The Professional Journal of The Association of International Accountants

INTERNATIONAL ACCOUNTANT

MARCH/APRIL 2025

ISSUE 140

The introduction of the ACSP Registration Service

Extend your role beyond traditional compliance work

How high levels of stress can affect your business risk

Help your SME clients to navigate their finances and prepare for growth

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International Accountant, the bimonthly publication of the Association of International Accountants (AIA).

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Design and production
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Lexis House,
30 Farringdon Street,
London EC4A 4HH
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Printed by Buxton Press Ltd, Buxton,
Derbyshire SK17 6AE

This product comes from sustainable forest sources.

ISSN: 1465-5144

Preparing for growth in our accounting careers

Angela Partington Editor, IA

There are significant changes afoot in the world of accountancy, and we must all remain alert to the new requirements – both in terms of compliance and a more general development of the scope of our roles – which we are all facing at the moment.

This is highlighted by the introduction of the Authorised Corporate Service Provider (ACSP) registration service by Companies House, which became effective on 18 March 2025. This mandates third-party providers, such as accountants, solicitors and company formation agents, to register as Authorised Corporate Service Providers with Companies House. It concerns those who plan to carry out identity verification checks on behalf of clients or make filings with Companies House. For a full breakdown of the new requirements and how to comply with legal requirements, see the article by David Potts on page 10.

But in the current climate, accountants also need to have a broader awareness of the services they offer to clients, as AI and automation continue to reshape our profession. In his article on page 16, Shane Lukas considers how accountants can transform their practices to offer a broader range of services than compliance alone.

This could be through explaining financial ratios, offering tax planning guidance or helping with cash flow forecasting. The key is to recognise how valuable these services are for your clients and to develop them intentionally, not just on an ad hoc basis.

As the scope of accountancy careers evolve though, this can generate some positive changes. Research by Dr Tim Eaton and Anastasija Mladenovska at the Farmer School of Business, Miami University shows that the employment of accountants and auditors between 2022 and 2032 is expected to grow by 4% (see page 13).

Accountants have consistently adapted to changing economic conditions by evolving from routine tasks to offering strategic advice, financial restructuring and crisis management; and many firms are currently struggling to find qualified accountants to handle these increasing workloads. Graduates with accounting degrees have high job placement rates and robust career prospects, particularly when coupled with certifications and specialised skills.

This does not mean we should regard our position with complacency though. New research from Walking on Earth (WONE) has revealed that 45% of employees in UK and US professional services and technology industries are experiencing high stress (see page 18). It is worth remembering that when organisations invest in employee wellbeing, business performance improves. Supporting our employees in their working lives sustains productivity, reduces long-term costs, and ensures resilience in our labour market.

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INTANGIBLE ASSETS

Call for reform of intangible asset disclosures

Improved disclosures and disaggregation of intangible assets are needed before balance sheet recognition, according to research by the CFA Institute Research and Policy Centre.

The report, 'Investor Perspectives: Intangible Assets', calls for accounting standard-setters to pursue a disclosure-first approach to make progress on the recognition of, and accounting for, intangible assets.

Under current accounting rules, intangible assets (such as patents, brands and software) acquired in a business combination are often capitalised as assets, while the costs associated with intangible assets generated internally by a company are expensed as incurred. Minimal disclosures are required – or voluntarily provided – for intangible assets, often leaving investors in the dark regarding the nature of these significant investments. The Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) are broadly re-examining accounting for intangible assets.

Over 70% of respondents to the CFA's research agreed that for many companies, the most valuable assets do not appear on the balance sheet; and that the accounting model does not, but should, recognise important intangibles. They also agreed that the unrecognised intangible assets are a significant driver of the difference observed between the book and market values of equity for many listed companies.

Only 39% of respondents found current intangible disclosures useful, while more than 80% were in favour of better disclosures and for more disaggregation of investments in intangibles across the financial statements.

Many would like internally generated, identifiable intangibles recognised on the balance sheet. However, investors do not have a strong appetite for radical change, such as an entirely new balance sheet that shows the fair value of acquired or created intangibles.

The report, 'Investor Perspectives: Intangible Assets,' can be found at: tinyurl.com/2d29mzch

SALARIES

Half of accountants not satisfied with pay

Nearly half of those working in accountancy and finance are unhappy with their salaries, according to the Reed Salary Survey, Accountancy and Finance 2025.

The survey found that only 54% of people working in the sector are 'somewhat happy' or 'very happy' with how much they are paid. It said as the cost-of-living crisis continues to bite, 60% of unhappy workers say their dissatisfaction is because this isn't reflected in their salary.

Outside of external economic pressures, other reasons workers are unhappy with their salary include recognising that their chosen sector isn't well paid (38%) and that they do far more than outlined in their job description (37%).

The disparity between the average wage and the salary people would be comfortable with remains quite large, the survey said. The average salary in last year's salary guide survey was reportedly £35,264, while the average salary respondents said they'd be happy with was £48,541 – a 37.6% salary increase. In 2025, the average reported salary has increased by 10% to £38,921, while the target salary for workers is lower, at £45,785 – a 17% desired increase in salary.

This year's lower target salary could be a result of workers recognising the challenging employment market and cost-of-living crisis and tempering their expectations. Previously, higher salaries may have been desired, whereas going into 2025 workers have slightly more realistic expectations of salary increases.

Worryingly, one-fifth (20%) say they feel unable to meet their financial obligations, such as their mortgage and bills, on their current salary.

The Reed Salary Survey, Accountancy and Finance 2025 can be found at: tinyurl.com/5pcywvkj

SUSTAINABILITY

Business wants 'mindset change' in sustainability assurance

Assurance of company sustainability reports is fast becoming the norm, but new research shows that companies are only beginning to integrate it with financial audit processes and are pressing audit firms to engage in a different mindset of responsiveness and collaboration.

The findings come from a new White Paper 'Building the credibility gap: navigating the evolving landscape of sustainability assurance for credible corporate reporting' by Reuters Events Sustainable Business.

The study analyses the drivers in the growth of sustainability assurance, including better data quality within the company, together with external investor and stakeholder demand.

It warns the audit sector of the dangers of 'over-implementation' of sustainability standards and of 'pseudo-assurance', where auditors choose what is most measurable over where there is most sustainability impact.

The report also analyses the impact of artificial intelligence, the application of the new international sustainability assurance standard, ISSA 5000 and the further opening up of the market as future trends, which will fundamentally affect the practice.

The White Paper is available at: tinyurl.com/4fwn6tas

AIA NEWS

AWARD

AIA continues to champion technological advancement with Innovation in Accountancy Award

AIA is proud to once again sponsor the Innovation in Accountancy Award at the PQ Magazine Awards 2025, celebrating accounting professionals and firms that are embracing cutting-edge technologies, such as AI, to transform their practices.

This award highlights the impact of technology on the accounting profession – not only in streamlining processes but also in enabling accountants to provide deeper strategic insights and proactively tackle emerging challenges.
As the profession continues to evolve, leveraging technological advancements is key to staying competitive and future-ready.

Carl Jepson, AIA Director of Sales & Marketing, said: 'The pace of technological change in accountancy is accelerating, and those who embrace innovation will be at the forefront of the industry. The Innovation in Accountancy Award recognises those pushing boundaries and redefining what it means to be an accountant in 2025. We're excited to celebrate the achievements of forward-thinking professionals who are shaping the future of the profession.'

FINANCIAL CRIME

Suspicious Activity Reporting trends for 2024-25

The latest report on Suspicious Activity Reporting (SAR) trends for 2024-25 highlights several key developments and ongoing challenges in the fight against financial crime. This report, published by AIA, underscores the critical role that SARs play in alerting law enforcement to potential instances of money laundering and terrorist financing.

Each year, AIA Members in Practice must submit an Annual Declaration relating to their firm, internal controls and clients. As part of this, AIA requests information on the number of SARs made in the past 12 months and their general categorisation.

A SAR is required when, during the course of their business in a regulated sector, a relevant employee (such as a Member in Practice) develops a suspicion of a crime with proceeds. More guidance on each of these elements is contained within 'Anti-Money Laundering Guidance for the Accountancy Sector (AMLGAS)' (see tinyurl.com/5n8725a9).

The trends observed in the 2024-25 report mirror those from the previous year, indicating the need for ongoing vigilance. The increase in the number of SARs submitted highlights the growing awareness and responsiveness of AIA members to suspicious activities.

Key Findings

An increase in SARs: Despite a slight decrease in the number of AIA-supervised firms submitting SARs (30 in 2023/24), the total number of SARs submitted has increased to 66, up from 59 in the previous year. This suggests a rise in the frequency or severity of suspicious activities being reported by fewer firms.

Common themes: The report identifies recurring themes in the SARs submitted: closing companies; tax compliance issues; misuse of grants; fraudulent reports disguising remuneration; undeclared income; non-cooperative clients; unusual client transactions; revenue reporting discrepancies; clients as victims of theft or fraud; uneconomic business activities; employee theft; unregulated company investments; round sum receipts; false accounting; external fraud; and theft of client funds.

The importance of reporting: The report emphasises the importance of reporting suspicious activities to prevent financial crime, maintain financial integrity, comply with legal obligations and support law enforcement efforts. By identifying and reporting potential money laundering activities, AIA members contribute to a safer and more transparent financial system, protecting both their clients and the broader economy.

David Potts, AIA Director of Policy & Regulation and MLRO, said: 'AIA Members in Practice have identified a range of suspicions and reported these via the appropriate channels in the past 12 months. The role of AIA members in reporting suspicious activities remains crucial. SARs are a vital source of intelligence not only on economic crime but on a wide range of criminal activity.'

COMMONWEALTH ACCREDITATION

AIA recognised with new Commonwealth accreditation badge

The Commonwealth
ACCREDITED ORGANISATION
Association of International Accountants
CAO 247

AIA has been recognised with a newly introduced Commonwealth accreditation badge, reaffirming its status as a trusted and respected organisation.

The launch of the accreditation badge was announced at a special event hosted by the Secretary General of the Commonwealth, The Rt Hon Patricia Scotland KC, where four new organisations were welcomed into the Commonwealth family of accredited organisations. With these additions, the total number of accredited organisations now stands at 92.

The new badge is uniquely numbered for each accredited organisation and features a distinct verification mark, reinforcing the credibility of accredited organisations. This initiative reflects the Commonwealth's commitment to upholding high standards, ensuring that members meet rigorous criteria in governance, integrity and impact.

As an established accredited organisation, AIA continues to support the Commonwealth's mission by promoting professional excellence in accountancy and finance. AIA remains committed to upholding the highest professional standards and contributing to the Commonwealth's ongoing efforts to foster economic growth, governance and financial integrity worldwide.

David Potts, AIA's Director of Policy and Regulation, welcomed the introduction of the badge, stating: 'The Commonwealth accreditation badge represents a significant step in strengthening the credibility and trust placed in accredited organisations. As a longstanding member of the Commonwealth family, AIA is proud to uphold the highest professional standards and contribute to the Commonwealth's mission of good governance, transparency and economic development.'

COMMONWEALTH DAY

AIA celebrates Commonwealth Day 2025: 'Together We Thrive'

AIA was delighted to celebrate Commonwealth Day 2025, embracing this year's theme, 'Together We Thrive'. The theme reflects the strength and unity of the Commonwealth's 56 independent nations, bound by shared values of prosperity, democracy and peace. Through collaboration, inclusion and sustainability, the Commonwealth Charter promotes a collective commitment to improving lives worldwide.

As a Commonwealth Accredited Organisation, AIA is dedicated to inclusive education, ensuring that individuals, regardless of gender, location or socio-economic background, have access to professional accountancy qualifications. The AIA Commonwealth Scholarship Programme exemplifies this commitment by providing fully funded professional qualifications to students across the UK and the wider Commonwealth. The AIA qualification is designed to develop world-class accountants who contribute to economic growth, social mobility and sustainable development throughout the Commonwealth.

The day began with a reception in Westminster, hosted by AIA Chief Executive Philip Turnbull and AIA President Shahram Moallemi. The event brought together leaders from across UK business, finance, law, accountancy, academia, SMPs and SMEs, regulatory bodies, sustainability and the media, reinforcing broad support for AIA's educational mission and the Commonwealth's role in fostering global economic cooperation.

AIA was also honoured to welcome a delegation from AIA China, led by Wilson Shou, Chair of the AIA China Management Committee, who travelled from Beijing to join the celebrations. A respected entrepreneur and educationalist, Mr Shou has been instrumental in strengthening AIA's presence in China and has supported the organisation for over 15 years.

To conclude the celebrations, the AIA delegation attended the Commonwealth Day Service at Westminster Abbey in the presence of His Majesty King Charles III, Her Majesty The Queen and Their Royal Highnesses The Prince and Princess of Wales. The multi-faith service celebrated the diversity and cultural richness of the Commonwealth, featuring music, readings and inspirational stories from Commonwealth citizens.

AIA remains committed to upholding the values of the Commonwealth Charter, advancing professional education and fostering international collaboration for a more sustainable and inclusive future.

Philip Turnbull, AIA Chief Executive, said: 'Today provided an excellent opportunity to celebrate the success of the Commonwealth and AIA's role as an accredited organisation. It was a privilege to bring together leaders from the business and education sectors to champion collaboration and drive progress towards a more sustainable future for all.'

MAKING TAX DIGITAL

Preparing for Making Tax Digital: what AIA members need to know

With major changes to the UK's tax system on the horizon, AIA members should take steps now to ensure their clients are ready for Making Tax Digital (MTD) for Income Tax Self-Assessment (ITSA). HMRC has confirmed that from 6 April 2026, sole traders and landlords with total income exceeding £50,000 will need to comply with MTD requirements – transforming how they report their income and expenses.

