

# account



Leinster Society of  
Chartered Accountants

Charting the way for Business

Newsletter of The Leinster Society of Chartered Accountants

## 'Regulation Really Does Matter'

April Luncheon 2009

Guest Speaker Mr Paul Appleby,  
Director of Corporate Enforcement

Speaking at the LSCA luncheon in the Westbury Hotel on 30 April, Mr Appleby's title for his speech was "Regulation really does matter".

Mr Appleby advised that it will take a long time for Ireland to restore its reputation to the glory days of the Celtic Tiger. He said "most of us would settle today for a future reputation of, lets describe it as, boring stability".

When times are good, the positive public purpose which lies behind most regulation becomes less evident; we lose focus, and have the luxury of questioning the need for regulation. When times get tough, the crucial importance of reputation and the role which effective regulation can play in protecting reputation are much clearer. At times like this, it is the absence of regulation or the lack of effective regulation which is most often criticised. We only realise the value of reputation when it is damaged, and it is a long road back to recover a lost reputation. Effective and proportionate regulation is part of that solution. We need a better balance to the discussion on the benefits of regulation than has often been possible in the recent past".

If you would like to view Mr Appleby's full speech, please visit the LSCA website on [www.lsc.ie](http://www.lsc.ie)



Julie Herlihy, Chairman LSCA and Mr Paul Appleby, Director of Corporate Enforcement

## LSCA May Luncheon 2009

Commissioner Mc Creevy warned against increased tax rates.

The European Commissioner for the Internal Market and Services and former Minister for Finance, Charlie McCreevy, warned against increasing taxes for higher earners.

Mr Mc Creevy said raising taxes for high earners can very quickly produce diminishing returns. All governments face the pressures to make the rich pay more. "But it is essential that we remain focused on the dynamic and human nature that drives risk-taking, economic activity and tax revenues backwards.

"Put simply, it's not higher tax rates that generate higher tax revenues; it is higher economic activity that generates them. We can sink or swim, but if we lose sight of these simple facts, we will certainly sink", he said.



Charlie McCreevy

If you like to view the full speech please visit the LSCA website on [www.lsc.ie](http://www.lsc.ie) .

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Burlington Road,  
Dublin 4.

[www.lsc.ie](http://www.lsc.ie)



THE INSTITUTE OF  
Chartered Accountants  
IN IRELAND

## Chartered Accountants Voluntary Advice ("CAVA")

### Can you help?

MABS have asked the committee of the Leinster Society of Chartered Accountants to seek volunteers from our members to provide business advice to the MABS clients. While MABS staff are in a position to help their clients with regard to their household finances, they are finding that more and more sole traders and owners of small companies are coming to them seeking assistance regarding business issues.

If you would like to offer your time and experience to work with MABS to help their clients on a regular basis, your efforts would be hugely appreciated.

### What is involved?

If you are happy to become a CAVA volunteer, your name, contact details and your availability will be provided to MABS. A MABS staff member will then contact you regarding proposed appointments (generally half hour or one hour appointments) with their clients, preferably at MABS offices. The MABS staff member will already have spoken to their client and should generally be in a position to identify the issue for you in advance.

It is expected that some clients will need more than one appointment. However, it is not envisaged that the advice given to any one client would involve a significant time commitment. Where you need to refer the client to someone else, you can ask MABS to contact another CAVA volunteer who has the relevant experience. (Alternatively, you could refer the client to person(s) unconnected to you/your business, being clear to the client that he should establish in advance whether this person will provide the advice voluntarily or will expect to get paid.)

### What support will you get?

A CAVA seminar will be held at least annually where CAVA volunteers will have an opportunity to hear relevant presentations and importantly, to share experiences and ideas with each other. In addition, the Leinster Society office can be contacted regarding any issues/suggestions.

### What to do now?

If you would like to be a CAVA volunteer, please add your name to our growing list of volunteers at the Leinster Society office. Tel 01 637 7362/1 You will then be sent some documentation regarding CAVA. If you are happy to proceed, we will then provide your name, contact details and preferred times to MABS.

## Enjoyable evening at Eno Winebar

Yvonne Connolly, Chartered Accountant, kindly offered Leinster Society members an opportunity to partake in a free wine tasting event at Eno Winebar and Restaurant, IFSC on Thursday, 2 April. This highly attractive offer was over-subscribed and the evening itself was relaxing and fun.

Members and their guests enjoyed a large range of both familiar and less well known red and white Italian wines. The helpful staff of Eno Winebar gave brief, informative talks about the various Italian regions and grapes.

Institute members can avail of a 15% discount when they shop online at [www.enowine.ie](http://www.enowine.ie). Simply enter the discount code ICAI15 in the members of the website to avail of the discount.

