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CFO Annual seminar

16 November 2016

Conrad Hotel

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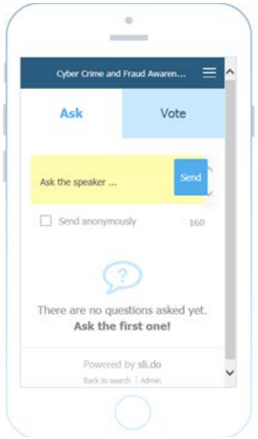

CFO annual seminar

16 November 2016

Olivia Regan
Director, Financial Accounting
and Advisory Services

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Practical implications of FRS 100 - 105

New framework - updates

FRS 105

- financial reporting standard applicable to entities applying the micro entities regime.
- micro entity:
  - ≤ 10 employees
  - balance sheet ≤ €350,000
  - turnover ≤ €700,000
  - cannot be a subsidiary or a holding company
  - only required to prepare a balance sheet and P&L (no other primary statements)
  - no assets can be measured at fair value or revalued amounts
  - no deferred tax or equity-settled share based payments recognised
- will be available for use on the companies bill gets enacted into Irish law

FRSSE

- withdrawn with effect from January 2016
- to be replaced by FRS 102 Section 1A or FRS 105
- section 1A yet to be enacted into Irish law

FRS 102 practical implications
Business combinations

Area	Practical implications
Goodwill/intangible assets/amortisation	• more identifiable assets recognised in a business combination • complications/costs involved in valuing “identifiable intangible assets” • difficulty in justifying the useful life of goodwill where previously default position of 20 years used • if a reliable estimate of the useful life is not available companies must now amortise over a maximum period of ten years. Could have an impact on group results if goodwill is material

FRS 102 practical implications
Business combinations

Area	Practical implications
Contingent consideration	• probability test required under FRS 102 (more likely than not) • difficulty in measuring reliably
Deferred tax	• potentially additional deferred tax consideration for other intangible assets where tax base differs to accounting base • deferred tax in this situation recognised against goodwill (not P&L).

FRS 102 practical implications
Tangible fixed assets

Area	Practical implications
Residual values	• to be monitored on a regular basis to ensure the values are up to date
Revaluation model	• revaluations may be required more frequently to ensure the carrying value does not differ materially from the fair value at each reporting date (standard less prescriptive)

FRS 102 practical implications
Investment property

Area	Practical implications
Investment property	• fair value movements must now be recognised in profit or loss. • the gains are not realised and therefore not considered distributable - therefore entities must keep track of them and consider them when making a distribution • recognition of deferred tax required on gains in existence on transition date and subsequent gains • for companies within a group, issues arising where one company renting to another which is no longer exempt

FRS 102 practical implications

Intangible assets

Area	Practical implications
Software development costs	• must be classified as intangible assets which may prove challenging when trying to establish the value to be allocated to such assets if previously included within tangible fixed assets
Development expenditure	• more stringent criteria resulting in difficulty in demonstrating future benefits expected in order to be able to capitalise such costs

FRS 102 practical implications

Impairments

Area	Practical implications
Goodwill and intangibles	• goodwill/Intangible assets amortised > 20 years: annual impairment tests are no longer automatically required • goodwill/intangible assets: must assess impairment indicators at each year end and if present then test for impairment
Fixed assets	• assets are only tested for impairment where there are **indicators** • the existence of indicators assessed at each reporting date
Allocation of impairment losses	• change in the method of allocating impairment losses – first to goodwill and then pro-rata against all other assets

FRS 102 practical implications
Financial instruments

Area	Practical implications
Recognition, measurement and disclosure	Choosing between: • applying Section 11 and Section 12 in full, or • IAS 39 for recognition and measurement and section 12 for disclosure requirements, or • IFRS 9 and/or IAS 39 for recognition and measurement and the disclosure requirements for Section 11 and Section 12

FRS 102 practical implications
Intercompany loans

Area	Practical implications
Market rate of interest	• very few companies were applying any interest rate • those applying an interest rate did not apply a market rate of interest
Selection of a suitable rate of interest rate	• ensuring the rate selected reflects the term and the risk profile of the loan to the entity in question • not all companies borrow in their own right and instead borrowings are done at a group level • judgement involved when the entity in question does not have external borrowings - group members borrowing rates and WACC are used as a starting point

FRS 102 practical implications

Intercompany loans

Area	Practical implications
Interest free loans that are repayable on demand	• when assessed, the repayable on demand feature of some loans were not deemed to have any substance and therefore such loans required discounting
Group members	• consideration of the relationships between members of a group in order to establish required accounting entries on initial recognition, ie: – parent to subsidiary (investment/capital contribution) – subsidiary to parent (dividends received/dividends paid) – subsidiary to subsidiary (interest received/interest paid)

FRS 102 practical implications
Derivatives

Area	Practical implications
Derivatives	• volatility in earning as a result of fair valuing derivatives, e.g. forward contracts • balance sheet impact • impact on distributable reserves and KPI’s

FRS 102 practical implications
Employee benefits

Area	Practical implications
Holiday pay accrual	• negative impact on both the profit or loss and the balance sheet on transition date and in subsequent periods reducing distributable profits • increased complications where there was no formal process in place to record and monitor unused holiday entitlements • may require the involvement of Human Resources (HR)

FRS 102 practical implications
Employee benefits

Area	Practical implications
Group plan	• impact of recognising a pension surplus or deficit in at least one subsidiary on KPIs, covenants and distributable reserves • availability of pension plan documents and supporting legal documentation in order to establish the principal employer and formal agreements for recharging the pension costs across the group

FRS 102 practical implications
Related party disclosures

Area	Practical implications
Key management personnel	• the total key management personnel compensation required to be disclosed (unless qualifying entity) • difficulty in defining those employees that should be considered key management

FRS 102 practical implications
Leases

Area	Practical implications
Classification	• difficulty in locating formal lease agreements to establish terms of the agreement • in the absence of the 90% of fair value threshold, FRS 102 may result in a different classification of some leases (more finance leases?) • may increase the entity's gearing ratio and result in the breach of debt covenants that may restrict capital expenditure
Lease incentives	• adjustments required to recognise material lease incentives over the life of the lease

FRS 102 practical implications

Foreign currency

Area	Practical implications
Functional currency	• requirement to disclose the functional currency if different to presentation currency • difficulty in establishing functional currency when transactions involve more than one currency/even mix • difficulty in obtaining sufficient information to justify functional currency
Presentation currency	• for SSAP 20 users, changing presentation currency may: – need to be agreed with lenders – verified against restrictive covenants – result in alterations to remuneration and share-based payment schemes

FRS 102 practical implications
Distributable reserves and tax

Area	Practical implications
Fair valuation	• may introduce volatility in earnings impacting covenants, bonus schemes, taxation and ultimately reserves
Distributable reserves	• determining appropriate components of distributable reserves, e.g. exclude unrealised gains/losses on investment properties • the involvement of legal and tax advisors