From April 2026, self-employed individuals and landlords earning over £50,000 annually will be required to:

- maintain digital records of their income and expenses;
- use MTD-compatible software to submit updates to HMRC quarterly; and
- file an end-of-year final declaration instead of a traditional Self-Assessment return.

Those earning between £30,000 and £50,000 will be required to join MTD for ITSA from April 2027. There is no confirmed timeline yet for businesses earning under £30,000, and general partnerships are also not yet included. To help with the transition, HMRC will begin contacting relevant taxpayers from April 2025. If a client's 2023–24 Self-Assessment tax return shows an income close to or above £50,000, they will receive a letter informing them of the upcoming requirement to comply with MTD for ITSA.

Steps for AIA members to take now

Step 1: Identify affected clients: Review your client list and identify any sole traders or landlords earning over £50,000 annually. Inform them about the MTD changes and the need to transition to MTD-compatible software.

Step 2: Encourage early sign-ups: From April 2025, agents will have two sign-up options for clients:

- Option 1: Sign up for MTD for ITSA early (2025-26 tax year) to prepare in advance. Early adopters will receive exclusive access to HMRC's Making Tax Digital Customer Support Team for additional guidance.
- Option 2: Wait and sign up for the mandatory deadline of April 2026.

AIA members should discuss both options with clients and consider whether early adoption could help smooth the transition.

Step 3: Ensure that clients are using MTD-compatible software: Clients will need to use approved digital record-keeping software to comply with MTD. Encourage them to start using an MTD-compatible system now, so they can get accustomed to the new process before the 2026 deadline.

Step 4: Stay updated on MTD developments
HMRC will continue to release further details and guidance on MTD exemptions, software options and support services. AIA members should regularly check GOV.UK for updates.

Next Steps for AIA Members

The move to MTD for ITSA is a significant change, but with early preparation AIA members can ensure their clients transition smoothly. Begin discussions now, review available software solutions and encourage clients to adopt digital record-keeping practices well before the deadline.

For further guidance, visit Making Tax Digital for Income Tax for agents (see tinyurl.com/tkaj3zrf) or contact HMRC's support services.

CONFERENCE

AIA Sponsors the BAFA Annual Conference 2025

AIA is proud to announce its sponsorship of the British Accounting and Finance Association (BAFA) Annual Conference 2025. This prestigious event will be hosted by Ulster University, Belfast, from 15–17 April 2025, bringing together leading academics, practitioners and researchers in accounting and finance.

AIA is committed to promoting excellence in accounting and finance. By sponsoring the BAFA Annual Conference, we support research, encourage knowledge sharing and contribute to the development of future accounting professionals and academics. The conference showcases the latest research and discussions on issues affecting the profession.

Distinguished keynote speakers

The conference boasts an impressive line-up of keynote speakers, including:

- Professor Richard Macve, Emeritus Professor of Accounting, London School of Economics and Political Science;
- Dr Meredith Tharapos, Associate Professor of Accounting, RMIT University, Melbourne, Australia;
- Professor Jonathan Berk, The A.P. Giannini Professor of Finance, Stanford Graduate School of Business; and
- Professor Lisa Jack, Professor of Accounting, University of Portsmouth.

Supporting academic excellence

Nicola Perry, AIA Chief Operating Officer, said: 'AIA is delighted to support BAFA and its commitment to advancing accounting and finance research and education. The annual conference provides a platform for academics and professionals to exchange ideas, discuss emerging trends, and shape the future of the profession. AIA is proud to play a key part in the event and we look forward to engaging with delegates this April.'

CLIMATE

Accounting industry survey reveals major knowledge gap around climate reporting

From 1 January 2025, mandatory climate reporting is legislated in Australia, impacting an estimated 80,000 businesses over the following three years. Similarly, the UK is anticipated to implement comparable regulations in 2025, with many businesses already facing pressure from major clients to disclose their carbon emissions. These evolving requirements present a significant opportunity for the accounting industry to support clients in meeting these obligations.

A new study from climate reporting platform Trace reveals that the accountancy industry is largely unprepared to assist clients in climate reporting, despite acknowledging the enormous benefits of offering these services (see www.our-trace.com).

'Climate reporting revolution: the future of accounting' (see https://hubs.li/Q033SSzM0) explores the accounting industry's critical role in climate reporting, and finds that:

- 67% of accountants feel unprepared to discuss climate reporting with their clients.
- 30% of accountants are unsure if their clients will be impacted by mandatory reporting.
- However, 96% of accountants see potential benefits in offering climate reporting to clients.

The survey represents the views of 156 accountancy professionals across the UK and Australia, from a range of roles and levels of seniority.

Despite respondents' clear knowledge gap around the need and scope for climate reporting services, the majority acknowledged benefits for doing so, such as an enhanced firm reputation (63%) and increased revenue (60%).

Most respondents from large firms (500 to 5,000 clients) also stated that offering climate reporting services will be important for customer retention. Furthermore, 75% of respondents believe the accounting industry will play a pivotal role in addressing climate change.

Joanna Auburn, Co-Founder of Trace, said: 'As business concerns around the climate crisis grow in urgency, companies will increasingly look for support with climate reporting. The accountancy industry is exceptionally well-placed to offer much-needed advice and guidance, but as this research shows, it is not yet prepared to take advantage of this opportunity.'

Philip Turnbull, AIA Chief Executive, commented: 'AIA supports the growing need for climate reporting and recognises the significant role accountants can play in helping businesses to navigate these new requirements. As regulatory frameworks evolve, accountants have a key opportunity to develop their expertise and provide invaluable guidance to their clients. Ensuring the profession is well-equipped to meet these challenges will be crucial in supporting businesses on their journey towards sustainability and compliance.'

SME

AIA supports FRC's SME Growth Initiative

AIA welcomes the Financial Reporting Council's (FRC) new campaign to help small and medium-sized enterprises (SMEs) access audit services and reduce reporting burdens.

David Potts, AIA Director of Policy & Regulation, said: 'AIA supports the FRC's campaign to help UK SMEs access audit services and reduce reporting burdens. This initiative will foster growth and help SMEs scale effectively. AIA members can provide expertise to navigate new standards, secure funding and drive innovation in the UK economy.'

SMEs make up over 99% of UK private businesses and drive economic growth, innovation and jobs. However, many struggle to obtain proportionate audit services, affecting their ability to expand. The FRC's campaign will explore SME financial reporting, audit access and how standards can be applied fairly.

Richard Moriarty, Chief Executive of the Financial Reporting Council, said: 'SMEs are an important bedrock for the UK economy as drivers of innovation and job creation. Their ability to access capital is often dependent on having audited accounts. I'm keen that the FRC does what it can to support their growth and their ability to scale up.

'This campaign across 2025 is focused on analysing how the audit market is working for SMEs, including the reporting and audit requirements they face, and ensuring they are audited proportionately, including considering any steps the FRC can take to support this vital part of the UK economy. We look forward to engaging and listening from SMEs and those who represent them, their capital providers, and others with an interest in this important work.'

The campaign launches a market study on 3 February 2025 to assess SME audit challenges. The FRC will also consult on a Practice Note to guide auditors on proportionate standards and provide support materials for SMEs to better understand audit requirements.

Five tips to success

We review the AIA Ethics and Professional Practice Paper – and share our advice on how you can best approach it!

The accounting profession exists to act in the public interest and ethics sits at the heart of this. Whilst ethics is explored across the AIA qualification, the Ethics and Professional Practice (EPP) paper aims to ensure that all AIA members have a strong basis in the application of ethics. Accountants operate within a framework of laws and regulations – money laundering legislation, the FRC's Ethical Standard for Auditors and the IESBA Code of Ethics – but ethical considerations can go beyond this.

Ethical scenarios arise in all settings that you may find yourself working. Being able to recognise an ethical issue and consider the appropriate action for yourself, both legally and ethically, is a fundamental skill for accountants.

The EPP course provides you with the understanding and knowledge required to be able to apply ethical reasoning to decision making. It ensures that you are able to consider a range of outcomes, stakeholder perspectives and courses of actions, and are equipped with the necessary skills if you are faced with an ethical dilemma in practice.

To entrench these skills, the EPP paper presents four questions (each worth 25 marks) that will consider different ethical scenarios. The scenarios will cover different industries and situations and will be designed to test a range of areas across the EPP syllabus.

Five top tips for success

In order to help candidates be successful in upcoming EPP assessments, the examiner has prepared five top tips for success. These tips should be considered by any candidates preparing for future EPP assessments.

The five tips are:

1. Have a solid understanding of the technical materials
2. Practice, practice, practice!
3. Read the requirements carefully
4. Explore different options
5. Work on your exam technique

The tips are based on the examiner's findings from previous papers and provide invaluable insights that can help to improve the chance of success in the EPP examination. Read on to discover more about each tip.

Have a solid understanding of the technical materials

The EPP paper is designed to assess the full syllabus. In order to perform well, candidates must be familiar with the learning outcomes and the content of the Learning and Practice Workbook. The learning outcomes for the EPP course are:

- Appraise different ethical theories and use them to assess practical aspects of business and accounting decision making (Learning Outcome 1).
- Assess appropriate and relevant ethical guidance and standards, such as the International Federation of Accountants Code of Ethics (adopted by AIA) and the Ethical Standard for Auditors issued by the Financial Reporting Council (Learning Outcome 2).
- Critically analyse, using different ethical perspectives, the ethical dimensions that arise in connection with aspects of business and public practice, particularly relevant to accounting and auditing with due regard to the accountant's responsibility towards the

environment and wider society (Learning Outcome 3).

- Evaluate ethical scenarios, including threats, safeguards and implications, in order to recommend courses of action and make choices that are consistent with relevant guidance and that reflect standards of ethical behaviour that are appropriate for a professional accountant (Learning Outcome 4).

To be successful in the examination, candidates must ensure that they are confident in each of the syllabus areas. For example, Learning Outcome 1 specifically requires candidates to use ethical theories to assess practical scenarios. Therefore, candidates must be able to discuss the ethical theories and how they apply to an examination scenario.

Candidates should be sufficiently well prepared to allow them to attempt all the questions in the examination.

Practice, practice, practice!

Once candidates are familiar with the technical content of the EPP syllabus, the best way to prepare for the final examination is through practice. The EPP Learning and Practice Workbook contains a considerable number of questions for you to practise. The AIA provides additional practice questions and past exam questions on top of these resources. The AIA Achieve Academy also includes self-review questions and there is the opportunity to complete marked questions with feedback.

Candidates should aim to complete as many of these question as possible. Sitting some of these questions under 'exam conditions' (i.e. without access to learning materials and within the equivalent examination time of 1.8 minutes per mark) is also a particularly useful exercise.

The mock exam, which is available about a month before the exam, should be completed. It is marked with feedback and a final live workshop offers candidates the opportunity to go through the mock paper with an ETutor to discuss the best approach and how to score well. Candidates are strongly encouraged to complete the mock exam and attend the workshop.

Candidates that prioritise question practice ahead of the examination have the highest chance of success.

Read the requirements carefully

One common pitfall in the exam is misinterpreting the question requirements. Candidates should ensure that they pay particular care and attention when reading the requirements of the paper.

The requirements clearly state what is required from the candidate. For example, candidates should only include recommended actions when the requirement specifically asks for this; otherwise no credit can be awarded.

Including generic information that does not address the requirement is unlikely to be awarded credit. The EPP paper aims to develop and examine the candidate's understanding and application of ethics within the profession. This means that candidates should be able to apply their knowledge to the information in the question and they should tailor their response to address the specifics of the ethical issues contained within the scenario.

Explore different options

In real life, ethics is an area where there is rarely one 'correct' answer. The EPP paper reflects this aspect and encourages students to deeply explore issues and consider different perspectives. To score well, candidates should aim to reflect on the issues and provide different points of view. For example, considering both the long and short-term consequences of a course of action or considering different stakeholder perspectives will allow a candidate to better explore an ethical issue.

Candidates that can demonstrate a good moral imagination and a willingness to consider different views and justifications will score more credit in the examination.

Work on your exam technique

Candidates should aim to apply excellent exam technique and use a clear structure in their examination. Practising questions (tip number two!) will help to facilitate this. Using headings, clear paragraphs, tables or models from the Learning and Practice Workbook will help candidates to write a clear and concise answer that is easy for the marker to understand and award credit.

For example, for a requirement that asks candidates to assess different ethical issues within a scenario, good exam technique would involve a candidate clearly stating each different ethical scenario as a heading, with exploration and analysis of the issue included in paragraphs underneath.

As part of a strong exam technique, candidates should be aware of their timing during the examination (and any mock examinations). The examination is three hours long and contains four questions. Candidates should aim to spend around 45 minutes on each question in order to make sure that sufficient time is available to complete the full paper.

By following these five tips, you will significantly improve your chance of success in the EPP assessment, bringing you one step closer to full AIA membership. Now it is time to put them into practice. Good luck! ●

ACSP Registration Service

David Potts explains what accountants need to know about the new ACSP Registration Service from Companies House.

David Potts
Director of Policy & Regulation and MLRO, AIA

The landscape of corporate services in the UK is undergoing significant change with the introduction of the Authorised Corporate Service Provider (ACSP) registration service by Companies House. This new requirement, which became effective on 18 March 2025, aims to enhance transparency and security in the filing of corporate information. For accountants, understanding these changes is crucial to ensure compliance and to continue providing services to clients.

This article considers the key aspects of the ACSP registration service and what accountants need to know to navigate these regulatory changes.

What is the ACSP Registration Service?

