keep a close eye on your inbox. This is essential reading for any CPA Ireland student as it will keep you informed and up to date on Institute news, such as deadlines for applying for examinations, and also provide you with important insights into the areas of taxation, business and practice. Articles directly related to the CPA Ireland syllabus are also included on a regular basis.

As a student it is imperative that you familiarise yourself with the CPA Study Support section of the Institute's website where you will find a wealth of resources. In addition to accessing the syllabus, here you will access past papers and suggested solutions, articles, webinars, briefing documents and other important information. Remember, articles published in previous academic years may still be relevant reading so you are encouraged to read all articles that have been published to date.

You should also be aware of the Institute's requirement for all students to log and submit their training on a regular basis. Information about training can be found on the CPA website (www.cpaireland.ie/students/training)

It is also important that you keep your 'MyCPA' online profile updated and accurate. If you change address, employer, phone number etc. update your online account to include the most recent details, otherwise you may miss out on important communications from the Institute. You will also use MyCPA to pay for your annual student subscription and to apply for examinations. Please note that a student may not apply for examinations if there are unpaid annual subscriptions or exemption fees in his / her account.

We look forward to meeting many of you during the academic year and to supporting you in realising your ambition to become Certified Public Accountant.

Annual Student Subscription

The annual student subscription is now due for 2018/2019. Invoices have been sent by email to all students. In order to make payment, please log in to your MY CPA Profile.

CPA Approved Educators Update 2018/2019

The list of CPA Approved Educators for 2018/2019 is available on the CPA website www.cpaireland.ie. They offer both class room and e-learning options. Many students value the flexibility offered by e-learning options as it means that you can study from home regardless of your location at a time that suits you! Students are advised to contact the individual CPA Approved Educator directly for further information regarding course times, fees, etc. Please be advised that classes are run subject to demand.

Class Visits 2018/2019 Academic Year

The Institute will commence a series of class visits to each Approved Educator in the new academic year. The class visits provide new and existing students with an opportunity to meet with staff from the Education & Training Department. The class visits enables us to welcome new students as well as provide students with an overview of the CPA processes including examinations, training and competence development, etc. It is also an opportunity for students to discuss any queries they may have directly, in a relaxed and friendly environment.

Examination Notice

August 2018

The results of the August 2018 examinations, which were held in four venues in Ireland and six overseas, will be available online on Friday 12 October 2018, six weeks after the final examination. To access results, students should log on to their 'MyCPA' profile online. Good luck to all students who sat examinations in August and are awaiting results and congratulations to those students who have already achieved exam success in 2018!

Professional 2 Students: Application to Membership Notice

The following information will be of particular interest to Professional 2 (P2) students who are aiming to successfully complete their P2 examinations in August 2018 and who intend to apply for membership of the Institute in 2018. Students that had passed the P2 examinations previously were invited in June to apply for membership.

The Institute will issue an "Application to Membership Pack" to all students who successfully completed their P2 examinations in August 2018. There is less than three weeks between when the results are issued and when the applications are due for submission.

Due to the short timeframe we strongly encourage all students to gather, as soon as possible, the relevant information so as to be able to submit their application documentation on time.

The following documents, if not previously submitted to the Institute, should be submitted with each application to membership.

1. Application Form.
2. Two Employer References on headed paper.
3. Training Records (evidencing 3 years relevant supervised training, if not previously submitted to the Institute).
4. Competency Guide & Return (evidencing four in-depth competence records and all the behavioral attributes).
5. ECDL Certificate or Certificate of IT Competence (if not previously submitted to the Institute).
6. Admission Fee: €731.
7. Conferring Invitation Form.
8. Student ID Card.

Please also note:

This year's Conferring Ceremony is scheduled to take place on **Saturday 1 December 2018** in Croke Park, Jones Road, Dublin 1. Mandatory induction training must be completed in advance of the Conferring Ceremony.

Fully completed Application to Membership Packs must be received in the Institute by Thursday **1 November 2018**, from those students who are invited to apply for membership following the August 2018 examinations. There is no guarantee that any late application will be reviewed and processed.

Students who:

- Satisfy the entry requirements for admission to membership,
- Fully comply with the Application to Membership Process, and
- Pay the appropriate fees,

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

Please note, the above Application to Membership fee does not include the Annual Member Subscription for 2019, which, for members, falls due in January 2019. The Annual Member Subscription for 2018 is €587.

