December Issue 2018

Accountancy Plus

The Official Journal of CPA Ireland

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CPA IRELAND

Editorial

Accountancy Plus
December 2018

CPA Ireland

17 Harcourt Street,
Dublin 2, D02 W963

T: 01 425 1000
F: 01 425 1001

Unit 3,
The Old Gasworks,
Kilmorey Street,
Newry, BT34 2DH

T: +44 (0) 28 3025 2771
W: www.cpaireland.ie
E: cpa@cpaireland.ie

Editor
Trish O'Neill

Chief Executive
Eamonn Siggins

Editorial Adviser
Róisín McEntee

Technical Adviser
Maureen Kelly

Advertising
Ciara Durham
T: 086 852 3463
E: accountancyplus@gmail.com

Published by
Nine Rivers Media Ltd.
T: 01 667 5900
E: gary@ninerivers.ie

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President's Message

Welcome to the December edition of Accountancy Plus.

In November 2018, I represented CPA Ireland at the 20th World Congress of Accountants in Sydney, Australia.

This Congress was designed to chart our profession's future and was attended by 6,000 accountants from over 130 countries.

Globally, our profession is challenged by change. Regulatory and technical changes are compounded by significant developments in artificial intelligence and technology. With change comes opportunity and it is encouraging to see how professional bodies around the globe are focusing on three big issues:

- Trust
- Technology and,
- Ethics.

In her opening address to the World Congress, Rachel Grimes, outgoing IFAC President, remarked:

"Trust is the most important asset a business can have; an intangible on the balance sheet that we know is priceless."

Our profession plays a pivotal role in helping to secure trust, the single and most critical asset in ensuring the survival and success of business.

Technology is changing how businesses operate and presents the profession with new ethical dilemmas including greater employee surveillance through big data, reliance on predictive algorithms for decision making and risks of bias or lack of diversity through machine learning. Advances in technology will bring new challenges for accountants which will require one of our greatest human capacities – judgement. In essence, we must continue to do the right thing and protect the public interest in an evolving world where it may not be sufficient to simply rely on compliance to demonstrate our true value as professional accountants.

The World Congress gives CPA Ireland an excellent opportunity to redefine our profession with our international peers. The global consensus is that ethics sets us apart as a profession and that business, globally, needs CPAs who are strategic advisers providing direction, fostering creativity, mentoring new talent and, above all else, leaders we can trust.

We must embrace technology to remove what is routine from our roles and create time to add value through our professional knowledge and judgement.

As we launch our new brand and new website we can all see that innovation is at the heart of CPA Ireland, that CPA is a premier international designation and that our profession has a bright future full of opportunity.

As this is the final edition of Accountancy Plus for 2018, I would like to take this opportunity to wish you and your families a very Happy Christmas and prosperous New Year.

Cormac Mohan

Cormac Mohan
President CPA Ireland

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Pictured L – R: Cormac Mohan, President, CPA Ireland with In-Ki Joo, President, IFAC.

Economic and Investing Review 2018

by Peter Brown

Peter Brown does an economic review looking at our domestic economy and how the Irish economy is doing.

We started 2018 with a number of economic and geopolitical themes. Trump being the most influential. For followers of the markets this was strange as throughout the Obama era, it was the Federal Reserve that influenced markets and not the president. All that has changed so whether you like Trump or loath Trump, you cannot ignore him.

The global economy is still focused on recovering from the 2008 crash and it is the US economy that is leading the world out of recession. They have full employment and growth and that has led to a tightening in monetary policy, i.e. higher interest rates. They have gone from an era of Quantitative Easing to Quantitative Tightening, interest rates have risen from 0.5% to 2.5% and the benchmark stock index, S&P500 is up 350% since March 2009.

In contrast, Europe and the rest of the world are languishing. Germany is doing well but in contrast Italy is in deep trouble, 1% growth in a decade, 40% youth unemployment and €2 trillion of debt. This compels the European Central Bank to maintain loose monetary policies, printing money will only end this December and interest rates are firmly at zero and set to stay there well into 2019.

The existence of interest rates in the US versus Europe the UK and Japan results in a strong dollar. That is problematic for emerging market economies as they service debt in dollars and as their currency depreciates, loan repayments become more onerous. So, it has been a bad year for the likes of Turkey, South Africa, Brazil, Argentina etc.

The nine-year recovery has been pretty defined with the US doing very well and Europe and the rest of the world lagging. That has led to a lot of investment flows into US stocks. The US market is now twice as expensive as Europe and European stocks has not been as cheap compared to their US counterparts in 30 years!

The great economic question of 2018 is whether the longest stock market rally in history is at an end? This matters as most investors in Europe have 50% plus exposure to US markets whether that is an investment or in a pension. Most off the shelf investment products sold in Ireland follow the MSCI world index slavishly and that template invests heavily in the US S&P500. From 2009 it has been the best market for returns but now it means stock exposure to the most overvalued market in history and currency exposure to a very over valued dollar. Time to re-balance your portfolio.

The hiccups in the market; the 10% fall in February and the adjustment in October are caused when money managers decide to take profits and sit their clients in cash for a period. As US bond rates break the 3% barrier this becomes more attractive, especially if the client has benefited from a big chunk of the 335% rally. As a consequence and as a result of their now being a safe investment alternative, we may have seen the top in the US stock market for quite a while.

Of course, the market does not just focus on interest rates and currencies. Geo-political and other stories can dominate. This year we have had; North Korea, Turkey, Brexit, Italy, Iran, Saudi Arabia and of course the Trump trade wars. Yet none of these single issues have caused much market turmoil. I get asked about this in the media all the time. The fact is the market does not believe that any of these stories will deteriorate into a major event and cause a market set back. The market has been wrong before so a couple of these are worth analysis.

The trade wars may be just Trump bullying for political gain. That is his style and what his followers like. He is the bully in the school yard and we see that with his dealing with North Korea and Iran. China accepts the sanctions, to a point, because they have little choice, they have benefited from free trade with the US for decades, a bit of pay back is acceptable as long as it doesn't get out of hand. Mexico and Canada get this message too.

Trump has "instincts" "exports are good, imports are bad," "Whatever is good for me must be bad for you, and vice versa," but he has no long-term strategy. The way to handle Trump is to sign up to a deal where he gets some kudos and hope he will move on and leave you alone.

Brexit is a kick the can situation and the market knows that.

Greece was handled that way and amazingly Greek bonds are now trading at 4.5% down from a staggering 20% at the last bailout. We are still lending them money they will never repay and their debt now stands at €250 billion. Once you get a story out of the headlines the markets get bored and moves on. Only stories that have a definitive impact affect prices and Brexit does not fall into that category, yet! Too much political posturing, no detailed outcomes and washy deadlines leave the market with no option but to ignore for now.

We cannot do an economic review without mentioning our domestic economy. What a turnaround! It is likely we will post 5% plus growth this year and the outlook for 2019 is just as good. Yes, we have major social problems in housing and health. Housing is a supply and demand issue and can only be solved by building more and higher. That will take three years and any tinkering around the edges is just political point scoring. Frankly some of the proposals are ludicrous.

Health is an issue of inefficiency, it always has been. The budget is big enough but the government will not tackle administration over-staffing or bad management. Whenever you run a business without management accountability this is what you get. We want the health service we desire not the health service we can afford. That is a fundamental flaw but one, no politician will tackle.

Outside these issues the Irish economy is booming. We have an exposure to a Brexit decision from left field but I do not believe that will happen. We have divergence with rural versus urban recovery but I believe in time the high level of domestic growth will lift all boats to some degree. The economy is growing so fast we are struggling to keep up and that is the political and infrastructural challenge.

Lastly, I want to mention MIFID 2. Whether you are advising your clients or it is your personal investments or pension the new legislation introduced in January compels all investment and life companies to declare the true cost of investment products. The results are shocking! Total commissions and fees range from 2% to 6% with little logic as to why.

If you risk assess a client via the ESMA scale they score between 1 and 7. A score of 1 means the client is totally risk adverse and moneys stay on deposit. 7 is very high risk with 100% invested in the stock market. Depending on the clients risk profile the adviser is obliged to sell a product matching that score.

A risk profile of 3 has an investment target of 2-5% per annum. Given the fees that are being charged and tax at circa 41% or 33% the reality is the client has no chance of making any money.

There are billions under management in risk categories 1-3! If you have a client or are yourself in that space, you need to consider whether you have any possibility of making a return or are simply destined to lose money regardless.

Some companies are charging between 2 and 4% to manage their client's monies in cash!

You would think very few investors are accepting that but hundreds of millions are invested in these products when a better alternative is a simple deposit account.

We are in a low interest rate environment for a protracted period of time so we need to be aware of the futility of some investment strategies alongside the challenge of achieving returns.

In summary the US market and the dollar have probably little upside left. Europe and emerging markets are far better value. I do not see a market meltdown just a higher level of volatility. Returns are still out there but we need to invest in assets that offer value.

If you require clarity or more detail on any of the points raised above I would be delighted to hear from you.

Peter Brown

Head of Education IIFT.ie

Peter has 40 years market experience including 10 years as Chief Dealer in Barclays. He is the founder of Baggot Investment Partners and Head of Education at IIFT.ie

CPA Profile

Orna Stokes

Title:
Consultant – Business Process Review Project

Company:
Irish Prison Service

Qualifications:
CPA, IOB

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

After school, I took "the good job in the bank". At that time I didn't even know what an accountant did. I was lucky enough to be assigned to the Bank's "Chief Accountants" Department, where I quickly realised I liked accounting, and encouraged by my supportive boss, I started my studies.

Why did you choose CPA Ireland as your qualification route?

Having completed an Institute of Banking (IOB) qualification, I decided to progress forward with an accounting qualification. CPA classes were delivered by the college where I had studied for IOB. I liked the college and the tutors, so I chose to study accounting with them. CPA's modular exam process attracted me, as it fitted in with busy work schedules. As a busy 20-something with a good social life, I loved that there were no exams in December or January!

Please briefly describe your career.

My career has been dominated by my time in the Financial Services Sector. I have worked in a broad range of activities, across two banks, with very different cultures and styles. My work has covered traditional banking roles in Business and Commercial Banking; Corporate Finance; and typical enterprise finance roles such as Financial and Management Accounting, Risk and Control and Strategy and Corporate Finance.

In more recent years, I became involved in Project Management, Proposition Development and Marketing and Communications.

A particularly memorable role for me was as the Bank's representative on the Department of Finance "Access to Credit" Working Group and regional Jobs Task Force in 2010/12. This involved working with a range of stakeholders from the business and banking communities in conjunction with members of the Department of Finance, to help get business moving again after the turmoil we all experienced in 2008.

I also loved my role as Head of Franchising for Ulster Bank and working with early stage businesses as they set up across the country. As Senior Manager Business Propositions, I had the great experience of developing training and supports for not for profit organisations across Ireland. When I moved on from Financial Services a couple of years ago, I wanted to use my skills and expertise in a different area, so I am currently consulting in the Irish Prison Service.

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

Qualifying as an accountant opened many doors to me. By becoming involved in CPA at Leinster Society, Committee and then Council level, I have built a network of contacts and colleagues, who have been invaluable to me throughout my business life. I can safely say I wouldn't have the role I have now without CPA!

What or who inspires you most in business?

I've been very lucky to meet many inspirational people in my time in business, not all of them are high profile people. I am particularly inspired by the entrepreneurs who start small indigenous businesses and not-for-profit organisations. I get great pride from seeing the names of businesses I encountered at their early stages, who are now Irish household names.

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

Study with a "Buddy" – find someone you can meet (in person or online) for study sessions. A good study buddy will push you to keep going, as you will them.

Liaise with the Institute as we are very lucky to have a committed executive team here in Ireland, and they are always willing to help! It's one of CPA's key differentiators! Build your network of CPA friends and mentors by becoming involved in regional society events and introducing yourself! CPAs are a very supportive group of people. The power of CPA is in its members and how they help each other.

How do you unwind?

I'm a music "anorak", I love a breadth of musical styles from Bluegrass & Trad, to Classical & Opera, with a bit of Rock thrown in! A good gig or concert can really recharge my batteries!

I also love to walk – the rest of The Camino is on my "To Do" list...

CPA Profile
Michael Kavanagh

Title:
Director

Company:
KPMG

Qualifications:
CPA

Why did you choose to become a CPA?

I wanted to go down the audit practice route as I felt that would give me an invaluable insight into the world of business. Looking back on the training I received while studying to be a CPA, that choice proved to be the right one.

Please provide a brief history of your career.

After leaving NUI Galway, I trained with Binchy and Company in my native Clonmel. After qualifying, I worked as an audit senior in PwC and then joined CPA Ireland where I was professional standards manager with responsibility for areas such as the practice quality assurance regime, the Institute's professional conduct and complaints regime, the members' technical accounting, audit and ethical support function and ancillary services. In 1999, I joined KPMG to work in the then Professional Standards department.

In 2005, I joined IAASA (Irish Auditing and Accounting Supervisory Authority) as Head of Financial Reporting Supervision. I established the accounting enforcement function in Ireland whose primary role is to examine whether the financial reports of large listed companies complies with financial reporting standards. I was also the Irish Observer at the UK Corporate Reporting Council of the Financial Report Council ('FRC') which set UK and Irish accounting standards and headed up IAASA's role as advisor to the Department of Business, Enterprise and Innovation on accounting related matters. In 2016, I was appointed CEO of IAASA during a period of huge challenge and change for IAASA and the accountancy profession in general.

In 2017, I joined KPMG's Department of Professional Practice (DPP). While DPP's role is varied it can be summed up as delivering solutions and supports on financial reporting and assurance matters in order to maintain and enhance the quality and effectiveness of KPMG's professional services.

Describe your working life.

As stated previously, the role is varied, and no two days are the same. It ranges from developing and delivering the financial reporting training for KPMG's audit practice, performing the pre-issuance examinations of listed entity financial statements, disseminating accounting and financial reporting guidance to the audit practice, advising on specific client financial reporting matters arising, and participating in KPMG regional and global networks.

What is your biggest career achievement?

My year as CEO of IAASA where there were many achievements during a time of huge challenge. These included establishing the new audit firm inspection regime for Ireland after taking a leading role in the drafting and implementation of the most significant legislation for the audit profession in a generation (the EU audit reform legislation). A number of significant problems arose which required delicate negotiations with various stakeholders including government ministers, the EU Commission and the Chair of the US Public Company Accounting Oversight Board (PCAOB). Failure to deliver on some of these matters on time would have had very serious implications for the profession and indeed the economy in general. That may sound dramatic, but it will remain an untold story as to how close we came to being on the wrong side of making international headlines.

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

Attracting people into the profession is now proving a major issue and something we frequently discuss at CPA council level. The pace of change is phenomenal with machine learning and artificial intelligence set to revolutionise the profession. Added to this is the increasing complexity of new accounting standards and an ever-increasing regulatory burden. While admittedly I have to take some responsibility for the latter, the local audit profession is now finding itself being subject to national, European and in some cases U.S. regulators.

How do you unwind?

Some time ago, I got a present of a pedometer and was horrified to discover that my less than 1,000 steps a day is very much the wrong side of the minimum recommendation! I decided to get out of my comfort zone so to 'unwind' I now coach underage hurling and football with Kilmacud Crokes and rugby with Blackrock. A team of 9 year old kids can bring you crashing back down to earth very quickly! I have also taken up touch rugby with Blackrock RFC which was advertised as 'a bit of craic' with the promise of an over 40s team. It hasn't quite worked out that way with the age profile mixed and sometimes we train with the Ireland Touch rugby team. Having millennials running rings around you hasn't turned out to be that much 'craic' but certainly is a new experience!

Financial Reporting News

US GAAP Update

The Financial Accounting Standards Board (FASB) is the standard setter for US GAAP. They have recently issued a number of accounting standards updates as follows:

Accounting Standards Update No. No. 2018-18, Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.

Accounting Standards Update No. 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities.

Accounting Standards Update No. 2018-16, Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes.

Accounting Standards Update No. 2018-11, Leases (Topic 842): Targeted Improvements and Accounting Standards Update No. 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts and a video on the benefits of hedge accounting.

The FASB also released an educational staff paper that provides implementation examples to help private company franchisors preparing to implement the revenue recognition standard in 2019.

To learn more on any of the above log onto www.fasb.org to read high-level plain-language descriptions of the changes and what they mean for financial reporting.

Source: www.fasb.org

IASB Amends Definition of Business

The International Accounting Standards Board (Board) has issued narrow-scope amendments to IFRS 3 Business Combinations to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets.

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business.

The amendments arose from a post-implementation review (PIR) of IFRS 3, an assessment carried out to determine whether an IFRS Standard works as intended. Following feedback from the PIR, the Board is also working on another project linked to IFRS 3 in which it is exploring possible improvements to the accounting for goodwill.

Companies are required to apply the amended definition of a business to acquisitions that occur on or after 1 January 2020. Earlier application is permitted.

Source: www.ifrs.org

IASB consults on the accounting for financial instruments with characteristics of equity

The International Accounting Standards Board (Board) has published for public comment a Discussion Paper on how companies issuing financial instruments should classify them in their financial statements.

IAS 32 Financial Instruments: Presentation currently sets out how a company that issues financial instruments should distinguish financial liabilities from equity instruments. That distinction is important because the classification of the instruments affects how a company's financial position and performance are depicted.