The ACSP registration service mandates third-party providers, such as accountants, solicitors and company formation agents, to register as Authorised Corporate Service Providers with Companies House. This registration is necessary for those who plan to carry out identity verification checks on behalf of clients or make filings with Companies House. In the future, businesses will also need to register to be able to file on behalf of clients.

The primary objective of the ACSP registration service is to enhance the integrity of the information filed with Companies House. By ensuring that only authorised and regulated entities can submit filings and verify identities, Companies House aims to reduce the risk of fraud and improve the accuracy of the public register. This move is part of a broader effort under the Economic Crime and Corporate Transparency Act (ECCTA) to bolster corporate governance and combat economic crime.

Author bio
David Potts is Director of Policy & Regulation and MLRO at the AIA.

Requirements for accountants

Registration with an AML supervisory body

To register as an ACSP, accountants must be supervised by a UK anti-money laundering (AML) supervisory body, which includes the Association of International Accountants (AIA). During the registration process, accountants will need to provide their AML supervisory body membership number. AIA works with Companies House to ensure confirmation of its supervised population and reduce administrative burden for members.

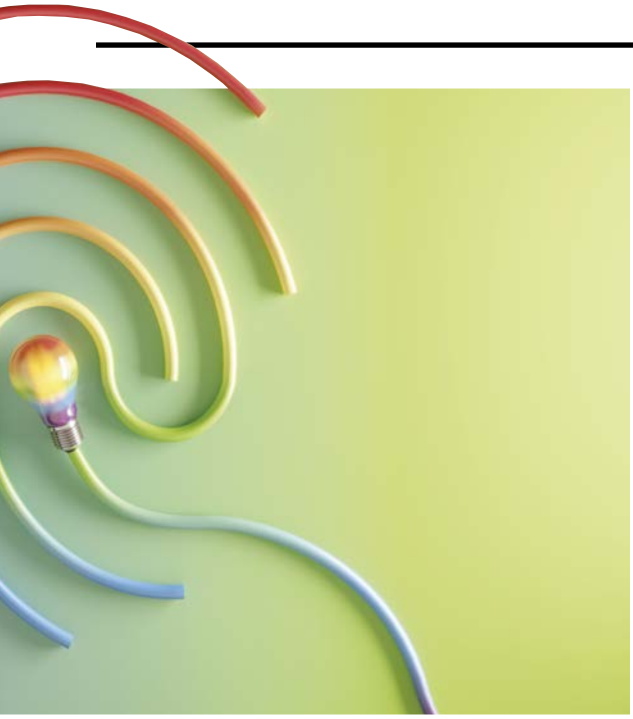
Senior role requirement

The registration process must be completed by someone holding a senior role within the firm, such as a director or partner. This individual will be responsible for verifying their identity through the GOV.UK One Login system. The person registering the business as an ACSP can add other people who work for the business to the authorised agent account once it is registered and approved.

Compliance with legal requirements

Companies House authorised agents must comply with the following legal requirements:

1. The agent must always be registered with an AML supervisory body.
2. The agent must inform Companies House if there is a change to any of the information they hold about the agent within 14 days.
3. If Companies House requests it, the agent must provide more information:
   - about the agent's filings with Companies House;
   - about identity checks, if the agent verifies someone's identity for Companies House; and
   - to prove the agent is complying with their legal responsibilities.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4. The agent must keep records of any identity checks for seven years, if they have verified someone's identity for Companies House.

If you are a sole trader and have registered yourself as an authorised agent, you are responsible for making sure you comply. For other businesses, all officers are responsible. This means all directors, or anyone whose roles and responsibilities correspond to that of a company director.

The agent will be committing an offence if they do not comply with legal requirements. This means the sole trader, or all company directors (or equivalent) could receive a fine or face criminal prosecution.

Registration

From 18 March 2025, accountants can apply to register as an ACSP through the Companies House online portal. The application must be completed by a senior member of the firm.

Ensure that your firm is AML regulated and locate your ID number. Review and update your identity verification processes to meet the new requirements.

Once the application is approved, Companies House will create a digital account for the ACSP and provide a unique identity number. Additional employees can be added to this account without needing to verify their identities.

Companies House will not publish information to show that a business has registered as an authorised agent.

However, if Companies House needs to suspend a business from acting as an authorised agent, or if a business stops being an authorised agent, it will publish:

- the name of the business or sole trader;
- the status, to show if it has been suspended, or if it has stopped being an authorised agent; and
- the date the status changed.

If a person uses an authorised agent to verify their identity, Companies House will show some information about the agent that has verified them.

When the person connects their verified identity to its records, Companies House will show:

- the name of the authorised agent; and
- the names of the AML supervisory bodies the agent is registered with.

How to meet Companies House identity verification standard

When agents verify someone's identity for Companies House, they must meet the identity verification standard to comply with their legal responsibilities as an Authorised Corporate Service Provider (ACSP). The following checks outline the minimum that must be undertaken to meet the standard.

Ask for information about the person

The person will need to give their:

- full name and any former names;
- date of birth;
- home address;
- address history for the last 12 months; and
- email address.

Get evidence to verify the person's identity

Documents must be seen to provide evidence to verify a person's identity. Copies of documents must be kept for seven years from the date that identity checks were completed.

Agents will not need to submit copies of documents when informing Companies House that someone's identity has been verified; however, Companies House will ask for information about the documents. Agents will need to give the:

- the document reference number or equivalent;
- the expiry date, if the document has one; and
- the country of issue, if the document has one.

Documents that can be used as evidence

There are two options for checking identity documents: using identification document validation technology (IDVT) to check documents or checking by a person. The documents which agents can use as evidence will depend on which of these options is used (see tinyurl.com/5n7aknhk).

Agents cannot use as evidence:

- documents that have expired; and
- a foreign equivalent of a document, if an issuing country or authority is specified.

The person will not need to verify again if a document expires after identity checks have been completed.

Check the evidence is real

If the evidence is being checked by a person, they must be trained in detecting false documents by a specialist training provider. This could be any organisation that follows the Home Office best practice guide, including:

- Home Office;
- National Document Fraud Unit (NDFU); and
- National Protective Security Authority (NPSA).

Identity documents should always be checked for signs of tampering and be queried if there are any signs of damage to a document, especially if it is in an area where personal details are shown.

If agents have concerns about a document, they should contact the issuing authority or another authoritative source to check. For documents issued by a country outside of the UK, agents should contact the relevant embassy if there are concerns.

Check the identity belongs to the person claiming it

Agents will need to check that:

- the documents confirm their name and date of birth;
- information held in the electronic chip matches the information on the document and the person claiming it, if the agent is using IDVT to check the document; and
- the person physically matches the photo that is on, or goes with the document.

If the person is being verified remotely, agents must make sure they are a real person. The persons face will need to be clearly seen to compare it with the photo that is on the identity document.

Keep records of the identity checks

Records of all the evidence and information used to verify someone's identity must be kept for seven years from the date that identity verification was completed.

This includes:

- copies of documents checked;
- evidence of identity checks completed; and
- records of any failed verification attempts.

Tell Companies House when someone's identity has been verified

Once someone's identity has been verified (from 8 April 2025), Companies House online service should be used to:

- tell Companies House the person's details;
- tell Companies House which documents were used to verify their identity;
- give details from the identity documents; and
- confirm that identity verification checks have been completed to the required standard.

What to do if someone's identity cannot be identified

If it is not possible to verify a person's identity, records must be kept of the evidence used and checks completed for seven years. It is the person's responsibility to prove that they are who they say they are. They will need to get documents to be able to verify their identity for Companies House.

Preparing for the transition

To ensure a smooth transition to the new ACSP registration service, consider taking the following steps:

- **Stay informed:** Keep up to date with the latest guidance from Companies House and AIA regarding the ACSP registration service.
- **Review processes:** Assess and update your firm's identity verification and AML compliance processes to align with the new requirements.
- **Train staff:** Provide training for staff on the new regulations and the importance of compliance.
- **Plan for registration:** Prepare for the registration process by gathering the necessary information and designating a senior member to complete the application.

The new ACSP registration service from Companies House will have several implications for small accounting firms; however, it also offers an opportunity to enhance their reputation and client trust through compliance and transparency. Whilst representing a significant shift in the regulatory landscape for accountants and other corporate service providers, by understanding the requirements and preparing accordingly, accountants can ensure compliance and continue to provide high-quality services to their clients. This proactive approach will not only help mitigate risks but also position firms as trusted and reliable partners in the corporate services sector. ●

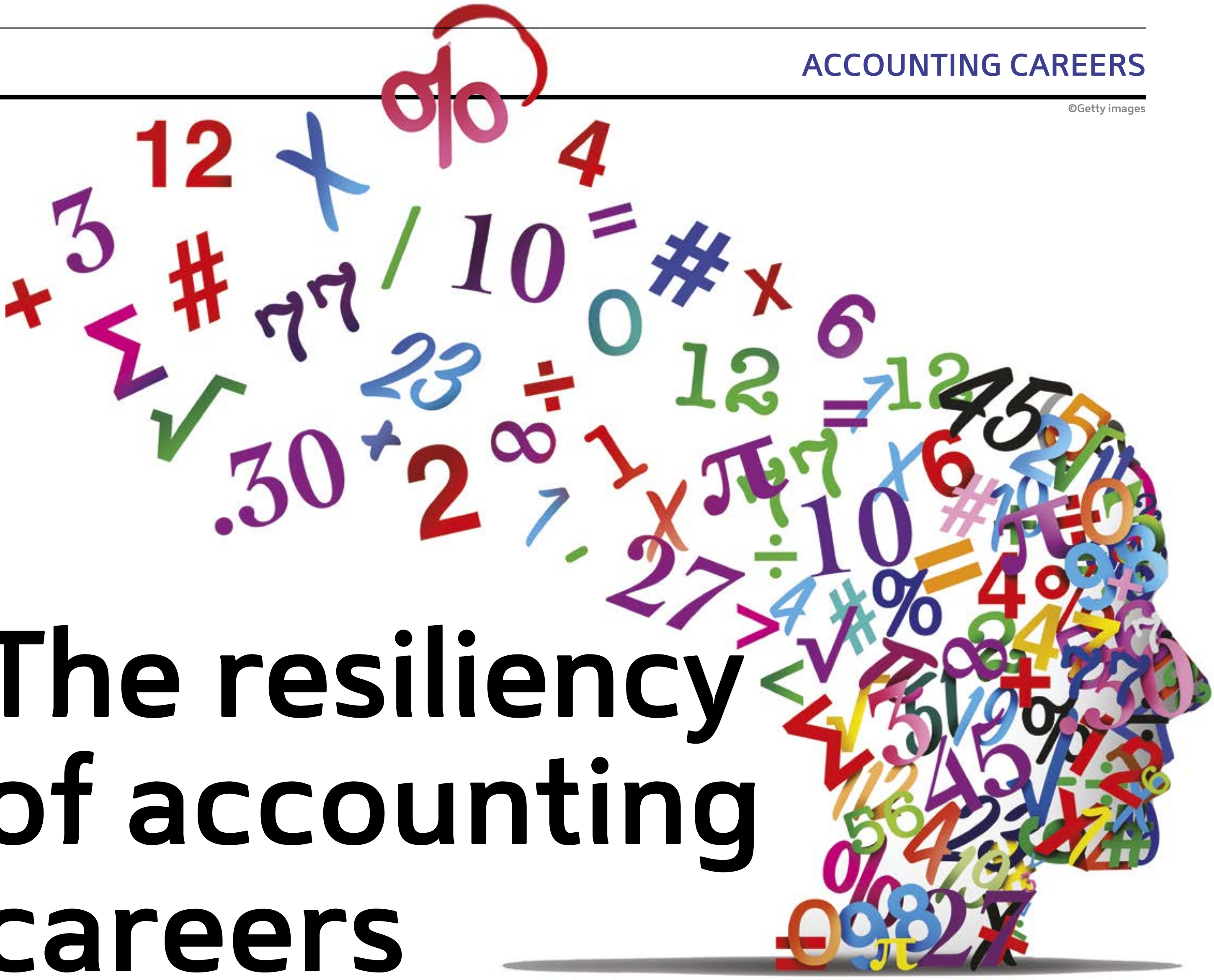
Key links for more guidance

Changes to UK company law (GOV.UK):
tinyurl.com/mtknn8cu

Third-party providers: get ready to register as an authorised corporate service provider (Companies House):
tinyurl.com/48spx7zx

Authorised corporate service providers: what you need to know (Companies House):
tinyurl.com/ajjsnxu2

Being an authorised corporate service provider (GOV.UK):
tinyurl.com/5cv8y65n



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The resiliency of accounting careers

***Dr Tim V. Eaton* and *Anastasija Mladenovska* review the benefits of the profession and why it's a great time to be an accountant.**

Dr. Tim V. Eaton
EY Teaching Scholar, Arthur Andersen Alumni Professor, Professor of Accountancy, Farmer School of Business, Miami University

Anastasija Mladenovska
EY Student Scholar, Farmer School of Business, Miami University

The predicted downfall of accounting careers has been a recurring theme over the past decade, with various projections foreseeing significant declines in the profession. These apocalyptic predictions have ranged from criticisms of accountants' use of outdated methods to measure company performance in 2016, to recent reports from the World Economic Forum's Future of Jobs Report, which could prompt some students to question the value of pursuing an accounting degree.

These grim forecasts are partly due to the misleading portrayal of the accountant's role in the modern corporate world and the widespread confusion surrounding the question, 'What does an accountant actually do?' Many have attempted to clarify the profession, debunk myths and gauge public understanding. However, one often overlooked approach to improving the public perception of accounting is to highlight its resilience as a discipline. When facing tough economic times, accounting has and remains a resilient career choice.