For any enquiries Yvonne can be contacted at [yvonne@enowine.ie](mailto:yvonne@enowine.ie).



## Kilkenny Ladies "health and wellbeing" evening

On Thursday, 7 May, right on time for the summer season, the Leinster Society hosted a "Health and Wellbeing" evening in the River Court Hotel, Kilkenny, sponsored by Glennons Insurance. This event was extremely well attended by members and their guests and turned out to be fun, lively and a good networking opportunity.

The attendees enjoyed an informative and entertaining talk from Geraldine Dignam, well-known image and style consultant. She shared tips about summer 2009 looks and gave advice about accessories, shopping for value and styles to suit various shapes.

A hot fork buffet meal followed the talk. People then took the opportunity to visit the stands which included make-up consultations and lingerie provided by Goods, Patricia Fox, who gave shiatsu massages, Serendipity, a boutique which had beautiful clothes and accessories available, Helen Fogarty, who promoted various "anti-ageing" treatments and Caroline Hales, who advised about Reiki and Brennan Healing techniques. One of the busiest stands of the night was that run by Mystic Moira! Guests left with goody bags and discount vouchers from Goods and Serendipity. Many thanks to everyone who attended.



  
GLENNON

## Evening Meeting

# Corporate Recovery and Insolvency

A well attended meeting heard a very interesting talk from **Barry Lyons** and **Neil Hughes** – partners in Lyons Kenny, Solicitors and Hughes Blake, Accountants respectively.

Barry and Neil are experts in the area of Corporate Recovery with a particular emphasis on the Examinership process and their presentation was strong on detail with very relevant and practical examples to illustrate their points. A very lively Q&A session meant that the meeting covered a huge range of areas – many driven by the personal/professional queries of the audience – but some core points were as follows:

There are several stages of Corporate Recovery from ‘Trading through it...’ to Examinership through to Receivership and Liquidation. What is clear is that organisations will go through many different issues in each of these stages but it is important that management actively consider where they are as a business and take the appropriate steps early to ensure survival.

Key to ‘Trading through it..’ is consultation and communication with staff and creditors as well as active management of cash and costs. Most businesses will be in this stage at some point and the key is ensuring that the organisation manages its cashflows to be able to sustain its operations to deliver its Business Plan.

A ‘Creditors Voluntary Arrangement’ has been seldom used to date as it is completely voluntary for creditors and offers no protection to an organisation while underway. This process can be formalised through a ‘S.201 Scheme of Arrangement’ but again this has been seldom used.

Both Receivership and Liquidation are typically options driven by creditors and generally seek to ensure that security is protected and assets realised to provide some return on debts but generally result in the business ceasing to function.

The Examinership option is becoming more popular over the last number of years. The focus here is on identifying companies with a reasonable prospect for survival (in whole or in part) and then – through a court-sponsored programme – providing protection for the company from its creditors while it restructures its operations.

The Examiner appointed will not take over the executive functions of a company but seeks to build a fund to pay a Scheme of Arrangement with creditors. This will be through disposal of non-core assets, facilitation of new investment (through equity and perhaps some debt) and negotiation of an appropriate scheme with the various classes of creditors.

The Examiner typically has 100 days to devise a scheme and then 21 days to implement but any scheme must be approved by the High Court to be binding on creditors.

There are a multitude of issues around this process and potential impacts for holders of contracts with the company as well as holders of secured debt but it is becoming a much more pursued option for companies who have viable businesses but who have become insolvent because of specific issues.

More details are available on the website maintained by Barry and Neil at [www.examinership.ie](http://www.examinership.ie).



Gavan Walsh, Barry Lyons, Julie Herlihy, Neil Hughes

## Evening Meeting

# Employment Matters in a changing environment

It's no doubt a reflection on our current economic environment that the meeting was very well attended. While the subject was undoubtedly gloomy, both speakers delivered very strong presentations which were well received by the audience



**John McCullough** – Director, KPMG Executive Search and Selection – opened the meeting with his view of the current recruitment market. John pointed out that the market had been deteriorating for some time and there was still a surplus of candidates over positions. However, he did indicate that there is some evidence of the market starting to bottom out and he also highlighted that accountants, in particular, were generally not out of work for long and were finding work principally through direct contacts/networks.

Commercial expertise is in strong demand as well as an ability to manage operations/costs but John is also seeing a demand for strategists who can help organisations plot a future course as well as survive current difficulties. However, it is very much an employer's market and candidates' expectations in seeking new roles are now completely aligned with that reality.

**Peter McInnes** – Partner at McDowell Purcell Solicitors – followed John with a very informative overview of employment legislation, particularly as it relates to workplace reorganisations.