FRS 102 practical implications
Distributable reserves and tax

Area	Practical implications
Deferred tax	• ‘timing differences plus’ approach – more deferred tax to be recognised • extended tax reconciliation note to be included in the financial statements
Banks	• clarify with banks on what basis companies and groups should report – old GAAP or new GAAP? This may result in an entity having to maintain financial information under both old and new GAAP

FRS 102 practical implications

Disclosure exemptions for qualifying entities

Area	Practical implications
Individual accounts	• extra detail required in accounting policies in order to avail of exemptions e.g. where the consolidated accounts may be obtained and a narrative disclosure detailing the disclosure exemptions availed of
Group accounts	• ensuring the equivalent disclosures are included in the consolidated accounts • ensuring GAAP of group accounts meets the definition of equivalence
Associates and joint ventures	• such entities are not qualifying entities and therefore are excluded from the reduced disclosure framework

FRS 102 practical implications
Disclosure exemptions for qualifying entities

Area	Practical implications
Unconsolidated subsidiaries	• do not meet the definition of a qualifying entity
Non-controlling interests	• shareholders must be notified in writing if an entity wishes to take disclosure reductions. This may be an issue where non-controlling interests rely on information in the annual statutory financial statements.

IASB work plan

Finalised projects effective for accounting period beginning on/after 1 January 2016

New standards/amendments effective from 1 January 2016

IFRS 14: Regulatory deferral accounts
Amendment to IFRS 11 *Joint arrangements*: Accounting for acquisitions of interests in joint operations
Amendment to IAS *27 Separate financial statements*: Equity method in separate financial statements
Amendments to IAS 16 *Property, plant and equipment* and IAS 38 *Intangible assets*: Clarification of acceptable methods of depreciation and amortisation
Amendments to IAS 16 *Property, plant and equipment* and IAS 41 *Agriculture* regarding bearer plants

New standards/amendments effective from 1 January 2016

Amendment to IFRS 5 *Non-current assets held for sale and discontinued operations*: Change in method of disposal
Amendment to IFRS 7: *Financial Instruments: Disclosure* regarding service contracts
Amendment to IFRS 7: *Financial Instruments: Disclosure* – applicability of amendments to condensed interim financial statements required by IAS 34.
Amendments to IAS 1: *Presentation of financial statements* – disclosure initiative
Amendment to IAS 19: *Employee benefits:* Discount rate – regional market issue

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New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
Accounting for acquisitions of interests in joint operations (amendment to IFRS 11)	A joint operator should account for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business by applying IFRS 3 *business combinations* and other applicable IFRSs, and disclose the relevant information specified in those IFRSs for business combinations.	1 January 2016

New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
Equity method in separate financial statements (proposed amendments to IAS 27)	Amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016

New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	Amendments clarify that: • use of revenue-based methods to calculate the depreciation of an asset is not appropriate, as revenue generated by an activity, that includes the use of an asset, generally reflects factors other than the consumption of the economic benefits embodied in the asset • revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances	1 January 2016

New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	Amendments clarify that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, as their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16 instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.	1 January 2016

New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
IFRS 5 *Non-current assets held for sale and discontinued operations*: change in methods of disposal	Clarification when the method of disposal of an asset (or disposal group) changes from being held for sale to being held for distribution (or vice versa). Such changes are not considered a change to a plan of sale and therefore the classification, presentation, and measurement requirements of IFRS 5 continue to apply. In circumstances in which an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it can no longer apply IFRS 5.	1 January 2016

New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
IFRS 7 Financial instruments: disclosures: servicing contracts	Amendment provides additional guidance that clarifies how an entity should apply the guidance in paragraph 42C of IFRS 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the transfer disclosures required by IFRS 7. Standard amended to state that the right to earn a service fee is generally continuing involvement for the disclosure requirements.	1 January 2016

New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
IFRS 7 Financial instruments: disclosures: applicability of the amendments to IFRS 7 to condensed interim financial statements	The additional disclosure required by the amendment to IFRS 7: disclosure – offsetting financial assets and financial liabilities is not specifically required for **all** interim periods. However, the additional disclosure is required in the condensed interim financial statements prepared in accordance with IAS 34 interim financial reporting when its inclusion would be required by that standard.	1 January 2016

New standards/amendments effective from 1 January 2016

Topic	Guidance	Effective date
Disclosure initiative: (amendments to IAS 1)	The amendments relate to the following: • materiality • order of the notes • subtotals • accounting policies • disaggregation	1 January 2016

Finalised projects not yet effective

Finalised standards not yet effective

F – final standard

Issued:	2014 H1	2014 H2	2015 H1	2015 H2	2016 H1	2016 H2
IFRS 9: Financial instruments		**F (eff. 1 Jan 18)**				
IFRS 15: Revenue from contracts with customers	**F (eff. 1 Jan 18)**					
IFRS 16: Leases					**F (eff. 1 Jan 19)**	

Finalised standards not yet effective

IFRS 16: Leases

Lessee accounting	Lessor accounting
• recognise asset and corresponding liability for all leases (few exceptions exist) • Type A (former finance lease) and Type B (former operating lease) • Type A – two line items in P&L • Type B – one line item in P&L	• essentially the same application of the current requirements under IAS 17

Finalised standards not yet effective

IFRS 15: Revenue from contracts with customers

The old

- guidance scattered across many standards
- different principles for sale of goods, construction, services etc
- guidance lacking in many areas
- few disclosures

21 paragraphs of examples in IAS 18

The new

- applies to all contracts with customers
- single model
- fills in 'gaps' in existing guidance (eg multiple element arrangements)
- Extensive disclosures

63 illustrative examples in IFRS 15

Finalised standards not yet effective

IFRS 9: Financial instruments

What has changed since IAS 39?

Classification and measurement of financial assets		Impairment of financial assets		Hedge accounting
New categories of financial assets		Expected credit loss model introduced		Quantitative thresholds replaced
Fair value through OCI introduced	+	Continuous monitoring of credit risk	+	Rebalancing of hedge
Embedded derivatives not separated		Two models for determining loan loss allowance		No voluntary designation of hedging relationship

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Narrow scope amendments *issued but not yet effective*

Topic	Guidance	Effective date
Disclosure initiative (amendments to IAS 7)	Requires entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.	1 January 2017

Narrow scope amendments *issued but not yet effective*

Topic	Guidance	Effective date
Clarifications to IFRS 15 Revenue from contracts with customers	Clarifies: • identifying performance obligations. • principal vs agent considerations • licensing • transition relief	1 January 2018

Narrow scope amendments *issued but not yet effective*

Topic	Guidance	Effective date
Clarification of classification and measurement of share based payment transactions under IFRS 2	Clarifies guidance around: • effect of vesting conditions on the measurement of a cash settled share – based payment • share-based payment transactions with net settlement features.	1 January 2018