The slowing down of job growth is expected to continue until late 2025; however, the employment of accountants and auditors between 2022 and 2032 is expected to grow by 4%. Even during Covid-19 and the pandemic's significant impact on the economy, the demand for accountants remained steady, and firms continued to hire throughout the crisis.

Now is an excellent time to be an accountant, and here are the reasons why.

Historical resilience of the accounting profession

History shows that even though the accounting profession has weathered numerous economic challenges, accountants have maintained their crucial role in financial stability and have adapted with the times.

In the 1990s, accounting saw a win for diversity with PwC hiring Woody Brittan as

> When facing tough economic times, accounting remains a resilient career choice.

its Vice Chairman and women began to enter the profession. Achieving diversity is a work in progress for many executive leadership positions across different industries but data has shown inspiring results from the accounting profession. As many as 39% of women hold partnership positions at US CPA firms and 39% of students graduating from bachelor's and master's accounting programmes identify as non-white. Research has shown that diversity leads to greater innovation and creativity, as well as 35% of improved performance (see tinyurl.com/3u3pptac).

Another shift that occurred in the 1990s was the emergence of forensic accounting as a distinct form of accounting when more responsibility was placed on CPAs to detect fraud and serve as exemplary citizens in the prevention of financial scandals. Today, forensic accounting has become an indisputable cornerstone of society in preventing fraud through detecting money embezzlement, bribery, identity theft, trademark, patent infringements and compensation disputes. It is also a high paying field with salaries currently in the range of $59,500 to $85,000 with high earners making around $135,000 a year.

Forensic accounting, however, is only one field of the profession. Whether one chooses to become an auditor, controller, forensic, tax, managerial or an IT accountant, the need of companies and individuals for strategic planning, growth and compliance is never going to disappear.

The biggest concern for accounting's usefulness in the future is technology and the emergence of artificial intelligence. This is mostly based on the idea that accounting has been a client non-facing profession. But this presumption is simply false because it has for years disregarded the ethical considerations involved in replacing accountants with bots and the ability of CPAs to adapt with the times and become the face of many businesses.

Moving into the 2000s, the accounting profession was once again tested by several significant slowdowns, prominently including the burst of the dot-com bubble, which had widespread repercussions across various sectors. The collapse of the dot.com bubble led to substantial declines in technology stock values and investor confidence, triggering a broader economic downturn, foreshadowing the 2001 recession, the 9/11 terrorist attacks and the Enron Scandal.

During this turbulent period, accountants played a pivotal role. They adapted to the changing economic landscape by focusing on financial restructuring and audits. Financial restructuring helped companies to realign their operations to manage debt and improve profitability amidst market upheavals. Auditors ensured financial transparency and compliance amid heightened scrutiny. The accounting profession demonstrated its resilience by meeting the evolving needs of businesses and maintaining a stable job market.

Despite the economic turmoil, the demand for accounting services remained robust, highlighting the profession's crucial role in guiding businesses through financial instability and ensuring regulatory adherence.

Two other important global events also allude to the bullet-proof face of the accounting profession: the great recession of 2007 to 2009 and the Covid-19 pandemic.

The role of accounting in the financial crisis of 2008 is indisputable. The inconsistent application of fair value accounting standards at the time contributed to the financial crisis. Case studies from this period show how accountants were instrumental in addressing issues related to mortgage-backed securities, corporate governance and regulatory changes. For instance, firms like Lehman Brothers faced scrutiny over their financial practices, and accountants were at the forefront of ensuring transparency and accountability.

The 2008 financial crisis further developed the accounting profession, expanded its roles in society and positioned ethics and integrity as the top sought skill in every accountant.

During the pandemic on the other hand, the Journal of Accountancy reports how CPAs were instrumental in saving businesses (see tinyurl.com/2w6tdvfw). They offered critical strategic advice, managed financial restructuring and helped to secure government assistance programmes. By conducting in-depth financial analyses, implementing innovative solutions and leveraging technology, CPAs enabled businesses to adapt to changing conditions and maintain stability.

The pandemic intensified stress and work-life balance issues due to extended busy seasons, increased reliance on virtual meetings, and challenges in hiring and mentoring for accountants. Despite these difficulties, however, many accountants successfully embraced technology and flexibility, leading to positive changes such as accelerated digitalisation and better emergency planning, underscoring the evolving role of CPAs as essential business consultants in a post-pandemic world.

Overall, accountants have consistently adapted to changing economic conditions by evolving from routine tasks to offering strategic advice, financial restructuring and crisis management. Their ability to navigate complex financial landscapes while

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upholding ethical standards has reinforced their stability and importance in the financial sector. This resilience highlights their crucial role in maintaining financial integrity and stability during economic challenges.

Current job market for accountants

One post-pandemic issue that has creeped into the accounting profession is the CPA shortage. Currently, many firms are struggling to find qualified accountants to handle increasing workloads. Experienced professionals are transitioning into finance and technology roles, driven by a demand for skills in artificial intelligence, robotic process automation and machine learning. Additionally, 2023 saw a 7.8% decrease in accounting graduates than the year before.

Knowing this, many vacancies in the profession in the upcoming years will result from retirement and profession shift. New accounting graduates are crucial in this moment in history when demand for accountants is high – 63% of employers reported accounting as a top degree in demand according to the National Association of Colleges and Employers (NACE)'s salary survey.

Compared to other professions, accounting shows robust employment rates and job security. Accounting qualifications often cover a wide range of topics, including financial reporting, tax, audit and management accounting, providing a comprehensive understanding of business operations and financial management.

Skills from an accounting degree, such as attention to detail, analytical thinking and proficiency in financial software, are highly transferable and valued across various roles. Accountants play a key role in business decision-making, providing insights for strategic planning, budgeting and resource allocation, which can lead to influential positions. Global accounting standards open doors to international opportunities, while expertise in financial analysis, risk management and taxation allows for transitions into consulting and advisory roles.

The field's rapid technological advancements, including data analytics and AI, enhance efficiency and strategic insights. Additionally, the structured career path in accounting, from junior roles to positions like CFO, offers substantial long-term growth and higher salaries.

Skills and expertise for future accountants

The future of accounting increasingly demands skills in data analytics, environmental, social and governance (ESG) reporting, and forensic accounting. Technological proficiency is essential, with an emphasis on understanding advanced software, data analysis tools and AI applications.

KEY TAKEAWAYS

RESILIENCE & EVOLUTION
The accounting profession has shown remarkable resilience over centuries, adapting through various economic challenges such as recessions, financial crises, and technological advancements. Despite apocalyptic forecasts, accounting remains a stable and crucial field, continuously evolving to meet new demands and regulatory changes.

CURRENT JOB MARKET & DEMAND
Despite challenges such as a shortage of qualified accountants and a decline in accounting graduates, the demand for accounting professionals remains strong. Graduates with accounting degrees have high job placement rates and robust career prospects, particularly when coupled with certifications and specialised skills.

TECHNOLOGICAL INTEGRATION & FUTURE SKILLS
The future of accounting increasingly involves technological proficiency, including data analytics, AI applications and ESG reporting. Accountants must acquire skills in these areas to stay competitive and effectively contribute to strategic business decisions.

DIVERSE & EVOLVING ROLES
Accounting has diversified beyond traditional roles to include forensic accounting, financial restructuring and strategic consulting. This evolution, driven by changing business needs and technological advancements, demonstrates the profession's ability to offer dynamic career opportunities and remain relevant.

Analytical skills and specialised knowledge, such as expertise in ESG reporting and forensic investigations, are becoming increasingly valuable.

Students preparing for a career in accounting should focus on gaining expertise in these trending areas. Pursuing certifications can enhance credibility and career prospects. Additionally, practical experiences such as internships and hands-on projects are crucial for developing real-world skills. Networking and professional development are vital for career success in accounting.

Building a strong professional network, staying informed about industry trends, and engaging in continuous learning are key strategies. Students and professionals should set clear career goals and plan for long-term success by leveraging internships, mentorships and continuing education opportunities.

Conclusion

The accounting profession has demonstrated remarkable resilience and adaptability throughout its history, evolving to meet the demands of a changing world. Today, the profession continues to thrive amidst technological advancements and economic challenges. For students and professionals alike, embracing adaptability and continuous learning is essential for success. Staying informed and proactive will ensure that accounting remains a dynamic and rewarding field with promising future opportunities. ●

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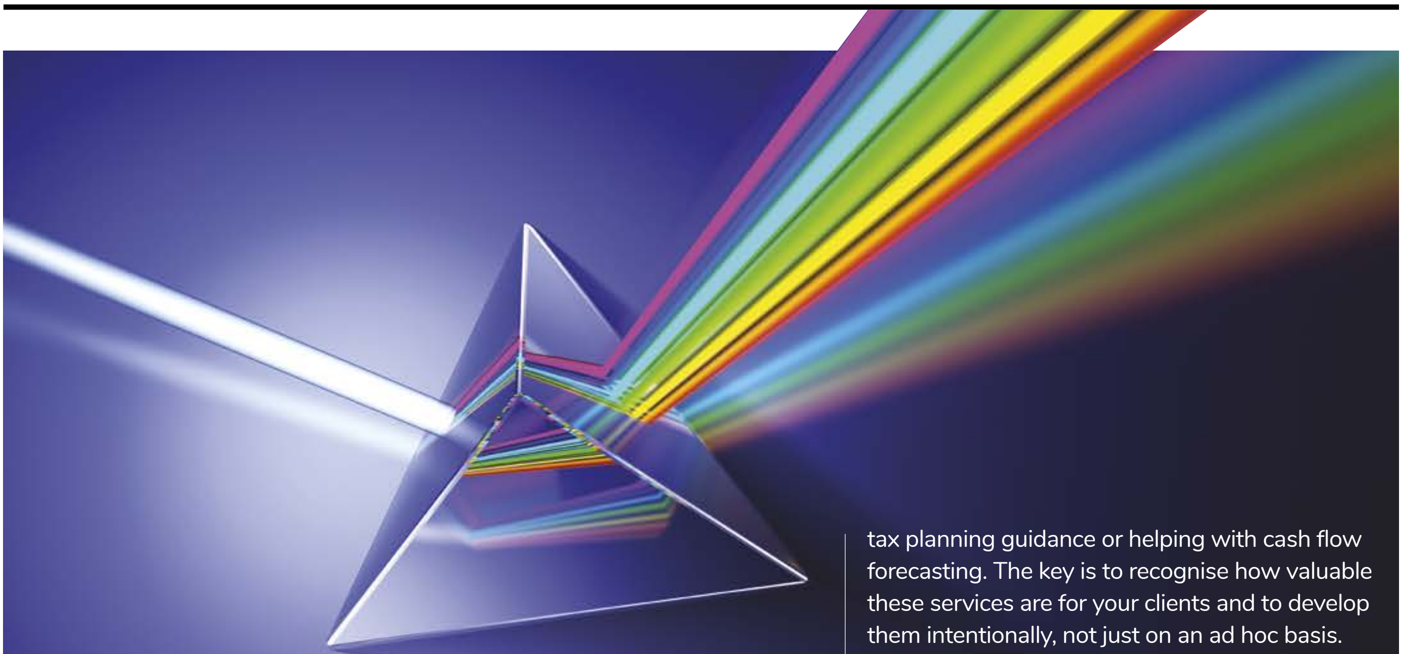


The Advisory Spectrum

***Shane Lukas* examines how you can transform your practice to offer a broader range of services than compliance alone.**

Shane Lukas
Managing Director, AVN The Accountants' Network

As artificial intelligence and automation continue to reshape our profession, opportunities to expand the role of accountants beyond traditional compliance work are growing. But while many ;accountants already have the foundation for providing valuable advisory services, they don't always recognise it.

The natural evolution of advisory services

Advisory services are a natural progression for accountants, building upon your existing expertise with numbers and financial analysis. And many practitioners are already delivering these services without realising it. This could be through explaining financial ratios, offering tax planning guidance or helping with cash flow forecasting. The key is to recognise how valuable these services are for your clients and to develop them intentionally, not just on an ad hoc basis.

Think about a typical conversation you have with a client; for example, discussing their gross profit margin. When you can explain why this might be decreasing and suggest strategies for improvement, you're providing crucial business insights. This is advisory work in its most natural form, emerging from your daily interactions with clients.

Understanding the Advisory Spectrum

Delivering advisory services doesn't mean you have to know everything. There is a spectrum of advisory services, ranging from basic compliance work to comprehensive business coaching. This spectrum covers seven distinct levels of engagement, each building upon the previous one.

1. **Produce the numbers:** At the foundation, you ensure compliance with legal obligations. This is where most accountants begin, providing accurate financial statements and tax returns.

2. **Explain the numbers:** Moving beyond mere production, you help clients to understand their financial position. This involves interpreting financial statements, explaining key ratios and enabling clients to make informed decisions based on their numbers.

3. **Understanding goals:** At this level, you become more proactive, regularly meeting clients to understand their aspirations and spot opportunities. This shifts your role from reactive reporting to active engagement in their business journey.

4. **Define the measures:** Here, you help clients to establish key performance indicators and metrics that matter to their specific goals. This enables them to track progress and gauge the effectiveness of their strategies in real time.

5. **Identify improvements:** Through detailed financial analysis and sensitivity testing, you pinpoint specific areas for optimisation and growth. This might involve analysing pricing strategies, cost structures or operational efficiencies.

6. **Change the numbers:** Actively participate in implementing business improvement strategies, exploring how to adapt proven approaches to the client's specific situation and industry.

7. **Deliver the dream:** At the highest level, you become a regular accountability partner and business coach, ensuring clients stay on track towards their goals.

The beauty of this spectrum lies in its natural progression. You can begin at your current comfort level and gradually develop your services and confidence at each stage.

