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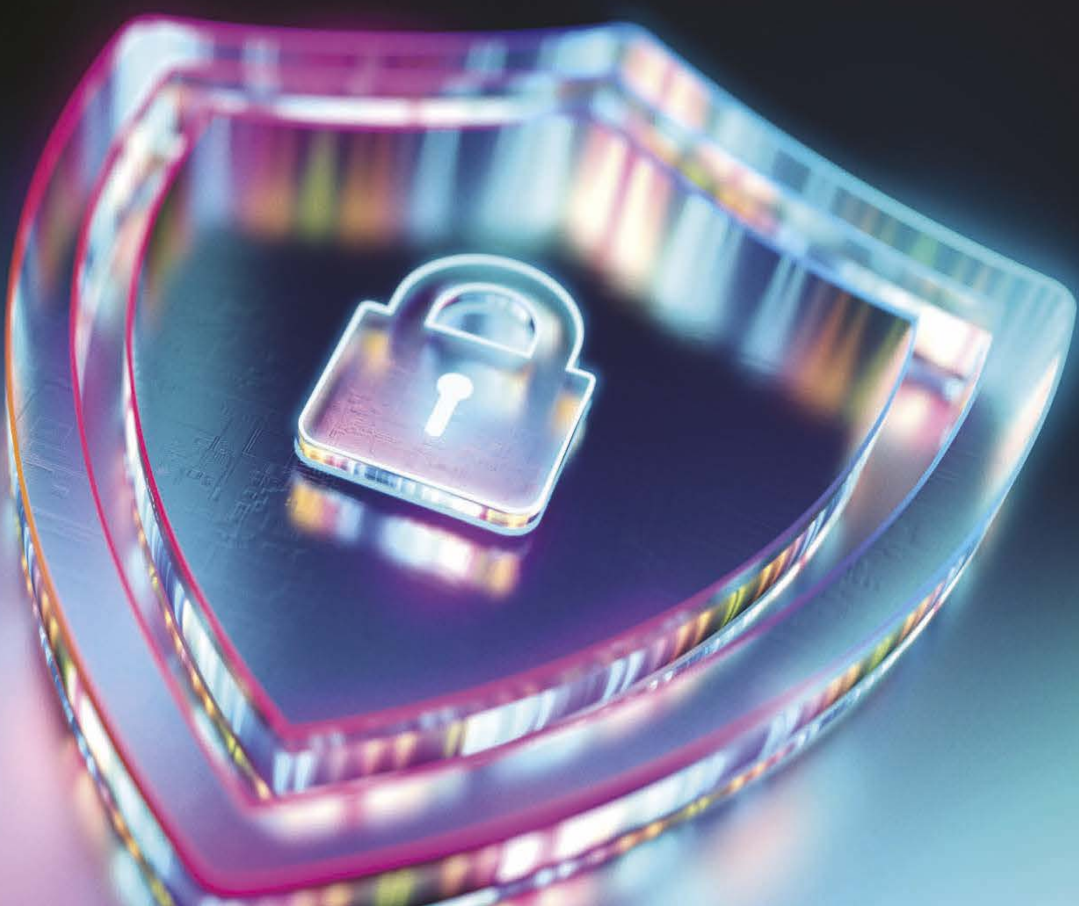

Trends in reported fraud and economic crime

The transition to Making Tax Digital for Income Tax

Financial distress amongst SMEs: strategies for business survival

How to support ethical, efficient AI adoption


ZOE IS A HAPPY ACCOUNTANT
• Revenue up by £90k in 7 months
• Team restructured for better efficiency
• Team now handling clients so she can focus on strategy
• Bought and now renovating historic building for new offices
ZOE WORKS WITH AVN
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A call to action: prepare, adapt and lead...

Angela Partington Editor, IA

This edition brings together some thought-provoking features that reflect the challenges and opportunities facing accountants and financial professionals today. From the digitalisation of tax to the globalisation of careers, from economic uncertainty to the rise of AI-driven fraud, our contributors offer insight, guidance and – most importantly – questions that demand our attention.