Active projects

Active projects: standard setting and related projects

	2016	2017
Disclosure initiative: materiality practice statement	**A**	**D PD**
Conceptual framework	**A**	**ICF**

A – Analysis
D PD – Decide project direction
D IFRS – Drafting IFRS
D IFRS A – Drafting IFRS Amendment
EI IFRS – Expected Issue date IFRS
EI IFRS A – Expected issue of IFRS Amendment
ICF – Issue conceptual framework

Active projects: narrow scope amendments

	2016	2017
Clarifications to IFRS 8	**D ED**	**P ED**
Classification of liabilities under IAS 1	**A**	**EI IFRSA**
Definition of a business	**PC**	**D PD**
Changes in accounting policies and estimates under IAS 8	**D ED**	**P ED**

A – Analysis
D ED – Drafting Exposure Draft
RED – Revised Exposure Draft
D IFRS – Drafting IFRS
EI IFRS – Expected Issue date IFRS
EI IFRSA – Expected Issue IFRS Amendment
PC – Public Consultation
D PD – Decide Project Direction

Active projects: narrow scope amendments

	2016	2017
Transfers of investment property (proposed amendments to IAS 40)	**EI IFRSA**	
Foreign currency transactions and advance consideration	**II**	
Uncertainty over income tax treatments	**A**	**II**

A – Analysis
II – Issue IFRIC Interpretation
EI IFRSA – Expected Issue IFRS Amendment
D ED – Drafting ED
P ED – Publish ED
PC – Public Consultation
D PD – Decide Project Direction

Active projects: 2014 – 2016 cycle

Proposed amendments

Topic	Guidance	2016
IFRS 1 First-time adoption of International financial reporting standards: short-term exemptions for first-time adopters. This amendment was tentatively approved by the IASB in December 2013	The objective of this project is to delete some of the short-term exemptions from IFRS in Appendix E of IFRS 1, after those short-term exemptions have served their intended purpose.	D IFRSA (IFRSA 2017)

D IFRSA – Drafting IFRS Amendment
P IFRS A – Publish IFRS Amendment

Active projects: 2014 – 2016 cycle
Proposed amendments

Topic	Guidance	2016
IFRS 12 Disclosure of interests in other entities: clarification of the scope of the disclosure requirements in IFRS 12. This amendment was tentatively approved by the IASB in July 2015.	IASB confirmed that the disclosure requirements in IFRS 12, apply to interests in other entities that are classified as held for sale or discontinued operations.	D IFRSA (IFRSA 2017)

D IFRSA – Drafting IFRS Amendment
P IFRS A – Publish IFRS Amendment

Active projects: 2014 – 2016 cycle
Proposed amendments

Topic	Guidance	2016
IAS 28 Investments in associates and joint ventures: clarification that measuring investees at fair value through profit or loss is an investment by - investment choice. This amendment was tentatively approved by the IASB in January 2015.	Amendment to the wording of IAS 28 to make clear that an entity **(a venture capital organisation, or a mutual fund, unit trust or similar entities** including investment linked insurance funds) has an investment-by-investment choice for measuring investments in associates and joint ventures at fair value through profit or loss in accordance with IAS 28.	D IFRSA (IFRSA 2017)

D IFRSA – Drafting IFRS Amendment
P IFRS A – Publish IFRS Amendment

Active projects: 2015 – 2017 cycle
Proposed amendments

Topic	Guidance	2016
IAS 23 *Borrowing costs* — borrowing costs on completed qualifying assets	These funds should be included within the general borrowings and therefore would be included in the calculation of the capitalisation rate to be applied to other qualifying assets that have been funded from general borrowing sources as described in paragraph 14 of IAS 23.	D ED (P ED 2017)

D ED – Drafting Exposure Draft
P ED – Publish Exposure Draft

Active projects: 2015 – 2017 cycle
Proposed amendments

Topic	Guidance	2016
IAS 12 *Income taxes*: Accounting for income tax consequences of payments on financial instruments that are classified as equity	Amendment to standard to clarify that all equity instruments liable to income tax are to be covered by the provisions of the standard and it is not restricted to dividends.	D ED (P ED 2017)

D ED – Drafting Exposure Draft
P ED – Publish Exposure Draft

Research projects

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Research projects

A – Analysis
DDP – Drafting discussion paper
DRS – Drafting Research Summary
PDP – Publish Discussion Paper
DPS – Decide Project Scope
PRS – Publish Research Summary

	2016	2017
Disclosure initiative: principles of disclosure	DDP	PDP
Primary financial statements	A	DPS
Business combinations under common control	A	PDP
Dynamic risk management	A	PDP
Financial instruments with characteristics of equity	A	PDP
Goodwill and impairment	A	DPD
Discount rates	A	PRS
Share-based payment	DRS	PRS

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Questions & feedback?

CFO Annual seminar

16 November 2016

Conrad Hotel

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Companies Act update

16 November 2016

Jillian O'Sullivan
Partner

#GTCFO

Companies Act update

The Companies (Accounting) Bill 2016

- introduction of small companies regime
- introduction of micro companies regime
- increase in small and medium company size criteria
- restriction of consolidation exemption to small and micro entities
- removal of abridged accounts option for medium size entities
- restriction on unlimited entities using non publication structures
- requirement to prepare and file report on payment to governments for certain entities in mining and logging industries

New size criteria being proposed

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Companies Act 2014 size criteria overview

Group, small, medium and audit exemption size criteria

	New micro company	Small company	Medium sized company	Small company/group audit exemption	Group/ consolidation size exemption	New medium group	Directors Compliance Statement	Audit Committee
	Not exceeding two of three criteria for current and preceding year						Exceeds both criteria for current year	Exceeds both criteria for most recent and immediately preceding year
Turnover (proportionately adjust if not 12 months) *Proposed*	 *€700,000*	< €8,800,000 *< €12,000,000*	< €20,000,000 *< €40,000,000*	< €8,800,000 *< €12,000,000 net/ €14,400,000 gross*	< €20,000,000 *< €12,000,000 net/ €14,400,000 gross*	 *€40,000,000 net/ €48,000,000 gross*	> €25,000,000	> €50,000,000
Balance sheet total (fixed + current assets) *Proposed*	 *€350,000*	< €4,400,000 *< €6,000,000*	< €10,000,000 *< €20,000,000*	< €4,400,000 *< €6,000,000 net/ €7,200,000 gross*	< €10,000,000 *< €6,000,000 net/ €7,200,000 gross*	 *€20,000,000 net/ €24,000,000 gross*	> €12,500,000	> €25,000,000
Average no. of employees *Proposed*	 *10*	< 50 *No change*	<250 *No change*	< 50 *No change*	< 250 *< 50*	 *250*	n/a	n/a
Ancillary *Proposed*		Small sized company must file balance sheet and related notes	Medium sized company must file directors report, profit & loss account (from gross profit figure), balance sheet, cash flow and related notes *Medium size company must file full accounts*	Preceding and current B1 must be filed on time (including six month return) Dormant companies that are part of a group can claim audit exemption. Credit institutions and insurance companies cannot claim audit exemption Stakeholders such as banks, government bodies and shareholders may require audited accounts.	If part of a group where another company above consolidates exemption also available	*Auditor renumeration not required to be disclosed* *Not required to prepare consolidated report on payments to government*	Applies to all plc regardless of size (excluding investment companies) Applies to DAC, Ltd and CLG companies, does not apply to UC.	

