

# client matters

a newsletter from **pkffpm accountants**



## HOW SAFE ARE YOUR TECH SYSTEMS?

» The recent Wannacry ransomware attack which disrupted organisations across the globe is the latest in a long line of high profile incidents that show how damaging the loss of systems and/or data can be, both for individuals and for organisations.

It is estimated that two thirds of businesses were hit by cybercrime last year. The problem has become so serious that PKF-FPM recently set up a dedicated cyber security team to assist clients. One of the reasons for



growth in computer related crime is that the complexity businesses need to manage is increasing all the time.

We see many businesses

with good procedures in place to protect their office systems or website. Often, however, businesses do not apply the same level of security to mobile devices such as phones, USB keys, laptops, tablets and other equipment. This was powerfully demonstrated at PKF-FPM's cybersecurity seminar in February where an international hacker showed attendees how easily the security of servers and mobile phones can be breached. However, where organisations have good controls in place, the potential damage of an

attack can be limited.

There are simple changes your business can implement to enhance security such as:

- Using antivirus software and firewalls.
- Keeping systems up to date and avoiding delay in applying the security patches provided by your technology suppliers.
- Keeping your backups up to date and stored securely.
- Implementing strict controls for the use of mobile devices including limiting the use of apps and downloads

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## PKF-FPM Win Large Practice of the Year and Overall Practice of the Year

» Leading island based accountancy practice PKF-FPM Accountants won the Overall Practice of the Year at the prestigious Irish Accountancy Awards Gala Banquet Ceremony which took place on Thursday 18th May 2017 at the Ballsbridge Hotel in Dublin.

After winning the Large Practice of the Year earlier in the evening against stiff competition, the final award of the evening, Overall Practice of the Year, was presented to PKF-FPM with acknowledgement from the judges that PKF-FPM were innovative, caring business advisors with global expertise and local knowledge along with a strong cross border focus.

The Awards Ceremony,

hosted by Colm O'Regan, attracted a very influential audience, including high profile leaders from the Irish business and accountancy sectors.

Managing Director, Feargal McCormack, stated that he was "humbled and overjoyed for the recognition of the collective PKF-FPM team

to win these two prestigious awards". He added "PKF-FPM always strive to exceed our client expectations by leveraging technology, the digital revolution and cloud accounting as tools to be the business advisor of choice and help the businesses and people we work with become more successful. PKF-FPM will continue to build a strong integrated client focused team to ensure excellence in service delivery through emphasis on collaboration, communications, innovation and creative thinking. We empower all TEAM members to live the PKF-FPM Ethos of positivity, enthusiasm and fun to ensure the best service for our clients!" Feargal was joined at the presentation ceremony by a cross section of members of TEAM PKF-FPM.



Gerry Devitt, Managing Director of Harvest Financial Services presents the Overall Practice of the Year award to PKF-FPM Directors, Feargal McCormack, Teresa Campbell and Malachy McLernon.



## HOW WILL BREXIT AFFECT YOU?

Brexit will have profound tax implications for individuals domiciled in Northern Ireland, the UK and Ireland.

Find out how you and your business will be affected and how to minimise your future tax liabilities.

Contact PKF-FPM's Brexit Centre of Excellence.

about us

PKF-FPM CORE VALUES

- Passionately believe in caring for our clients, colleagues and community.
- Listen, understand and solve, to make it happen.
- Invest in the Best!
- Pushing out boundaries and creating opportunities.
- A culture of ethical business and trust.
- An ethos of positivity, enthusiasm and fun!

PKF-FPM CORE FOCUS

- Caring and proactivity are at the heart of everything we do;
- We commit to helping you maximise your wealth and lifestyle aspirations, through understanding you and your business; and
- We have a proven track record in delivering simple solutions to complex problems.

PKF-FPM THREE UNIQUES

- (1) We 'get' you, and foster a sense of urgency, with a bias towards passionate thoughtful action – (we're business owners ourselves).
- (2) We're different ("brave, bold and gutsy", we tell you what we think, rather than what you would like to hear).
- (3) Acknowledged independently at local, regional and national level as "best in class" with unique Cross Border expertise.



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NEWS

Anne Heraty - Keynote Speaker at PKF-FPM/Ulster University Business School Leadership Talk

“Back yourself, believe in yourself, believe in your idea.” These are just some of the thoughts shared with business leaders by Cpl Resources plc Chief Executive, Anne Heraty, as keynote speaker at the PKF-FPM Annual Leadership Talk 2017. The event was part of the 2017 MLM Management Month initiative, in association

with the Ulster University Business School held at the Belfast Campus.

During the one hour conversation with broadcaster Gerry Kelly, Anne's passion for business aligned to a clear set of values was evident as she traced her career from telesales to becoming the first female Chief Executive of an Irish company to float on the stock exchange. “Have no fear of failure. Success and failure are two sides of the same coin,” says Anne. “Both are just experiences and each set different challenges for you.”