Connecting numbers to aspirations

What truly sets advisory services apart is the connection between financial data and clients' personal and business aspirations. Once you've identified that a client wants to pay off their mortgage within ten years or send their children to university, you can translate financial metrics into meaningful personal goals. This transformation – from numbers on a page to life-changing outcomes – is the essence of valuable advisory work.

So, rather than simply noting that a business needs to increase its gross profit margin, you could demonstrate how increasing it by a specific amount will pay off that mortgage. This makes it much more meaningful for the client and much easier for them to grasp the value of your input.

Developing advisory capabilities

As a qualified accountant, you already have the skills for the foundation level of advisory. But many accountants doubt their abilities to deliver at a higher level. While I am certain that you know more than you think, I understand that it can be daunting to take that first step. So take it gradually and build on your existing skills. Key areas to look at include:

- deepen your ability to interpret financial data and identify improvement opportunities;
- understand how to explain complex financial concepts in terms that clients can understand and act upon;
- learn to connect financial metrics with broader business strategies and personal goals; and
- build expertise in your clients' industries to provide more relevant and specific advice.

When you're starting out with advisory services, you will get the best results when you adopt a systematic approach.

- **Start with current clients:** Begin by identifying advisory services that you are already providing and formalising them.
- **Document your process:** Create clear frameworks for different types of advisory services to ensure consistency.
- **Focus on value:** Structure (and price) your services around the outcomes clients want to achieve rather than the time spent.
- **Measure and communicate results:** Track the impact of your advice and share success stories with clients.

The future of advisory services

As technology continues to automate compliance work, advisory services will become increasingly crucial. The future belongs to accountants who combine technical efficiency with human insight, helping clients to navigate complex business challenges and achieve their goals.

This evolution doesn't mean abandoning compliance work. Rather, it means using compliance as a foundation for deeper client relationships and more valuable services. When you delegate routine tasks to technology, you free up your time and energy – time and energy you can then pour into the strategic thinking and personal interaction that truly drives client success.

It's important to understand where you currently sit on this spectrum so you can systematically develop your capabilities and progress. You will then be able to build a practice that delivers increasingly greater value to clients while giving you more professional satisfaction.

Remember that this journey doesn't require a dramatic overnight change. Most accountants are already operating at levels one and two of the spectrum. The key is to take intentional steps to progress to the next level, expanding your offerings as your confidence and expertise grow. Understanding which aspects your clients value most will help you decide on the direction that works best for you.

As the profession evolves, those who embrace the advisory spectrum will find themselves well-positioned to thrive in an increasingly automated world. When you focus on the human elements of your work – understanding, insight and guidance – you will ensure your continued relevance and value in the years to come. I believe that every accountant has the potential to become a trusted advisor. The question isn't whether you can provide advisory services – it's how to develop and deliver them in a way that best serves your clients and your practice.

Look out for more insights from me in upcoming AIA publications and webinars. The focus will be on making this transition with confidence and presenting advisory solutions in ways that excite and engage your clients.

Author bio
Shane Lukas is Managing Director of AVN The Accountants' Network, an acclaimed TEDx speaker and the author of several books, *Putting excellence into practice* and *What's next for accountants.*

Time to take action on stress relief

Learn how employee stress affects your business risk, drawing on research from Walking on Earth.

New research from Walking on Earth (WONE) has revealed that 45% of employees in UK and US professional services and technology industries are experiencing high stress, and as a result companies are losing significant amounts in preventable costs.

Stress isn't inherently harmful, of course, and can act as a catalyst for growth. But when stress is too intense it isn't just a wellbeing issue – it's a financial risk multiplier, accelerating costs and leaving businesses exposed. When we view a situation with a positive mindset – as if it were a challenge rather than a threat – our psychological and physiological responses are healthier. Our ability to adopt this mindset depends on whether we see our resources as sufficient to meet demands and how we anticipate the consequences of failure.

WONE's new whitepaper, 'Risky business – the hidden cost of stress', draws on data from 1,005 full-time employees in US and UK technology and professional services industries. As a sub-section of the entire workforce, these sectors are typically high-pay and high-intensity environments. Participants completed the WONE Index, a scientifically validated measure of stress, and reported on 17 business risks.

WONE also conducted interviews with business leaders, stress researchers and risk experts. The research provides insights and tangible recommendations that will serve as a blueprint for real and lasting change.

As Reeva Misra Founder and CEO of WONE, explains: 'This paper gives you clear recommendations to improve employee health, reduce risk and see your business thrive. Now is the time to act – because the cost of inaction is a risk no organisation can afford to take.'

Key findings

Workplace stress: Stress is a physiological response that humans have evolved as a way to respond effectively in times of danger. In our modern lives, this stress response is on overdrive which over time leads to chronic health conditions. Workplaces are a significant driver of stress in the modern world and the research here suggests a staggering 45% of the workforce is highly stressed, experiencing stress frequently or always.

The impact of stress: Our research dives into how stress impacts different areas of risk. High-stress employees take eight times as many sick days from stress, and make 2.5 times more health claims than low stress employees. With stress creeping up on individuals over a period of time, it's critical that businesses act before stress becomes chronic and manifests in irreversible ways.

The costs of stress: The repercussions on a business are significant. Our research shows that stress is a measurable business risk, with high-stress costing a 1,000 person organisation an extra $5.3 million annually. Stress acts as a powerful multiplier on many existing issues. Yet, despite these shocking figures, preventive stress management rarely features in a risk mitigation plan.

Stress solutions: Whilst the problem of stress at work is large and complex, the solution doesn't need to be. Walking on Earth (WONE) has developed a unique methodology called the WONE Method that blends the latest advances in AI technology and the neuroscience of micro-moments of recovery, to help employees regulate their stress. It results in 74% of individuals reporting a reduction in stress and 90% reporting an increase in productivity.

Achieving full potential: Businesses must adopt innovative, data-driven solutions to mitigate employee stress. These solutions are not optional perks – they represent a significant financial opportunity to reduce costs. The portion of the workforce that is currently unproductive would now be able to realise their full potential. The powerful multiplier of stress now acts in our favour, fuelling employee performance and reaching potential.

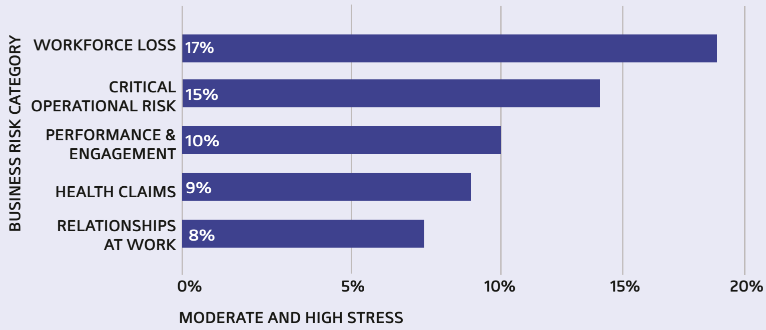
The impact of stress

Stress contributes to eight of the top ten most prevalent and costly chronic diseases – obesity, hypertension, high cholesterol, coronary heart disease, asthma, chronic kidney disease, diabetes and depression.

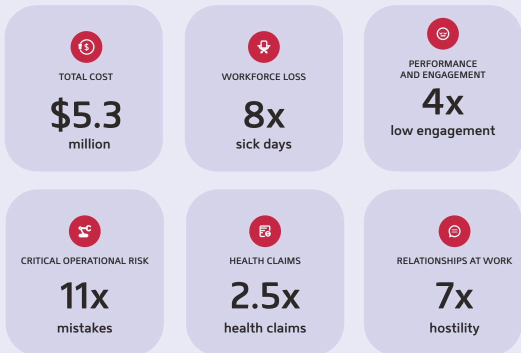
It can also play a significant role in an array of behaviour and emotional problems. Chronic

Proportion of workforce by business risk category

% of employees experiencing moderate and high stress



Risk categories and key findings



stress can lead people to experience impulsivity, poor judgment and difficulty adapting to new situations or challenges. It can impair our ability to process and remember new information, and has been associated with cognitive decline and depression. Meanwhile, stress-related fatigue makes it harder to pursue goals and adopt or maintain healthy habits like exercise, nutrition and sleep.

The downstream effects of stress at work, such as absenteeism, diminished productivity and mistakes, are estimated to cost businesses $300 billion a year in the US alone. When you think about it, it's intuitive. As stress rises, chronic disease incidence rises, and so too does the number of health care claims, sick leave and eventual turnover from burnout, disengagement or chronic illness. Since 2000, health premiums have risen at four times the rate of inflation.

Stress is a central driver of workplace challenges and a measurable business risk with financial and operational consequences. To help businesses understand the scope of this challenge, we have identified five key categories of risk that are significantly impacted by stress:

- workforce loss;
- critical operational risk;
- performance and engagement;

- health claims; and
- relationships at work.

To see our assessment of the number of employees experiencing moderate and high stress in these areas, see ***Proportion of workforce by business risk category***. We consider each of these areas in depth in our whitepaper 'Risky business – the hidden cost of stress'.

The true costs

High-stress employees are 3.6 times more likely to consider leaving than low-stress employees. Studies show that about one in three employees who consider leaving will actually leave within a year. For a 1,000 person company where 45% of employees experience high stress, this equates to 71 employees leaving annually due to stress. Our research also shows that high-stress employees take significantly more sick days – seven per year on average, compared to one day for low-stress employees.

However, the problems do not stop with absenteeism. Presenteeism, where employees are physically present but not fully productive due to stress, illness or other factors, represents a hidden yet substantial financial risk. If an employee struggles to focus at work, their productivity lowers, their tasks take longer and they begin missing deadlines.

How to reduce stress

A systemic approach to reducing stress requires re-examining policies, leadership behaviours, and operational structures that may inadvertently create stress. Looking ahead, organisations will face growing pressure to act. As governments confront rising mental health challenges and health care costs, regulatory scrutiny will likely intensify, placing greater responsibility on businesses to proactively assess and mitigate psychosocial risks.

Other approaches include:

- **Offering preventive health support for individuals:** WONE has developed a unique methodology called the WONE Method, which blends the latest advances in AI technology and neuroscience, to help employees regulate their stress. This results in 74% of individuals reporting a reduction in stress and 90% reporting an increase in productivity.
- **Building a stress management dashboard:** Without measurement, stress remains an invisible force, eroding engagement, performance and productivity beneath the surface.
- **Aligning people and risk functions:** By combining HR's deep understanding of people with Risk's analytical and predictive capabilities, organisations can identify early warning indicators of stress before they escalate into costly business problems.
- **Taking a holistic approach to stress:** Organisations must build holistic wellbeing strategies that create positive, compounding effects across all aspects of employee life.

We examine all these approaches in detail in our whitepaper.

In summary

When organisations invest in employee well-being, business performance improves. A recent study led by Jan-Emmanuel De Neve, Oxford economics professor, found a 'strong positive relationship between employee wellbeing and the firm's performance'. His research simulated a portfolio of the top 100 publicly listed US companies ranked highest for employee wellbeing, which outperformed the S&P 500 by 11% since January 2021. De Neve concluded that 'higher levels of wellbeing generally predict higher firm valuations, higher return on assets, higher gross profits and better stock market performance'.

Long-term solutions must be preventive, as supporting healthier, longer working lives benefits both employees and the broader economy. Investing in workforce wellbeing sustains productivity, reduces long-term costs, and ensures resilience in our labour market.

*WONE's 2025 research paper, '**Risky Business: The Hidden Cost of Stress**', reveals the true cost of workplace stress and introduces a first-of-its kind framework to help you measure and mitigate it – before it compounds into a business-wide crisis.*

You can download our white paper for free at: resources.walkingonearth.com/stress-risk-whitepaper

About WONE

Walking on Earth (WONE) is a preventative health platform dedicated to helping individuals and organisations to build resilience from stress. Our proprietary WONE Method combines real-time stress measurement with AI-powered interventions to provide personalised support exactly when it's needed most.

WONE empowers high-performing businesses to break the cycle of chronic stress and unlock peak performance, creating a healthier, more resilient workforce. By proactively addressing stress, we help businesses supercharge both employee well-being and overall performance.

Author bio

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How to harness data

Natalie Cramp **explains why accountancy firms that invest in their data infrastructure could broaden their appeal to 'buy and build' investors.**

Natalie Cramp
Partner, JMAN Group

Many accountants will be aware of the recent Dains Accountants private equity deal. Announced last December, the leading UK-based provider of accountancy and business advisory services for SMEs, which employs 765 people, has been bought by the European private equity firm IK Partners. It succeeds Horizon Capital as the majority stakeholder.

What may be less known, though, is the fact that the deal – arguably one of the biggest UK accountancy has seen in recent years – represents the first time a data specialist has been cited as an advisor on a major private equity exit in the UK.