IAS 32 works well for most financial instruments. However, continuing financial innovation means that some companies find it challenging to classify some complex financial instruments that combine some features of both debt—liabilities—and ordinary shares—equity instruments.

Challenges in classifying these instruments can result in diverse accounting in practice, which in turn makes it difficult for investors to assess and compare companies' financial position and performance. In addition, investors have been calling for better information, particularly about equity instruments.The Board has responded to feedback from investors and others and has considered previous work on the topic to propose an approach that would:

- provide a clear rationale for why a financial instrument would be classified as either a liability or equity without fundamentally changing the existing classification outcomes of IAS 32; and
- enhance the information provided through presentation and disclosure.

This approach would provide investors with richer and more comparable information about financial instruments issued by companies. Clearer principles will help companies accounting for financial instruments they issue both now and as financial instruments continue to evolve.

The Discussion Paper Financial Instruments with Characteristics of Equity is open for comments until 7 January 2019.

Source: www.ifrs.org

IFRS 15

Revenue from Contracts with Customers

by Robert Kirk

In this article, Robert Kirk looks at how the move to IFRS 15 and resultant change to the timing of revenue recognition this year impacted on Budget 2019.

IFRS 15 was published in May 2014 but only comes into effect for financial statements commencing on or after the 1st January 2018. It really only affects those entities applying international financial reporting standards (IFRS) and that, in reality, means listed companies in Ireland when they are preparing their consolidated financial statements. However, it may eventually be brought into local accounting via FRS 102 in three years' time when the next triennial review of that standard takes place.

Background

The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts as well as a number of SIC and IFRIC documents. Largely the rationale for it was the need globally to find a standard that consistently reports revenue and requires more specific disclosure by companies as to how they explain their revenue recognition policies rather than the boiler plated disclosure which has been common to date. It was a joint project with the USA as they also were concerned with a lack of consistency of reporting amongst their myriad set of individual industry standards on how to report revenue.

The process of reporting revenue

The standard starts with the basic core principle that revenue should represent:

"the depiction of the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services."

In order to meet that core principle, the standard has introduced a five-stage approach to recognizing revenue. These five stages will be discussed in turn as follows:

Step 1 Identify the contract

This step should be relatively straightforward. A contract does not have to be written, it could be oral or even implied but both parties must clearly understand their rights and obligations under the contract and be able to identify the agreed payment terms. The vendor should also, before embarking on the contract, assess the customer's credit risk' to ensure they are likely to be paid.

Sometimes a number of separate legal contracts may be accounted as one if the substance of the arrangement is such that, in commercial reality, they are really one contract. This applies the doctrine of substance taking precedence over legal form.

Step 2 Identify separate performance obligations

This is really where the standard could result in a change in accounting policy for revenue recognition. The standard clearly requires reporting entities to separate those parts of a contract which require separate performance obligations. In making the decision as to whether or not that is necessary, IFRS 15 introduces the notion of the word DISTINCT.

If an entity is able to sell part of a contract separately or permit the user to be able control that part of the contract without a requirement to acquire the other parts then the obligation is distinct. The decision must be looked at in the context of the individual contract. For example, if a building contractor acts as the project manager in integrating all aspects of a contract to build an office block for a client, it treats this as one performance obligation despite the fact that if the client had organized the contract him/herself he/she could have employed separate obligations such as bricklayers, electricians, plumbers etc to carry out the work.

There has been great discussion in the accounting press about the software and telecommunications industries who could well be affected by this new requirement. Will the mobile phone operators have to split their performance obligations between selling phones and providing subsequent servicing or could they argue that no customer could use a phone unless they sign up for the full-service agreement and, in addition, the phone is not sold to other customers on its own? In that case there would be only one performance obligation.

Step 3 Determine the transaction price

Most companies applying IFRS 15 for the first time will not change the determination of the appropriate transaction price to apply. It should be the consideration that a vendor expects to be entitled to in exchange for the goods or services transferred. This will often be the amount specified in the contract i.e. the invoice price.

However, it can be complicated if the vendor offers the customer delayed payment as this then presupposes that the contract contains a financing component as well as a sale. The vendor will need to discount the payment back from the payment date to present value and record that as the sale. The discount thus created will be recorded as finance income over the period to the date of payment.

There are also situations where variable terms have been negotiated between the parties and this will require the vendor to use either the expected value model or the most likely outcome to record the appropriate revenue in the financial statements.

Step 4 Allocate the transaction price to the performance obligations

The fourth step is only an issue if a contract has had to be split into more than one performance obligation in Step 2. IFRS 15 then requires the transaction price agreed in Step 3 to be allocated to the various separately identified performance obligations. The process of allocation involves the reporting entity in determining the stand alone selling prices of the obligations either directly or by estimation and then affectively allocating the discount to the obligations on that basis.

Example

Three performance obligations are identified and the transaction price agreed in the contract is €1,200. There are three separate performance obligations identified and their stand alone selling prices are as follows:

A	€800
B	€400
C	€400

Effectively a discount of €400 has been offered by the vendor to the customer so the fair value of the consideration will result in the following allocation of the revenues – A €600, B€300 and C€300.

Step 5 Recognise revenue when the performance obligation is satisfied

Revenue can only be reported in the Statement of Financial Performance when control of goods or services are transferred to the customer. The IFRS assumes that control over services passes to the customer as the customer consumes the service and thus gains the benefit from that service even if momentarily.

No distinction is made between goods and services initially and all revenues therefore must be tested first to see whether or not they pass the criteria to be reported over time. Only if that fails are they recorded at a point in time.

It is likely, however, that both service income and income from construction contracts will still be recognized over time and entities will have freedom to choose the most appropriate method of spreading the income over the life of the contract. Both output and input methods will be acceptable as long as the chosen method is applied consistently.

Goods invariably will fail the criteria for over time recognition and therefore will be reported at a point in time. The new standard does stress the need for control to have passed but in most situations that also means that the risks and rewards have also passed. IFRS 15 does list a number of indicators that would suggest this has occurred such as the delivery of goods, the passing of legal title to the goods, physical possession and payment received for the goods. There are, however, situations where none of those would apply e.g. reservation of title does not prevent recognition of revenue as the substance of the agreement would suggest that a sale has taken place, physical possession ignores the fact that goods can often be returned.

IFRS 15 in Practice

A number of Irish listed companies have tried to evaluate the impact of IFRS 15 in their last financial statements as the impact of new standards must be identified in the years prior to implementation.

Ryanair Plc have identified the need to record their ancillary revenue at the date of flight rather than the date of booking. The impact was recorded in their February 2018 Annual Report as follows:

"Companies will probably adopt the simpler of the two transition options i.e. to recognise the change as a cumulative catch up"

Ryanair Group Plc Extract from Annual Report for the year ended 31st March 2018

IFRS 15: Revenue from Contracts with Customers

IFRS 15 is effective for periods beginning on or after January 1, 2018. The standard establishes a five-step model to determine when to recognise revenue and at what amount. Revenue is recognised when the good or service has been transferred to the customer and at the amount to which the entity expects to be entitled.

Ryanair has reviewed the impact of applying IFRS 15 on all of its revenue streams. For the majority of our revenue, the manner in which we currently recognise revenue is consistent with the requirements of IFRS 15. For certain ancillary revenue streams however, the recognition of revenue will be deferred under IFRS 15 to the flight date where it is currently recognised on the date of booking.

This change in the timing of revenue recognition will mean that an increased amount of revenue will be recognised in the second half of the year under IFRS 15.

Ryanair will apply the standard using the cumulative effect method. On adoption of the standard, the adjustment to retained earnings at April 1, 2018 was a reduction of €274.5 million. There will be a corresponding increase in deferred revenue within liabilities.

Ryanair Plc has chosen to adopt the optional transitional approach to implementation offered by IFRS 15 by recording a cumulative adjustment at the 1st April 2018 rather than the normal change of accounting policy of full retrospection. It is likely that most companies will adopt that method as it is less costly and less time consuming.

The Kerry Group in their December 2017 Annual Report disclose a minimal change to their accounting policy on revenue which will also be applied cumulatively.

Kerry Group Plc Extract from the Annual Report for the year ended 31st December 2017

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has assessed the potential impact on its consolidated financial statements resulting from the application of IFRS 15. Findings from our review of IFRS 15 are that the impact of this new standard on the Group's results is unlikely to be material. Kerry do not supply services and generally legal title of goods sold is transferred on shipment.

In general, there is one performance obligation in each of our sale contracts. In certain parts of the Group's business, the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment (cost plus a margin) for performance completed to date. In these circumstances, revenue should be recorded over time rather than at a point in time as is our current policy.

Based on analysis conducted to date of its contractual and trading relationships, the Group currently estimates that the impact of IFRS 15 is not material and no material impact on profits in future periods is expected. In line with the transition guidance in IFRS 15 the Group will not restate the 2017 prior period on adoption.

Conclusion

The move to IFRS 15 and resultant change to the timing of revenue recognition this year impacted on Budget 2019. The Minister for Finance found in October that he had an unexpected additional €1bn in corporation tax revenue, as listed companies tax resident in Ireland applied IFRS 15 for the first time which impacted the timing of corporation tax payments.

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 and UK GAAP – A Quick Reference Guide to FRS 102

The Physical Cost
of Climate Change on Companies

by Ron Immink

Ron looks at ways we can measure the physical cost of climate change on companies and how we can reduce this.

Climate policy

A long time ago I read a book titled "The end of Western Civilisation, a view from the future" which was written as if it were a hundred years in the future and looking back on how we failed in our response to climate change. It is a fascinating read with an eerie ring to it as everything we see happening now is described in the book. There was complete system failure which resulted in heat waves, a massive rise in sea level, depopulation and mass migration, outbreaks of disease, famine, deforestation, you name it. The hard part, according to the book, is that we knew what had to be done and we did nothing about it. This is because the political, economic and social institutions had a vested interest in maintaining the use of fossil fuels.

This could happen in our lifetime

If you believe that we will live to be 150 years old (and I do), this will all happen in our lifetime. According to Buddhist Economics we are using the wrong metrics. GDP does not take into account new business models and certainly does not take into account the true cost of production, which should include pollution, carbon emissions and the real capital cost of impact on nature but also the social cost. The reason we do not measure properly is that most companies would go bankrupt. Think about it. Our GDP is telling us our economies are growing. While our planet is being destroyed, we have hospital waiting lists, a housing crisis and suicide is the number two cause of death among young men.

Failure to measure

GDP is a calculation that fails at measuring:

1. Quality of life. Only consumption of market goods and services is counted and all other aspects of life are ignored.

2. Harm to the environment, such as air pollution, water pollution or chemicals poured on the ground, is ignored.

3. Shared prosperity. The use of average GDP to indicate well-being ignores inequality. When incomes at the top increase, GDP per capita increases even as incomes of the non-rich remain stagnant.

However, once environmental damage, health problems and other social costs are factored in, it amounts to 6.5 per cent of global economic output for 2015 (I suspect that figure is much higher).

An example is when Hurricane Katrina destroyed much of New Orleans and the surrounding Gulf Coast in 2005, killing 1,833 people, GDP was not reduced by one penny. In fact, after the disaster struck, relief efforts costing over $120 billion and insurance payments of $41 billion were actually added to the GDP. So by this measure, the natural disaster helped the economy grow by $161 billion, never mind the decline in quality of life for the residents of New Orleans or the thousands of people who have suffered for months and years as they have tried to rebuild their homes and lives.

Here is another example of how the GDP can be misleading. Let's compare a person who drives a Prius and gets 50 mpg to a neighbour who drives a Hummer and gets 14 mpg. Free market economics tells us that the Hummer is the better choice for the economy, because it adds more than three times what the Prius adds to the GDP for every mile driven, since the GDP records only the gas bought.

An economist study came to the conclusion that by the end of the century, private investors risk losing more than $4 trillion in assets as a result of the devastating effects of climate change, either in the devalued portfolios of fossil fuel companies as fossil fuel use is ended or in a devaluation across all companies if GHG emissions continue.

There are other ways to measure

Economists already have ways to measure pollution and environmental damage, income inequality, happiness, human capabilities and nonpaid activities (both useful and harmful). Around the world, broad measures of well-being have already been developed. Among them are Bhutan's Gross National Happiness Index, the UN's Human Development Index, the OECD (Organisation for Economic Co-operation and Development) Better Life Index, the Genuine Progress Indicator (GPI), and the Happy Planet Index.

Beyond GDP

Buddhist economics wants to go beyond the GDP and use other measures in a way that helps people and nations create more meaningful, sustainable lives worldwide. To do this, we need to use a single-value measure, such as the GPI, to replace the GDP as the measure of economic performance over years and across countries.

Buddhist economics

Free market economics holds that human nature is self-centered and that people care only about themselves as they push ahead to maximise their incomes and fancy lifestyles. Buddhist economics, in contrast, provides guidance for restructuring both our individual lives and the economy to create a better world.

Here are some policy suggestions from Buddhist Economics:

- Introduce a carbon tax to accelerate the transition to a carbon-free world.
- Introduce a guaranteed minimum income, which provides a safety net for all.
- Restore the balance between family and work, by shorter work hours and family-focused policies.
- Demand that stores carry only products manufactured under humane conditions.
- Provide a capital endowment to young people at adulthood, so that they have a chance to finance their education or make investments in their future.
- Introduce employee ownership and profit sharing.

You don't have to become a Buddhist but it is time for businesses to embrace some of the new thinking around sustainability. The problem is the existing small and medium-sized companies, particularly in Ireland. I do a lot of work with Irish accountancy bodies to explain why it is very important that we take note.

Not only as an existential threat for all of us, but as a 90 trillion business opportunity. That is $ 90,000,000,000,000 to be spent in the next 25 years. After that, it is too late. In Ireland alone, the number is 40 billion Euro. That is outside of the changes in the value chains where the large companies are expecting their suppliers to be sustainable. The value is estimated at one-third of GDP.

Companies such as Unilever, Walmart, IBM, HP, Patagonia, Johnson and Johnson, GE, BT, Diageo, UPS, Toyota, Nestle, Carrefour, Pepsi, AkzoNobel, Dow, Puma, BASF, Colgate, Kingfisher and Marks & Spencer to name a few are all laying down the law with their suppliers. it is very simple. You are sustainable as a supplier or you are no longer a supplier.

Regulation

Then there is the regulatory pressure. COP21, UNDP, ES, non-financial reporting, EU directives and the national mitigation plan are all going to penalise businesses that are not sustainable. That is before we take into account that consumers are starting to demand green and clean business practices. That is before we take into account that the capital stack has shifted and is putting a risk premium on non-sustainable projects. In the near future, that means that lending from your bank will become more expensive when you are not applying sustainable business practices.

Embrace the opportunity

A lot of companies are already embracing climate change as a business opportunity. Companies such as UrbanVolt, Mimergy, Hexafly, SizeU, Maggrow and Oxymem. Accountants have a moral obligation to start measuring climate impact. As parents, good citizens, but also as advisors to their clients. It will future proof their client business. Green accounting is also a very big business opportunity.

"Green accounting is also a very big business opportunity."

Ron Immink
Author

Ron is a Dutch/Irish entrepreneur with extensive experience in the areas of entrepreneurship, intrapreneurship, strategy, innovation and SME engagement. He is a founding partner of StrategyCrowd, author and public speaker.

Law & Regulation News

Changes to Late Filing and Loss of Audit Exemption

Changes introduced in the Companies (Statutory Audits) Act 2018 mean that audit exemption is now lost for the following two years where an annual return is filed late and not in the current year.

An annual return that is being submitted late does not lose any potential audit exemption for that year but will not be eligible for audit exemption for the following two years. (Section 363 Companies Act 2014 as amended by section 10 Companies (Statutory Audits) Act 2018). Section 10 of the 2018 Act was commenced on 21st September 2018 and applies with immediate effect.

Source: www.cro.ie

Removal of Public Auditor

The Companies (Statutory Audits) Act 2018, which was signed into law on 25 July 2018, gives effect in primary legislation to the regulation of the profession of statutory auditor and the conduct of statutory audits.

It incorporates and enhances many of the provisions of SI 312 of 2016, implements some of the options in the EU rules and introduces some new measures designed to enhance the system of public oversight.

Also provided for within the legislation is an amendment to remove the reference to "public auditor" 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.

The effect of this is to allow a corporate body act as an auditor for credit unions, Industrial and Provident Societies and Friendly Societies.

This amendment became effective from the 21st September 2018.

More to HR:

Getting the Balance Right

by Derek McKay

In the latest article on the Lifecycle of the Employee, Derek McKay, Managing Director at Adare Human Resource Management provides advice to employers on how to effectively protect employees and themselves by implementing not just compliant policies and procedures, but best practice HR.

There is a plethora of employment acts in place to help protect employees during their employment that can be difficult to navigate at times. It may feel that much of the legislation is stacked against employers, which can be mirrored by the "guilty until you're proven innocent" Unfair Dismissals legislation. But, by ensuring your organisation's understanding of the employment legislation is well-informed and your HR policies and procedures are compliant, up-to date, effectively communicated out to all employees and consistently applied, there is a lot less cause for concern.