We begin with Emma Rawson's comprehensive guide to Making Tax Digital for Income Tax, a transformation that will affect thousands of UK taxpayers from April 2026. As the biggest overhaul of income tax since self-assessment, MTD raises urgent questions: Are your clients ready? Is your practice prepared for the shift to quarterly reporting and digital record keeping? And how can we support those who are digitally excluded or overwhelmed by the pace of change? Emma's article is a practical roadmap for agents and firms navigating this new terrain.

From compliance to crisis, Sharon McDougall examines the trading climate for UK businesses, where rising costs, tax burdens and global uncertainties are pushing many SMEs to the brink. With over 45,000 companies in critical financial distress, the question is no longer whether businesses will face hardship – but how they will respond. What does it mean to be 'fit to survive' in today's economy? Sharon explores the tools of restructuring, debt management and strategic adaptation that could make the difference between recovery and insolvency.

In a world where financial crime is becoming more sophisticated, Stephen Peters and Richard Shave of BDO deliver a sobering analysis of fraud trends in the UK. Their annual review reveals a sharp rise in money laundering, a surge in AI-enabled scams, and a retail sector under siege. With the Economic Crime and Corporate Transparency Act introducing new corporate offences, the stakes are higher than ever. How can businesses stay ahead of fraudsters who are increasingly tech-savvy and globally networked? And are we investing enough in the tools – both human and digital – to detect and prevent economic crime?

Finally, we look beyond borders with 'Accounting Without Borders', where we celebrate the truly international nature of the AIA Professional Qualification. In a globalised economy, accountants must be fluent in IFRS, agile in cross-border compliance, and ready to lead in multicultural environments. The AIA qualification is positioned not just as a credential, but as a passport to global opportunity. As AI, ESG and digital finance reshape the profession, how can we ensure our skills remain relevant and our careers resilient?

Together, these articles form a call to action: to prepare, to adapt and to lead. We hope you find inspiration, insight and value in these pages.

Contributors to this issue

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Richard Shave is a Director in BDO's Forensic Accounting team, specialising in fraud investigations, bribery, and corruption.

SUSTAINABILITY

UK launches consultation on first Sustainability Reporting Standards

The UK government has launched a 12-week consultation on its first two draft Sustainability Reporting Standards (UK SRS), marking a significant step in aligning the country's corporate reporting framework with global sustainability benchmarks.

Announced on 25 June 2025, the draft standards – UK SRS S1 and S2 – mirror the International Sustainability Standards Board's (ISSB) IFRS S1 and S2, covering general sustainability-related disclosures and climate-related disclosures respectively. The UK SRS adopts a four-pillar structure: governance, strategy, risk management, and metrics and targets.

While largely consistent with ISSB standards, the UK proposes six minor amendments, including a two-year extension of the 'climate-first' transition relief and the removal of delayed disclosure allowances. The changes aim to enhance integration between financial and sustainability reporting while maintaining international comparability.

The consultation also explores a voluntary registration regime for sustainability assurance providers, to be overseen by the forthcoming Audit, Reporting and Governance Authority (ARGA), and seeks input on corporate climate transition plans.

The consultation closes on 17 September 2025. Its outcome will inform whether the UK SRS becomes mandatory for economically significant entities in future phases. Final standards could be published as early as autumn 2025.

This initiative forms part of the UK's broader Mansion House reforms to establish a world-leading sustainable finance framework. Stakeholders can access the consultation documents and submit responses via the UK government website.

The full consultation document can be found at: https://tinyurl.com/27h97vmk

COURT JUDGMENTS

VAT treatment of intra-group services

In a landmark decision, the UK Upper Tribunal has ruled that intra-group services provided by JPMorgan Chase Bank NA (CBNA) to its affiliate constituted a single taxable supply for VAT purposes, dismissing the bank's appeal against HMRC.

The case centred on whether CBNA's provision of various support and business delivery services to JP Morgan Securities plc should be treated as multiple distinct supplies or a single composite supply under sections 43(2A) and (2B) of the Value Added Tax Act 1994. CBNA argued for separate classification, claiming some services qualified for VAT exemptions under the Principal VAT Directive.