Directors' compliance statements

- applies to all public limited companies and to all other large **limited** companies with a balance sheet total of €12,500,000 and a turnover of €25,000,000 (unlimited and investment companies are excluded from this requirement)
- for year ends commencing on or after

Directors’ compliance statement

- directors must make an annual statement in their Directors’ Report, acknowledging that:
  - they are responsible for securing the company’s compliance with its relevant obligations*
  - confirming that certain things have been done or, if they have not been done
  - explaining why they have not been done

*Relevant obligations” means an obligation under tax law, or where failure to comply would constitute a Category 1 or Category 2 offences under the Act, or a serious market abuse or prospectus offence (or in certain cases a serious transparency offence).

Directors' compliance statement

- the directors must also confirm, in the directors' report, that the company has:
  - a **compliance policy statement** setting out the company's policies as to compliance by the company with its relevant obligations ("**compliance policy statement**")
  - **appropriate arrangements or structures** that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations ("**compliance arrangements**")
  - **reviewed** these arrangements or structures during the financial year

Directors’ compliance statement

- if any of the above three items have not been done the directors must specify, in the directors’ report, the reasons why it has not been done

Directors’ compliance statement

- compliance statement employs “comply or explain” approach, i.e. confirm compliance with relevant obligations, or explain why not.
- directors can assign responsibility for some obligations to other executives and employees, e.g. finance team responsible for accounts.
- the Act specifically allows directors to rely on advice from employees or advisers who appear to have the requisite knowledge and experience for the purposes of putting in place the appropriate compliance arrangements

What are the sanctions for failure to prepare a directors' compliance statement?

- failure to comply with the requirements of Section 225 is a category 3 offence which, on conviction, can result in a term of imprisonment of up to six months and/or a fine of up to €5,000.

Summary Approval Procedure (SAP)

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SAP – general steps Section 202

- board minute to propose and approve transaction
- directors declaration of solvency
- special resolution of the members approving the transaction
- form G1 for filing special resolution in CRO (**14 days for filing**)
- filing of directors declaration (**21 days for filing**)

Restricted activity

	Type of restricted activity	PLC allowed	Accountants report needed
1	Financial assistance for the acquisition of share	x And any plc subsidiary also not allowed	x
2	Reduction in company capital	x	✓
3	Variation of company capital on a reorganisation (essentially, a transaction whereby a company will dispose of its assets or undertaking to another company, which issues shares to the members of the disposing company as all or part of the consideration for the transaction)	x	✓
4	Prohibition on pre-acquisition profits of a company being treated as profits available for distribution by its holding company	✓	✓
5	Prohibitions of loans etc. to directors and connected persons	✓	x
6	Mergers	x	x
7	Members' voluntary winding up	✓	✓

Contact

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Questions & feedback?

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Cyber security update

16 November 2016

Mike Harris
Partner

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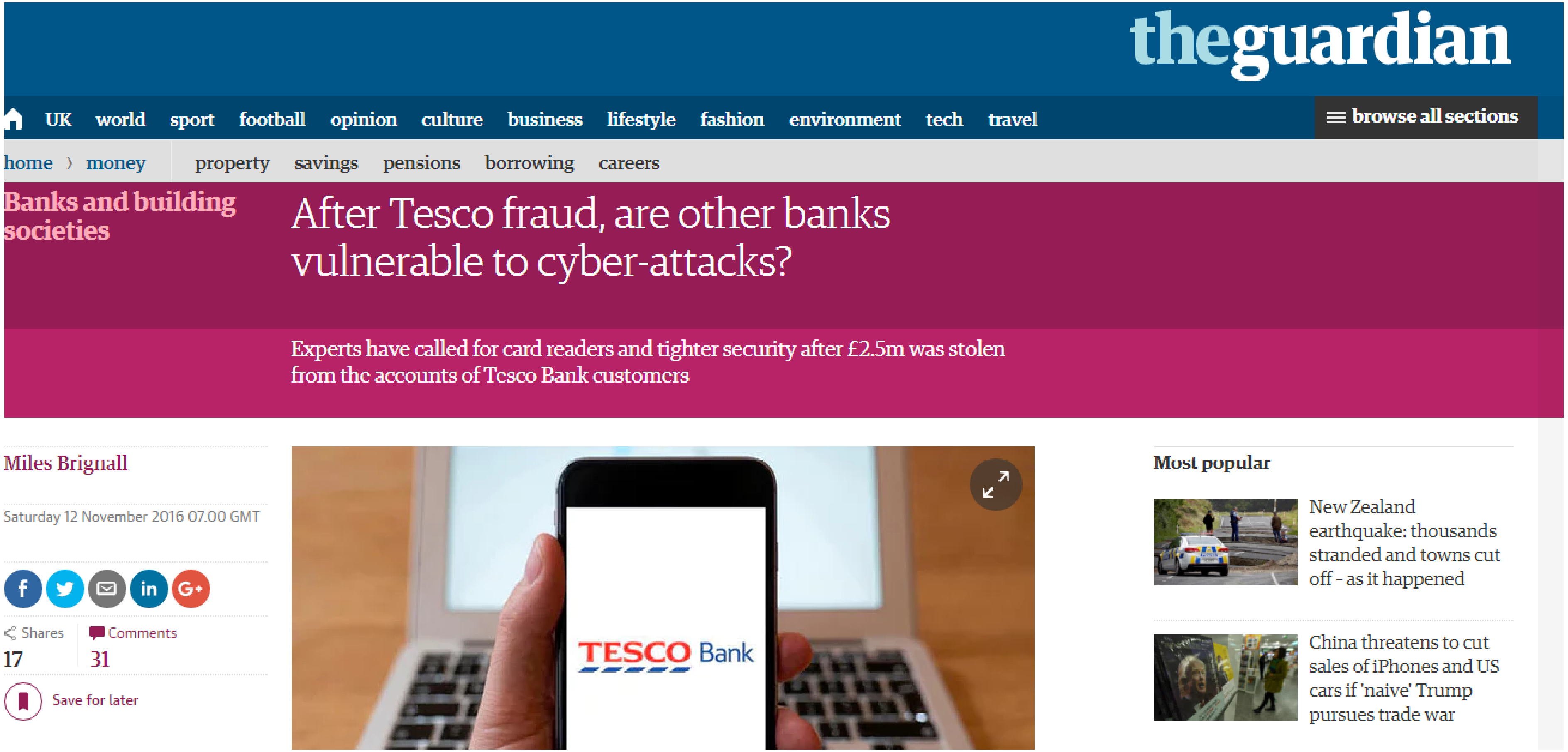
Agenda

- introduction
- where are we now
- what can we do?
- questions?