Employment legislation is continuously evolving to ensure it is fit for purpose in a modern employment market. Changes in policy can include health and safety, employment law, pensions legislation as well as minimum wage, parental entitlements, workers' compensation and retirement, among others.

Ensuring your organisation is compliant with the latest legislation can be time-consuming but the consequences for being non-compliant are costly, financially and reputationally. Having sight of any legislative changes and their impact on your organisation is crucial. Any new employment legislation rarely comes as a surprise to HR professionals but what we often discover is how slowly that legislation is acted upon and compiled with by employers.

Getting the basics right

Every employer is obliged under The Terms of Employment (Information) Acts to provide employees with a written statement setting out the terms and conditions of their employment. This statement must be given to new starts within the first two months of commencing employment and provides detailed information on the role and remuneration as well as various employment terms associated with their employment such as working hours, place of work, etc.

It is strongly recommended that organisations have a comprehensive employee handbook in place that works with the statement of terms and conditions and this should contain all key HR and employee policies, from those that are legislatively driven to those that are the better HR practices. It is worth noting that through the proposed enactment of the Employment (Miscellaneous Provisions) Bill 2017, employers will be required to issue to new employees, within 5 days of commencement of employment, a document containing 5 core terms of employment including name of employer and employee, address of employer, rate and method of calculating pay, normal length of working day and week etc.

Given our experience and the challenge employers currently face in issuing compliant statements of terms and conditions as is currently required within two months, this new legislation when enacted will prove extremely challenging for a significant number of employers to comply with.

The Organisation of Working Time Act 1997 regulates employees' working hours, including rest periods. The Act states that an employee should not work more than 48 hours in a seven-day period, with the average calculated over a reference timeframe of four months. It states that an employee is entitled to a 15-minute break every four and half hours, or a half hour for every six hours worked with at least 11 consecutive hours rest in every 24 hours. There are a number of exemptions under the Act that employers should familiarise themselves with depending on the industry they are operating in. The Act also provides for nine public holidays. Claims taken under this legislation are very common and what is equally as common, is an employers' inability to successfully defend such claims due to the absence of appropriate documentation and records. This is equally true as it relates to an employers' ability to demonstrate compliance with this employment legislation when subject to an inspection by the WRC.

As well as terms and conditions of employment, employers also need to provide a written summary of disciplinary and grievance procedures under the Unfair Dismissals Acts 1977-2015, often provided as part of an Employee Handbook. This must be provided within 28 days of commencement of employment. Our recommendation for clients is to ensure these documents are provided on the first day of employment, or beforehand where possible so that there is no misunderstanding at a later date.

There have been numerous cases through the Workplace Relations Commission that could have been avoided if employers had supplied the required documentation and correct information at the start of employment. One such case involved an employee of a power tools company who had worked as a receptionist for over seven years when she resigned from her position in May 2018. The complainant brought a case to the WRC stating that she never received a statement of her terms and conditions, despite asking for same on a number of occasions. She also claimed that her employer failed to notify her of changes to her terms of employment. The claimant stated that in February 2017 a number of roles that she previously held were taken away from her. Following this, she requested a statement in writing from the respondent setting out her new duties, which she never received before her resignation.

According to the respondent, when they checked their files they could only find an unsigned copy of the complainant's contract of employment and copies of documentation dating 2011 and 2014 that she had received the Employee Handbook. While the respondent disputed the complainant's assertion that a number of her duties were taken from her but that there were some changed by mutual agreement to secure her role.

In accordance with the Terms of Employment (Information) Act the adjudicator found in favour of the complainant and awarded her compensation in relation to the fact that she never received a statement of her terms and conditions of employment.

Equality in the workplace

Under the Employment Equality Acts 1998 - 2015, employees are protected against discrimination on nine grounds, including gender, civil status, family status, sexual orientation, religion, age, disability, race and membership of the Traveller community. It is important to note that employers are responsible for the actions of their employees during the course of the working day even if these actions are carried out without their knowledge. Therefore, it is crucial that employers take appropriate steps to prevent harassment or discrimination in the workplace.

A WRC case in September found in favour of a complainant under The Employment Equality Acts and awarded her €30,000. The complainant, a solicitor, suffered from epilepsy and had requested on six separate occasions that she be allowed work from home. However, her requests were refused. In finding

in favour of the complainant, the adjudicator found that the failure of the employer to make any reasonable accommodation for the employee over her request to work from home was in breach of the Employment Equality Act.

Another high-profile case which found in favour of the complainant under The Employment Equality Acts was that of Cox and RTE. Ms Cox had two contracts of employment with the broadcaster with separate terms and conditions.

One of the contracts was a full-time contract with a retirement age of 65 while the other was a casual contract, which saw her rostered for one day every six weeks. Her full-time contract finished in March 2016 and following that, the complainant said she was told she would continue to be rostered but that a period of time would have to elapse between her retirement and being placed on the roster for her casual contract. However, she was later told in December of that year that her casual contract had also been terminated.

RTE argued that the retirement age was clearly specified in her full-time contract. However, the adjudicator found that the broadcaster had discriminated against Ms Cox on age grounds and awarded her €50,000.

Safety, Health and Welfare at Work

The Safety, Health and Welfare at Work Act 2005 provides that "every employer shall ensure, so far as reasonably practical, the safety, health and welfare at work of his or her employees". Therefore, the onus is on employers to put in place all preventative and protective measures to ensure the safety of employees, including identifying potential hazards and the assessment of any risks likely to cause an accident. The Act places a number of duties on the employer, which should be reviewed depending on the nature of an organisation's business. The Act also requires an employer to appoint at least one "competent person" to be responsible for all health and safety matters in the workplace.

Earlier this year, a Cork-based company pleaded guilty in court to offences under the Safety, Health and Welfare at Work Act. The company was fined €50,000 after it admitted to exposing workers to asbestos during the demolition of a building. While this case highlights a potential extreme example of safety in the workplace, employers should take note that it is ultimately their responsibility to ensure the welfare of employees and take measures to carry out appropriate assessments, including the use of any office equipment.

Maternity and Paternity Leave

There are several key pieces of employment legislation providing statutory leave protections to employees. Employees are covered by a number of Acts that accommodate leave in the event of a birth, including The Maternity Protection Acts 1994 and 2004, The Paternity Leave and Benefits Act 2016 and The Paternal Leave Act 1998 - 2006. Under the Maternity Protection Acts, employees are entitled to 26 weeks' leave together with an additional 16 weeks' additional unpaid leave. Employers are not obliged to pay a salary during maternity leave.

The Paternity Leave and Benefits Act entitles an employee to a single period of two weeks leave as well as receipt of social welfare benefit. Given this is relatively new legislation, it is important for employers to familiarise themselves with it.

Also, it is important to highlight the change to parental leave in the recent Budget. The Parental Leave

Act allows for parents to take leave of up to 18 weeks in respect of each child. However, unlike maternity and paternity leave, an employee taking parental leave is not currently entitled to social welfare benefit. However, in the 2019 Budget, a new Parental Leave Scheme was announced that will give two weeks' leave for each parent, covered by social welfare. This scheme won't come into effect until November 2019.

Complexity of employment legislation

Given the complexity and sheer volume of employment legislation in place to protect employees, it is not surprising the increasing number of cases currently going through the WRC. Whilst we have just noted some of the key pieces of employment legislation, there are a number of fundamental steps any organisation can and should take to not only ensure compliance, but also to move towards the better HR practices. At Adare Human Resource Management, we have an expert team that can advise on a wide range of HR and employment law issues, ensuring your organisation follows best practice and implements the legislation appropriately.

Adare Human Resource Management are leading experts in Employment Law, Industrial Relations and best practice Human Resource Management. www.adarehrm.ie

Derek McKay,

Managing Director, Adare Human Resource Management,

Leading experts in Employment Law, Industrial Relations and best practice HRM.

Finance & Management News

BREXIT Supports for your Business

Your Local Enterprise Office provides many supports to assist you in dealing with the business challenges which Brexit may pose. They provide access to supports in the form of financial assistance, trading online vouchers, microfinance loans, mentoring and management development training.

Two of these supports are the Technical Assistance for Micro-Exporters (TAME) and Brexit Mentoring.

The TAME grant supports LEO clients to explore and develop new export market opportunities. This scheme is a matched-funding opportunity with up to €2,500 available to eligible businesses. Under the scheme costs incurred when investigating, researching and accessing export markets can be part funded.

The Brexit Mentor Programme is designed to support LEO clients identify key areas of exposure because of Brexit and assist Owner / Managers in developing robust strategies to address issues and maximise potential opportunities. The Programme matches up the knowledge, skills, insights and entrepreneurial capability of experienced business practitioners with small business owner/managers who need practical and strategic one to one advice and guidance on planning for the impact of Brexit. The mentor contributes independent, informed observation and advice to aid decision making.

Details on both supports can be found at www.localenterprise.ie/Portal/Discover-Business-Supports/Brexit-Information/Brexit-Information

Source: www.localenterprise.ie

Business Model Reporting; Risk And Viability Reporting – Where Are We Now?

Investors are still looking for companies to make business model, risk and viability disclosures more useful, according to a new report from the Financial Reporting Council's Financial Reporting Lab (the Lab).

The report, Business model reporting; Risk and viability reporting – Where are we now?, considers how reporting practice has changed since the Lab published its original reports in 2016 and 2017. It includes practical examples from companies that have implemented the recommendations in those reports.

Whilst there have been some good developments, investors continue to emphasise the need for reporting to be more consistent and clearly linked throughout a company's annual report. Investors value disclosures that tie business model, strategy, risk and viability together to enable them to assess progress against strategy and management of risks through the use of KPIs.

Phil Fitz-Gerald, Director of the Financial Reporting Lab, said,

"The Lab's report highlights the importance of business model and risk and viability disclosures. It provides practical examples from companies that have adopted the recommendations of previous Lab reports and reiterates investor views on how these improvements help to meet their needs."

The Lab's report 'Business model reporting; Risk and viability reporting' – Where are we now?' can be found on-line at www.frc.org.uk

Source: www.frc.org.uk

How will the physical risks of climate change affect companies?

The potential costs to some companies of insuring their assets against the impact of climate change could equate to more than 4% of their market values, according to our new physical risk assessment.

This new analysis focuses on the often-overlooked risks posed to bricks and mortar from climate change. Disruption from the effects of changing weather patterns globally looks unavoidable – it seems inevitable that risks to physical assets and infrastructure will get bigger. However, most climate analysis focuses on the impacts of steps to limit temperature rises, such as carbon prices or clean energy investment. Physical risks, on the other hand, have received less attention. We feel that this oversight is remiss; the impacts are lower, but they are also more certain.

The analysis is based on the premise that – in theory – companies could insure themselves against the physical damage they may sustain from climate change-induced environmental changes, such as extreme weather events.

Our physical risk framework – which we have applied to over 10,000 companies globally – calculates what businesses would have to pay to insure their physical assets against hazards caused by rising global temperatures and weather disruption. Comparing that implied cost to companies' market values provides a systematic way to help measure, monitor and manage the risks companies face.

Which sectors are most affected?

We have identified oil & gas, utilities and basic resources as the sectors most exposed to the physical impact of climate change. The potential cost of insuring their physical assets equates to more than 3% of their market values.

The sectors least at risk are technology, personal & household goods and healthcare.

Predictably, capital-intensive sectors operating in more vulnerable parts of the world face the biggest impacts, whereas those with asset-light business models are least exposed.

The lag between greenhouse gas emissions and temperature rises means a further rise in global temperatures looks inevitable given the emissions we have already released. This physical damage analysis will help inform the investment decisions of our analysts and fund managers, as well as gauge the exposures facing the portfolios they oversee.

Authors:
Andrew Howard,
Head of Sustainable Research, ESG,
Marc Hassler,
Sustainable Investment Analyst and
Grace Canavan,
Head of Intermediary Business Development, Ireland.

W: www.Schroders.com
T: +353 (0) 85 254 9839

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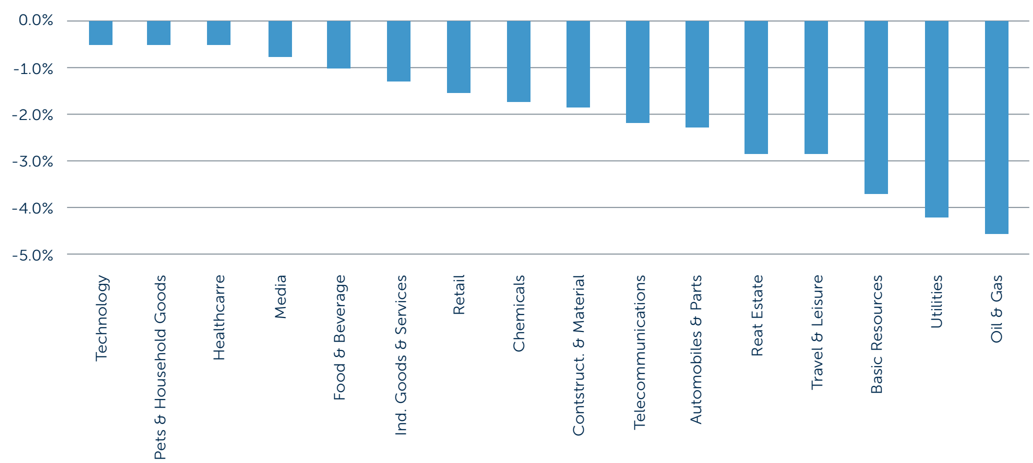


Financial Pitfalls

& Where to Find Them

by Justin O'Gorman

Justin O'Gorman looks at the Financial Pitfalls that exist and how to avoid them.

Avid JK Rowling fans may notice the reference to her post Harry Potter book, "Fantastic Beasts and Where to Find Them" in the title of this article. There is a reason for this. The wizarding world created by Ms. Rowling exists side by side with the world inhabited by "Muggles", non-wizarding humans, but is hidden from view by the use of magic. In effect, her wizarding world exists quite openly but cannot be seen because Muggles are not allowed to see it. Occasionally, a blip occurs and the two worlds interact with each other. When this does occur, the minds of those Muggles who have witnessed the wizarding world are "Oblivated", wiped clean, so that they don't remember what they have seen.

This is the same in the world of Finances, without the wizards and the mind wiping obviously, insofar as despite the enormous amounts of evidence available, people still end up making the same mistakes when it comes to their finances. It's as if the lessons learned and passed on by others lose their potency over time to such a degree that they no know longer exist to the real world. The purpose of this article therefore is to point out the Financial Pitfalls that do exist and in the process, help you avoid them.

Having no Financial Plan:

It is extraordinary the amount of people who have no financial plan. For these people, their existence from a financial perspective exists from payday to payday. Yes, they may make short term financial decisions such as how to fund next year's holiday but in essence, their sole purpose is to get to their next pay cheque. They may still have some money from their previous week's/ month's pay cheque left over but that is more by accident than design or they have had to forego the smashed avocado on toast for a couple of mornings.

For people like these, an unexpected financial outlay is a disaster. These people also tend to end up as the fodder for Payday Loan companies. While these companies make the process of borrowing a sum of money as easy as possible, the interest rates they charge would make a Money Shark blush and in too many cases, the person ends up in an ever-deepening pit of debt. As The Eagles sing in Hotel California, "you can check out any time but you can never leave".

Leaving your financial wellbeing to chance is a high-risk strategy and is one that tends to come back to haunt you when you least expect it.

Therefore, Financial Pitfall No. 1 to avoid is not having a Financial Plan.

Having a Financial Plan that is too short term:

Ok, maybe scenario no. 1 has made you feel uncomfortable and you decide to draw up your financial

plan. However, your financial plan only takes into consideration the next 5 years of your life. For "younger readers", the next five years probably represents the "saving for a house" period of their lives and that is where 100% of their focus is. And, taking into consideration the malfunctioning nature of our housing market at the moment, it would seem to be a reasonable action to focus on.

The difficulty with a plan with a short-term focus on one specific issue is that it ignores other areas that should also be included in a financial plan but that may be of a longer-term nature such as children's education and retirement planning. It may also ignore the "what if" scenarios or fail to take into consideration the consequences of an unexpected illness or a premature death which can throw a plan off course.

Your plan should consist of short, medium and long-term goals. While there may be a greater focus on one particular goal within the plan, it should not be to the detriment of the other goals within the plan.

Finally, there must be an allowance in every financial plan for things going wrong.

Therefore, Financial Pitfall No. 2 to avoid is having a Financial Plan with too narrow a focus and no flexibility.

"Oooh, it's shiny and sparkly and I want it"!

I'll freely admit that I have a weakness for cars. I spend too much time on car websites and have visited various car dealerships to sit in new and nearly new cars – for research purposes only of course! The problem with sitting in a car in a dealership is that the new car smell tends to permeate the brain and switches off its rational side. The internal calculator tries to convince you that "yes, of course you can afford the monthly repayment and really you'll end up saving money because it's cheaper to run etc." With the myriad of finance options available as well, it can often seem like a no brainer.

While my weakness is cars, yours may be Technology, Jewellery, Holidays, Clothes etc.