Anne's success in the business world has also been widely recognised by a raft of prestigious awards including the Ernst & Young Entrepreneur of the Year (2006), Business & Finance Business Person of the Year (2014) and Image Business Woman of the Year (2015). In September 2016 she was elected the President of IBEC, the group that represents Irish business.

Speaking at the event, which attracted a capacity audience, PKF-FPM Managing Director, Feargal McCormack, stated that Anne's approach to leadership underpinned by values of honesty, respect and accountability was truly inspirational. “Anne Heraty is a role model in so many ways and a person who has quietly and very effectively made a significant mark on Ireland's economic landscape.”



Professor Mark Durkin, Executive Dean of the Ulster University Business School, Anne Heraty and Feargal McCormack.

Managing Working Capital

Careful management of working capital will be critical as business prepare for Brexit. Improving working capital builds resilience and is a cost-effective way to protect your company's profitability and fund growth.

Last month (May 2017) PKF-FPM hosted a series of practical seminars in Belfast, Newry and Balbriggan to help businesses get a grip on their working capital management.

Practical strategies discussed at the seminars included:

- Managing customers: Prompt invoicing and effective control of account receivables and debtors which minimises payment times and provides an early warning of potential bad debts. Examine how long it takes to bill your customers and look for ways to reduce this time and build efficiency.
- Managing stock and Work-in-Progress (WIP): Businesses sometimes make the mistake of allowing too much working capital to get tied up in stock and WIP. Implementing a robust stock and WIP management system that keeps stock to a minimum will improve your working capital. Always remember that the value of WIP normally reduces over time as customers / clients may forget the value of the service provided.
- Managing suppliers: If your business does not have a system that provides regular reliable data on how much you are spending with individual suppliers, you may miss out on opportunities to negotiate better terms.
- Managing overheads: Cost control and the elimination of unnecessary expenses will improve your working



Kevin Kelly from Management Leadership Network addressing attendees at the Belfast Seminar.



capital. Keep your overheads under review and look for opportunities to substitute cost-effective alternatives where appropriate.

Speakers also covered the difference between cash and profit and provided a wealth of practical tips including advice on how to move away from focusing on what credit the banks will provide for your business to generating cash within your business so as to become self-sufficient from a working capital / day to day operations perspective.

The importance of robust, rigorous and regular reporting on cash flow - daily bank reconciliations, weekly and monthly forecasts - was also highlighted.

In addition to these practical strategies, options such as sales credit insurance, leasing, asset-backed finance, debt factoring, invoice discounting and effective tax and VAT planning may also have a role to play depending on your business circumstances.

The seminars, run in association with Credit Risk Brokers and Euler Hermes, were designed to help businesses understand the critical importance of tracking and managing cashflow for growth, resilience and for peace of mind.

For information on how PKF-FPM can help your business improve your working capital management, please contact a member of our team.

Pictured (from left) are Cormac Harty (Cormac Harty Insurance Services), Mike Buggy (Euler Hermes Ireland), Feargal McCormack (PKF-FPM Accountants) and John Simpson (Credit Risk Brokers Limited).



# ADVICE



Pictured at PKF-FPM's post-Budget breakfast briefing were Managing Director Feargal McCormack, Director Malachy McLernon, Irish News Business Editor, Gary McDonald and Brian Keegan, Tax Director, Chartered Accountants Ireland.

## Post-Budget Breakfast Briefing

Over 200 guests attended a very successful and informative PKF-FPM Post Budget Breakfast Seminar at the Quays Omniplex in Newry in March.

The event, run in partnership with The Irish News, was chaired by Business Editor, Gary McDonald. Attendees heard Brian Keegan, Policy and Tax Director, Chartered Accountants Ireland highlight a number of significant Brexit issues, some of which are discussed in more detail in PKF-FPM's Brexit Briefing 03. PKF-FPM Director, Malachy McLernon was the lead speaker re the budget.

Readers will be aware that this was the last UK Spring Budget. It came little more than three months after an Autumn Statement that suggested Government finances had taken a post-referendum turn for the worse. However, subsequent short-term economic numbers turned out better than the Office for Budgetary Responsibility's (OBR's) November projections.

For once, the volume of Budget documents issued by the Treasury shrank significantly, but there were still some surprises to be found in the detail.

The biggest money raising measure for the Government was the cut in the dividend allowance from 6th April 2018 which was unexpected and catches not just the targeted owner managed companies but also personal investors with

equity-based portfolios worth more than about £60,000 (based on current UK dividend yields) who will pay more tax. Ironically one effect will be to increase the appeal of ISAs.

Says Malachy, "The Chancellor Philip Hammond indicated last year that he wanted to simplify the whole business of setting taxes and Government spending which had become too complicated thanks to the process involving not one, but sometimes two, Budgets a year. We await the outcome post the UK General Election to see what happens with regard to the timing of future Budget Days."



Trudy Grant, Enviro Group (pictured second from right) with PKF-FPM's Tanya Booth, Magdalena Ryan and Aisling Hughes.

## How Safe Are Your Systems?



< continued from cover

and ensuring that security patches are applied promptly.