We greatly look forward to meeting with you in Croke Park and welcoming all successful applicants into membership.

If you have any queries regarding the Application to Membership Process, please contact Réidín at training@cpaireland.ie or 01 425 1022.

Educators' Conference

The Annual Educators' Conference will take place on Saturday 6 October. This is an important element of the on-going communications between the Institute and its Approved Educators. Participants include, lecturers and other representatives of Approved Educators, Examiners, Moderators, members of the Institute's Education and Training Committee, the Examinations Executive, Student Development Executive and the Director of Education and Training.

The focus of the conference will be the CPA Ireland syllabus and assessment standards, teaching and learning and related communications. The aim is to enhance, as appropriate, the synchronisation between each of these elements.

New Employers & Supervisors

CPA would also like to extend our welcome to all of the new employers and supervisors who have joined the programme over the last year and we greatly look forward to working with you over the coming years. Many employers over the years have asked to become subscribers to our monthly student news e-bulletin communication in order for them to keep informed of important news or developments relating to the training requirements of their trainees. If your employer would like to become a subscriber please email details to training@cpaireland.ie

Publication Notices

Disciplinary Tribunal

Ref.Invest/09/16

On 30 May 2018, a Disciplinary Tribunal found the following charges of misconduct proven against Member Firm Bermingham & Company of Unit 15 Block 8, Blanchardstown Corporate Park, Dublin 15: -

1. In breach of bye law 7.4, in respect of the audit of a client company for the years ended 31 December 2013 and 31 December 2014, Bermingham & Company failed to carry out its work according to the auditing and ethical standards issued by the Financial Reporting Council and the Institute's Code of Ethics.
2. In breach of Section 130 of the Code of Ethics for Certified Public Accountants in respect of the audit of a client company for the years ended 31 December 2013 and 31 December 2014; Bermingham & Company failed to carry out its work with professional competence and due care and to act diligently in accordance with applicable technical and professional standards.
3. In respect of the audit of a client company for the years ended 31 December 2013 and 31 December 2014; Bermingham & Company failed to adhere to the following auditing standards: -
   - (i) ISA 200 Overall objectives of the independent auditor and conduct of an audit in accordance with international standards;
   - (ii) ISA 240 The auditor's responsibilities relating to fraud in an audit of financial statements;
   - (iii) ISA 500 Audit Evidence;
   - (iv) ISA 265 Communicating deficiencies in internal controls to those charged with governance and management;
   - (v) ISA 700 The Independent auditors report on financial statements.

The Tribunal ordered that Bermingham & Company: -

- Be severely reprimanded;
- Be fined €15,000;
- Contribute €10,000 towards the Institute's costs in this case

The Tribunal imposed the following two conditions in accordance with bye law 6.32:-

- (i) That the Firm be subject a full quality assurance review by the Institute within six months and another review within three years thereafter;
- (ii) That all audits be subject to joint audit until the satisfactory conclusion of the three year quality assurance review as per (i) above.

The Tribunal also ordered that the findings and orders be published with reference to Bermingham & Company by name.

Ref.: Invest/04/17

On 13 June 2018 a Disciplinary Tribunal found the following charges of misconduct proven against a Member, Anne Cunningham of Alexander Manor, Clane, Co. Kildare: -

- That by appearing on the Revenue List of Defaulters in Q 4 of 2016 in respect of two charges of failure to file income tax returns, Ms. Cunningham acted or defaulted in a manner which discredits herself, the Institute and the profession of accountancy.

The Tribunal ordered that Ms. Cunningham:-

1. Be reprimanded;
2. Be fined €2,000
3. Contribute €1,600 towards the Institutes' costs in this case

The Tribunal imposed a condition that the fine and costs be payable by standing order at a rate of €100 per month for 36 months commencing in August 2018.

The Tribunal also ordered that the findings and orders in this case be published in Accountancy Plus with reference to Ms. Cunningham by name.

Investigation Committee – Consent Order

Ref: Invest/02/17

At a meeting of 14 February 2018, the Investigation Committee found prima facie evidence of misconduct in that in the giving of investment business advice relating to a Business Expansion Scheme, a Member Firm did not comply with the requirements of Section 3.5 (10) of bye law 14 Investment Business Regulation to take reasonable steps to enable the client to understand the nature of the risks to which they may be exposed.

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

- Reprimand
- Fine €500
- Contribution towards the Institute's costs €1,000

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.