Whatever your weakness is, sometimes we can end up justifying the purchase of said item because we convince ourselves that we deserve it. However (and this feeds back into Financial Pitfall No. 1), if we find ourselves having to justify the purchase to ourselves and others, it means that the purchase may have been spontaneous and we're not actually sure what the impact will be on our finances in the medium term or, (Financial Pitfall No. 2), we didn't allow for a what if scenario and our financial plan was too narrow in its focus.

Now, I'm not saying that purchasing the item is not allowed. What I am intimating is that spontaneous purchases of "sparkly" items can lead to longer term difficulties with finances as monies that should have been used as part of your financial planning could have ended up being side-tracked into instant gratification items.

Therefore, Financial Pitfall No 3 to avoid is making purchases that you struggle to justify at a later stage.

Credit Cards, Personal Debt, Borrowing in General:

Ok, so it is unrealistic to say that some form of borrowing won't occur in our lifetimes. The most obvious debt most of us will end up with is mortgage related. Even with a well laid out financial plan, it is still nigh on impossible to purchase a house without some form of borrowing. Of course, having had a financial plan may mean that the end amount borrowed is less than may have been the case without the plan.

It is also possible to justify taking on other debt from time to time. For example, borrowing to retrofit your home with insulation, a boiler upgrade, better windows and doors may well pay in the long term as the reduced cost of heating your home should fall, thus providing you with savings on your energy costs. However, before taking on such a borrowing, it would be important to see how long it may actually take to claw back the costs as sometimes the examples used may not apply to your circumstances.

The previous examples are quite obvious examples of borrowing. What I mean by this is that there is a process that needs to be gone through in order to access the funds borrowed.

Credit Cards, Overdrafts and smaller personal loans are not in the same category, as through the advent of online banking, these borrowings can be secured with minimal effort. And because they are nearly treated as a convenience transaction, the long-term implications of these borrowings may not be appreciated. Also, as the application process is so straightforward, you could be fooled into thinking that the fact that you qualify for the loan must mean that your bank believes you can afford to repay it.

Of all the short-term debt that can lead to the greatest long-term issues, Credit Card debt is probably the guiltiest. Credit Card usage these days is now second nature and we don't even think twice about it when we use our cards for purchases. However, it's when the clearance of the monthly outstanding balance begins to slip that these issues come sharply into focus. Credit Cards still charge very high interest rates and when combined with the very low minimal repayments accepted, can lead you to paying substantial amounts of interest over the period that the balance is outstanding. You also need to take into consideration that the bank/credit card company is not your friend but a business only interested in its bottom line.

Therefore, Financial Pitfall No 4 to avoid is taking on unnecessary debt.

Finally, after avoiding the pitfalls outlined above, you discover that you are accumulating cash reserves that have ended up sitting on deposit with your bank or Credit Union. While you can justifiably feel good about yourself as the cash balance increases, the poor rate of interest that the banks will pay you (yes, the same banks charging you such high rates on your credit cards and personal loans) actually mean that in real terms you are losing money as your cash sits on deposit.

The alternatives to holding cash on deposit that offer capital guarantees are few and far between and so you may need to look at some of the longer-term investment options that offer potentially higher returns but come with a capital risk as well.

The first thing to understand in relation to investing is that while it is possible to make a large return in a short investment term, it is not the norm and so you need to look at investing as a long-term strategy. By long term I would certainly suggest 7 years plus. The reason for suggesting this investment term is that it should allow you to ignore the "noise" that comes with investing and allow your investment to ride out any market volatility that may occur during this time period.

A second issue with investing that needs to be avoided if possible is the tendency to have kneejerk reactions to market events. While this may make sense, often times in the heat of an extended period of market volatility, it can be difficult to stay focused on the task in hand. Investment decisions made during these periods of volatility can end up doing more damage to the investment than the actual volatility itself.

Finally, if an investment appears too good to be true, then it probably is. However, the temptation to get involved in this type of investment is greater if you keep reading about how much money other investors are making. The "green eyed monster" can cloud your judgement at times like this. Even Sir Isaac Newton fell victim to this curse during the South Seas Bubble. After investing and getting out with a profit, he went back in again because others were still making money on the investment. Unfortunately, the second time around he was not so fortunate and ended up losing a fortune when the South Sea bubble burst

Therefore, Financial Pitfall No. 5 to avoid is following someone else's investment plan rather than your own.

Of course, there are many other financial pitfalls that one can fall into but this article would need to be a lot longer to cover them all. The soundest piece of advice I can give you is to commit to putting in place a Financial Plan and sticking with it. Every financial decision you make thereafter should then be made in the context of how it relates to your plan.

Lastly, it would be remiss of me not to say that those individuals/couples who work with a Financial Adviser to put together a Financial Plan are better off in the long run than those who do not seek advice.

Justin O'Gorman

Justin O'Gorman is the Director of Financial Services, JDM Insurance Services. He holds the QFA and RPA qualifications as well as being an APA in both Personal & Commercial Insurance

A High Performing Finance Function

by Deirdre Savage

In this article, Deirdre Savage tells the story of how the Financial Services Division of Trinity College Dublin went from winning the Irish Accountancy Award for Finance Team of the Year 2018 to winning the award for British Finance Team of the Year.

Financial Services Division, Trinity College Dublin – A winning team!

In April this year, the Financial Services Division (FSD) Trinity College Dublin won the Irish Accountancy Award for Finance Team of the Year 2018, overcoming strong competition from shortlisted entrants including CDE Global, Fexco, MBS Retail and TV3. Following an invitation to submit an entry to the British Accountancy Awards, FSD went on to become British Finance Team of the Year at a prestigious event in London in September 2018. This is our story.

A high performing Finance Function

Led by the Chief Financial Officer, the Financial Services Division (FSD) is one of 3 administrative and support functions in Trinity with just over 65 team members. In 2007, recognising the need to enhance our service offering, FSD engaged external consultants and initiated a self-assessment exercise. We emerged from that process with the clear goal of becoming the most effective, forward facing finance function we could be. We embarked on a 10-year 'journey' to progress from a compliance-based focus to one of strategic vision and insight and have undergone enormous organisational change, including the implementation of a state-of-the-art IT system (Oracle ERP). With a sustained focus on our mission, vision and values throughout this extended period of transition, we achieved our goal of becoming a high-performing finance function and our recent awards publicly recognise and celebrate the dynamic and energetic finance team that FSD has become.

Culture, Skills and Tools

Three key change enablers (Culture, Skills and Tools) emerged from our 2007 self-assessment process to support us in becoming an effective partner in the University's strategic decision-making process through the provision of financial insight. We prioritised the development of our people initially, ensuring that our business culture was responsive, customer-facing and service minded. To establish our team culture, we began this journey with the development of a Mission, Vision and Value set and a Customer Charter in 2008 and have revised and renewed them regularly to meet the changing needs of the University. Following this, we focused on our skills to meet the changing needs of the University and other stakeholders. We also recognised that our organisational structure and our tools (financial information system) needed to change if we were to deliver the significant "cultural shift" to which we aspired.

Our Culture

Launched in 2008, our most innovative and appreciated teamwork initiatives have been FSD's "Outreach and In-Reach Programmes". As a core service provider, FSD liaises with all Faculties, Schools and Divisions in the University and the FSD Outreach Programme (site visits to academic and administrative support areas) provides a unique way to experience a typical "day in the life" of non-financial staff. Over 50 Outreaches later, empathy for the complexity and diversity of University "business" has increased significantly and strategic partnerships have developed across the full range of academic disciplines and support activities. FSD also initiated and now hosts Open Days and Tailored Finance Workshops (In-Reach), engaging directly with colleagues from across the University and encouraging cross-functional relationship building.

Our Tools

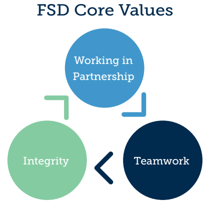
As part of our 2007 review, FSD identified the need to move to an online, automated, real-time financial system i.e. an Enterprise Resource Planning (ERP) solution as a change enabler (tool) which would provide enhanced financial information to support strategic University planning. Following extensive stakeholder consultation throughout 2012, the Oracle E-Business Suite was the real-time ERP solution chosen to support Trinity's strategic objectives. This Project was led out by FSD and subsequently enabled us to transition from a compliance to an insight-based focus and become a pro-active partner in the University's decision-making process.

The challenges involved with a transformation project of this nature, changing from a back office financial system with 60 users and managed by FSD alone, to one with over 4,000 users University-wide were manifold. Aside from the scale of change, the University's unique "culture" (a highly devolved budgeting environment) meant that a comprehensive communication and stakeholder-partnership approach was necessary to secure the "buy-in" of the University community. This approach shaped change and was a critical factor in our success.

The Project was successfully completed in September 2017.

Our Skills

FSD Core Values



In 2016/17, after a number of challenging years arising from both the ERP implementation and significant organisational restructuring (including wide-ranging role changes, up-skilling and training) we took the opportunity to re-evaluate our position, review our service delivery and focus on supporting and developing our team. We held a series of wellbeing events and, following FSD's Team Planning Day, we re-defined the three values understood and agreed by all to be most meaningful to our team in underpinning our everyday interactions and our commitment to being a high performance team as: 1. Working in Partnership 2. Teamwork 3. Integrity. We also introduced annual "Living Our Values" individual and team awards to recognise those who excel in this area.

Securing Trinity's Future

In the context of the broader economic landscape since 2007 and in the absence of any resolution to the public sector funding crisis for 3rd level institutions (Trinity's State funding reduced from €104m in 2008 to €44m in 2016), securing the University's financial sustainability by diversifying and growing non-Exchequer income streams became urgent. FSD became a strategic partner on initiatives to increase revenue and improve the return on existing activities to help achieve this goal, supported by enhanced management information and financial forecasting, enabled by the new FIS. Some of the innovative, strategic measures led out by FSD during this period included:

Securing Trinity's financial sustainability

- Securing the first ever European Investment Bank loan by a 3rd level institution in Ireland (€75m in 2008 and a second loan of €70m in 2016) to support strategic capital projects.
- Negotiating Trinity's first multi-million-euro banking concession in 2010.
- Re-profiling Trinity's investment portfolio, surpassing our Endowment Fund target value and achieving a 5-year cumulative return of 53%.
- Development of a Procurement Strategy yielding c.€13m of cumulative savings since 2010.
- Improving our Exchequer: non-Exchequer funding ratio from 48:52 (2013) to 41:59 (2017).

Ensuring a Return on the University's Investment

- Supporting the development of a new resource allocation model "Baseline Budgeting Model" (BBM), to provide a stable, three-year budgeting environment.
- Following our ERP implementation, of c.70,000 invoices processed annually, we now pay 60% within 15 days (18% pre-Oracle). 9,500 expenses claims are paid in 2 days (10 days pre-Oracle).

Developing Strategic Partnerships

- Championing a student-led campaign for a "Fossil Free TCD" via Trinity's Investment Committee, resulting in the University divesting its fossil fuel investments in 2016.
- Building and nurturing unique cross-channel relationships with peer universities in the UK by joining the British Universities Finance Directors Group in 2011.

Striving for Excellence

- Streamlining the preparation of our annual financial statements and our audit process and as a result being cited by the Public Accounts Committee (PAC) and Comptroller and Auditor General's (C&AG) Office as an exemplar in the 3rd level sector.

FSD into the Future

Holding true to the core values of Working in Partnership, Teamwork and Integrity, our goal is to continue our journey, utilising our key change enablers (culture, skills and tools) to support the delivery of Trinity's strategic objectives in an ever-changing economic and technological landscape. The past 10 years have been a dynamic and sustained period of change for all in Trinity. In FSD, we have utilised the talent of our people to innovate and challenge ourselves, generating an atmosphere of enthusiasm and an appetite for ongoing improvement.

We are extremely proud of the enduring energy and commitment displayed by the FSD team and together we have created a supportive, caring work environment that influences and motivates us not only in our personal and career development but in maintaining our team's high standard of performance in to the future.

Deirdre Savage,
Director of Financial Planning & Risk Management, M.A., F.C.P.A., M.I.A.T.I., Trinity College Dublin,

Deirdre is a member of the FSD senior management team tasked with achieving Trinity's strategic objectives. Deirdre is responsible for the development, implementation and maintenance of an effective planning and analysis capability, providing the University with the appropriate analytical tools to establish goals and measure performance.

Diversity in the Boardroom

by Carole Railton

In this article, Carole looks at what Boardroom Behaviours currently are with an emphasis on Body Language; how to read it, interpret it and use it to your advantage. Since businesses are now more than ever seeking to be more efficient, in terms of both time and money, it's a valuable tool to help you understand each other better and to get your messages across as succinctly and effectively as possible before the 'Robots' move in and take over...

When we look back on this time in history, we will realise that we were part of a cultural shift. We were living through a technological advancement that was having a great impact in our social and business lives, yet we were failing to recognise the simple differences that exist between the behaviours of men and women, particularly in the boardroom.

Nearly all boards say they welcome diversity and yet they seem ill-equipped to take advantage of it. It is not enough to promote women, even though Harvard University says they are more likely to be qualified than men before being appointed. Understanding the particular skills and behaviours women bring to the table and the difference that makes, needs to be understood. With this in mind, let us acknowledge some of the differences between the styles of men and women used in the boardroom and lets start to accept that these take place without making any judgements. It's just that we all behave differently.

It is generally acknowledged that non-verbal communication makes up over 60% of understanding on first face to face meetings. We need to think about the impact of non-verbal communications more carefully and how we might take more notice. And a note here, when we say someone is intuitive, what we are really saying is their ability to read another person's non-verbal cues and match them with their verbal signals is correct!

That vital life force, breath, makes women take more breaths than men and Dr Dennis Jensen, at McGill University, Canada, says the reason is 'there is a greater electrical activation of the respiratory muscles, specifically the diaphragm'. Could this be why women also make more body language movements than men which can cause problems in the boardroom through misunderstanding. For example, a CEO makes less movement than a junior. You won't see a CEO running down the corridor with a piece of paper in their hand, nor will you see a dignitary rushing or making lots of moves.

A regular boardroom meeting is likely to see the male directors arrive with their iPad in their inside jacket pocket along with their pens. Female directors, on the other hand arrive with a handbag and a case for their iPad. They are also more likely to have their pens in a zipper pouch, which means not only are they making more moves because they are female, they are compounding the number of moves they make, making it harder for their male colleagues to treat them as equal. This explains why men can see women as junior to the positions they hold as the lower down the scale you go, the more movement you make.

What can be done about these behaviours?

A simple exercise for women is to imagine you are wearing a heavy crown on your head before you speak in a boardroom. This will control the type of moves you make and allow you to become regal whilst increasing your clarity and poise.

Men on the other hand would do well to keep both their feet on the ground, which gives them gravitas and quite literally grounds them.

Women can appear subordinate because they are likely to smile more which could indicate attempts to please, whilst men prefer to show power. And, a simple action like a nod of the head has different meanings for the different sexes too! Men tend to nod to show agreement whilst women nod to show they are listening. This can confuse! Men think that the woman has agreed with them whilst women, interrupt with a nod to gain time and a clearer understanding. Extra questions need to be asked when this is going on.

If you are not the MD or CEO it is best to find a seat in the boardroom that is in the middle of a row. You have far more influence in this position than on the end of a row. Sales people know this all too well and get into positions of influence very quickly when they arrive at your office.

Your first point of visual contact is probably the eyes. And we all know how important the eyes are for discovering hidden depths. To avoid overpowering each other always look into the left eye which is on the receiving side of your body. We give out with the right side or our bodies, ie when we shake hands. Looking someone in both eyes for a long amount of time can be scary and this way you take the pressure off and in time they will also look you in the left eye too, which makes for quicker communications.

There is a difference between women and men when it comes to blinking too. Again women blink more than men and when they are pregnant or taking the birth pill they will blink even more. Blinking is a natural process whereby the eyelids wipe the eyes clean, much as a windscreen wiper does on a car. Blink rate tends to increase when people are thinking more or are feeling stressed. This can be an indication of lying too, as the liar has to keep thinking about what they are saying next. So, when you see someone blinking at a higher rate it might not be that they are lying or stressed, just their natural hormones are working. And, please do not reflect the blinking, better to reflect pauses in the breath of the other person. This helps them to think they are like you without understanding what is going on. It's a natural equaliser.

You make an assessment of someone when you first meet them in the first 3 seconds. You go on to confirm your initial thoughts in the next 30 seconds so you do not have to revisit this again. e.g let's say I drop my files on the floor. If you have decided I am not OK, you will think I am clumsy; this sustains your unfavourable belief. Whilst on the other hand, if you thought I was ok, you will see me as a normal human and know that you have made the right decision.

Mostly, we need to accept and relish each other's differences and understand that verbal conversations are used primarily for conveying information. Body language, regardless of culture, is used to understand how a person processes information and how they are feeling in a moment of time.

The most common assumption about body language is that you reflect the other person's body language back to them, to get the best results. However, do not try this, without first establishing the other person is in a good mood and genuine. Imagine if you were copying their body language and they were depressed, the whole meeting would spiral into the darkest situation.

Simple things like how we approach each other is different for the sexes. Women prefer to be approached from the front so they can get a reading on who they are dealing with. Men are more likely to prefer that you approach from the side, they might even hold onto your arm or shoulder and often pat each other on the back, hence their approach from the side. This boardroom behaviour can seem awkward to some female directors who can counter this by approaching their colleagues from the side.