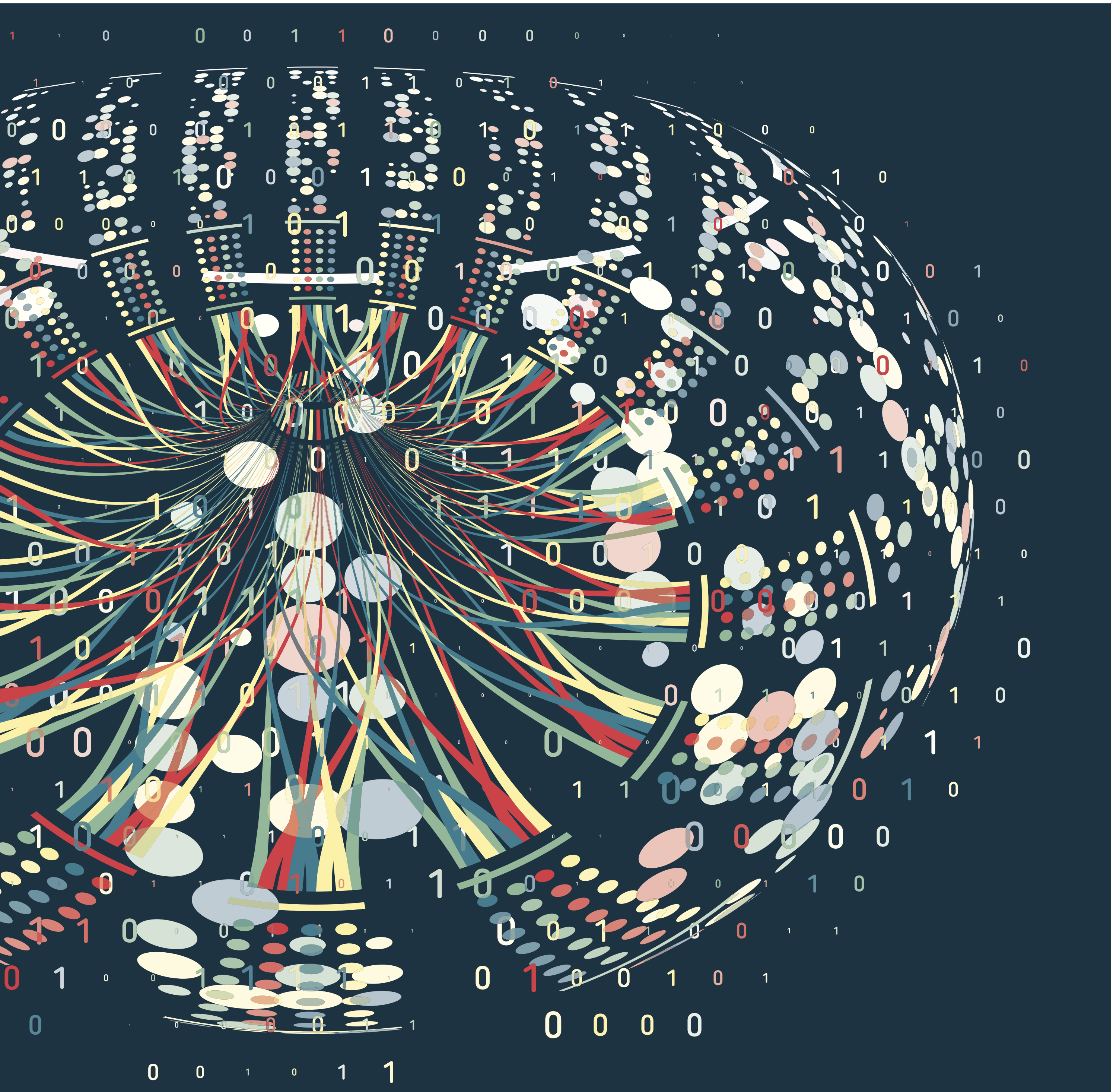
Demonstrating the transformative power of data

Months before the sale, JMAN was appointed to develop a bespoke data platform that collected, analysed and presented information on every financial and commercial metric required by Dains, Horizon Capital and its other advisors.

The remit was to combine all the data and systems from previous acquisitions to create one unified view of Dains. Not only did this help to make the exit process to IK Partners more efficient, but it also enabled Horizon Capital to maximise the value of the sale by surfacing and articulating Dains' high performance and future growth potential. Horizon Capital achieved eight times the invested capital and an internal rate of return of 107%.

Why is this important? Foremost, the deal is indicative of the increasingly critical role of data in enabling a successful buy-and-build strategy. But beyond that, it holds particular significance for the accountancy sector by validating the attractiveness of the mid-market as an investment opportunity.

Private equity firms have at times overlooked small accountancy firms due to the fact that they often operate on disparate or outdated systems, making it difficult to assess investment viability. This can also make post-acquisition integration



more challenging and costly, thus reducing their attractiveness for buy-and-build strategies.

The Dains deal changes this hypothesis. It clearly demonstrates how a data-first approach supporting a well-run business can not only overcome the historical barriers posed by the fragmented accountancy landscape but can also strengthen the buy-and-build strategy, helping to establish rapid growth and enhance the value proposition for investors.

We are already noting the ripple effect as attention shifts to mid-market firms as valuable investment opportunities, particularly for private equity firms seeking high returns through consolidation and fast growth. This presents a significant opportunity for SMEs to broaden their appeal to private equity firms engaging in a buy-and-build or roll-up strategy, provided they modernise their operations.

Getting the data foundations in place

But how? A firm can go to the top of an acquisition or investment list if they can showcase the value they bring and their potential, as well as how their business operations have the flexibility to work with a disparate set of systems across multiple entities. Data is, of course, at the heart of being able to tell this story.

There are those firms that decide they need to sort out their data and go for the seemingly safe fix of employing a large monolithic system-based solution. This software, although doing some things very well, often does not service all of an organisation's requirements. They are generally inflexible, lock businesses into long-term contracts, and do not work well with other systems.

That is not to say that if a company has gone down this road it is going to be inherently unappealing to investors. Rather, it is to illustrate that too often businesses perceive these systems as an efficient way to solve all their data needs. For example, a business might spend a year or more on an enterprise resource planning (ERP) systems migration to consolidate all acquisitions onto the same ERP – without fully appreciating that, with more thorough research and a longer-term outlook, there may be more effective and appropriate solutions. These could include a centralised data platform which offers rapid insights and reduces the need to integrate technology.

A centralised data platform ensures that data remains the single source of truth across the organisation. By doing so, it not only streamlines operations but also enables informed, evidence-based decisions that can be scaled as the company grows. This capability is a critical factor for investors, who rely on robust data to understand a company's current performance and future potential. Importantly, it also makes it far easier to run the business as it scales.

Crafting the equity narrative

Having the right technology in place is only one piece of the puzzle. When we talk about how well a company could integrate future acquisitions on a buy-and-build strategy, we don't just mean technological compatibility. We really mean how all the information within the business and its processes could seamlessly merge with another company.

Technology can facilitate this, but any platform is only as good as the data that is collected and inputted, how it is analysed and how these insights are applied. This is where the concept of data as the foundation of strategic alignment becomes essential. Firms need to trust that their data is accurate and complete, creating a shared understanding across teams and stakeholders. Only then can they confidently align their operations and investments with long-term goals.

Every accountancy business needs to know that what they see is the complete data picture, that its workers are enabled by the right procedures and training to obtain and leverage these insights, and that the right questions are being asked about their data. This can only be achieved by placing data strategy at the heart of your business.

When a private equity firm is assessing both the potential of a business and its compatibility, they too want the complete data picture. They may also want additional insights about a company than the ones it uses in its regular operations. Economic pressures and the increased datafication of private equity mean that investors seek much deeper analysis of a company's performance and potential. It is critical for management teams to place greater emphasis on data and analytics to support their 'equity story'.

Investors are even more concerned with evidencing the 'how and why' when it comes to performance and trends; just saying that we have grown profitably by X% year on year is now not enough – it needs to be evidenced by granular data and solid analytics.

By presenting a clear, evidence-based narrative backed by data, businesses can strengthen their equity story and provide the clarity that investors need to make decisions. This not only highlights past performance but also lays out a roadmap for future growth, ensuring alignment with investor expectations.

This also allows management to showcase opportunities for further future growth, with investors being able to leverage these data 'assets' to underpin their investment cases. Management teams are expected to be using these assets to run the operation and the platforms must be able to scale with future growth – especially if merger and acquisition is a strategy that an investor would like to pursue. An eye-popping number of investments have fallen over at the eleventh hour because management teams were not able to provide sufficient quality of data to satisfy the potential investors.

There's no doubt that the Dains deal has highlighted the growing attractiveness of the mid-market, especially within the accountancy sector. For those aspiring to take stock of this opportunity, the reality is that if your firm has a sound, well thought out data strategy and associated infrastructure, it will be generally more attractive to private equity investors than a business that – although on paper it has greater value and potential – has an incoherent or incomplete data strategy. Consequently, one of the most important decisions a firm can make in terms of increasing its long-term value is how it invests in, and approaches, its data management. Don't wait until exit; exit will be far less painful and more lucrative if you start now. ●

Author bio
Natalie Cramp is a Partner at JMAN Group, and is responsible for developing innovative solutions for clients to enable them to maximise the potential of data and AI.

Accounting for uncertainty

We consider how accountants can help their SME clients to navigate their finances and prepare for growth.

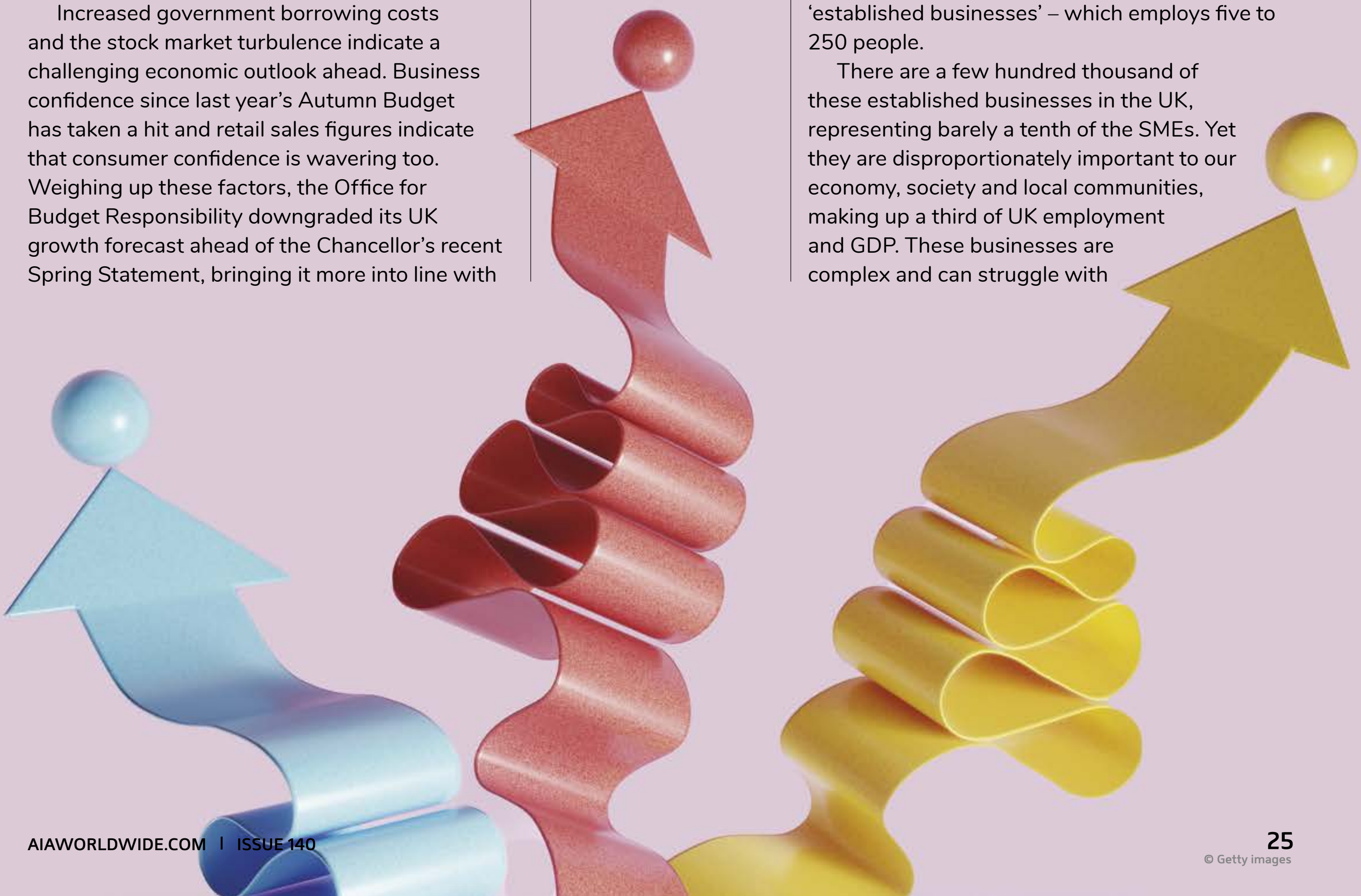
Sophie Hossack
Head of Partnerships, Allica Bank

Growth has been the central pillar of the UK government's mission since taking office in July 2024. Funding and investing in public services and raising living standards is underpinned by the growth of UK plc. However, finding effective ways of building and fostering an environment that encourages and stimulates this growth appears to be a more difficult challenge to grapple with.

Increased government borrowing costs and the stock market turbulence indicate a challenging economic outlook ahead. Business confidence since last year's Autumn Budget has taken a hit and retail sales figures indicate that consumer confidence is wavering too. Weighing up these factors, the Office for Budget Responsibility downgraded its UK growth forecast ahead of the Chancellor's recent Spring Statement, bringing it more into line with forecasts from the likes of Goldman Sachs, which anticipates 1.2% growth.

For UK plc to thrive, we need growth and optimism from both corporate businesses and SMEs. Corporate Britain is made up of tens of thousands of large enterprises, whereas the vast majority of the 5.5 million SMEs are sole traders or micro businesses employing fewer than four people. These are two extremes in terms of size and scale. However, there is another segment of the SME community – the medium-sized 'established businesses' – which employs five to 250 people.

There are a few hundred thousand of these established businesses in the UK, representing barely a tenth of the SMEs. Yet they are disproportionately important to our economy, society and local communities, making up a third of UK employment and GDP. These businesses are complex and can struggle with



investment, red tape and regulation. They are also often overlooked and underserved, notably by traditional banks.