Redundancy is obviously one of the key issues at the moment but Peter pointed out the importance of ensuring that any such process is genuinely reflecting an organisational change and that employees selected for redundancy have the benefit of a fair selection process which is objective and very carefully managed. He also pointed out that the pitfalls of getting this wrong are severe with access to legal redress being very much available if appropriate selection and consultation procedures are not followed.

As well as Redundancy, Peter identified that many organisations are looking for other alternatives to reduce their cost base. Pay cuts are one of these options but it is important to be aware that these must be agreed with employees and cannot be unilaterally imposed without risks of legal action. Similarly, redeployment can be considered once the position offered is suitable alternative employment. Short-time working or temporary layoffs are potentially also an option but, once again, employers need to demonstrate that the selection process is appropriate and that any change is unlikely to be permanent.

Overall, Peter highlighted that organisations have various means at their disposal to manage their workforce through changing circumstances but that the procedures followed must be transparent and objective to ensure that employees' rights are protected.

## Diary Dates

### Friday, 10 July 2009

Annual Golf Outing – The Single Stapleford competition will be played for the Old Students Challenge Cup.

Venue: Carlow Golf Club  
Tee Times: 2.30pm – 3.30pm  
Cost: €65.00 including dinner

Please contact the Leinster Society office on Ph: 6377361/2 or email leinstersociety@icai.ie to reserve a tee time

## Book Club

On Tuesday, 14 April, the first meeting of the Leinster Society Book Club took place in the ICAI House. The chosen book, "Never Let Me Go", by Kazuo Ishiguro, generated plenty of discussion due to its controversial subject matter.

On Tuesday, 12 May, the members discussed the 2008 Man Booker winner, "The White Tiger" by Aravind Adiga. This novel is a series of rather arrogant letters from an Indian entrepreneur to the Chinese Premier, giving glimpses of a rich and a poor India which echoed many of the images in the recent book and film, Slumdog Millionaire.

On Tuesday, 12 June, the book was "The Secret Scripture" by Sebastian Barry which tells the story of an elderly lady who has spent most of her adult life in an Irish psychiatric hospital. A popular choice.

The next meetings will discuss:

Tuesday, 14 July "De Niro's Games" by Ravi Hage

Tuesday, 11 August "We need to talk about Kevin" by Lionel Shriver

Anyone interested in coming to a meeting should contact the LSCA at leinstersociety@icai.ie or Tel: 01-6377362/1.



## April Quiz Results

1. "Its was a rather different trip," recounted Professor Quantum. "For a month our tour group travelled around Europe viewing the sights. The strange thing is that we had a man travelling with us who never saw a thing the whole trip. Even the children in our group would never call this man daddy." Who is he?
  - A. He was an ancient Egyptian mummy and just one of the many artefacts on tour.
2. How many grooves are there on each side of a standard 33 1/3 record album that has six songs on each side?
  - A. There is one groove on each side. When you put the needle on the album it follows one groove from the beginning to the end. If there was more than one groove, the needle would stop at the end of each groove, which happens to be the situation when a needle finds a good scratch.
3. Gary Gladhand, the politician, was very tired after a long day of campaigning. He went to bed at 10pm., wound his alarm clock and set it for noon the next day. Since Gary fell asleep almost immediately, how many hours of sleep did he get before the alarm woke him?
  - A. Two hours. Wind-up clocks can't be set more than 12 hours in advance.

April Quiz winner is: There was no April Quiz winner.

## June Quiz

1. Duncan Drivel was riding a particularly frisky horse when suddenly its bridle came off. As they raced down the road, a screaming Duncan clung to the horse's ears for dear life. Out of the corner of his eye, Duncan saw a car coming, and realising the horse was completely out of control, he panicked. Flailing his arms about, he accidentally caused the horse to come to an abrupt halt.

What could Duncan have done to make the horse stop?

2. Even though the odds are always in favour of the gambling house, why does the establishment insist on a house limit on stakes?
3. Professor Bumble has a box of socks in his closet containing 24 red socks and 24 green socks. Bumble wants to be certain his socks match, but cannot see the colours since his closet is completely dark. What is the smallest number of socks that Bumble needs to remove from the box in order to be certain of having two socks of the same colour?

Please email your answers to: [leinstersociety@icai.ie](mailto:leinstersociety@icai.ie) or by post to: **LSCA Quiz, Burlington House, Burlington Road, Dublin 4.**

## The Leinster Society of Chartered Accountants Annual Golf Outing

The Single Stapleford competition will be played for the Old Students Challenge Cup.

Venue: Carlow Golf Club  
 Date: Friday, 10th July 2009  
 Tee Times: 2.30–3.30pm  
 Cost: €65.00 per person (Including Dinner)

Book on line [www.lasca.ie](http://www.lasca.ie)

Or call LSCA office on 01-6377361/2 or email [leinstersociety@icai.ie](mailto:leinstersociety@icai.ie)