Touch is another one that causes concern at all levels. There has been plenty in the news recently about high profile men, touching inappropriately. No wonder then 'The Young Women' Trust Survey of 4,000 18 – 30-year olds found 15% said they had been sexually harassed and 24% said they would not report sexual harassment for fear of losing their job.

People like to do business with people they like and understand. To increase your chances of harmonious communications you need at least some of the qualities of the person you are interacting with, so here are some easy clues to watch out for and adapt to.

About 5% of the world's population are what are known as feeling touching people.

These are the people who hug you when you first meet them. They often dress for comfort and lean in when they talk to you or when you are talking to them. They use words like 'I feel this is the route we ought to take', and you will find similar touchy words in their emails. When you meet someone like this you may feel uncomfortable if you are not the same style so it's best to put your hand up to stop them from coming too close.

Then start using the sort of words they use, that express feelings which is a great way to have more influence with them.

The second group are known as listeners, they use words that have sound implied. 'It sounds like this is the way forward', 'That rings a bell'. People in this auditory category are not so good at eye contact, so it's best to look them in the eye then look away regularly. They often give themselves away by looking down and to the left. About 20% of people are listeners. As you can imagine it's best to approach them with less eye contact and use auditory words when speaking or writing to them. Check people's emails to find out if they fit into this category.

Lastly, most of us fall into this category, 70% of us to be exact! These people are visual - I am one - we stand tall, dress well, hold stress in our shoulders and have wrinkled foreheads. We love eye contact! We use words that express visual elements 'We see where that is going' 'It looks like if we ….' So the same rules apply here, use verbal and body language that expresses visual elements and you will find you will get them on side and be able to influence more.

It seems incredible that, over the millions of years of evolution, body language skills and different aspects of communication have not been actively studied in schools or offices, yet the key to understanding and successfully working with people is in recognising what style of behaviour they use and framing your conversations and interactions to suit.

"You make an assessment of someone when you first meet them in the first 3 seconds. You go on to confirm your initial thoughts in the next 30 seconds"

Carole Railton

Carole has worked in 47 different countries with clients that include, KPMG Singapore & Google London looking at cultural / gender differences to get the best from workforces for her clients. She uses body postures and identity to solve problems in the boardroom. Globalgurus.org rate Carole 4th in world of business body language.

Taxation News

PAYE Modernisation Update

New PAYE Regulations, Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018) will apply with effect from 1 January 2019 and effectively implement modernisation of PAYE reporting. The Income Tax (Employments) (Consolidated) Regulations 2001 shall continue to apply to the payment of emoluments on or before 31 December 2018.

The Employers' Guide to PAYE Manual Part 42-04-35 has also been updated. The text in chapter 6 (Special Assignee Relief Programme - SARP) has been replaced with a link to the SARP Tax and Duty Manual (Part 34-00-10) which has also recently been updated.

Part 42-04-35 will be further updated in due course to take account of the significant changes arising due to the introduction of modernised PAYE reporting from 1 January 2019.

All employers should make sure they are ready for PAYE Modernisation and are encouraged to review the "Getting Ready" section of "PAYE Modernisation".

Source: www.revenue.ie

Revenue Structure Changes

Revenue's structures continually evolve to ensure that we optimise the alignment of our resources with risk and deliver a high-quality service to support taxpayer compliance. We want to ensure our structure accommodates and reflects changes in our customer base, the evolving national and international tax and customs environment, and the impacts and implications of significant changes for tax administration such as PAYE Modernisation.

We have been developing our organisational structure and we are now moving from a single Large Cases Division and four geographically based Regions (Border Midland West Region, Dublin Region, East South-East Region and South West Region) to a new structure that is based on a nationally segmented customer base.

The new national divisions are built around the following customer segments:

- Large Corporates Division - dealing with the largest companies, managed through sectoral branches
- High Wealth Individuals Division - dealing with high wealth individuals, pensions, and tax avoidance issues
- Medium Enterprises Division - dealing with a tier of large businesses and wealthy/high income individuals below the thresholds for Large Corporates and High Wealth Individuals Divisions
- Business Division - dealing with the majority of business taxpayers
- Personal Division - dealing with all personal or non-trading taxpayers as well as not-for-profit organisations

Every taxpayer is now managed by Revenue, from a service and compliance standpoint, by one of the new nationally based divisions. The only impact for the purposes of a taxpayer's engagement with Revenue is that in certain instances, new teams or new individuals will be looking after that engagement on the Revenue side.

The contact details for the new divisions are available on www.revenue.ie.

Source: www.revenue.ie

Revenue Focus on Incorporated Medical Locum Sector

Revenue has been reviewing the tax affairs of medical locums who have incorporated a business and are employed by Personal Service Companies or Managed Service Companies. The review has focused on tax affairs of such companies and their directors when the main source of income is a contract for the provision of medical services through an intermediary (and where in most cases the directors are the only employees of the company).

At the September TALC meeting Revenue said a number of issues had been identified from the review. These concern, for example, travel and subsistence expenses; other expenses i.e. not vouched or not paid wholly and exclusively for business purposes; payments to family members, and VAT on the provision of staff to an agency. As a result, Revenue is extending its focus nationally and plans to commence compliance interventions in November. Taxpayers can "self-review" and make an unprompted disclosure, if necessary, before compliance interventions begin.

Source: TALC

Overview of Finance Bill 2018

Budget 2019

by Mairéad Hennessy

Mairéad Hennesy gives an overview of Budget 2019 / Finance Bill 2018

Budget 2019 was announced by Finance Minister Paschal Donohoe on 9th October last. The Budget comes at a time when there are more people at work in Ireland than ever before and the economy is growing steadily. Nevertheless, the Minister rightly emphasised the importance of prudently managing the State's finances so as to protect its resilience against global challenges such as Brexit.

This article discusses the main tax measures announced in the Budget and provided for in Finance Bill 2018, as published on 18th October 2018. Changes may be made to the Finance Bill before it is enacted in December 2018.

Personal Taxation

Income tax rates and the Standard Rate Cut-Off Point

No changes to income tax rates were introduced in the Budget, with the standard rate and higher rate remaining at 20% and 40% respectively.

The income tax standard rate bands were increased and the bands for 2019 will be as follows:

Standard Rate Tax Band	2019	2018
Single Individual	€35,300	€34,550
Married One Income	€44,200	€43,550
Married Two Incomes	€70,600	€69,100

Tax Credits

Points to note regarding income tax credits for 2019 are:

- The Personal Income Tax Credit remains unchanged at €1,650 for single individuals and €3,300 for married couples.
- The Earned Income Tax Credit will increase from €1,150 to €1,350 in 2019 for taxpayers earning self-employed trading or professional income and for business managers who are not eligible for the PAYE Tax Credit.
- The PAYE Tax Credit remains unchanged at €1,650.
- The Home Carer's Tax Credit increase by €300 for 2019 to bring it up to €1,500 per year.

Universal Social Charge (USC)

For 2019, USC will apply at the following rates for those earning in excess of €13,000:

- On the first €12,012 – 0.5%
- On the next €7,862 – 2.0%
- On the next €50,170 – 4.5%
- On the balance – 8%
- Self-employed people earning in excess of €100,000 – 11%

Budget 2019 changes to the USC rates ensure that the salary of a full-time worker on minimum wages do not move into the 4.5% USC bracket.

Employment Taxation

Key Employment Engagement Programme (KEEP)

The KEEP was introduced in Finance Act 2017 to support SMEs to attract and retain key talent by providing for an advantageous tax regime for employee share options. The scheme has been amended under this year's Finance Bill such that the ceiling on the maximum annual market value of the shares to be awarded equates to an employee or director's salary or €100,000. Also, the total market value of shares that can be granted by a company to a director or employee is now subject to a life-time cap of €300,000.

These amendments are subject to Ministerial order following State Aid approval.

Benefit in Kind (BIK) on Electric Vehicles

The exemption from BIK on electric vehicles that was introduced in Finance Act 2017 has now been extended until 31 December 2021 for electric vehicles with an original market value (OMV) of €50,000 or less. A deduction of €50,000 will be available for electric cars and vans with an OMV in excess of €50,000 when determining the taxable BIK using existing rules.

Corporation Tax

Exit Tax

A new exit tax regime was announced in the Budget and took effect on 10th October 2018. 12.5% exit tax now applies to any unrealised capital gains when companies migrate or move assets offshore such that they leave the scope of Irish tax, by deeming a disposal to have occurred. The rules include an anti-avoidance provision where the 33% rate rather than the 12.5% rate will apply if the event that gives rise to the exit tax charge forms part of a transaction to dispose of the assets and the purposes of the transaction is to ensure that the gain is taxed at the lower 33% rate.

Controlled Foreign Company (CFC) Rules

New CFC rules are being introduced for accounting periods beginning on or after 1 January 2019. These rules are an anti-tax abuse measure designed to prevent the diversion of profits to offshore entities in low- or no-tax jurisdictions and are required by the EU's Anti-Tax Avoidance Directive (ATAD). The rules operate by attributing certain undistributed income of a CFC, arising from non-genuine arrangements put in place with the aim of securing a tax advantage to the controlling company in Ireland for immediate taxation, where that parent company has "relevant Irish activities", including significant people functions in Ireland.

Start-Up Relief for Companies

The three-year corporation tax relief for certain start-up companies is extended until 31 December 2021.

Film Relief

Film Relief is extended until December 2024 and will operate on a self-assessment basis. Provision is also made for a time-limited tapered percentage uplift in relief for productions in State Aid approved regions of the country. The uplift is tapered over 4 years and is applied at a rate of 5% in years 1 and 2, 3% in year 3 and 2% in year 4. The tapered uplift is subject to State Aid approval.

Investment Reliefs

Changes to tax reliefs on investments in start-up and scale-up businesses were flagged in the Budget. The details of these changes as set out in the Finance Bill are positive and an overall improvement which hopefully will increase the take up of these tax reliefs.

Start- Up Capital Incentive (SCI)

The Finance Bill introduces a new SCIfor micro companies at the very early stage of their life cycle. This incentive includes the following features:

- A self-certifying capability for the company raising investment
- The possibility for relatives of the founder to make a qualifying investment
- The qualifying company cannot have traded or prepared to trade, more than 7 years prior to the share issue date and cannot have any partner businesses or linked businesses.
- The maximum lifetime limit on qualifying investments is €500,000

Employment Incentive and Investment Scheme (EII) and Start Up Relief for Entrepreneurs (SURE)

- As was announced on Budget Day, changes to the EII and SURE tax relief schemes are being introduced so as to address a number of issues regarding the administration of the schemes, small enterprise exceptions and accessibility of the provisions. Both schemes are moving to a self-certification model whereby a qualifying company will be required to provide a "statement of qualification" to certify that the company is a qualifying company before tax relief can be claimed. Both EII and SURE have been extended until 2021.
- There have also been some changes regarding the operation of EII, namely:
- Preference redeemable shares are no longer prohibited.
- Companies that raise funds via EII can now float on the stock exchange.
- Anti-avoidance provisions will apply to deny relief where there are mechanisms put in place to limit the risk of the investor in making the investment.

Other Business Tax Measures

- A number of accelerated allowance schemes have been introduced for capital expenditure incurred on the following:
- Gas propelled vehicles and refuelling equipment used for the purposes of carrying on a trade which includes hire to or carriage of members of the public in the ordinary course of a trade.
- Equipment and buildings used by employers for the purposes of providing childcare services or a fitness centre to employees. This relief will be available to all employers, not just trades consisting wholly or mainly of the provision of childcare services or fitness facilities. One condition of the relief is that the facilities provided cannot be accessible or available for use by the general public.

Agri-tax

Stock relief and young farmer stamp duty relief have been extended to 2021. In order to meet anti-State Aid provisions, a life-time cap of €70,000 on the aggregate of certain stamp duty and capital gains tax (CGT) reliefs available to young farmers is being introduced. The Finance Bill also provides that farmers or their spouse / civil partner with off-farm income from a trade or profession can avail of the 5-year income averaging relief.

Details of when Revenue should receive information supporting a claim for farm restructuring relief are also contained in the Finance Bill

Property Related Tax

Interest Deductibility for Landlords Minister Donohoe announced on Budget Day that landlords will receive a 100% Case V deduction against rental income for interest on qualifying loans with effect from 1 January 2019. This accelerates the restoration of the relief by 2 years.

Rent-a-Room Relief

The Finance Bill also confirms Revenue's approach that income from Airbnb lettings does not qualify for rent-a-room relief. This is put beyond doubt as the Bill introduces a minimum rental period of 28 days for the relief to apply from 1 January 2019. This measure will not impact short-term lettings to language students, provision of respite care or five day a week "digs".

Capital Taxes

Transfer of a Site by a Parent to a Child

The existing CGT relief on the transfer of a site by a parent (or both parents simultaneously) to a child to enable the child to build their own home is extended in the Finance Bill to the spouse or civil partner of the child for disposals made on or after 1 January 2019.

Trusts ceasing to be resident in Ireland

Section 579B TCA 1997 imposes a CGT charge where the trustees of a trust become non-Irish resident or ordinarily resident. Following a ruling by the European Court of Justice recently, the Finance Bill amends section 579B to allow trustees to opt to pay tax under the section in instalments over 5 years.

Capital Acquisitions Tax (CAT) Thresholds

As announced on Budget Day, the Group A CAT Threshold which applies to gifts and inheritances from a parent to a child was increased from €310,000 to €320,000 for gift or inheritances taken on or after 10 October 2018.

CAT Dwelling House Exemption

The Dwelling House Exemption relieves a beneficiary of a CAT liability on the inheritance of certain residential property. One of the conditions of this exemption is that the beneficiary does not have a beneficial interest in any other dwelling house at the date of the inheritance. The Finance Bill introduces an anti-avoidance measure to prevent a person who inherits property from claiming the Dwelling House Exemption, by transferring their interest in another dwelling into a discretionary trust.

Time limit for Revenue Enquiries

Revenue can generally make enquiries about a tax return during the four years after the return is received. There are a number of CAT reliefs (e.g. Business Property Relief and Agricultural Relief) which can be clawed back if conditions are not met for a longer period than four years. The Finance Bill allows Revenue to make enquiries during the four-year look back period which starts on the latest date on which all of the conditions for the relief were required to be satisfied.

Surcharge for late filings

The Finance Bill applies a surcharge where discretionary trust tax returns are not filed by the due date which is within the four months of the valuation date.

Payment of Tax following an Appeal

The Finance Bill provides that any additional CAT that is due following the outcome of an appeal before the Appeal Commissioners is due on the original due date of the appealed assessment unless the tax paid before the appeal was made was at least 90% of the tax due. In these cases, the taxpayer has one month after the date of the determination of the appeal to pay the tax due.

Credit for CGT

A credit for CGT paid is allowed against a CAT liability that arises on the same event. However, if the asset is sold within 2 years of the gift or inheritance then the relief is clawed back. The Finance Bill disapplies this clawback where a life assurance policy that must be cashed in and cannot be retained for the required 2-year period (as it is generally cashed in on a death).

VAT

The VAT rate on tourism increases with effect from 1 January 2019 from 9% to 13.5%, except for the provision of sporting facilities and the supply of newspapers and other periodicals.

The 9% VAT rate will also apply to the supply of electronic publications which is defined in the Finance Bill as including the electronic supply of newspapers, periodicals and books.

Overall Comment

The measures introduced in Finance Bill 2017 are broadly positive. However, disappointingly there has been no changes to key areas such CGT Entrepreneur Relief or the additional USC levy for self-employed individuals. It is hoped that measures addressing these areas will be introduced in the near future.

Mairéad Hennesy,
Chartered Tax Advisor and Chartered Accountant,

Mairéad is the owner of Taxkey, a tax consultancy practice that specialises in providing tax advice to other professional advisors as well as SMEs.

The Budget and Finance Bill

A View from the SME Perspective.

by David FitzGerald

This article reflects on aspects of the Budget and Finance Bill insofar as they impact on the SME sector. First, it is necessary to provide the statutory health warning – this article is being written at the end of October and the eventual Finance Act may differ materially from the Bill.

In relation to the Budget context, readers will be aware that the Finance Minister was the beneficiary of a surprise once off windfall of €1 billion literally days before his budget presentation. This arose from a change in accounting treatment for multinationals. We all like positive surprises but readers who have spent many years in business will know that unpleasant surprises can also arise and the ideal situation is not to have any surprises at all.

Thus, the development does put focus on the role of the FDI sector in our economy. The President of CPA Ireland, Cormac Mohan recently drew attention to this by highlighting that ten companies contribute 40% of all corporation tax, which leaves the economy very exposed to the fortunes and location of these organisations. Given the external environment, including the current US administration's ambitions to repatriate tax and business, overreliance on the FDI sector is not ideal for an economy.

The fact that he chose to spend the bulk of the €1 billion windfall to plug the hole in the 2018 (recurring) health budget overrun is a matter for another discussion. One wonders how he will make up the 2019 health overrun.

A further example of imbalanced enterprise policies is the SARP regime. The scheme provides a tax break of up to €50,000 for high paid executives to work on assignment in Ireland, usually for FDI companies. Meanwhile Irish entrepreneurs are taxed at a personal tax of over 50% on withdrawing income over €45,000 from their business.

99% of businesses in Ireland are SMEs and employ around 1.5 million people.