- Ensuring staff computer screens are automatically locked when individuals leave their desk.
- Ensuring staff receive regular training and understand the importance of not opening suspicious emails.
- Implementing protocols to protect against CEO / CFO impersonation fraud.
- Limiting guest access to your WiFi.
- Restricting access to your technology and systems and ensuring that when staff members leave, their permissions are withdrawn.

Securing and protecting data is also critically important. There have been many instances reported in the media where data was compromised when a laptop or USB key was lost or stolen. As well as impacting the bottom line through loss of customer confidence - particularly where breaches involve the loss of financial information such as credit card or bank details, or personal information such as names, addresses and dates of birth — the reputational damage can have long term adverse consequences.

Organisations already have reporting obligations under data protection legislation and the

enforcement regime is set to get tougher with potential fines of up to €20 million or four per cent of annual turnover for those who fail to comply with the General Data Protection Regulation.

PKF-FPM research suggests that around 90 percent of businesses will need to make changes to their data management policies and procedures this year in order to comply with the new requirements.

If your business is among those affected, now is the time to get in touch and find out how we can help. Contact Dermot Morgan d.morgan@pkffpm.com

## Leaders Convene In Belfast

Business and Public Sector leaders from across Ireland were in Belfast in May for The Management & Leadership SuMMit sponsored by Danske Bank.



Pictured above at the event were (from left), Kevin Kelly and Bill Manson (MLN). Lester Doak and Louise Butler (McKinty & Wright Solicitors), Guest Speaker and PKF-FPM client Tommy Bowe, Oonagh Murtagh (Dankse Bank), Feargal McCormack (PKF-FPM), Kevin Caldwell (Electric Ireland) and Nick Reid (Ulster Business School).

## PKF-FPM Client to Launch US Venture

Shane Brett, Managing Director of PKF-FPM Client GECKO Governance was in New York recently where he met with PKF O'Connor Davies to discuss the launch of a new US venture. The meeting was arranged through PKF-FPM's membership of the PKF International network.

Dundalk-based GECKO Governance provides a Reg Tech fund management regulatory solution that allows users to schedule, manage and monitor a large portfolio of investment funds' regulatory and compliance requirements in real-time. The solution gives clients the 'big picture' by providing them with a live view of all their funds' compliance requirements from one central dashboard.

GECKO Governance was the overall new start up winner in the 2016 Inter-Trade Ireland Seedcorn awards.

## Lions Squad

Congratulations to PKF-FPM client Rory Best who was named on the Lions squad for this summer's tour of New Zealand and played in the Lions opening game.



## Bar of the Year Award

Congratulations to PKF-FPM clients Colum and Sarah McAvoy, directors of The Bridge Bar, Newry which was named one of the top five bars in Northern Ireland at the Licensed & Catering News Awards 2017 in the Europa Hotel on 2nd June.





Gareth Chambers pictured with Margaret Munford of TV's *Apprentice* fame and Sahar Hashemi founder of Coffee Republic.

## Leadership Award for Gareth

Gareth Chambers, CEO of Newry food-to-go firm Around Noon Ltd is this year's winner of the Herbert Smith Freehills Young Leader of the Year Award. Founded by Francis and Sheila Chambers in 1989, Around Noon is a family business that delivers sandwiches and snacks daily across the UK and Ireland. Gareth became CEO of the PKF-FPM client firm in 2012. Under his leadership, sales have grown from £2 million to £20 million and his ambition is to achieve turnover of £100 million by 2021. He received the award at the Young Leaders Northern Ireland Conference in May, an event that focuses on encouraging and inspiring future leaders.



## Rehabilitating Young Offenders

Newry entrepreneur Tom O'Gorman and PKF-FPM client, has established a new scheme called Phoenix Resources that aims to give young people leaving prison a chance to start their own business or secure employment. Tom stated, "What's a really great thing about it is the satisfaction you get from seeing a young person, who maybe needs a bit of help and guidance, making a better life for themselves. You think of the savings of keeping them out of prison, that's £60,000-70,000 you can put back into the public purse."

## Deli Lites Nominated

Congratulations to client Deli Lites Warrenpoint Cafe who were nominated for Best Cafe in Co Down in this year's Irish Restaurant Awards.



## NEWS &

# Family Business Seminar

A recent Family Business Breakfast Seminar hosted by PKF-FPM Accountants Limited and Dundalk Chamber of Commerce helped to identify and resolve common challenges and issues faced by family businesses.

The event at Creative Spark, Dundalk attracted a large number of delegates.

Feargal McCormack thanked Dundalk Chamber for providing the opportunity to share PKF-FPM's experience and offer practical advice in this area.

"Family businesses are the backbone of our economy and

it is vital that we harness all that is good within these businesses to maximise their potential and put the necessary structures in place to implement business succession in whatever form is appropriate to each individual business," Feargal said.

Chamber President, Michael Gaynor said that there is a growing realisation that planning in family business is key to success and requires forethought and understanding.

"These seminars are a key part of informing and advising business owners of all the obstacles they may face or are not addressing," Michael said.