However, the Tribunal upheld the First-tier Tribunal's (FTT) earlier decision, finding that the services were 'closely linked' and formed a single supply. It concluded that none of the services met the criteria for exemption, including under the securities exemption in Article 135(1)(f) of the Directive.

The ruling has significant implications for multinational groups operating in the UK. It reinforces the importance of clear documentation and consistent invoicing practices when structuring internal transactions. Firms must now carefully assess whether bundled services could be deemed a single taxable supply, potentially increasing VAT liabilities.

The Tribunal also clarified that the concept of 'predominance' was correctly applied by the FTT, rejecting CBNA's argument that the court had confused it with 'principal' in the context of VAT classification.

This decision is expected to influence how global financial institutions approach intra-group service arrangements and VAT compliance going forward.

CREDENTIALS

CPA title controversy sparks ethical debate

A growing number of US accounting firms, particularly those backed by private equity, are reportedly asking employees to remove the certified public accountant (or 'CPA') designation from public profiles, email signatures and business cards – triggering a heated debate over professional identity and ethics.

A recent informal poll undertaken by Susan Coffrey, the CEO of Association of International Certified Professional Accountants (AICPA) revealed that 14% of CPAs have been asked to omit their credential, with most working in tax, advisory or assurance roles. Critics argue that this trend undermines the prestige and public trust associated with the CPA title, potentially discouraging new entrants and worsening the profession's recruitment crisis.

Supporters of the move cite compliance with state regulations. In jurisdictions where firms are not licensed to provide attest services, professionals may be restricted from publicly identifying as CPAs without proper disclosures. This is especially relevant in alternative practice structures (APS), which have become common following private equity investments.

APS arrangements typically split firms into two entities: one CPA-owned firm providing audit services; and a separate non-attest entity – often backed by investors – handling consulting and other services. While this structure allows for capital infusion and business expansion, it raises concerns about auditor independence.

The AICPA's Professional Ethics Executive Committee (PEEC) is reviewing its independence rules. A task force has proposed a three-step framework and is seeking comment on two draft interpretations – one general, one specific to private equity.

The PEEC's final guidance is expected later this year and could reshape how CPAs navigate identity, independence and investor influence in a rapidly evolving profession.

UNITED STATES

New US tax law triggers major accounting reassessments

The enactment of the 'One Big Beautiful Bill Act' on 4 July 2025, has introduced sweeping changes to US tax legislation, prompting companies to reassess their accounting for income taxes under ASC 740. The law, which extends and modifies key provisions of the 2017 Tax Cuts and Jobs Act (TCJA), includes retroactive elements that may impact both current and prior-year financial statements.

Under ASC 740, entities must recognise the effects of new tax legislation in the reporting period in which the law is enacted. This means companies with reporting periods ending after 4 July must immediately evaluate the impact on deferred tax assets (DTAs) and liabilities (DTLs). The retroactive nature of certain provisions – such as changes to bonus depreciation, R&D expensing, and interest expense limitations – adds complexity to this reassessment.

Deloitte and other leading firms have issued guidance to help entities navigate these changes. Their recommendations emphasise the importance of timely coordination between tax and accounting teams, especially in evaluating the implications for interim reporting and disclosures under ASC 855 (Subsequent Events).

The law also introduces modifications to international tax regimes, including GILTI and FDII, with reduced deduction rates that may alter deferred tax calculations. Entities must carefully analyse how these changes affect their effective tax rates and valuation allowances.

As companies prepare for Q3 reporting, the urgency to model tax impacts and update disclosures is high. The Securities and Exchange Commission (SEC) has signalled that material changes resulting from the new law must be transparently communicated to investors.

This legislative shift underscores the dynamic interplay between tax policy and financial reporting, reinforcing the need for agile accounting strategies in a rapidly evolving regulatory landscape.

COMPLIANCE

FCA's consumer duty reshapes compliance

The UK Financial Conduct Authority's (FCA) Consumer Duty continues to redefine compliance expectations for financial firms, with a strong emphasis on preventing foreseeable harm and delivering good customer outcomes. Now fully in force for both open and closed products, the Duty is driving firms to reassess governance, data usage and customer support strategies.