Thus, they play a much more central role in the economy than the FDI sector. The SME sector may wax and wane but generally speaking it is unlikely or unable to up sticks and leave in large numbers.

So, it is essential to nurture the SME sector and to create the climate where risk is rewarded economy. Additionally, it is critical to have an environment where entrepreneurs are valued and where the rules of the game do not disadvantage SMEs relative to other actors in the economy. These issues will be even more critical in the post-Brexit world. Many SMEs will be adversely affected by Brexit and will not have the resources or mobility to deal with it as say, the FDI sector.

So, how did the Budget/Finance Bill measure up against these yardsticks? An objective answer would have to be that it didn't really measure up.

In overall terms, with two exceptions, from the perspective of the SME sector the Budget could be characterised by "nothing to see here, move along". In addition to the two exceptions there are a number of SME tweaks but in reality, the Budget is more remarkable for what is not included, rather than what is. To be fair it was impossible to announce Brexit mitigation measures given that the Brexit negotiations were incomplete.

Of the two key SME measures the first was an announcement by the Minister of a €300 million allocation to a "future growth loan scheme" for SMEs. We await details of this scheme.

The second key measure was the restoration of the 13.5% VAT rate in the hospitality sector (from 9%). This is not good if your business is in the affected sectors but not so bad for others. This was a tricky one politically for the Minister. On the one hand there are areas of the country that are still struggling and for whom this change may have a major negative impact. On the other hand, the sight of full restaurants and hotels (with prices to match) in the main cities made it difficult for the Minister to look the other way (not to talk about the €xxx million to be gained from the measure).

There was some discussion around the possibility of having differential VAT rates for different parts of the country - an impossible aspiration. As many of the badly affected businesses are outside the main urban areas it is likely that other SMEs are struggling in these areas also. So those other SMEs could ask why their sector was excluded from the lower VAT regime. Some imagination or creativity would have been welcome, for example the mitigation of business rates in certain counties which might have a targeted impact. The disappointing feature was that no creativity appears to have been considered.

Some good.............

There are some measures which will benefit the SME sector specifically. The relaxation of the KEEP programme conditions is welcome but only time will tell if they result in an appropriate amount of traction. A further welcome measure is the extension of start-up relief for 3 years up to December 2021.

Addressing the issues around EII and SURE schemes is another welcome development. Bringing clarity to these issues is important.

A further welcome measure is the previously announced proposal to introduce accelerated capital allowances for gas propelled vehicles and employer provided childcare, but this may not in practice benefit many SME employers. For farmers stock relief has been extended for a further 3 years.

Some other measures will benefit the SME sector indirectly. The increase in the standard rate band and the (marginal) reduction in USC will result in some higher take home pay which may be of some assistance to SME owners in addressing pay claims.

Stock relief in the agri-sector has been extended for a further 3 years and restrictions on claiming income averaging have been removed. Again, some good news for the agri SME sector.

.............Some bad.............

It may seem contradictory to list the increase in the Earned Income Tax credit to €1,350 (from €1150) in the "bad" list. Any tax reduction is good news, but the discrimination in the tax code between employed and self-employed persists. When Finance Minister Noonan finally announced in 2015 an end to this discrimination, he also announced that the EIC would be phased in over 3 years. But instead of being fully in place for 2018, it will be at least 2020, when parity is reached, if ever. This, combined with the very arbitrary 3% USC surcharge on self-employed incomes over €100,000 is unjustifiable. It makes one wonder how committed the government is to the SME sector in reality.

A further unwelcome measure is the increase in the National Training Fund Levy by 0.1% in 2019 and in 2020.

.............and the dogs that did not bark.

The budget was disappointing in terms of measures which were not introduced. Among these was the absence of any movement on Entrepreneur Capital Gains tax relief. Applying to qualifying individuals this involves a CGT rate of 10% to the first €1 million of capital gains. The UK, by contrast, has a similar 10% rate but applies to the first £10 million. We are out of step with the UK and in a post Brexit world we need to reduce such differences.

The Capital Gains tax rate of 33% remained. Many submissions were made to retain, if not increase, the rate in order to generate more revenue. Some of these submissions were made by well meaning, if ill informed, campaigning organisations who have an endless list of worthy projects on which to spend taxpayers' money. They failed however to understand the dynamics of the tax system and believe that to raise more revenue, one must raise rates. Sometimes this is true, but they should recall the late Albert Reynolds, who, when he became Finance Minister announced a cut in CGT rate from 40% to 20%. The result? In the year after he cut it the yield from CGT increased by 800%.

Overall SME perspective

Apart from the VAT change there was very little of huge significance for the SME sector in the Finance Bill. It was a cautious, steady as she goes budget. Given the Brexit issues and the possible slowdown in the economy generally this is a pity. A little more imagination wouldn't go adrift.

David FitzGerald
CPA Director of International

In Practice News

Monitoring Fee Cap of Non-Audit Services

The Committee of European Auditing Oversight Bodies (the 'CEAOB'), of which IAASA is a member, has recently adopted guidelines on "Monitoring the fee cap of non-audit services".

The guidelines can be accessed on the CEAOB website which also contains information on its work or directly on the IAASA website. IAASA is an active participant in the CEAOB.

The CEAOB is the framework for co-operation between national audit oversight bodies at EU level.

Its role is to strengthen EU-wide audit oversight, which is a key objective of EU legislation on statutory audit that took effect on 17 June 2016. The CEAOB is composed of representatives of the national audit oversight bodies of the EU and the European Securities and Markets Authority ('ESMA'). Representatives of the national audit authorities of the European Economic Area also participate.

Source: www.iaasa.ie

Auditor Reporting of Key Audit Matters in the European Banking Sector

Audit quality is vital for people to be able to rely on company information and have trust in markets. Communicating key audit matters (KAMs) in the auditor's report is a relatively recent requirement to support the quality of audits. Auditor's reporting of KAMs responds to the growing demand of investors and stakeholders for more transparency and insight in the audit process.

The banking sector is a pillar of EU economic growth and auditors are now producing more informative and insightful reports to contribute to the sector's public trust and stability.

Accountancy Europe's survey provides insights on auditor's reporting on KAMs for more than 60 European banks. It aims to facilitate communication between banks, auditors and stakeholders on this important new requirement. The Auditor reporting of key audit matters in the European banking sector can be accessed on-line at www.accountancyeurope.eu.

Source:
www.accountancyeurope.eu

Buying and Selling a Practice

by Tom Murray

The need to value an accountancy practice can arise for reasons including a sale or merger, the admission or departure of a partner, the incorporation of a sole practice or partnership to a limited company, amongst other reasons.

Combining a sole practice or partnership into a larger accounting practice is commonplace. Advantages include a means for rapid expansion, pooling of overheads, efficiencies of cost, improving the age profile of the partners, accessing new (and hopefully profitable work). Disadvantages, however, are also numerous: relative expense (versus organic growth), loss of independence for partners, failure due to lack of integration or compatibility, loss of key staff members.

The benefits of buying a practice or buying into a practice may be clear; these include the immediate acquisition of goodwill. However, the how-to and how-to-value may be less evident.

Valuation

Valuing a practice is unlikely to be straightforward and is vastly different to that of valuing shares in a limited company. The approach requires the valuer to put a value on the "goodwill", as well as the tangible assets of the practice. Goodwill is widely considered as client loyalty and the likelihood of repeat business built up by way of the reputation of the practice.

A vendor is likely to consider his practice very valuable; the purchaser will not have the same view. The vendor may rely on the value of his or her practice or part thereof in retirement; the purchaser may be restricted by the level that he or she can borrow and repay from partner income when buying or buying in. A balance will be struck between a willing vendor and purchaser which all parties will hope reflects fair value.

Valuing a professional practice is about proving the core maintainable earnings of the business. Methods of valuation include the consideration of gross recurring fees, weighted average maintainable earnings, weighted average gross income, as well as the client profile. An average of the four methods used, plus assets less liabilities will give a solid valuation of the practice.

Under the Gross Recurring Fee method, the value of the goodwill is based on a multiple of its recurring gross fee income and excludes one-off or non-recurring fees. The multiple can vary from 0.75 to 1.25 depending on the quantum and quality of fees.

In general terms, the traditional method based on Weighted Average Maintainable Earnings seeks to determine a capital value for the expected future maintainable earnings of the practice and again a suitable multiple is applied.

The level of adjusted maintainable earnings or profits can be defined as the level of profits the practice can reasonably expect to generate in the future. The valuer will look at the earnings before interest, tax, depreciation and amortisation ("EBITDA") for the past, say 5, financial years and will adjust same to reflect any non-recurring income or expenditure items that would not be borne by the practice if they were acquired by a third party and operated on an arm's length basis. A weighting is usually applied to the maintainable earnings calculated for the past 5 financial years with the largest weighting attributed to the most recent results.

Similarly, to the above method, using the traditional method based on Weighted Average Gross Income, the appropriate weighting is applied to gross income for the last, say 5, financial years. It is generally accepted that a willing buyer would purchase a well-established practice for approximately €0.75 to €1.25 per €1 of the Weighted Average Gross Income.

Finally, the valuer will drill into the client book in an effort to determine the quality and value of same. Taking the Client by Client approach, gross recurring fees are further classified as Audit and Non-Audit clients, annual fee income listed and appropriate factors applied. Non-audit fees may attract a factor from zero to 4, while audit fees may attract a factor from zero to 2.

The profile of each recurring client is also a key consideration for the purchaser who should also have regard to other matters including

client's sector, percentage fee recovery, relationship with staff and location.

Payment

Payment is often spread over 18 to 24 months depending on capacity. This may be the most contentious of terms and should be set out as part of a legal agreement so that all parties know what is to be expected. Payment is usually made in tranches with vendors preferring a larger upfront recovery and purchasers preferring to fund the purchase from cash flow post-acquisition.

Affording a minimum payment period means that the purchaser can quantify the amount of clients who have successfully transferred to the new proprietor. He or she may look to deduct a sum from the final payment to compensate him or her for those clients who did not transfer as expected.

Practical Considerations

There are a number of factors to consider by vendors and purchasers which include:

1. Risk of loss of clients following acquisition:

Is the purchaser going to find that clients for whom he or she has paid will migrate to another firm? What is the clients' perception of the merger? Might an incumbent staff member set up alone bring with him or her a bank of clients?

2. Level of fees:

In the case of a merger, the purchaser should consider the fees charged to existing clients and compare charge-out rates to his or her own. Will existing clients tolerate increased fees? Or will the purchaser continue to apply uneconomic fees?

3. Clawback:

What recourse has the purchaser where clients do not transfer? As stated above, a suitable agreement will include a claw-back clause providing that the purchaser deduct from the last payment, compensation for those clients who did not transfer after, say one year. Vendors are likely to underestimate client fall-off and actual retention will depend on the smoothness of the transition (amongst other factors).

4. Staff profile:

A buyer should consider the cost and length of service of existing staff members and whether they are to be retained. A long-term staff member may well be a liability rather than an asset in terms of future redundancy costs and pension considerations.

5. Integration:

The purchaser should also consider the systems and procedures which are in place, the potentially conflicting styles of the firms, the client relationships and how best to select same going forward.

Conclusion

Both the vendor and the vendee have work to do before entering a transaction. The vendor will prepare the practice for sale, ensuring that information is transparent and available for probing. The buyer will carry out his or her due diligence and attempt to mitigate risk.

The review of existing and formulation of new Partnership Agreements are also key to avoiding the pitfalls of buying a practice and buying into a practice. Legal advice is also required by both parties.

Tom Murray,
CPA

Tom Murray CPA is a partner in Friel Stafford and specialises in Corporate Finance and Corporate Restructuring.

FinTech, Accounting, Audit

...and the future!

by Cillian Leonowicz

In this article, Cillian considers the impact that FinTech and exponential technologies will have for clients, professional services firms, governments and regulators.

Overview

FinTech is an amalgamation of the words "financial" and "technology". It refers to the use of new technologies in the financial services industry to improve operational and customer engagement capabilities by leveraging analytics, data management, digital innovation and in some instances exponential technologies. The area has typically been characterised by small agile start-ups attracting investment funds for the development of new solutions which solve a particular problem or create value for a specific user type or customer segment. The sector is developing at a substantial pace with reports that FinTech funding in 2017 exceeded $31 billion.

In Ireland the FinTech sector is vibrant. The area has received support and attention from Government who state in the IFS 2020 report that "FinTech is now a horizontal sector, affecting most areas of the international financial services industry. It is driving disruptive improvements both within traditional financial service providers and through technology companies promoting new business models. It is evident that what we now call FinTech will become the mainstream of financial services into the future". For this reason, IFS 2020 calls out a "Strategic Priority 3" to "Drive Research, Innovation and Entrepreneurship in the IFS sector, with a particular focus on financial technology and governance, risk and compliance". Government and ecosystem support is driving sector development to the extent that it is reported by the Irish Venture Capital Association (IVCA) that Irish tech firms raised close to €1billion in venture capital in 2017. The IVCA go further to detail that venture capital investment in 2017 was concentrated on software (28pc), life sciences (23pc) and FinTech (18pc), with many innovations underpinned by artificial intelligence (AI) and analytics.

Ireland's Trail Blazers

Ireland's vibrant ecosystem, industry and governmental support, as well as funding, are allowing Irish firms to take their place among the world's leading FinTechs. A point recognised by Silicon Republic who included five Irish firms in their category of "20 of Europe's Hottest Fintech Start-Ups to watch in 2018". The firms are:

Circle – a peer-to-peer payments company allowing for simple transfers, like a text message.

CurrencyFair – a payments company facilitating individuals and businesses to exchange currencies and to send funds to bank accounts worldwide.

Fenergo – a solution provider for financial services firms to support client lifecycle management, anti-money laundering, regulatory compliance and client data management.

TransferMate – offering services to send and receive business payments internationally.

The fifth named Irish firm was Plynk which entered liquidation earlier this summer. It was reported at the time that this was in part due to increasing customer numbers not being achieved. This is a key message and demonstrates just how reliant FinTech's are on the delivery of core capability in line with customer adoption for success.

In addition to our European recognition, Irish firms and diaspora are also attracting global attention. The recent 2018 FinTech100 named Dublin based company Future Finance #37 whilst the Collison Brother's Stripe ranked #15, Circle #40 and Anne Boden's Starling Bank #15.

To what can we attribute our FinTech success? There is no definitive or scientific answer to this question but we can say that there are a number of often cited factors:

1. Financial Services Experience

Domestic banking and activity in the IFSC has given Ireland tremendous exposure to the international banking and fund management industries. This provides us with a pool of people with the knowledge of industry processes and perhaps more importantly pain points, which can be addressed with new FinTech solutions.

2. Technology Experience

In a similar vein to the financial services industry, Ireland and the IDA have managed to attract large global technology firms to our shores. This has provided our market with strong technology resources and more recently digital innovators, from the likes of Facebook and LinkedIn, who can create and market new services and solutions.

3. Diaspora

Our immigrant past has provided us with a global network through which we can spread our message and success stories to financial centres like London, New York, Hong Kong and Singapore. A factor compounded when we consider the Irish diaspora sitting in high places in the world's largest financial institutions in these cities.

4. Geographic Size and Location

As a small island nation, we have a blend of rural and urban population centres and balanced demographics which serve as a good "test market" for new innovation. Moreover, our cities are relatively small allowing people to connect, ideate and create new value within the ecosystem relatively easily.

Accounting and Audit

The proliferation of new capabilities has not been limited to FinTech. Ireland is also seeing development in areas such as regulatory technology "RegTech" and medical technology "MedTech" as well as applications for accounting and audit. The Ireland FinTech Map identifies twelve firms offering services and solutions for accounting and audit. These firms can be broken into two categories:

1. Accounting and Business Management Platforms

This is the largest category with eight of the twelve identified firms in this space. These are:

- **AccountsIQ**
- **Big Red Cloud**
- **Billfaster**
- **Bullet**
- **Surf Accounts**
- **Thesaurus Software**
- **Yendo**
- **PayCheck Plus**

These platforms typically include a number of features including book-keeping, payroll and business dashboards with many deployed in the cloud, meaning there is no requirement for firms to maintain on-premise hardware.

2. Data and Actionable Insights

A number of firms are emerging in the data space. Their aim is to sit on top of solutions and apply their data and analytics engines to mine actionable insights from existing data sets. Firms in this category are:

- **BankHawk Analytics** – insights to reduce a firms banking and payments costs
- **Cash Analytics** – insights for better cash flow and liquidity management
- **Calcfox** – provides an interface to build and publish calculation systems
- **Ezora** – both a data and accounting platform to enhance corporate performance and decision making in the Food and Beverage sector

Overall the above firms are seeking to help their customers automate their processes, create the overviews and insights to manage their business more effectively and provide the tools to improve future forecasting. As Des O'Donohoe, Managing Director at FundRecs, a reconciliation software for the funds industry, states "the Fund Recs Velocity platform automates the Audit reconciliation process as well as file transformation for audit inputs. The user is given the power to both process any file type including PDFs, Swift, XML etc. and to enrich that data. Using the Fund Recs parsing technology this process is seamless. The user is then free to focus on data analytics and auditing the fund rather than manually collating / manipulating data."