Pictured at the Family Business seminar were (from left) Feargal McCormack with Dundalk Chamber President, Michael Gaynor and Michael Farrell.



Pictured (from left) are Martina McGrath, CEO of Bridgewater Management, Aidan Browne, Incubation Manager at RDC at DKIT, Amanda Kierans, CEO of Rain + Conker, Ken Rooney Head of North East Business Banking at AIB, Michael Farrell Director at PKF-FPM, and Dennis Nordon, Managing Director at Hanley Energy.

## Rain + Conker scoops €12k

The second annual New Frontiers Programme business competition concluded recently with PKF-FPM client Rain + Conker taking the €12,000 prize.

Founded in Dundalk by Amanda Kierans less than two years ago Rain + Conker supplies its range of children's clothing to consumers, retailers and wholesalers internationally.

Rain + Conker fought off tough competition from almost 50 other start-ups from all over the North East region. The New Frontiers Programme was delivered by Dundalk Institute of Technology and Dublin City University and funded by Enterprise Ireland.

## Success For MJM Group

The annual Belfast Telegraph Business Awards, in partnership with Ulster Bank, brought double success for PKF-FPM client MJM Group recently when they scooped the Excellence in Exporting Award and went on to be named Outstanding Business of the Year at a ceremony in the Crowne Plaza Hotel in early May.

Established by Brian McConville as a family-owned business in 1983, MJM Group is today a world leader in the refurbishment of cruise liners, ferries, yachts, and all kinds of public buildings.

The company received a further accolade on 24 May when MJM Group was named Exporter of the Year at the 9th annual Are Lingus Viscount Awards organised in association with Ulster Business magazine.



Declan Kearney, Director of Communications Aer Lingus, Gary Annett, Naoimh McConville and Jo Crozier, MJM Group and Jo Freeman, cabin crew member.



## UK Nisa Award for Milestone

PKF-FPM client Milestone, one of the leading Nisa stores in Northern Ireland, has been named UK Nisa Store of the Year 2017. Situated in Rathfriland, Co Down, Milestone's latest success builds on a strong track record of previous accolades including UK Independent Retailer of the Year 2016, Ireland's Food-to-go Retailer of the Year 2016 and NI Bakery of the Year 2016.



## Horatio Group Success

PKF-FPM client The Horatio Group picked up awards for Denvir's Coaching Inn in Downpatrick and The Northern Whig in the UK National Pub and Bar Awards in May. Denvir's, Northern Ireland's oldest coaching inn was named Best Pub in County Down while The Northern Whig, regional winner for County Antrim, went on to take the overall award for Best Pub in NI.

Mel Frazer-Reid, Startle; Stephen Magorrian, Managing Director of The Horatio Group; Gerard Keaney, Manager of The Northern Whig and Tristan O'Hana, Editor of Pub & Bar Magazine.



**ADVICE**

# Strabane Company Secures Significant Investment

PKF-FPM client O'Neill's Irish International Sports Limited recently secured significant Invest NI support for their three year growth plan which will see them create 170 new jobs and invest £8.1m in new facilities and equipment in Strabane.

Managing Director Kieran Kennedy said the proposed investment is required to service the company's expansion in exports markets.

"The uncertainty surrounding the impact of Brexit on our business is likely to create further challenges in the years ahead. Our business will continue to remain agile as it implements its Brexit proofing plan," Kieran added.

PKF-FPM is delighted to be working in partnership with Kieran and the team as they embark on delivering the next chapter of growth for this exciting company.



PKF-FPM Director Michael Farrell is pictured with Managing Director of O'Neill's Sportswear Kieran Kennedy.

# McElwaine Security Merger

PKF-FPM client McElwaine Security, based in Belfast and Lisnaskea, has recently merged with the Dublin-based RAS Group.

Established in 1996 to provide specialist electronic security services and solutions initially within Northern Ireland, McElwaine Security has expanded year on year to meet the demands of both the local market

and customers throughout Ireland and the UK.

"We see the opportunity for the Dublin market to serve as a new growth hub," said Managing Director Jason McElwaine.

"We admire the talent, integrity and high skill levels that RAS Group management and staff bring. This merger creates a compelling new mix of services, experience, and

expertise in the specialist electronic security sector."

"Brexit was a consideration but not the motivating factor for the merger," Mr. McElwaine added.

Both companies have significant business interests in each others territories with multinational clients in the pharmaceutical, education, government, retail and petroleum sectors.



Pictured at Dublin Roadshow in Balbriggan were Michael Farrell (PKF-FPM), Siobhan McCreesh (PKF-FPM), Oonagh Monahan (Helix Innovation Partnerships Ltd) & Tony Lambert (Fingal Dublin Chamber).



Pictured at Belfast Roadshow were Malachy McLernon (PKF-FPM), Peter Grant (Helix Innovations Partnerships Ltd), Michelle Hawkins (PKF-FPM) & Siobhan McCreesh (PKF-FPM).

# R&D Roadshows

PKF-FPM's R&D team held their annual R&D road-shows recently.