Introduction

Where are we now?

Attacks continue and escalate…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Banks and building societies

After Tesco fraud, are other banks vulnerable to cyber-attacks?

Experts have called for card readers and tighter security after £2.5m was stolen from the accounts of Tesco Bank customers

Miles Brignall

Saturday 12 November 2016 07.00 GMT

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Most popular

New Zealand earthquake: thousands stranded and towns cut off - as it happened

China threatens to cut sales of iPhones and US cars if 'naive' Trump pursues trade war

Attacks continue and escalate…

Monday 14 November 2016

Business News

Cyber attacks 'more sophisticated, more targeted', warns Central Bank

Donal O'Donovan
EMAIL

PUBLISHED
10/11/2016 | 02:30

SHARE

Payments attacks

From: Andrew Hastings [mailto:andrew_hastings@idl.management]
Sent: 12 November 2015 10:43
To: Paul Jacobs
Subject: Letter

Dear Paul ,

i sent you a letter and would like to know if you have received the same.

In any case you haven't received it, I have attached the letter using Dropbox for your attention.

https://dropbox.com/andrew/Paul Jacobs/draft.pdf

Please note that you will need to login to with the recipient Email address: pkjacobs@eircom.net to access the file

Thank you

Andrew Hastings

Payments attacks

Fri 04/12/2015 11:57

Paul Mccann <paul.mccann@iegt.co>

RE: Transfer

To Andrew Watson

You replied to this message on 04/12/2015 12:14.

Andrew

Here are the details needed for the transfer

Account Name: Yvette Granville
Halifax Bank 11 Alcester Road South,Kings Heath,Birmingham.West Midlands B14 7JJ England
Sort code: 111086
Account Number: 11862768
BIC number: HLFXGB21M26
Iban Swift Code: GB73HLFX11108611862768
Amount :£23,376

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Technology

Hack lets phones 'eavesdrop and make premium calls'

By Chris Baraniuk
Technology reporter

15 February 2016 | Technology

Share

International trends

Cyber security rules will get tougher
Distracting from the real focus

Corporates will remain popular targets
Low and slow, distributed, attacks

The insider threat is escalating
Vendors on the inside

Email will remain a primary attack vector
e.g. targeted attacks, malware, spear phishing

Passwords under pressure
Consumer and regulator demand for two-factor authentication

Internet of things is introducing new cyber risks Skills to defend customer smartphone lacking

Sharing of information will increase
Locally and internationally

Increasing proactivity
Move beyond preventive controls

Increasing automation of security controls
to offset staff/skills shortages

Irish trends

Cyber risk management frameworks
Identify the risk, not what is perceived or thought of as risk

Benchmarking current Status
NIST, ISO27001, SANS 20 Audit, OWASP

Outsourcing
Particularly focused on I.T security operations

Increased subject matter expertise
e.g. cyber, I.T. infrastructure etc.

Cyber resiliency – includes impact of cyber attacks

Third party cyber assurance deeper dive expectations

How you respond to a cyber-attack
Develop and test a plan

Collaboration with IT audit
Increased assurance

Regulator cyber focus detailed assessment work

What can we do?

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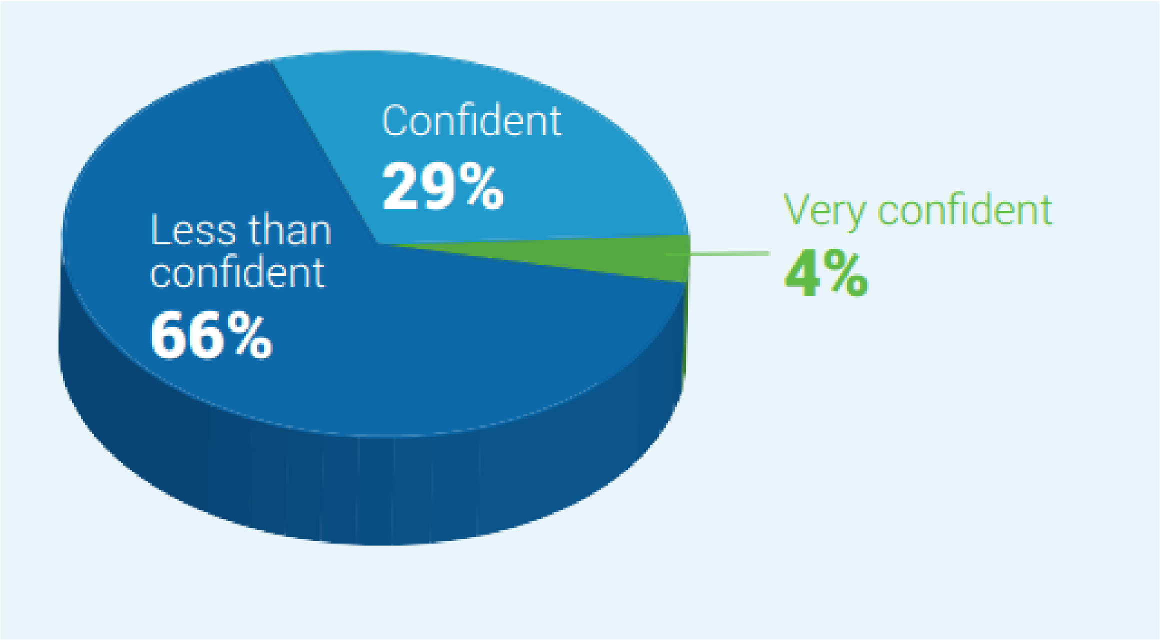
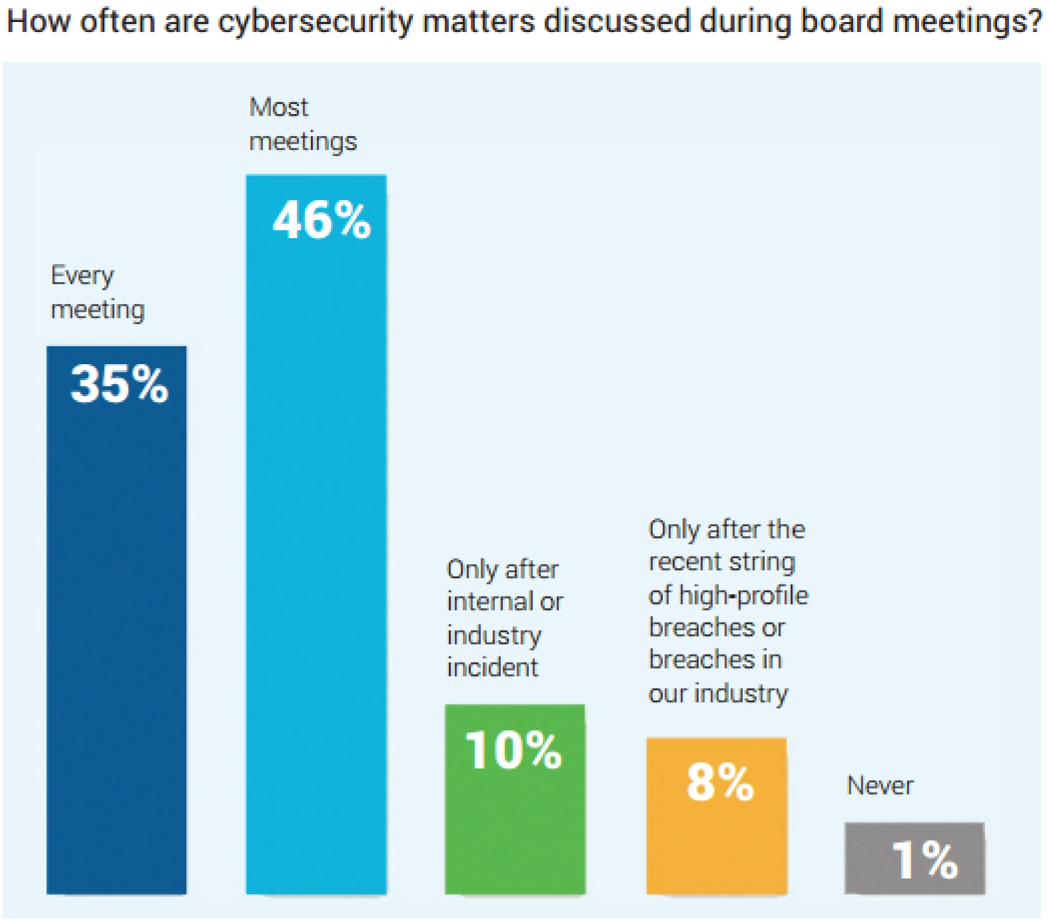
Corporate risk management