Another feature of these solutions is that they typically combine cloud deployment with transparent pricing models making procurement easier as they are usually categorised as operational expenditure rather than capital expenditure, that is if they cost at all. Many of fore mentioned firms employ a "Freemium" model meaning that the base technology and functionality is free with "add on's" such as advanced management dashboards being paid for.

In addition these firms, unlike their larger rivals, have flatter corporate structures and closer proximity to their customers meaning that new features can be developed quickly and rolled out across the customer network at pace. As Noel Carr, Managing Director DIOMAC, a Tralee based ERP provider, states "we firmly believe that we are gaining new business in the face of tough competition with our: truly single solution (Factory and Back Office) that is easy to use, unrivalled traceability of movement of goods and cost build demonstrated in a digital tracing map, and, genuine commitment to understand the customer's business and to implement a solution that resolves their key pain points".

The Future

As time advances technological capability is increasing to the extent that we are currently witnessing the emergence of new "exponential" technologies in parallel to the fourth industrial revolution. These technologies including artificial intelligence, machine learning, augmented and virtual reality, robotics and Blockchain have the ability to fundamentally change the way we conduct industry processes and commerce today, the world of accounting and audit will be no exception.

Artificial intelligence, machine learning and robotic process automation, collectively termed the "cognitive technologies" will be used to do much of the manual data entry, validation and checking that humans do today. More interestingly, patterns in behaviours and activities will be assessed by artificial intelligence and machine learning algorithms allowing for the identification of anomalies as well as improvement points. This will provide auditors with higher quality data leading to higher quality audits while the client C-suite will be provided with actionable insights like never before.

Perhaps of more impact to auditors is Blockchain technology. In its simplest form, a Blockchain can be considered to be a distributed ledger which contains the relevant details for every transaction that has ever been processed on the chain. The validity and authenticity of each transaction is governed by a consensus mechanism and protected by digital signatures (cryptography). By design, Blockchain's are inherently resistant to modification of any stored data. Blockchain is effectively immutable. Moreover, Blockchain can be used as a source of verification for reported transactions. An example might be where, instead of asking clients for bank statements or sending confirmation requests to third parties, auditors can easily verify the transactions on publically available Blockchain ledgers such as blockchain.info or blockexplorer.com.

Discussing such capability Sandro Psaila, Deloitte Malta states that "the automation of this verification process will drive cost efficiencies in the audit environment. The days of sample based substantive testing will soon be challenged, as auditors will resort to Blockchain technology to test the whole population of transactions within the period under observation. This extensive coverage will drastically improve the level of assurance gained in affected audit engagements".

Meanwhile Deloitte Germany published a paper "Blockchain Technology: A Game Changer in Accounting" in which it envisages that "at the end of the Blockchain road, fully automated audits may be a reality. The assessment of financial statement assertions such as existence, occurrence, accuracy and completeness of information, are amongst the prime candidates for audit automation as well as potential benefits from a timing perspective".

Successful adoption of Blockchain will also be highly dependent on the security of the underlying environment. In order to be in a position to provide the necessary level of assurance, the Audit processes need to shift further towards the assessment of operating effectiveness of the internal IT controls. As Sandro Psaila goes on to state;" In adherence with the requirements driven by the International Standards on Auditing (ISAs), auditors are required to understand the specific risks to an entity's financial statements arising from IT, and how the entity is responding to these risks through implementation of IT controls. With the rising adoption of Blockchain technology, auditors will need to raise the bar by providing increasingly complex assurance services in more agile business environments".

Preparing for the Future

Without the benefit of a crystal ball it remains unclear as to the exact impact that FinTech and exponential technologies will have for clients, professional services firms, governments and regulators. What is clear is that new technologies are being adopted, firms are being established to take advantage of their capabilities and to solve industry pain points. These enhancements in data management and actionable insights, operational efficiency and the reduction (or elimination) of manual processing will alter the role of the auditor pushing their focus further up the value chain. With this a different professional audit mind-set and additional expertise will be required to satisfy the expectations of stakeholders and business owners in this new world. The message is clear: remain agile, flexible and embrace new technologies, like the FinTech's, after all it is our evolution and our ability to adapt to change that will ensure our relevance into the future.

Cillian Leonowicz,

Head of Business Development, EMEA Blockchain Lab, Director and Consultant in Deloitte.

Communication and Connection in the Digital Age

by Mark Delany

Mark considers how digital technology not only influences but shapes the way we communicate with one another, as well as how we do business.

People now spend a full 24 hours per week online, that's according to the UK communications regulator, Ofcom. Perhaps an unsurprising figure on the surface, but then consider that across your lifetime, it means you will spend one fifth of all your waking time conducting your affairs via some form of digital proxy. Depending on your world view, that idea might delight, excite or terrify you. Regardless, there is little doubt that digital technology will continue to not only influence but shape the way we communicate with one another, as well as how we do business.

The pace of technological change is impossible to keep up with and often occurs at such a staggering speed that it is only when we step back and assess what has happened that we truly understand its significance. One example of this is that for most in the Western world, the phone has been our primary communications device for well over half a century. During the last ten years however, its basic utility has changed. Phones used to be for making calls. Now they are for countless other things, in fact Ofcom's equivalent here in Ireland, Comreg, has in recent years, consistently reported declines in the amount of time we spend making voice calls. Conversely, the volume of data our mobiles are consuming, to upload and download information, is growing exponentially, quadrupling in the last 4 years alone.

So, if we are calling less and emailing or even instant messaging more, what does that mean for how we do business?

Time is precious. Make every moment count

Firstly, we know that scarcity is a driver of demand. If the amount of time we are spending in direct contact with one another is decreasing, then surely the value of this time increases? We are social beings after all and crave contact and interaction with one another. Understanding this makes it easy to see why practitioners are increasingly looking to develop their softer skills such as presentation or negotiation techniques or developing a personal brand. Investing in these areas can help drive real competitive advantage, maximising personal impact at the times that it matters most.

It's good to talk

Successful enterprises are built on strong relationships with clients and partners, the culmination of trust which has often been painstakingly developed over time. How we communicate, regardless of the medium we choose to use, determines the level of connection we are able to achieve, and this is an area where the shift from voice to type, has the potential to see us come undone.

Research shows that about 10% of the way in which one person interprets what another person is saying is based on how that person receives verbal communication, our words. That means that

90% of what we intend to say is completely absent when we send an email, text or instant message.

This is fine when sharing concise, specific information but limiting once we want to say anything more complex, let alone lay the foundations for a lasting relationship.

These findings emphasise the importance of getting out and speaking to our contacts in person, a behaviour which perhaps does not come as naturally to those too young to recall British Telecom's advertising slogan in the 90's "It's good to talk". Communication is behavioural, but employees will only model actions they see their leaders putting into practice. Taking the time to explain best practice in communication as well as regular encouragement can help foster cultural change.

Once we know what we are doing, we can finetune what we say, when we say and even how we say it. But none of that matters if we do not anticipate how our message will be received.

Know your audience

Think about the number of emails you receive every day, the number of conversations you have, the news stories you hear about on the radio or on TV or read about online, the show you are watching on Netflix. It is difficult to measure exactly how many pieces of information we have to absorb each day; but knowing our audience means considering the impact of what we say from their perspective. In this instance, I mean specifically in the context of the amount of clutter they have to sort through. It is difficult to measure the emails, conversations and news stories but one thing we can use as a gauge is advertising (another realm that competes for our attention) and that in itself paints quite the picture.

The growth of digital media, in particular social media, along with the proliferation of devices such as smartphones has led to a threefold increase in the number of ads we are exposed to.

Between 2007 and 2017, the average Irish adult went from seeing 120 to 370 ads, per day.

Now layer on top of that your emails, conversations, news stories and TV programmes and you quickly appreciate why our brains might struggle to cope. In fact, research conducted by Mediaworks on this topic shows that this information overload is having an impact on our attention spans, with a decrease from 12 to 8 seconds being seen over the past decade. 10 years of technological advancement has undone what could have potentially been centuries of human evolution.

As a result, our brains do what they do best and adapt or in this case take shortcuts. In order to sort through the volume of messages and quickly filter out the clutter, they make decisions for us – in milliseconds – effectively based on whether they like or dislike what they are being told. We all do this and if you are looking for proof, there is a simple experiment you can carry out to measure the impact a first impression makes on you. Assuming you had never heard of the person you are meeting before, on a scale of 1-10 what was your likelihood of doing business with them before you set eyes on them and what was it after you had spoken to them for 1 minute? You can discreetly make a note of this.

Knowing this is only useful if we can do something about it so the next time you are meeting a client, partner or prospect and you have something important to say, make it about them, not you. Do not tell them what you want to say, think about what they are going to want to hear. Practice what you are going to say and hear it from their perspective. Better still, get a colleague to role play the conversation with you.

There is no sign of stopping

What is clear to me is that we need to continue to treat technology with both curiosity and caution. Trusting technology to take over many of our basic daily tasks such as banking or shopping makes sense. When it comes to how we communicate and socialise with one another, delegating this aspect of ourselves to computers is a bad idea, not because the intentions of machines are sinister but because, as human beings, we will continue to seek meaningful human interaction and connection.

Mark Delany,

Mark is a Director with Mediaworks, a part of Core, Ireland's largest marketing communications group.

Institute News

Purpose

To be the go-to accountancy brand offering open access and support for ambitious students whilst encouraging the development of existing members and empowering them to continue their careers at the highest possible standards.

Mission

Provide internationally recognised qualfications, enabling members to grow their career through valuable education and employment.

Offer a warm, human service through regular communication and support networks, for potential students through to experienced members.

Promote innovation in new products and programmes that demonstrate to employers our commitment to constantly evolving our offering to align with the high standards of the professional world.

Vision

To be recognised as a highly respected, premium accountancy brand with a global reach.

To be at the forefront of the accountancy profession in Ireland, attracting the brightest talent to join CPA.

To be seen as a game changer, pioneering new services with a wider suite of qualfications.

CPA Ireland Launches New Brand & Website

Brand – A New Identity

It is part of the remit of CPA Ireland as an accountancy body to attract new generation students to the accountancy profession. This new contemporary brand will positively differentiate CPA Ireland in the market place and will be attractive to next generation students to underpin growth in CPA Ireland and the profession.

The new brand is informed by research which was conducted amongst members, students, employers, prospective students and other stakeholders. The strengths identified during the process were that CPA Ireland and its members and students are flexible, supportive and accessible, brand strengths which we will build on in the future.

The conjoined sections of the new logo represent an ever developing pathway that provides members and students with the best tools, supports and services for their career journeys.

Full details on the CPA Ireland mission, vision and purpose can be found at www.cpaireland.ie/About-CPA/CPA-Brand

New Website

The new CPA Ireland website is built on the latest technology and will be the primary information portal for members, students and prospective students. Through research with members and students, it was identified that the resources contained on the website including technical, business and study supports were deemed extremely valuable and these areas have all been enhanced on the new website.

The brand theme 'Go anywhere with CPA Ireland' is represented by highlighting the flexible pathways and career opportunities that are on offer with a CPA membership.

A new online registration process will make the process of registering as a student with CPA Ireland a simple one and can be completed in less than ten minutes.

Full details on how to register as a student can be found at www.cpaireland.ie/become-a-student/Registration

The ease with which members can complete their CPD hours with CPA Ireland has been improved with the introduction of the CPD choices section under your My CPA profile on the new website. This addition enables members to choose which CPD courses they wish to be contacted about which will both reduce the number of emails members will receive and provide a more personalised and efficient CPD selection process.

To view the new CPA Ireland website visit www.cpaireland.ie

Our Values

Credible
Forward thinking
Assured
Open

Our Tone of Voice

Supportive
Aspirational
Confident
Knowledgeable

CPA Ireland Partnering with 12 Third Level Colleges on FastTrack Programme

Ireland will experience a growing shortage of professional accountants if there is not a dramatic overhaul of the education and training required to enter the profession. This warning was issued by CPA Ireland, who say that the pipeline of new students is not keeping up with demand, and who have today announced an innovative new FastTrack programme across 12 different third level Institutions.

Cormac Mohan, President CPA Ireland, outlined CPA FastTrack, the Institute's latest innovation in the training of new accountants.

"Currently students who want to qualify as accountants are required to undertake three years of on-the-job training. Now for the first time in Ireland students who complete accredited work experience or internships as part of their degrees can count this towards the CPA training requirement."

CPA FastTrack is available at Athlone IT; IT Carlow; Cork IT; Dublin IT; Dundalk IT; Maynooth University; National College of Ireland; University College Cork; University of Limerick; Waterford IT; IT Tralee and Trinity College Dublin.

For students, colleges and employers who wish to find out more about this new initiative, please contact CPA Ireland on 01 425 1000 or visit the dedicated CPA Ireland FastTrack website page -

www.cpaireland.ie/study-cpa/entry-routes/cpa-fasttrack

Response to Budget 2019

CPA Ireland has broadly welcomed Budget 2019 which it described as 'both pro-SME and pro-entrepreneurship'.

The changes to the tax treatment of the self-employed was highlighted as particularly welcome which they say will encourage entrepreneurship and job creation.

Commenting on the budget CPA Ireland President Cormac Mohan said: "There are challenges forming on Ireland's economic horizon, with Brexit chief among them. Budget 2019 contains a series of positive measures that will empower indigenous SMEs to combat these challenges.

Mr Mohan closed by expressing his disappointment that "changes to CGT Entrepreneur relief were not announced. With Brexit less than six months away we need to create parity with the UK to enhance Ireland's attractiveness to entrepreneurs to ensure indigenous companies develop beyond start-up phase. The introduction of a tapered CGT rate reflecting the length of time the individual has held shares would encourage longer-term commitment to and scaling of Irish indigenous business."

CPA Ireland President's Dinner 2018

The CPA Ireland President's Dinner took place on 12th September 2018 in Trinity College Dublin. It was a well-attended and highly successful evening.

Guest speaker Cormac Lucey (Finance Lecturer, Economic Columnist with the Sunday Times and Chairman of the Hibernia Forum) provided some interesting insights.

Pictured at the CPA Ireland Annual President's Dinner, Cormac Mohan, CPA Ireland President and Cormac Lucey, Finance Lecturer, Economic Columnist - Sunday Times and Chairman of the Hibernia Forum.

CPA Ireland Lobbying Activities

As an accountancy body, CPA Ireland is committed to supporting its members and wider stakeholders by lobbying with Government on topics such as promoting the profession and on matters that will ease the burden on accountants doing business in Ireland.

The following outlines the activities that took place and were recently filed with the register of Lobbying which is maintained by the Standards in Public Office Commission (Standards Commission).

Company (Statutory Audits) Bill

CPA Ireland has welcomed the passing of amendments to the Companies (Statutory Audits) Bill 2017 which it says will benefit small to medium sized businesses. CPA Ireland had been strongly opposed to proposals which would have required small companies to apply to the High Court for an Audit Exemption if they missed the deadline for filing annual returns with the CRO.

A lobbying campaign carried out in 2018 which actively encouraged members to lobby to their public representatives on Section 343 of the Companies Act 2017 has been successful in its activities on the Company (Statutory) Audits Bill 2017 resulting in the retention of the right to apply to extend late filing in the District Court.

Leaving Certificate Accountancy Syllabus

CPA Ireland has lobbied and called for the urgent updating of the Leaving certificate accountancy syllabus. Following a review of the current syllabus which was last updated in 1996 and recent accounting examination which took place on June 18th, CPA Ireland feel that it is no fit for purpose and not a representative view of today's accountant.

The syllabus needs to be modernised so that there is a syllabus at second level that shows the breadth of career options in Accountancy. This aligns to the Government's Skills Strategy 2025 and in turn implementing a revised syllabus will assist in supporting Ireland's competitiveness.

CPA Ireland Membership Changes:

Resignations:

006839 Donal Joseph Ring 31/08/2018

001679 Martin T. Kavanagh 03/10/2018

016015 Barry Kelleher 04/10/2018

024092 Foo Sek Woei 09/10/2018

012353 Linda Barry 10/10/2018

Removals:

006185 Maeve Berkery 14/09/2018

004020 Kieran Denis Edwards 14/09/2018

005578 Ibrahim Abdul Malik Mohammad 14/09/2018

003438 Theresa M Keady 14/09/2018

002085 Richard J. Tuke 14/09/2018

007918 Yvonne Ryan 14/09/2018

000410 Leo Finlay 14/09/2018

006708 Lateef Bello 14/09/2018

003478 Martin Byrne 14/09/2018

017019 Fanuel Sibanda 14/09/2018

001372 Kathryn Allen 14/09/2018

011628 Ailish Ryan 14/09/2018

006502 Deirdre Sherlock 14/09/2018

001108 Paula O'Reilly 14/09/2018

003401 Maura McPhillips 14/09/2018

003532 Alan P Byrne 14/09/2018

003009 Eamon Nyhan 14/09/2018

018223 Keerthy Varikkumancheri Mana 14/09/2018

019122 Mian Shah Faisal 14/09/2018

001387 Paschal Bergin 14/09/2018

006939 Noreen Angland 14/09/2018

Deaths:

002029 Thomas Rocke November 2016
(only received notification 23rd September just gone)

004634 Ciarán Walsh 25th September 2018

001402 Austin Bradley Received letter 8th October 2018

International News

World Congress of Accountants 2018 – Sydney, Australia

The World Congress of Accountants (WCOA) has a history dating back to 1904 and has been held every four years since 2002. Conducted under the auspices of the International Federation of Accountants IFAC), WCOA is the peak event for the accounting profession at a global level, attracting more than 6,000 delegates from 130 countries.