Key best practices emerging from FCA reviews include enhanced board oversight, root cause analysis of complaints, and tailored communications to support informed decision-making. Firms are also expected to demonstrate fair value through robust pricing assessments and transparent disclosures.

Simultaneously, the UK's regulatory landscape is diverging from the EU's post-Brexit framework. The FCA is actively reviewing retained EU regulations – such as packaged retail and insurance-based investment products (PRIIPs) – and proposing UK-specific replacements to better suit domestic markets. This divergence presents challenges for firms with cross-border operations, requiring dual compliance strategies and careful jurisdictional mapping.

The FCA's approach aims to simplify rules while maintaining high standards, particularly in areas like digital finance, insurance and consumer investments. As firms navigate this evolving environment, proactive engagement with regulators and continuous monitoring of outcomes will be essential.

CORPORATE RECOVERY

UK restructuring framework matures

The UK's restructuring and insolvency landscape continues to evolve, with Part 26A restructuring plans emerging as a key tool for corporate recovery. These are a formal legal mechanism introduced by the Corporate Insolvency and Governance Act 2020, and are designed to help financially distressed companies restructure their debts and continue operating as a going concern.

Recent high-profile cases, involving Thames Water and Petrofac, have highlighted both the flexibility and legal scrutiny surrounding these mechanisms.

In April, the Court of Appeal upheld Thames Water's £3 billion interim restructuring plan, allowing the utility to avoid special administration and continue vital public services. The court dismissed challenges from junior creditors and a Member of Parliament, affirming that 'out of the money' creditors cannot always be excluded from fairness considerations. The ruling also clarified that non-monetary benefits, such as preserving a company's operations, can justify a plan's approval.

Conversely, Petrofac's restructuring plan was overturned in July due to concerns over fairness in the distribution of post-restructuring benefits. The Court of Appeal found that new investors were set to receive disproportionate returns, and criticised the lack of market testing and expert evidence to justify the terms.

These cases underscore the maturing legal framework around Part 26A plans, which allow companies to bind dissenting creditor classes through cross-class cram down provisions. While the tool offers powerful restructuring capabilities, courts are increasingly demanding transparency, fairness and robust evidence to support proposed terms.

AIA NEWS

AWARDS

AIA champions excellence at 2025 Awards

AIA is proud to support the 2025 Accounting Excellence Awards as an official award partner, celebrating the UK's most forward-thinking accountancy firms and professionals for their innovation, impact and excellence (see tinyurl.com/ywcvpwxj).

This year's awards, hosted by AccountingWEB, highlight excellence in areas such as digital transformation, ESG leadership, client service and team performance – reflecting the profession's evolving role in a rapidly changing economic environment.

AIA Chief Executive Philip Turnbull will serve as a judge at this year's ceremony, helping to select and honour those whose outstanding contributions are shaping the future of accountancy. 'The Accounting Excellence Awards are a celebration of the profession's best and brightest,' said Turnbull. 'It's an honour to recognise those who are not only excelling in their fields but also helping to shape the future of accountancy through innovation, integrity and impact.'

AIA has expanded its international footprint and championed initiatives that support ethical, inclusive and future-ready accountancy. In 2025, AIA has continued to lead on several key initiatives.

INDIA

AIA and Finprov Learning collaborate to bring world class accountancy training to India

Sharon Jandu OBE meets with Finprov Learning

AIA is pleased to share that Council Member Sharon Jandu OBE met with Finprov Learning Private Limited during a visit to India as part of a UK trade mission (see tinyurl.com/4xk3edxk). This continued discussions around a potential partnership that would bring AIA's globally recognised accountancy qualification to students across India.

Finprov Learning is a respected education provider with a strong focus on practical, career-ready training. A partnership with AIA would support the delivery of high-quality, locally accessible accountancy education, helping students gain the skills and qualifications needed to succeed in today's global profession.

This engagement is part of AIA's wider mission to make accountancy more accessible around the world by working with trusted local partners. India is a key region for AIA's international growth, and this potential collaboration would help to expand opportunities for aspiring accountants across the country.