The events which took place in Belfast and Dublin were held in partnership with Helix Innovation Partnerships Ltd and Fingal Dublin Chamber of Commerce. The purpose of these roadshows was to help companies understand what R&D is and get to grips with the practicalities of identifying R&D activities. The presentations covered record

keeping, capturing qualifying R&D costs, grant assistance and making a claim for R&D relief and tax credits.

It is essential that companies engaged in R&D have a good understanding of these issues as otherwise they could miss out on potential financial benefits. For further information, please contact a member of our R&D Centre of Excellence team.



## IPAV Seminar

PKF-FPM's Gary Digney (pictured above with Alan Redmond, IPAV President and Keith Anderson, Anderson Auctioneers) delivered a well-received presentation to the Institute of Professional Auctioneers & Valuers in March.

The theme was 'Full and Final Debt Settlement for Irish Citizens and the significant options now available to debtors on foot of the Personal Insolvency Act (Amended) 2015'. In the course of his presentation, Gary described the introduction of the Personal Insolvency Act 2012 as 'a game changer' in relation to personal debt settlements for Irish citizens.

"In all solutions involving property there is a significant role for valuers and auctioneers in both informal and formal deals. As these deals are basically consensual and debtor led quite often the debtor will retain control of the sales and can choose the auctioneer in conjunction with the Personal Insolvency Practitioner (PIP). This is a joint approach with a PIP and the auctioneer. Every job will require at the very least a valuation of all properties with the very likely possibility of the properties being sold."

Gary outlined the new procedures and explained how the new Insolvency Act facilitates informal settlements.

"Pre 2012, if an Irish citizen had personal debts there was effectively no way out however the setting up of the Insolvency Service of Ireland brought in procedures for full and final settlement that are largely in line with the UK legislation.

Long gone are the days of parking residual debt and zero interest coupons. Debt write off is now a possibility and is starting to be accepted by all stakeholders," Gary said, adding that an informal agreement can be less costly than a formal Personal Insolvency Arrangement or Debt Settlement Arrangement. For further information on the new legislation, contact Gary Digney or PKF-FPM's Recovery and Restructuring team.

## Kukoon Rugs

Newry headquartered company The Rug House, a family run business with over twenty years trading experience throughout the UK and Ireland, recently rebranded as Kukoon Rugs.

## New Franchises for Glenellen Ltd

Following the acquisition of three new McDonald franchises in Balbriggan, Drogheda and Navan, PKF-FPM client Glenellen Ltd now has five restaurants. The company, owned by Elaine & Glenn Sterio, already has the McDonalds franchises in Dundalk and Monaghan.

## Bankruptcy limit increases from £750 to £5,000

Since 30th November 2016 creditors must be owed £5,000 or more before they can proceed to issue Bankruptcy proceedings against an individual. However the threshold for a creditor to issue winding up proceedings against a company remains at £750.

## UK Bankruptcy

A question that sometimes arises is whether the sale of a UK bankrupt's home can be postponed in exceptional circumstances.

The recent case of *Grant & Another v Baker & Another* (2016) provides some clarification.

The bankrupt had an adult child with significant health issues. The bankrupt's trustee had applied, as per the rules, to the court for an order for the sale of the property 12 months after the anniversary of his appointment. The order for sale was granted but the judge ordered that the sale could not proceed until such time as the bankrupt's child no longer lived at the property or needed it as their home.

The trustee in bankruptcy appealed this decision, on the grounds that the child's health issues were not exceptional and that an indefinite longstop date was an incorrect use of the judge's discretionary powers.

On appeal, the court held that while there were exceptional circumstances in this case, the court could not grant an indefinite longstop date for the sale of the home and postponed the sale for a further 12 months. The court's role in this matter is to enable the sale of the property in order to release funds for distribution to the bankrupt's creditors.

If you have any queries on the treatment of the family home in bankruptcy, please do not hesitate to contact Alison Burnside on 028 9024 3131 or at a.burnside@pkffpm.com.

## New Insolvency Rules

New rules governing insolvency came into force in England and Wales in April. While it could be some time before these changes come into operation in Northern Ireland, many NI businesses trade with businesses located in England and Wales so it is important to be aware of the changes. In future, physical meetings of creditors will only be held if 10% or more in value of creditors request a physical meeting. Instead, creditors will be asked to make decisions by correspondence, electronic voting and virtual meetings.

The new rules encourage the use of electronic communication between insolvency practitioners and creditors and permit a much wider use of the insolvency practitioner's website as a means of making information available to creditors. Creditors who see no benefit of being part of the insolvency process can 'opt out' from receiving correspondence. However, those who opt out will not be able to receive a dividend should one become payable.

It is expected that there will be some initial problems as creditors, directors and insolvency practitioners get used to the new rules. To discuss the implications of the changes, please contact Alison Burnside or Conal Doherty on 028 9024 3131 or at a.burnside@pkffpm.com and c.doherty@pkffpm.com

## ADVICE & NEWS

# A Fair Cop?

» Taxpayers with undeclared offshore assets have an opportunity to get their affairs in order before the Common Reporting Standard comes into force next year. Seamus McElvanna & Pat Donnelly explain what's involved.