How confident are you that your companies are properly secured against cyberattacks?



NYSE Survey Cybersecurity in the Boardroom

Corporate risk management



NYSE Survey Cybersecurity in the Boardroom

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What are the SEC saying?

Assess

- information and technology used
- threats and vulnerabilities
- controls and processes
- governance and management

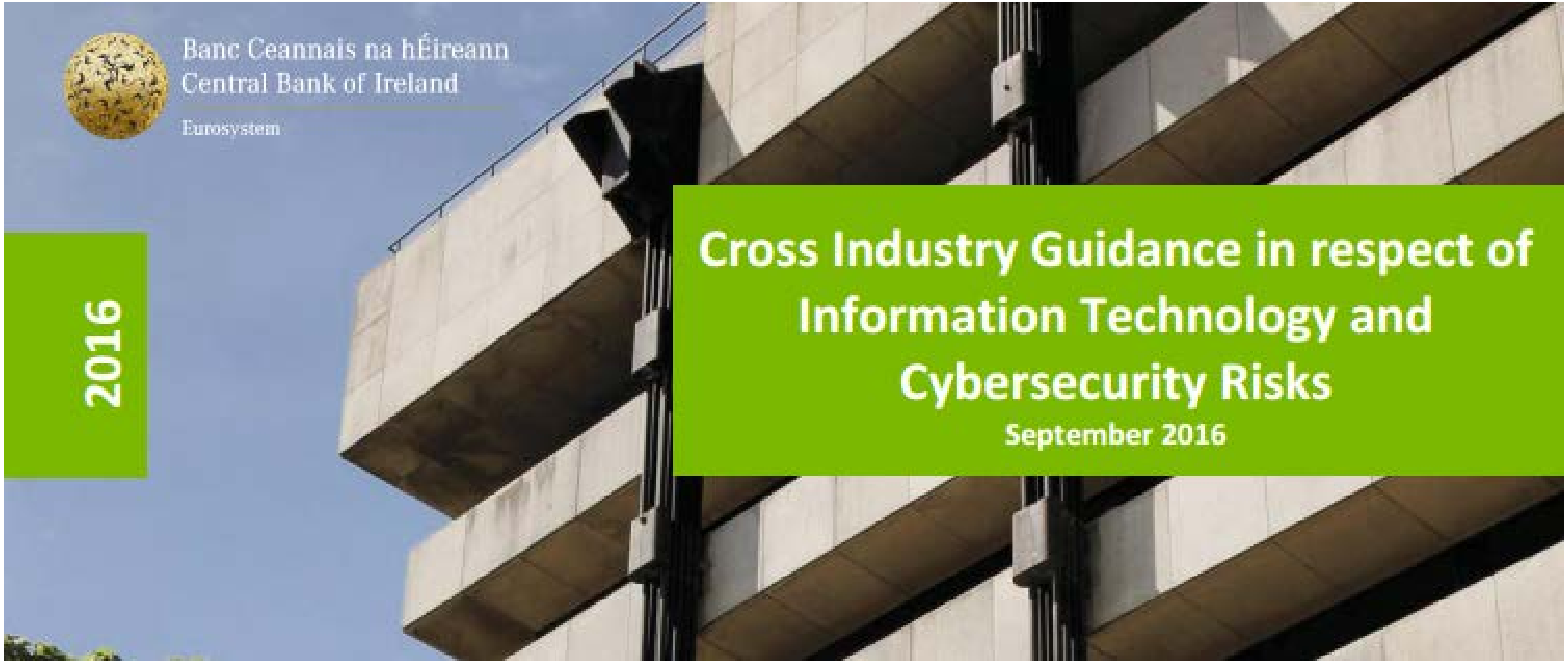
Develop cyber security strategy

- access control
- encryption
- data loss prevention
- monitoring
- backups
- incident response plan

Implement

- polices
- procedures
- training

Irish regulators



Regulator themed reviews

Approach:

- questionnaires
- on site assessment
- fund managers
- investment firms
- stockbrokers
- banking next

Focused on:

- risk management
- board awareness and involvement
- cyber policies and procedures
- access management

Build defences

1

Cyber-security strategy focusing on what needs to be protected

2

Identify priorities for protection starting with a risk assessment and gap analysis