For accountants, these medium-sized businesses are often their most valued clients. Accountants relish taking a broader advisory role, supporting them with forecasts and scenario planning, and aiding their decision making. They will help their clients to prepare for affordability discussions with banks or investors, and avoid the sleepless nights caused by cashflow and payroll concerns. Supporting these businesses and helping them through the macro-economic and operational challenges ahead will determine the health of the UK's economy. And this is where accountants play a crucial role.

The state of the established SME nation

To gauge the pulse of the UK's established SMEs, we recently partnered with the Great British Entrepreneur Awards to survey more than 450 business owners. These businesses were from all four nations in the UK and at various stages of growth and across all industries, including retail, hospitality, construction, manufacturing and healthcare. The survey revealed that 72% of business owners believe that business has become more difficult over the last year, while 42% say economic uncertainty is weighing on their business and decision making.

Despite these concerns, 40% of business owners are looking to raise investment in the next 12 months; and encouragingly, 76% of respondents are aiming for profitable growth over the next 18 months. 48% are also looking to achieve greater operational efficiencies with advances in technology and automation, helping them to streamline their costs and drive towards improving profitability.

The key for established SMEs in 2025 will be balancing caution with drive and ambition. Helping businesses to understand their options and guiding them towards their goals is where their accountants, as trusted advisors, have a huge role to play.

The outlook from accountants

Alongside business owners, we recently undertook a national survey of more than 70 accountancy firms. Many in the accountancy industry also have concerns about the business environment, with 89% of respondents believing the policies announced in the Autumn Budget will make business harder. In terms of measures that the government could take to make business easier, 68% of accountants suggested streamlining communication with HMRC and 40% would like to see the regulatory burden reduced.

We asked the accountants how often their clients ask for business support and advice. 42% reported having these discussions on a monthly basis, while 16% said it was quarterly. Encouragingly, 36% said it was a daily occurrence.

Fuelling growth often requires access to finance and investment. When asked what banking needs their clients discuss, 55% of accountants said working capital, 52% said current accounts and 39% said long-term borrowing. However, 45% of accountants said that SMEs are not receiving the necessary support needed from banks, while 50% think there is some support available, but that more is needed. So, how do accountants help to bridge these discussions and help their clients to navigate their finances and prepare for growth?

In practical terms, it could mean keeping banking under review with clients. This includes helping them to assess the financial products they have and their day-to-day money management, including working capital and savings.

Our own research reveals that many high street banks focus their business banking benefits and experience on catering for big corporate clients. An example of this is that established SMEs, and SMEs generally, are offered less favourable interest rates on their savings. We calculated that businesses with an average balance of £75,000 are losing out on up to £2,268 per annum. Nationally, this could mean that up to £9 billion is owed to SMEs but instead is being lost. This vital cash could be used to mitigate some of the risks that established SMEs see on the horizon, including the increased cost of employment. Or it could support investing in software to reap efficiency gains or boost their sales and revenue growth.

Accountants can also lead by example and implement best practice in their own business. This can include deepening relationships with business banks, ensuring that they are receiving value such as cashback on their spending, securing the best savings rates and looking for no fees banking options. Many accountancy firms themselves are established SMEs. By developing a deeper understanding of their own business financing needs and options for short-term financial health and long-term growth, accountants can speak from a level of experience and confidence when helping their clients.

As it stands, these banking conversations often only come about when clients ask for help. We recently teamed up with ICAEW to poll 170 accountants on this. We found that only

Author bio
Sophie Hossack is Head of Partnerships at Allica Bank, with a particular focus on partnering with accountancy firms.

8% of accountants regularly and proactively discuss business banking with their clients. On the other hand, nearly half of those polled (46%) said they don't have these conversations with clients at all and they don't feel confident doing so. This demonstrates a huge opportunity for accountants to deepen their discussions and relationships with clients, helping established SMEs keen to grow but unsure how to do so in the current climate.

However, the banking sector has a role to play here, in terms of empowering accountants with better data and information, and equipping them with the knowledge and tools they need to have these conversations. So, how can today's banks provide this level of personalised support to accountants?

The return of relationship banking

Historically, all businesses, regardless of their size, would have had a relationship manager in their local branch, supporting them with banking and broader business needs. While the demand for this level of customer support is still there, many high street banks have withdrawn from serving established SMEs and retrenched their relationship managers. This has left accountants to step into this gap and assume more of the business advisory role that they used to share with bank managers.

While relationship managers might seem a thing of the past, it's not always the case. Allica Bank has built its offering around this more traditional and local approach to business banking – albeit in a modern world of online services and tech innovation.

Regular communications with a banking relationship manager can unlock huge value for established SMEs, from market insights to more personalised help. Alongside this, banks can bring other benefits, including data to help accountants identify clients within their portfolio that would benefit from financial solutions, helping to support businesses proactively, and providing quick decision making during lending applications or easy onboarding experiences.

While many of the high street banks have become increasingly difficult for established SMEs to work with, the banking landscape has changed. There are many challenger and specialist banks available now. So it is important to keep these under review and understand who might be best suited to support your clients' industry, size or needs.

A good banking setup will help clients to access more competitive interest rates and unlock rewards such as cashback. Helping clients to earn more on their cash is a tangible way to add value, especially as rising taxes and inflation impact margins. If you know that your client has cash sitting within a current account earning low or zero interest, suggesting a move to another bank with higher interest return can make a huge difference. Similarly, reviewing banking fees and proactively suggesting alternatives with lower fees can reduce the operational cost for business clients.

Keeping conversations about banking consistent and regular with clients is key. Questions about your client's banking needs and current experience should become a regular part of your monthly or quarterly reviews. Are clients tired of spending hours on the phone just to get through to a call centre? Would they like their cash to work harder? Are there any growth opportunities they would like to unlock in the coming year by refinancing an asset? Asking these questions will help you to understand the current challenges that your clients are facing and, crucially, to find potential solutions. These discussions will deepen your clients relationships and position you as their trusted advisor.

Another value add for accountants is to help clients with risk management. 2024 saw many stories about fraud and current accounts being frozen or debanked. Helping business clients to become multi-banked is prudent and will help to mitigate operational or banking access challenges they might face. Accountants can further support clients by keeping all key 'Know Your Customer' (KYC) information current and up to date. Having easy access to accurate business information can ease anti-money laundering and due diligence checks, whilst also aiding conversations about lending readiness.

There are plenty of opportunities to strengthen the support offered to clients beyond tax and compliance. In a world of challenging macroeconomic conditions and where established SMEs – despite the pivotal role they play in the economy – are often overlooked by high street banks, accountants have the potential to become key business advisors for their clients. And while the presence of the high street banks might be disappearing, the banking landscape has evolved and innovated in recent years.

There are many challenger and specialist banks out there who have the solutions, resources and expertise to support accountants and their clients with competitive business banking. These providers meet their optimism and enable established SMEs to reach their potential and growth plans in 2025 and beyond. ●

Allica Bank partners with organisations who are passionate about supporting and serving UK SMEs, with a particular focus on partnering with accountancy firms.

EVENTS

FEATURE EVENT

Ireland Employment Law Updates 2025
Date: 15 May 2025
Time: 10.30 – 11.30
Venue: Online webinar

Speaker: John Eardly
John is the Programme Director of the awarding winning LLB (Hons) in Law, Commercial Law and Criminal Justice Programmes in Griffith College Dublin. He is also a barrister whose practice in law reflected his experience and specialisation in employment and industrial relations law, chancery/injunctions, immigration/refugee law, judicial reviews, tort and contract.

An accomplished writer, John wrote a highly influential publication on employment rights in Ireland, 'Bullying and Stress at Work. Employers and Employees: A Guide' (2002). He also co-wrote 'Discrimination Law in Ireland' (published by the Law Society of Ireland, 2003). This ground-breaking publication focused on human rights and equality law in Ireland and brought leading experts together to give their analysis on the Employment Equality Act 1998. He is currently writing a book on 'Equity and Trusts Law in Ireland' for Clarus Press as part of their core legal texts series.

John was also Editor of the Employment Law Review Ireland for three years and a regular guest speaker at a range of leading professional practice conferences, including the Irish Centre for Commercial Law Studies in UCD, and the Bar Council of Ireland.

As the global and European economies face unprecedented turbulence, developments in the law have not been far behind in reflecting these significant changes. This presentation will examine important employment law developments in the course of 2024/25. From restrictions on the use of NDAs in agreements with employees, to pension auto-enrolment to greater gender pay gap transparency, keeping up with developments is more important than ever.

This seminar is vital to all professional practices – not only in terms of the employment obligations of those practices themselves but also of any relevant commercial issues that may arise for clients of those practices. Negotiating the terrain of employment entitlements can be particularly difficult when dealing with the various compensation scales and ceilings that apply, depending on what type of legislation or issue is involved. On top of that, many professional practices have to deal with restrictive covenants, how to identify workers as independent contractors or employees, and recruitment and promotion procedures.

Included in this presentation will be an overview of developments in dismissal law, health and safety law and contractual terms, as well as some essential highlights of other statutory protections. It will also provide an opportunity for those attending to see how the 2024/25 developments fit into and affect the law as it currently stands, and to discuss these trends.

OTHER UPCOMING WEBINARS

Making Tax Digital: getting ready
Date: 11 April 2025
Time: 11.00 – 12.00
Speaker: Lenny Barry
Get the latest updates on Making Tax Digital's (MTD) progress and learn how to prepare your practice and clients for the changes ahead. We'll also cover how you can take part in the 2025-26 testing programme and guide you through the process of signing up clients to MTD. Don't miss this chance to get practical insights and ensure you're ready for the transition, and how agents should be preparing their clients.

What clients really want, need and highly value from an accountant
Date: 17 April 2025
Time: 11.30 – 12.30
Speaker: Shane Lukas
A webinar exploring how to create a genuine 'win-win' scenario where clients receive transformative value, while accountants build more profitable, enjoyable practices. Understand the crucial distinction between what clients need versus what they truly value, and how this affects their willingness to pay. Discover how to position your services so clients see them as investments rather than costs. And gain practical frameworks for transitioning existing relationships to more valuable partnerships.

Key analysis of China's new Value Added Tax law and regional tax incentive policies | China
Date: 28 April 2025
Time: 12.30 – 14.00
Speaker: Ms Vicky Wong
A webinar which will discuss the legal framework and main contents of China's new Value Added Tax law, and summarise the key issues that need attention.

Malaysia transfer pricing updates | Malaysia
Date: 2 May 2025
Time: 09.00 – 10.00
Speaker: Thenesh Kannaa
In the last few days of 2024, the Malaysian Inland Revenue Board issued a completely revised transfer pricing guideline, which affects many aspects such as permissibility to prepare minimum transfer pricing documentation; exemption from having to prepare annual transfer pricing documentation; interpretation of 'control' to determine which transactions are in the ambit of transfer pricing documentation; and computation of arm's length range. This webinar provides a clear overview of transfer pricing changes in Malaysia, helping you understand their impact and ensure compliance.

New AML guidance on AML/CFT for TCSPs in practical and operational ways | Hong Kong
Date: 8 May 2025
Time: 12.30 – 14.00
Speaker: Dr Boris Luk
A workshop session to explore the significant updates to the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Trust or Company Service Provider Licensees) in 2025. It will highlight practical and operational implications, examining the new requirements. Attendees will gain insights into effective compliance strategies and best practices for enhancing AML/CFT frameworks.

INTERNATIONAL

IFAC enhances International Education Standards to equip professional accountants for sustainability reporting

The International Federation of Accountants (IFAC), which unites and connects professional accountancy organisations worldwide, has finalised revisions to the International Education Standards to embed sustainability throughout aspiring professional accountants training. These updates reinforce the accountancy profession's role in supporting high-quality sustainability reporting and assurance while upholding integrity and professional quality.

'IFAC and our members work together to shape the future of the profession through learning, innovation, a collective voice and a shared commitment to the public interest,' said Lee White, IFAC Chief Executive Officer. 'These revisions to the education standards ensure that professional accountants worldwide develop the right competencies to implement sustainability reporting and assurance standards effectively.'

The revisions to these foundational education standards establish a global baseline of sustainability competence, ensuring that professional accountants worldwide are prepared to implement sustainability-related disclosure and assurance standards. This includes standards issued by the International Auditing and Assurance Standards Board (IAASB), the International Ethics Standards Board for Accountants (IESBA) and the International Sustainability Standards Board (ISSB), as well as those under development by the International Public Sector Accounting Standards Board (IPSASB).

As sustainability data and information become integral to corporate decision making and transparency, it is crucial that professional accountants are equipped with the necessary skills to provide high-quality reporting and assurance that meets the needs of management, investors, regulators and other stakeholders. The key sustainability enhancements address the following issues:

- **Integrated sustainability approach: Sustainability concepts are embedded throughout the IES learning outcomes addressing initial professional development, ensuring that professional accountants are able to connect financial and sustainability data and information.**
- **New assurance competence area: This introduces learning outcomes that allow accountants to develop a strong foundational understanding of assurance fundamentals.**
- **Strengthened business acumen focus: This enhances accountants' ability to assess sustainability impacts on business models, value chains and organisational strategy.**
- **Enabling behavioural competencies: This reinforces skills such as decision making, adaptability and collaboration.**
- **Expanded explanatory materials: This provides additional guidance to facilitate implementation by professional accountancy organisations, universities and training programmes.**

Additionally, IFAC has modernised 'IES 6, Initial professional development – formal assessment of professional competence', to introduce two new principles – integrity and authenticity – and update the principle of equity, alongside enhanced guidance on hybrid and remote assessments.