HMRC is currently advising people of the tougher stance being taken where individuals have not paid tax on assets held offshore.

For almost 10 years, various forms of UK tax amnesty have been open through targeted disclosure facilities for specific professions and trades. These facilities, which included the Liechtenstein Disclosure Facility and before that the Offshore Disclosure Facility, offered significantly lower penalties to those who made voluntary disclosures to HMRC.

Now a Worldwide Disclosure Facility (WDF) allows people to ensure their affairs are correct before the Common Reporting Standard (CRS) comes into force in October 2018.

The CRS was developed in 2014 in response to a G20 initiative driving the automatic exchange of financial information across jurisdictions.

Once in force, the CRS will give HMRC access to lots of new information.

The WDF is available to UK and non-UK resident businesses, organisations and individuals that have a hitherto undeclared UK tax liability from an overseas source or from a UK source that was later transferred to another country e.g. a bank account in the Republic of Ireland, Isle of Man or Jersey, an undeclared bank account in a deceased person's estate and



By Seamus McElvanna  
Senior Tax Manager



& Pat Donnelly  
Senior Tax Manager

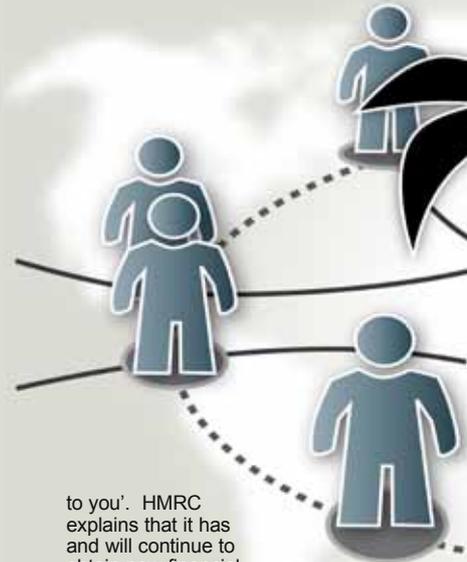
offshore property.

The facility covers all direct taxes and Inheritance Tax dating back up to 20 years. So, at the time of writing the open period goes back to 1997/98.

### Tougher Stance

The most important change to be aware of is that HMRC will in future take a tougher stance where those affected fail to act. This could potentially result in significant penalties or even criminal investigation if the offence is deemed serious enough.

Under the new legislation HMRC will introduce new sanctions for 'requirement to correct' or 'failure to correct'. Those who make voluntary disclosures via the WDF will receive lower penalties. An HMRC factsheet currently being issued states quite bluntly: 'Come to us before we come



to you'. HMRC explains that it has and will continue to obtain new financial information from over 100 jurisdictions so it is clear they mean business.

Meanwhile, the Code of Practice 9 (COP 9) enquiry regime which is used where HMRC suspect tax fraud has been committed continues to run in the background. The main benefit here is that immunity from prosecution is offered where an outline disclosure is made to HMRC within 60 days of the date of issue of the COP 9 letter from HMRC.

### Revenue

The Irish Revenue Commissioners recently closed (30 April 2017) a 'voluntary disclosure' opportunity for those with undeclared tax liability on offshore assets. Like the WDF, this offered those affected a chance to pay the tax owing, interest and a fraction of the penalties that would

## Improving Productivity

» HMRC's proposed Making Tax Digital project in the UK will cause many businesses to review their accounting systems.

Business owners often complain that traditional accounting focuses on the past when what they really want is real time information that helps them drive their business forward.

It's not unusual to find finance teams who rely on spreadsheets taking days or even weeks to produce quarterly management reports. Some take as much as 6-9 months to prepare the annual financial statements. By the time these reports become available, the information is out of date so it is not surprising that business owners complain about the process.

In recent years, advances in technology have changed the traditional landscape. Mobile technologies in particular have been a game changer, raising our

expectations of the information that we expect to have available at our fingertips 24/7.

Cloud-based accounting systems allow businesses to view real time information anywhere, anytime. PKF-FPM clients are using these systems to invoice on the go, integrate bank information, get profit and loss information by month, year or location, analyse sales by staff member, monitor key performance indicators, speed up VAT returns and collaborate in real time with colleagues and PKF-FPM staff.

This cuts down on duplication and time wasting and overcomes the problem of bottlenecks in busy periods.

Systems that provide fast access to more accurate, up-to-date information result in better productivity and improved process effectiveness. Finance staff can be released from manual processes and transactional activities to focus instead on analysing data and finding opportunities

to streamline and improve efficiencies. Where cost savings are achieved, the funds generated can be reinvested to grow the business.