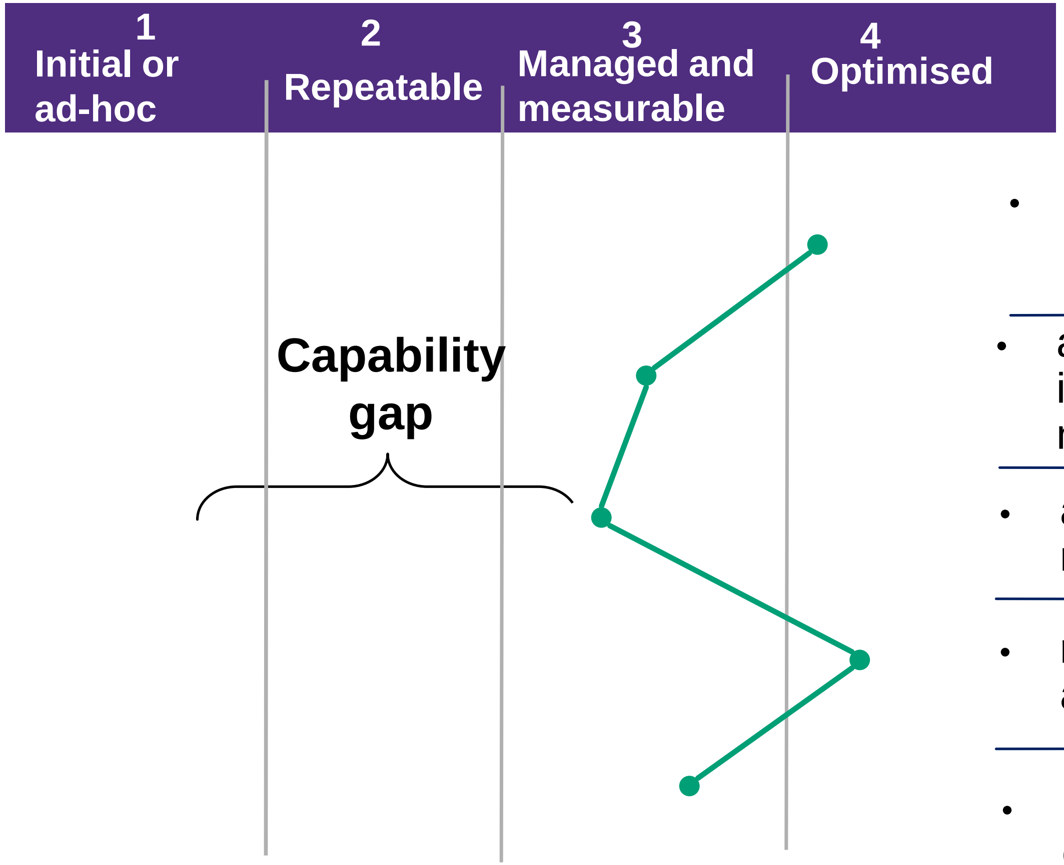
3

Everyone be aware of the role that they have to play in making their firm cyber-secure

4

Effective policies embed cyber-security within the business

Where should you be?



Identify	asset management, governance, risk assessment, risk management strategy
Protect	access control, awareness training, data security, information protection processes and procedures, maintenance, protective technology
Detect	anomalies and events, security continuous monitoring, detection processes
Respond	response planning, communications, analysis, mitigation, improvements
Recover	recovery planning, improvements, communication

Leading practices

Culture of security and resilience with training on cyber threats for staff

Clear procedures to respond to cyber incidents and periodically test response with contingency plans in place. Substantial attacks or breaches should be reported to the Central Bank.

Cyber security should be a standing issue at board meetings

Understand **assets and information** and keep up-to-date on threats

Robust locally signed off policies and standards support company's **cyber security objectives**

Clear accountability for cyber security. CIO (or equivalent) or appropriately trained board member should be responsible.

Verify third party requests and ensure AML procedures for new payment requests

Periodic penetration testing is in place

Ensure **mobile devices are secure**

Satisfy themselves that **third parties are secure**

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Questions & feedback?

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CFO annual seminar

16 November 2016

#GTCFO

Ireland – platform for international investments

16 November 2016

Sarah Meredith
Director, Tax

#GTCFO

Contents

- overview of Irish tax regime
- key considerations for CFOs
- recent developments
- BEPS impact
- EU Anti-Avoidance Directive (ATAD)
- Common Consolidated Corporate Tax Base (CCCTB)
- Brexit

Overview of Irish tax regime

Why Ireland?

- Ireland's business environment provides **an attractive location** for international business
- holding company regime, 12.5% corporate tax rate, good IP tax structuring and competitive R&D tax credits are **key tax reasons** why Ireland attracts global business
- **young and educated** workforce
- only **English speaking** country in the Eurozone

Overview

12.5% *corporation tax*

15 of the world's top *Financial Services* companies

9/10 *world's top* **pharma**, ***software*** *and* ***US ICT*** *companies*

Almost 1,000 US companies supporting 240,000 jobs directly and indirectly

Home to over **1,200** overseas companies

Youngest population in EU
40% of population under 30

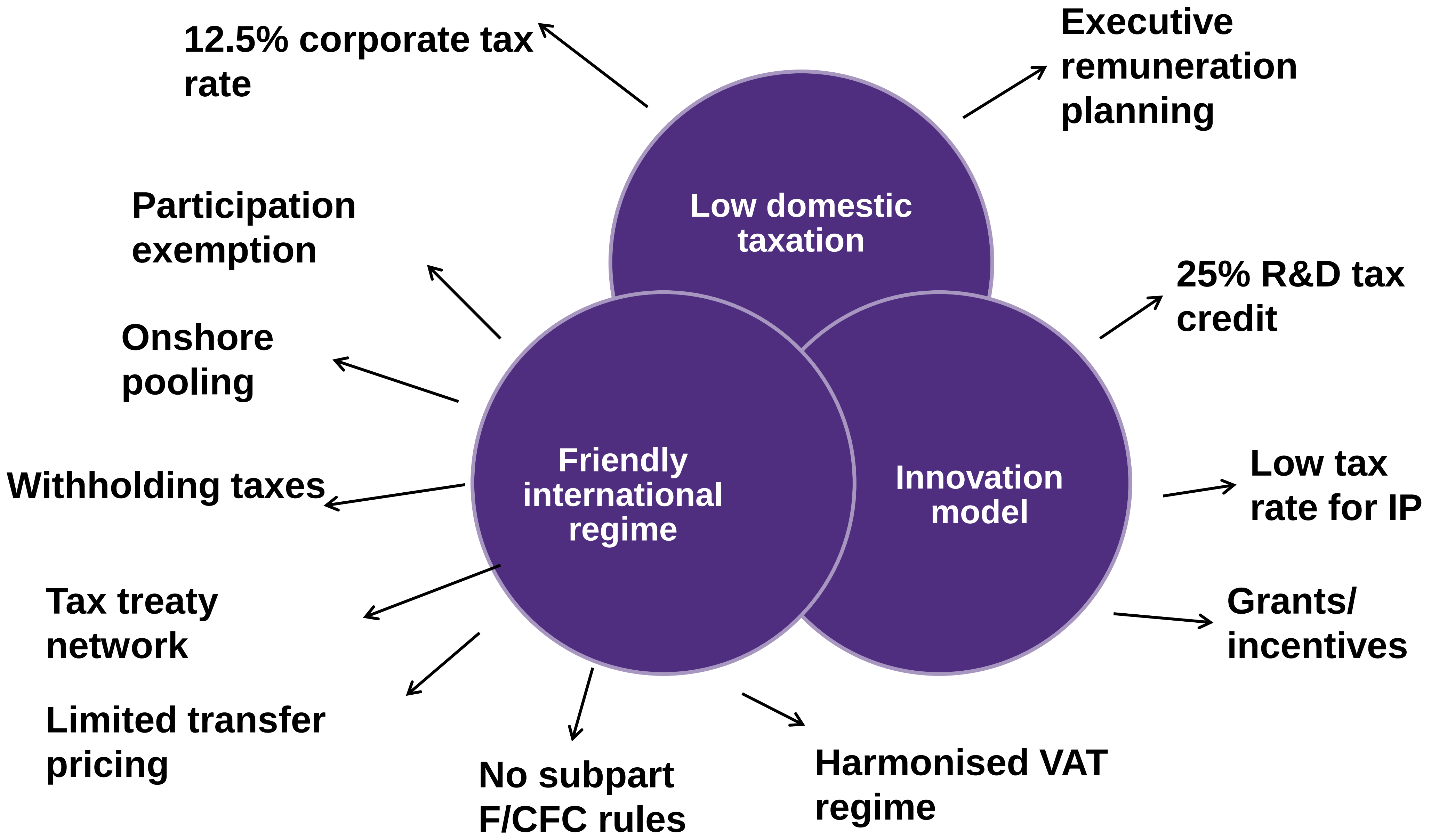
US FDI in Ireland
$280Bn total, $190Bn in the last five years