The updates to the IESs reinforce IFAC's commitment to strengthening the global accountancy profession through its member organisations, which proudly uphold their role as champions of integrity and professional quality.

IFAC calls on all stakeholders to begin preparing for implementation, with early adoption encouraged ahead of the 1 July 2026 effective date.

INTERNATIONAL

IAASB and IESBA unveil new standards and guidance to strengthen sustainability reporting and assurance

The International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) have launched an integrated effort to support effective implementation of their landmark standards aimed at advancing trust and transparency in sustainability reporting and assurance. Taken together, the IAASB and IESBA sustainability-related standards, as well as the new IESBA standard on using the work of experts, provide a unified global approach to address the growing demand for trustworthy sustainability information to support stakeholder decisions.

These standards establish clear expectations for ethical behaviour in sustainability reporting and assurance, and provide more specific requirements for practitioners and organisations in relation to assurance engagements on sustainability information. The IAASB's ISSA 5000 and the IESBA's IESSA share five common goals:

- Equipping global markets with a cohesive package of standards. After robust and close coordination, the IAASB and IESBA developed comprehensive, interoperable global standards for assurance, ethics and independence for sustainability assurance engagements.
- Offering a global baseline and levelling the playing field by meeting market demands and regulatory calls and expectations for profession-agnostic global standards.
- Providing a framework-neutral approach that allows ISSA 5000 and IESSA to be applied in relation to sustainability information prepared under any suitable sustainability reporting framework.
- Promoting informed decision-making based on trust and independently

assured sustainability information.
- Mitigating risks of fraud, including greenwashing, and non-compliance with laws and regulations.

'The interoperable package of ISSA 5000 and IESSA represents an important evolution in global sustainability reporting and assurance,' said Tom Seidenstein, Chair of the IAASB. 'These standards establish the necessary technical and ethical pillars to ensure that qualified practitioners could consistently perform high-quality assurance engagements on sustainability information.'

Gabriela Figueiredo Dias, Chair of the IESBA, added, 'Ethics is the foundation of trust. With these standards, we are equipping preparers and practitioners with the tools needed to uphold integrity and foster transparency in sustainability reporting. Together, the IAASB and IESBA are setting a global standard for accountability and professionalism.'

Effective dates and next steps

In jurisdictions adopting the standards, both ISSA 5000 and IESSA become effective for periods starting on or after 15 December 2026, with early adoption permitted and encouraged. The IAASB and IESBA will provide ongoing support through webinars, implementation guidance and continued implementation monitoring and feedback channels to ensure smooth and effective adoption.

IASB issues a major update to the IFRS for SMEs Accounting Standard

The International Accounting Standards Board (IASB) has issued a major update to the *IFRS for SMEs* Accounting Standard, which is currently required or permitted in 85 jurisdictions. This Standard aims to balance the information needs of lenders and other users of SMEs' financial statements with the resources available to SMEs. The Standard defines SMEs as entities without public accountability that prepare general purpose financial statements.

The update of this Standard is the outcome of a periodic comprehensive review of the Standard. Highlights include:

- a revised model for revenue recognition;
- bringing together the requirements for fair value measurement in a single location; and
- updating the requirements for business combinations, consolidations and financial instruments.

Andreas Barckow, Chair of the IASB, said: 'The update to the IFRS for SMEs Accounting Standard will improve the information provided to users of SMEs' financial statements while maintaining the simplicity of the Standard.'

This update is effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The *IFRS for SMEs* Accounting Standard was issued in 2009 to address the global demand for a simplified Accounting Standard for SMEs. This updated version is the third edition of the Standard.

UK AND IRELAND

FRC backs growth in new three-year plan

Following consultation and engagement with stakeholders, the Financial Reporting Council (FRC) has published its Strategy for 2025-28 and its Annual Business Plan and Budget for 2025-26. This is the first three-year strategy delivered by the regulator since 2023 and sets out a series of important changes intended to continue to support businesses and the government's mission to promote UK economic growth and investment.

The refreshed strategy makes it clear that the FRC is dedicated to serving the public interest while actively supporting UK economic growth through smart, targeted and proportionate regulation. A key focus is improving businesses' access to capital by maintaining a regulatory environment that is underpinned by trust and confidence in audit, corporate reporting and corporate governance. These are all critical factors for investors and other stakeholders who rely on them to thrive and grow, such as pension holders, suppliers and employees.

The strategy outlines some key projects reviewing how the FRC undertakes its inspection and supervision of audit firms, its approach to enforcement and holding auditors to account when failings are identified.

It also outlines how the FRC supports smaller firms to build capabilities through the FRC's Scalebox initiative, which will expand to work with audit firms and others on new innovative approaches that can support growth and investment. This will put a spotlight on the audit market for small and medium enterprise businesses to ensure it is working properly for those who rely on it.

The FRC's strategy will build on the approach it adopted in its recent review of the UK Corporate Governance Code, where it stripped back guidance and unnecessary requirements and put much more focus on Boards owning their own governance, using the flexibility within the Code to comply or explain with the provisions.

The FRC welcomes the strong endorsement from stakeholders on its direction and priorities through the consultation process, particularly regarding its enhanced engagement approach that ensures it regularly and extensively engages with its stakeholders on regulatory changes.

Richard Moriarty, FRC CEO, stated: 'If the FRC as a regulator is to encourage economic growth and investment, I believe it is important we support responsible risk-taking, not seek to eliminate it. Our strategy puts this principle at its heart whilst ensuring we continue to encourage high standards in corporate governance, reporting and audit, which are vital foundations for businesses in accessing capital and broader stakeholder support to thrive.'

This strategy comes as the FRC continues to prepare for draft legislation to modernise its statutory powers and ensure they remain fit for purpose for 2028 and beyond. The FRC also notes the government's recently published action plan for regulation, which highlights strengthening accountability through formal performance reviews, and the FRC will work with DBT to develop its approach to these accordingly.

FRC launches campaign to support UK SMEs to grow and scale

The Financial Reporting Council (FRC) has launched a year-long campaign to help small and medium-sized enterprises (SMEs) to access audit services and reduce reporting burdens where possible.

The initiative in turn aims to improve their access to capital and to support their growth ambitions.

SMEs are the backbone of the UK economy, representing more than 99% of all private sector businesses with a shared turnover of around £2.75 trillion (52% of total UK business turnover) and employing around 16.6 million workers.

Access to audit is often important in supporting SMEs to secure the capital they need to scale, creating wealth and jobs. However, the FRC is aware of some challenges faced by SMEs to secure audit services at a proportionate cost, which may affect their ability to grow, and in how auditing standards are interpreted and applied.

While the FRC's focus has traditionally been on the largest businesses, it believes there is more it can do to help SMEs too. As set out in the FRC's draft three-year strategy published in December 2024, the campaign will examine how SMEs undertake financial reporting, use and access audit to access capital, and how the FRC can help audit firms to apply audit standards proportionately to these smaller, lower risk and less complex companies.

This campaign will feature extensive and open engagement with FRC's stakeholders, including SMEs and their representatives, their capital providers, auditors who provide services to SMEs and their professional bodies.

Further demonstrating this commitment, the FRC launched a consultation in December 2024 on proposed amendments to the Financial Reporting Standard (FRS) 101, aimed at enabling more cost-effective financial reporting group components that require less disclosure . This consultation closed on 7 March 2025.

Richard Moriarty, Chief Executive, said: 'SMEs are an important bedrock for the UK economy as drivers of innovation and job creation with their ability to access capital often dependent on having audited accounts. I'm keen that the FRC does what it can to support their growth and their ability to scale up.

'This campaign across 2025 is focused on analysing how the audit market is working for SMEs, including the reporting and audit requirements they face, and ensuring they are audited proportionately, including considering any steps the FRC can take to support this vital part of the UK economy. We look forward to engaging and listening from SMEs and those who represent them, their capital providers, and others with an interest in this important work.'

EUROPE

EBA identifies payment fraud, indebtedness and unwarranted de-risking as key issues affecting consumers in the EU

The European Banking Authority (EBA) has published the 9th edition of its biennial Consumer Trends Report for 2024/25. The Report has identified payment fraud, indebtedness and unwarranted de-risking as the most important issues affecting EU consumers. The Report is based on information provided by the national authorities of the 27 EU member states, selected national and EU consumer associations, EU industry associations and national ombudsmen, as well as quantitative data from a variety of sources, including for the first time the EBA's new Retail Risk Indicators, which the EBA publishes separately since 2022 with a view to identify potential consumer harm.

The Report concludes that payment fraud is still the most significant issue for EU consumers. This also reflects the emergence of new types of fraud, such as social engineering techniques. In this type of scams, payers are manipulated into making a payment to the fraudsters, who have adapted their techniques to elude the application of the strong customer authentication requirements imposed by EU law.

Indebtedness emerges as the second most relevant issue, with a significant rise of what is commonly referred to as 'buy-now-pay-later' credit and other types of small, fast, accessible and short-term credit. Inadequate creditworthiness assessment practices of lenders and poor disclosure of pre-contractual information are found to be key drivers to indebtedness.

Unwarranted de-risking is the third most relevant issue, with more consumers facing increased difficulties in opening and retaining payment accounts, access to which is a prerequisite for residents in the EU to be able to participate in the EU economy. This issue materialises in the form of refused onboarding of new and the offboarding of existing consumers and seems to be affecting mostly specific categories of vulnerable consumers; i.e. migrants, refugees, the homeless, cross-border workers and individuals with poor financial histories.

Following these findings, the EBA will consider which actions to take in 2025/26 to address the topical issues identified in 2024/25 and with the aim of further enhancing consumer protection across the EU.

The EBA consults on new rules related to the anti-money laundering and countering the financing of terrorism package

The European Banking Authority (EBA) has launched a public consultation on four draft Regulatory Technical Standards (RTS) that will be part of the EBA's response to the European Commission's Call for Advice. These technical standards will be central to the EU's new AML/CFT regime and will shape how institutions and supervisors will comply with their AML/CFT obligations under the new AML/CFT package. The consultation runs until 6 June 2025.

The proposed RTS focus on the following aspects for which the EBA is providing its advice:

- The way the new EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) will decide which institutions will be subject to the direct supervision. The EBA is proposing that AMLA first determines which institutions are eligible for direct supervision taking into account their cross-border activities. In a second step, AMLA would consider the outcomes of the harmonised money-laundering/terrorist financing (ML/TF) risk assessment methodology.
- The determination of the ML/TF risk associated with each institution. The EBA is proposing to put in place a harmonised methodology that all national supervisors will apply when assessing an institution's inherent risks, the quality of controls and the residual risks that remain after the controls have been applied. The proposed approach will ensure

that supervisors' entity-level risk assessments are consistent with comparable outcomes across member states. It would also reduce regulatory burden for cross-border institutions, especially because different supervisors' information requests would be aligned.

- The extent and quality of information institutions will have to obtain as part of the customer due diligence process under the new AML/CFT regime. To achieve effective outcomes, and to limit the cost of compliance, the EBA is proposing a framework within which institutions can choose the most appropriate approach to the extent that it is in compliance with the new AML Regulation. For example, the EBA lists the types of documents and sources of information that institutions should consult, rather than specify the documents and sources themselves.
- On indicators and criteria to be taken into account when setting the level of pecuniary sanctions or taking administrative measures including developing a methodology on how to impose periodic penalty payments. The aim is to ensure that AML/CFT breaches are assessed in the same way by all supervisors across the EU and that the enforcement action is proportionate, dissuasive and effective.

The European Commission has asked the EBA to prepare the above-mentioned technical standards to support the rapid and effective start of AMLA operations. The EBA will submit its response with the above-mentioned technical standards to the European Commission on 31 October 2025.

ASIA PACIFIC

Joint advisory on scams involving digital manipulation

The Singapore Police Force (SPF), Monetary Authority of Singapore (MAS) and Cyber Security Agency of Singapore (CSA) would like to alert members of the public to scams involving digital manipulation, in which artificial intelligence is allegedly used to create or manipulate synthetic media (i.e. deepfakes).

In this scam variant, scammers would impersonate high-ranking executives from companies that the victims work for through the alleged use of digital manipulation, and instruct victims to transfer funds from company accounts. Victims would receive unsolicited WhatsApp messages from scammers claiming to be executives from the company that the victims work for, inviting the victim to join a live-streamed Zoom video call with their high-ranking executives from their companies.

It is believed that digital manipulation has been used to alter the appearances of the scammers to impersonate these high-ranking executives. In some cases, the video calls would also involve scammers impersonating MAS officials and/or potential 'investors'.

Victims would be instructed to transfer substantial amounts of funds from their company's corporate bank accounts to designated bank accounts under the pretext of business payments, such as project financing or investments. Some victims were also asked to disclose personal information, such as their National Registration Identity Card and passport details.

Businesses are advised to adopt the following precautionary measures:

- Establish protocols for employees to verify the authenticity of any video calls or messages, particularly those purportedly from senior executives or key stakeholders. Train employees to be vigilant about unsolicited video calls or messages, even if they appear to come from known business contacts.
- Be mindful of any sudden or urgent fund transfer instructions and verify the authenticity of the instructions with the relevant departments or personnels directly through established communication channels.
- Analyse the audio-visual elements of the video call. Check for tell-tale signs that could suggest AI manipulation of the audio or video.
- Never disclose confidential or personal information or send money to any unknown persons.
- Alert your employees to this scam, especially those that are responsible for making fund transfers.

If you suspect that your company has fallen victim to a scam, call the associated bank immediately to report and block any fraudulent transactions, as well as making a police report.

MAS would like to alert members of the public that MAS will not, at any time, ask them to transfer money or disclose personal or banking credentials. MAS also does not maintain records of individuals' financial or banking accounts, nor does it hold funds of individuals.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