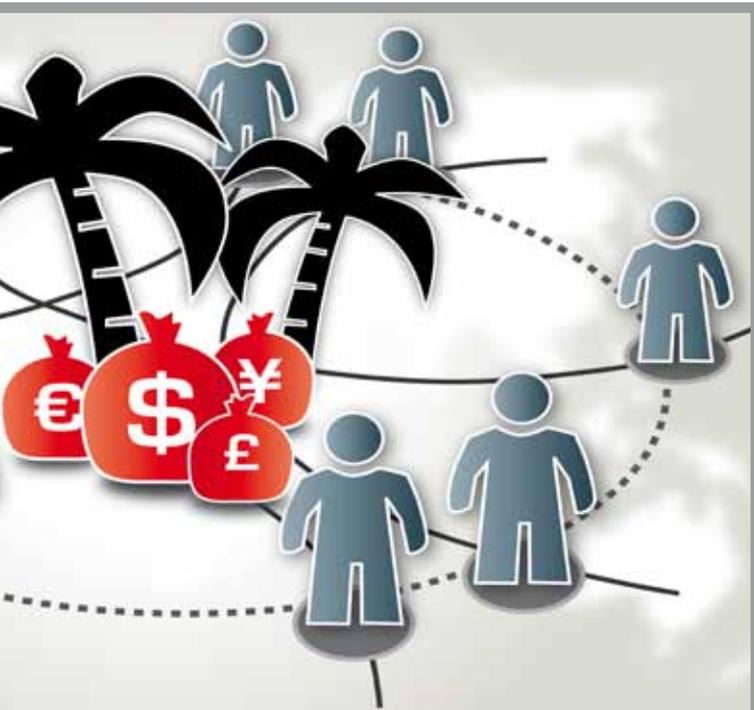
PKF-FPM has seen numerous instances where, with the right tools in place, accounts preparation is almost a non-event and finance teams are much more strategically focused.

For business owners, the advantage is that they can walk into a meeting anywhere, anytime and have up-to-date financial information at their fingertips.

Importantly, when implemented effectively, real time accounting reduces risk and makes it easier to spot when things go wrong. This will be particularly important for businesses in the run up to Brexit.

Implementing real time accounting can be achieved on a step by step basis. For more information and to find out how PKF-FPM can help you improve your business productivity and competitiveness, please contact a member of our team.





## Significant High Court Ruling

➤ The Irish Times (23 May 2017) carried a report of a High Court judgment that has implications for how banks deal with insolvent debtors. The case concerned an insolvent couple whose bank had proposed to 'warehouse' half of their mortgage for repayment at a later date.

Ms Justice Marie Baker ruled against the bank. The significance of the ruling is that it could make it more difficult to exclude some mortgage debt from write-offs within the term of a personal insolvency arrangement.

"We at PKF-FPM believe that warehousing is never the solution," says Gary Digney. "It simply kicks the can down the road. It is essential that debtors obtain a write down with a sustainable mortgage going forward in order to achieve that long term final solution."

For further information, contact Gary Digney or PKF-FPM's Corporate Recovery & Insolvency team.

apply if Revenue had chased the tax themselves.

There are obviously similarities with the approach taken by both tax authorities.

### Times they are a changing ...

Perhaps the most startling statement from HMRC's factsheet is this: 'things are changing – the world is becoming more transparent.'

The bottom line is, if you have concerns in either scenario, or both, the chances of the tax authorities catching up with those impacted is higher than ever before.

Tax authorities, North and South aim to leave people with no hiding

place where tax due is not paid.

PKF-FPM have a specialist tax investigation team with significant experience in dealing with these situations and can offer assistance in negotiating with both tax authorities.

Based on our experience of handling these serious types of tax investigations and disclosures, we understand how stressful, invasive and potentially life-changing these situations can be.

Taking specialist advice early on is crucial to minimise the settlement and give the individual peace of mind.

Please feel free to contact Seamus McElvanna or Pat Donnelly at PKF-FPM to discuss further.

## General Data Protection Regulations 'a game-changer'



➤ Your business has less than a year left to prepare for the General Data Protection Regulations which Irish Data Protection Commissioner Helen Dixon recently described as a 'game changer', explains Feargal McCormack.

The GDPR rules, which come into force on 25 May 2018, will strengthen data protection for EU citizens. They replace the existing data protection framework under the EU Data Protection Directive and apply to any organisation that

offers goods or services to EU residents or handles information about individuals based in the EU on behalf of other entities. Organisations that fail to comply with the GDPR, could incur fines of up to €20 million or four per cent of annual turnover.

### Why is the GDPR important?

Every time you shop online, book a flight, visit your doctor, open a bank account, join a social networking website, you hand over vital personal information. Vast amounts of personal information is stored and processed by businesses and other organisations every day. Loss of this data is a major risk and can lead to serious financial and reputational damage.

If your business or Not for Profit organisation, is not already actively preparing for GDPR, it is essential to begin work now so as to avoid problems when the rules go live next year.

The first step is to be aware of what data your business collects and stores including data handled on your behalf by other organisations. You will need to assess how and why you collect this data, how you obtain consent, how you use the data, what controls you already have in place and what changes are necessary to comply with the GDPR.

If you are concerned about how the GDPR will impact your business, please contact a member of our Business Advisory team.