CPA Ireland was in attendance at WCOA 2018 and has brought back learnings from key industry experts on a diverse range of topics including Governance, Audit, Generation Next – Attracting New talent, Diversity in Leadership, Global Risks & Future Shocks, Artificial Intelligence and the future economy.

WCOA 2018 ignited new business opportunities through thought leadership, defining of best practice, anticipating risks, rethinking business models and turning ideas into solutions.WCOA 2018 focussed on three distinct themes, "Purpose, Best Practice & Future".

Purpose

The Keynote speaker on "Purpose", Economic Historian, Niall Ferguson, delivered a session that analysed international economic policies and the likelihood of another global financial crisis (GFC) concluding that the odds were high for another GFC. Delegates had the opportunity to learn about new opportunities in Ethics in changing times, the impact of the trust economy on global finance, how to build credibility and trust and the changing role of the accountant and how they can influence small business client behaviour.

Best Practice

Day 3 of the congress focussed on "Best Practice" with Artificial Intelligence and Blockchain featuring heavily throughout the day together with a leading edge session on how governance is a team activity, Board and Executive, from Dr Robert Kay and moderated by Gail McEvoy, CPA Ireland Past President and IFAC Board member Sir Ken Robinson spoke to over 5,000 accountants about creativity and innovation and reminded the audience that creativity wasn't about being artistic "The fact is creativity is a function of intelligence. Some of the most creative people I know are mathematicians, scientists...... you can be creative at anything at all".

Future

The final day of the congress looked to the future for accountants addressing the need to understand 'Generation Next' and how to attract them to your business. The day also focussed on the effect technology will have on audit, the growth of Fintech, protecting your organisation against cybercrime and new ways of working in the digital future. The afternoon featured a high-profile speaker panel moderated by experienced Australian journalist, Tony Jones, who interviewed former Secretary General, Ban Ki-Moon before welcoming panellists, Yanis Varoufakis, former Greek Finance Minister, Alison Martin, Group Chief Risk Officer for Zurich Insurance Group and 'friendly hacker', Keren Elazari. The panel discussed a wide range of topics affecting accountancy globally including cyber warfare, climate change, the irrelevance of crypto currency, Brexit and the benefits of being a global citizen. "Everyone here needs to make their community leaders accountable. You're all accountants; you need to make them accountable", Ban Ki-moon.

As President Cormac Mohan represented CPA Ireland, meeting with key influencers in the accounting world including, President of IFAC, In-Ki Joo and the leaders in peer professional bodies such as CPA Australia, CPA Canada, ICA India, ICA Sri Lanka, ICA Bangladesh, OCAM Mozambique, ANAN Nigeria. The incredible exhibition area at WCOA 2018 provided an opportunity for the CPA Ireland team to gain insights into how other professional bodies are supporting members and how technology is changing the nature of work and adding value to what accountants do. The key message from WCOA 2018 is that the profession must embrace technology and add value to business through exploiting our human dimension, if we do, the future is bright for accountancy.

Pictured L – R: Terry Le Blanc, Chairman, CPA Canada with Cormac Mohan, President, CPA Ireland.

Pictured L – R: Cormac Mohan, President, CPA Ireland with In-Ki Joo, President, IFAC.

Pictured L – R: CA. Mudit Vashishtha, Secretary, International Affairs Committee, ICA India; Eamonn Siggins, CEO, CPA Ireland; Cormac Mohan President, CPA Ireland; CA. M Devaraja Reddy, Past President, ICA India.

Pictured L – R: Patricia O'Neill, Director, CPA Ireland, Andrew Conway, CEO, CPA Australia, Eamonn Siggins, CEO, CPA Ireland, Peter Wilson, President, CPA Australia, Cormac Mohan, President, CPA Ireland, Cait Carmody, Director, CPA Ireland.

ANAN Conference

In October 2018, Eamonn Siggins, CEO, CPA Ireland launched the new study materials for the National College of Accountancy Nigeria with Alta Prinsloo from IFAC at the ANAN Conference in Abuja. The launch marked the completion of a capacity building project supported by IFAC and DFID UK, in which CPA Ireland enhanced the syllabus content, education delivery and examinations at the National College of Accountancy, Nigeria. The ANAN Conference in Abuja was attended by 4,000 delegates.

Pictured L – R: Alta Prinsloo, Executive Director, Quality & Development, IFAC; Eamonn Siggins, CEO, CPA Ireland;

Edinburgh Group, Sydney

Eamonn Siggins, the Chief Executive of CPA Ireland, has been re-elected as Chairman of the Edinburgh Group. His election was confirmed at a meeting in Sydney, Australia and Eamonn has taken up a second and final two-year term to November 2020.

The Edinburgh Group is a coalition of 16 accountancy bodies from across the world, representing over 900,000 professional accountants in countries from Africa, North America, Asia, Australia, Europe and Latin America. Formed in 2000, the mission of the Edinburgh Group is to ensure that the development of the international accountancy profession meets the needs of its diverse stakeholders, reflecting progress in the global economy and society at large.

To do this, the Edinburgh Group champions the interests of SMEs/SMPs, professional accountants in business and developing nations in particular within IFAC (International Federation of Accountants).

Pictured L – R: Eamonn Siggins, CEO, CPA Ireland; Prof In-Ki Joo, IFAC President and Alan Johnson, Deputy President, IFAC

CPA Ireland and the Institute of Chartered Accountants India renew Mutual Recognition Agreement

CPA Ireland and the Institute of Chartered Accountants India (ICA India), entered into a mutual recognition agreement (MRA) in October 2010 and this agreement was renewed again on October 5th, 2018 at CPA Ireland headquarters in Dublin.

The agreement offers qualified members of each body the opportunity to become a member of the other body, and to enjoy the benefits that each organisation offers.

With over 300,000 members and 900,000 students, the Institute of Chartered Accountants India has members living and working around the world, including Ireland. They also have a global reach with MRAs with the South African Institute of Chartered Accountants, The Canadian Institute of Chartered Accountants and CPA Australia, to name but a few.

Pictured L – R: Eamonn Siggins, CEO, CPA Ireland; Cormac Mohan President, CPA Ireland; CA. Naveen N.D. Gupta, President of ICAI India and CA. S.B. Zaware, Central Council Member ICA India.

CPD News

Tax Conferences 2019

Save the Date!

Dublin 7 March 2019
Cork 14 March 2019

For tax practitioners, the nature of work continues to change. From PAYE Modernisation to a refresher of the 2017 Finance Act for 2018 accounts, the CPA Tax conferences are events not to be missed. Book the date in to your diary now and get ready to connect and learn with your fellow practitioners!

Practice Matters Conferences 2019

Save the Date!

Dublin 5 / 6 April 2019
Cork 12 / 13 April 2019

In 2019, the Practice Matters Conferences will cover a range of topics from audit automation to company secretarial updates selected by CPA members through the annual Training Needs Analysis Survey.

CPD Wrap Ups December 2018

Dublin	12 / 13 December 2018 – Clayton Hotel, Liffey Valley
Cork	12 / 13 December 2018 – Clayton Silver Springs Hotel

As the year end approaches why not complete your structured CPD requirements by attending this practical CPD event. Attendance at this one stop shop is a must for the professional CPA accountant. These two-day events will provide you with the necessary professional updates required to stay up-to-date on your core topics easing your CPD return.

The event will provide some of the key tax, accounting and legal issues affecting the accountant both in practice and in industry. Accountants don't just deal with numbers and spread sheets. The role of an accountant often calls for managing teams, interacting with customers and colleagues to name just two. The addition of some non-technical skills will enhance your broad business knowledge providing you with the know how to lead and communicate with your team effectively.

Further details available on the website at www.cpaireland.ie/cpd

Industry Matters Conference

This year's Industry Matters conference, "Gearing up for Growth" took place on 12/13 October in Dublin and on 19/20 October in Cork.

The conference offered CPA accountants working in industry, the opportunity to hear from and engage with top business leaders.

Upcoming Events 2018

Location	Dates	Title	Members Price	Non-Members Price	CPD Credit	Start Time	Finish Time
Dublin	06 December 2018	Advising Beyond Numbers	€195.00	€225.00	8 hours	9.30am	5pm
Dublin & Livestreaming	10 December 2018	Law & Regulation Day	€225.00	€275.00	8 hours	9.30am	5pm
Dublin	11 December 2018	Pensions	€95.00	€125.00	3 hours	2pm	5pm
Webinar	11 December 2018	Anti-Money Laundering Webinar	€29.00	€35.00	1 hour	1pm	2pm
Dublin	12 December 2018	CPD Wrap Up 2018 - Day 1 Only	€190.00	€240.00	8 hours	9.30am	5pm
Cork	12 December 2018	CPD Wrap Up 2018 - Day 1 Only	€190.00	€240.00	8 hours	9.30am	5pm
Dublin	12 December 2018	CPD Wrap Up 2018	€340.00	€390.00	8 hours	9.30am	5pm
Cork	12 December 2018	CPD Wrap Up 2018	€340.00	€390.00	8 hours	9.30am	5pm
Webinar	12 December 2018	eBriefing - 4	€29.00	€36.00	1 hour	1pm	2pm
Dublin	13 December 2018	CPD Wrap Up 2018 - Day 2 Only	€190.00	€240.00	8 hours	9.30am	5pm
Cork	13 December 2018	CPD Wrap Up 2018 - Day 2 Only	€190.00	€240.00	8 hours	9.30am	5pm
Webinar	14 December 2018	Audit Webinar 4 - Winter Series	€29.00	€36.00	1 hour	1pm	2pm
Dublin & Livestreaming	17 December 2018	Annual Audit Update	€225.00	€275.00	8 hours	9.30am	5pm
Webinar	18 December 2018	Year End Review	€0.00	€36.00	1 hour	1pm	1pm

Online Courses Special Offer!

CPA Ireland strive to bring you a wide range of CPD opportunities and offers.

This month we have teamed up with accountingcpd.net to bring you an amazing offer to help you get the CPD you need.

From 19th December, for a limited time, you can receive €100 off when you purchase any five courses.

With each course covering 4 hours CPD this is a flexible and efficient way to complete your CPD.

For further information visit www.accountingcpd.net

Leadership
- Developing Strategies for Success

CPA Ireland's new Leadership Programme helps you to identify and build on your own personal leadership strengths. Developed in conjunction with CPA Ireland Skillnet and Bob Semple, the programme generates meaningful and tangible value for you and your organisation.

Over the course of the programme, you will work with our experienced trainers develop your own unique leadership personality.

You will learn how to refine your skills and develop an authentic leadership style that your team will best respond to.

Commencing on the 10th December 2018, the programme is delivered over 5 full-day sessions (including one experiential session) over a four-month period.

Book your place now by contacting Róisín at rmcentee@cpaireland.ie

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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).

Diploma in Governance for the Charitable Sector

Cost: €650

CPD Credit: 21 hrs

Lecturer: Various

Assessment Details: Optional Assignment

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.

Online course in FRS 102

Cost: €400

CPD Credit: 15 hrs

Lecturer: Robert Kirk

Assessment Details: NA

Further information click here.

Student News

Exam Registration

The Formation 1 computer-based exams are scheduled in December and May each year. These exams are scheduled as follows:

Griffith College Cork

Thursday 6 December 2018

Thursday 13 December 2018

Griffith College Dublin

Monday 17 December 2018

Tuesday 18 December 2018

Students should apply directly to Griffith College in order to sit the computer based examinations at this sitting. Information about the registration process can be found on the Griffith College website. (www.griffith.ie)
Exam registration for the Formation 2, Professional 1 and Professional 2 April 2019 examinations will open in late January. Students can apply for the relevant examinations directly online via their MY CPA profile. The exam registration process will remain open until 1 March 2019.

Online Resources

Students are reminded that there is a wealth of online study support resources available on the CPA website. These include webinars, articles, past exam papers with solutions as well as the current syllabus. New online content will be available in the coming months. This content is reviewed to ensure that it remains relevant for students preparing for exams in 2019.

CPA Ireland Annual Educators Conference

This year's Annual CPA Ireland Educators' Conference took place on Saturday 6 October 2018. Representatives from the Education and Training Department, Examiners, Moderators and delegates from StudyOnline, Griffith College, Cork Institute of Technology and Dublin Institute of Technology attended the conference.

These conferences are an important part of the interaction between the Institute, examiners and educators. The main aim was to achieve a closer alignment between the education and examination processes by focusing on three aspects:

- Syllabus definition
- Examining style
- Education and support

The conference was very successful. The Institute would like to thank all delegates who attended.

Training Records

Students are required to submit a Training Record to the Institute on an annual basis. The training records must be signed off by a qualified accountant. Training Records for the 2018 calendar year are due to be submitted to the Institute by 31 January 2019.

Please ensure that your relevant supervised training is expressed in weeks (approx. 48 weeks per year). Students must read carefully, understand and comply with the instructions on pages 1 to 5 of the record. Please access www.cpaireland.ie for further information on training requirements – you will find some helpful FAQs and other resources here which will aid you in completing this important document. Should you have any questions, please do not hesitate to contact Réidín at training@cpaireland.ie

CPA will be introducing a new online training record system in 2019. Students are encouraged submit any outstanding training records (up to the end of 2018) before the paper based system is withdrawn.

Newly Qualified Members

Congratulations to all our newly admitted CPA Ireland members who were conferred in early December. We wish you every success in your future career as a CPA.

The March 2019 edition of Accountancy Plus will include a special feature on the conferring ceremony – don't forget to review the CPA Facebook and Twitter accounts also!

Publication Notices

Disciplinary Tribunal

Ref.: Invest/01/18

On 27th August 2018, a Disciplinary Tribunal found the following charges of misconduct proven against a Member Firm: -

That the Firm failed to comply with a hot file review condition imposed in April 2017 in accordance with bye law 7.16.3 by not obtaining a hot file review for a number of clients during the period April 2017 to March 2018.

The Tribunal ordered that the Firm: -

1. Be Reprimanded;
2. Be Fined €4,000 (payable by 31/12/2018).
3. Pay €5,742 towards the Institutes' costs in this matter (payable by 31/12/2018)

And that these findings and orders be published without reference to the Member Firm by name.

Ref.: Invest/10/17*

On 7th June 2018, a Disciplinary Tribunal found the following charges of misconduct proven against a Member, Mr. John G. O'Riordan, 10 Douglas West, Douglas, Cork: -

1. That he failed to comply with Orders of a Disciplinary Tribunal made on 18 November 2015 to provide reports to the Secretary on 1 February 2017, and 1 August 2017 in breach of bye law 6.5.1 (c) and
2. That he failed to respond to correspondence from the Secretary – bye law 6.5.1. (h).

The Tribunal ordered that Mr. O'Riordan:

1. Be severely reprimanded;
2. Contribute €2,250 towards the Institutes' costs in this case

The Tribunal also ordered that Mr. O'Riordan comply with a review by the Institute in January 2020 of compliance with all Orders of the Disciplinary Tribunal and that the findings and Order in this case be published with reference to Mr. O'Riordan by name.

Ref.: Invest/21/17**

On 7th June 2018, a Disciplinary Tribunal found the following charges of misconduct proven against

a Member, Mr. John G. O'Riordan, 10 Douglas West, Douglas, Cork: -

1. That by failing to discharge a judgement debt of €33,544 he engaged in conduct, in the context of an insolvency event which gives rise to disciplinary action in accordance with bye law 6.5.1 (c); and
2. That he failed to co-operate by failing to respond to correspondence from the Secretary – bye law 6.5.1 (h)

The Tribunal ordered that Mr. O'Riordan:

1. Be severely reprimanded;
2. Contribute €2,250 towards the Institutes' costs in this case

The Tribunal also ordered that Mr. O'Riordan comply with a review by the Institute in January 2020 of compliance with all Orders of the Disciplinary Tribunal and that the findings and Order in this case be published with reference to Mr. O'Riordan by name.

Ref.: Invest/23/17*

On 7th June 2018, a Disciplinary Tribunal found the following charge of misconduct proven against a Member, Mr. John G. O'Riordan, 10 Douglas West, Douglas, Cork: -

That the Member failed to facilitate a Quality Assurance Review as ordered by a Disciplinary Tribunal on 27 June 2016 and upheld by an Appeal Tribunal on 24 October 2016.

The Tribunal ordered that Mr. O'Riordan:

1. Be severely reprimanded;
2. Contribute €2,250 towards the Institutes' costs in this case

The Tribunal also ordered that Mr. O'Riordan comply with a review by the Institute in January 2020 of compliance with all Orders of the Disciplinary Tribunal and that the findings and Order in this case be published with reference to Mr. O'Riordan by name.

Resignation from Membership during Disciplinary Process.

Ref.: Invest/07/18

The following Member resigned from Membership on 31 August 2018 following commencement of the complaints process in accordance with bye laws on discipline: -

Mr. Donal Ring.
Donegan & Associates,
Brighton House,
115-119 Lower Rathmines Road,
Dublin 6.

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.