Fourth destination globally for US FDI (2013)

#1 in EU
#6 globally
for the ease in which a business can pay its taxes

13/15 world's top Med Tech companies

#1 in EU for inward investment jobs per capita


12.5% corporate tax rate
Executive remuneration planning
Low domestic taxation
Participation exemption
25% R&D tax credit
Onshore pooling
Friendly international regime
Innovation model
Withholding taxes
Low tax rate for IP
Tax treaty network
Grants/ incentives
Limited transfer pricing
No subpart F/CFC rules
Harmonised VAT regime

What are key tax considerations for Irish CFOs?

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High level tax considerations for CFOs

- directors' compliance statements
- revenue audits – circa 70% chance of settlement being required, have yield circa €40k
- health checks for various tax heads
- transfer pricing
- review of group structure in light of BEPS and other developments

High level tax considerations for CFOs

- how best to structure for M&A activity/future disposals of group companies
- tax efficient financing structure
- future exit strategy
- staff retention – any tax efficient remuneration options?
- R&D tax credit claims – documentation and records

Recent developments

Recent developments

- US election – impact on FDI and profit repatriation
- political backdrop and US system
- corporate tax rate: house plan is 20% while Trump proposes 15%
- proposal to eliminate deferral of taxation of foreign income

Recent developments (in Ireland)

- abolition of 'double Irish' structure
- Knowledge Development Box (KDB) (6.25% tax rate and certain Intellectual Property (IP) related income)
- shift in IP away from the tax havens to Ireland – alignment of substance and profits
- enhanced reputation abroad

2015 'Double Irish' changes

- abolition of 'double Irish' from 1 January 2015, with grandfathering provisions until 31 December 2020
- six years to transition to new structure, either alternative IP holding location or “onshore” to Ireland
- reputational benefits (the three “r”s)
  – rate
  – regime
  – reputation

2015 'Double Irish' changes

- reaction by Irish government to negative perception of ‘double Irish’ structures
  - – management and control vs incorporation tests

New Knowledge Development Box (KDB)

- OECD preferential tax regime
- based on BEPS modified nexus approach
- linked to Irish R&D activities
- 6.25% tax rate on qualifying profits

IP planning

- for double Irish structures: transition to “alternative double Irish” or move IP onshore
- increasing move towards on shoring of IP that currently sits offshore
  - accesses significant tax amortisation in Ireland plus 12.5%/6.25% tax rate on net profits (reduced further if R&D tax credits)

IP planning - conclusions

- Ireland continues to offer a very benign tax environment in which to do business
- Certainty over future tax direction
- IP tax incentives are key
- KDB is a timely boost
- Changes have enhanced our reputation globally
- Other jurisdictions under spotlight
- Ireland offers a “BEPS proof” solution

Financing

- Ireland is also still popular for financing arrangements and financial services industry, increasingly so post Brexit
- low tax rate, limited WHTs, extensive DTA networks maybe more attractive for:
  - group treasury/debt factoring functions
  - aircraft leasing operations
  - Special Purpose Vehicles (SPV)
  - property investment

BEPS impact

BEPS – Irish perspective

- welcomed by Ireland
- complements our transparent tax regime
- alignment of taxable profits and real substance offers real opportunity for Ireland

BEPS – Irish perspective

- Country by Country (CbC) reporting
  - effective from 1 January 2016 in Ireland
  - increased transparency (between Revenue authorities initially) may prompt further IP migrations onshore
- longer term, increased substance may make the 6.25% KDB rate more attractive
- multilateral instrument

Advance Pricing Agreement (APA) programme

- Ireland has introduced a formal APA programme to address the need for greater certainty in cross border transactions by MNCs
- purpose is to prevent disputes between tax authorities and taxpayers and to avert the risk of double taxation
- introduced in reaction to BEPS, Action 14
- Irish Revenue transfer pricing unit have also increased their resources to deal with expected extra workload post-BEPS
- effective from 1 July 2016

EU Anti-Avoidance Directive (ATAD)

EU Anti-Avoidance Directive (ATAD)

- perhaps surprisingly, agreement reached in June 2016
- key areas:
  - CFC rules
  - exit taxation
  - interest limitations
  - hybrids
  - GAAR

EU Anti-Avoidance Directive (ATAD)

- EU keen on member states implementing BEPS in a consistent manner – hence ATAD
- EU also keen on remaining relevant in the global tax debate
- politics a key part
- long lead-in time to key parts of ATAD, plus grandfathering provisions

Common Consolidated Corporate Tax Base (CCCTB)

Common Consolidated Corporate Tax Base (CCCTB)

- the European Commission has launched a public consultation regarding the proposal for a CCCTB
- proposals:
  - 'two-step approach'
  - seeks to allocate taxable profits in a very different manner
- general view is that BEPS has addressed many of the issues that CCCTB is targeting
- much opposition across EU to CCCTB – chances of implementation are low

Brexit

Brexit - Ireland as an alternative

- once Brexit occurs, Ireland will be the only English speaking country in the EU
- full unrestricted access to the EU markets
- will still be able to attract EU workers without visa restrictions
- will continue to have solid relationships with other EU member states
- sensitive time for Ireland due to close trading and political relationships with the UK

Brexit - Ireland as an alternative

- opportunity for Ireland in FDI space
- companies attracted to Ireland for tax reasons but stay here due to EU market access
- already significantly enhanced interest in Ireland post-Brexit

Brexit - Ireland as an alternative

- opportunity for UK companies to relocate some operations in Ireland
- English speaking
- similar regulatory environment
- access to directives
- less upheaval relative to other EU states

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