## Cyber Shocker!



Pictured were speakers Darren Martyn, Neil Richardson, Dr David Day with Feargal McCormack, PKF-FPM and Paul Hayes PKF Cooper Parry.

To raise awareness of the importance of cybersecurity and help clients understand how to protect against attacks, PKF-FPM hosted a special event in February where Darren Martyn, a hacker turned good researcher, shocked attendees with live demonstrations showing how easily the security on servers and mobile phones can be breached.

Speakers at the event included Dr David Day, a National Crime Agency special officer working with the National Cybercrime Unit and Neil Richardson, an academic, consultant and chapter lead for the Open Web Application Security Project.

Chris Tate from Datto explained the importance of proper business continuity solutions and gave a 'Live Disaster Demo' using Datto's Total Data protection platform.

Also speaking at the event were PKF-FPM IT Security and Digital Forensics Expert Consultant Dr. Vivienne Mee and Robb Marshall of PKF Cooper Parry IT Solutions who gave an overview of the issues that businesses need to consider.

Two thirds of businesses were hit by cyber-crime last year yet research suggests that only 10 percent of breached companies have a cyber incident plan in place.

If you are concerned about cybersecurity issues in your business, talk to PKF-FPM's business advisory team to find out how we can help.

## Rural Enterprise Investment Scheme

The second tranche of the Rural Investment Scheme opened recently in Newry, Mourne and Down District Council Area and the remaining councils are due to follow.

Capital grants of up to €75k will be available for new micro, existing micro and existing small businesses (less than 50 employees) as well as training and marketing support.

The types of activity which may be supported include rural tourism, construction, social service provision, development of crafts and handicraft activities, investments in leisure, recreational and sport activities developed by private businesses or social economy enterprises, IT activities, the provision of services such as architectural and engineering activities, accounting, book-keeping and auditing services, technical services, industrial cleaning, veterinary and animal welfare activities, bespoke training associated with a capital item funded by the programme, and marketing activities which include e-trading website development and the production of information leaflets/brochures.

The scheme does not apply to agri-businesses however a new DAERA scheme specifically for agri-businesses will open later this year.

To apply for the Rural Investment Scheme, business owners must attend a mandatory workshop. Details are available on [www.pkffpm.com](http://www.pkffpm.com)

# STAFF

## 25 Years Service!



There were celebrations in PKF-FPM's Newry office in April to mark Catherine Hillen's 25 years with the firm. Following Paddy Harty, Catherine is the second PKF-FPM employee to reach the 25-year milestone!

## Deloitte Best Managed Awards Success

» Congratulations to PKF-FPM clients Hill Engineering, Genesis Crafty and Novosco who were among the companies recognised in this year's Deloitte Best Managed Companies Awards.

Newry-based Hill Engineering is a global exporter and manufacturer of award winning excavator attachments. Genesis Crafty is the Magherafelt family-run McErlain bakery business. Novosco delivers enterprise-level hosting services to mid-market organisations in the UK and Ireland.

Novosco achieved a 'platinum club' accolade at this year's awards having secured 'Best Managed' status for seven consecutive years.



## Welcome Ashok

PKF-FPM is pleased to announce the secondment of Ashok Thomas to our Business Advisory Team.

Ashok joins TEAM PKF-FPM from our international network sister firm PKF Boursli in Kuwait where he worked as a senior advisory consultant specialising in financial services until recently. In that role, he led a risk advisory engagement for a large UAE bank and spearheaded the set up of Common Reporting Standards (CRS) for financial institutions in Kuwait.

A competitive basketball player and keen traveller, Ashok says what attracted him to PKF-FPM was its people development policies and its reputation for attracting and developing high quality staff for the international business world.

Prior to joining PKF Boursli, Ashok worked with KPMG in Bangalore, India where he provided deal advisory services for clients.

As well as international work experience gained in India and the Middle East, Ashok has extensive experience in several industries including manufacturing, healthcare, pharmaceutical, property development and real estate, IT, media and financial institutions.

Educated in Kuwait, Ashok is a graduate of Indira Gandhi National Open University, New Delhi, India. He trained as a Chartered Accountant with Deloitte in Bangalore and qualified in 2014.



## Employees of The Year

» Congratulations to Employees of the Year Amy Mulholland and Catherine McKeown. Amy and Catherine are pictured above receiving their awards from Director Teresa Campbell at PKF-FPM's Annual Staff Day in April.



## BEST Awards 2017

» Congratulations to Samantha Hyde, Southern Regional College, who won the Visual Design Award for her Pop up Children's Book at the BEST Awards 2017. The award was sponsored by PKF-FPM.

Pictured are PKF-FPM's Nicole Curran presenting the Visual Design Award to Samantha Hyde.



## Special Olympics

Staff, pupils and friends of St Peter's Primary School, Cloughreagh, Bessbrook helped out recently at the Annual Collection Day for Special Olympics Ireland.

To mark Special Olympics Ireland Collection Day across the island on Friday 5th May, PKF-FPM co-ordinated the collection in the Greater Newry Area including Warrenpoint and Camlough. An impressive £6,847.32 was raised.