PROFESSIONAL CONDUCT

AIA updates Sanctions Handbook

AIA has released an updated version of its Sanctions Handbook, now in effect for all members and cases heard by Disciplinary Committees. It outlines enhanced procedures and clear guidance for determining appropriate sanctions in cases of alleged professional misconduct. It reflects AIA's ongoing commitment to upholding high standards of ethical behaviour and professional accountability.

AIA aims to always ensure that members:

- behave professionally and ethically;
- comply with the AIA Constitution, Code of Ethics and relevant legislation; and
- keep their skills and competence up to date.

The Sanctions Handbook supports the work of AIA's Complaints, Disciplinary and Appeals Committees by providing a more structured framework for assessing breaches and applying proportionate sanctions. The changes aim to improve transparency, consistency and fairness in disciplinary outcomes.

The updated version is now available on the AIA's website.

CLIMATE ACTION

AIA certified 'On the Road to Net Zero'

AIA is delighted to announce that it has gained the 'On the Road to Net Zero' certification from AIA partner and climate action platform, Net Zero Now. This milestone signifies the start of our journey to becoming a net zero business.

As an initial step, AIA has calculated its greenhouse gas (GHG) emissions for the fiscal year 2022/23 (see tinyurl.com/4aphj8s4). Moving forward, we commit to transparently sharing our carbon footprint data annually. Our commitments include:

- taking measures to achieve GHG reduction targets aimed at limiting global warming to below 1.5 °C; and
- offsetting residual emissions through the purchase and retirement of certified carbon offsets equivalent to our remaining emissions upon achieving our long-term reduction objectives.

Net Zero Now estimates that accountancy practices in the UK are responsible for nearly half a million tonnes of greenhouse gas emissions every year, equivalent to the emissions of over 100,000 cars being driven for a year. While big firms can afford specialist sustainability advice, 80% of all accountants in practice work for a small or medium-sized firm and the process of going net zero is seen by most SMEs as being expensive and complex.

The Net Zero Accountancy Initiative helps businesses to achieve net zero simply and cost effectively by using sector-specific protocols that set the industry standard. The Net Zero Accountancy protocols provide guidelines for any business in the sector to get to net zero.

AIA members are eligible for an exclusive discount when registering with Net Zero Now, enabling you to calculate your carbon footprint and take the first step towards becoming a net zero organisation. *See www.aiaworldwide.com/partner-pages/net-zero-now.*

> 'Achieving this certification marks meaningful progress in AIA's continued commitment to environmental responsibility and long-term sustainability. By measuring our emissions and setting clear reduction targets, we are proud to lead by example. We encourage our members to take similar action by making use of the practical tools available to them through our partnership with Net Zero Now.'
>
> *AIA Chief Executive Philip Turnbull*

> 'It's an absolute pleasure to have AIA join us on the journey to becoming a net zero business. Every accountancy practice across the UK now has the tools to act on the climate crisis. The accountancy profession has an enormous role to play in the transition of our economy to net zero.'
>
> *Neil Ross Russell, Managing Director, Net Zero Now*

AWARDS

International recognition for AIA member firm

Euro Accounting, led by AIA Member in Practice Shabir Djakiodine, has been shortlisted as a finalist in two prestigious categories at the 2025 Accounting Excellence Awards.

Euro Accounting, already a multi-award winning international advisory and accountancy firm, specialises in accounting, cross-border taxation for both individuals and corporations, global company formation, payroll, HR and audit services. With over 30 years of experience and clients in over a dozen countries, the firm has been named a double finalist at this year's Accounting Excellence Awards for Tax Team of the Year and International Firm of the Year.

Operating across a diverse array of countries, Euro Accounting provides tailored solutions to complex international business challenges. From tax planning and VAT compliance to legal support and cash flow management, the firm serves as a trusted growth partner for global entrepreneurs. Its multilingual team operates in key markets such as the UK, France, Italy, Ireland, Switzerland, the UAE, Hong Kong and other parts of Europe through strategic partnerships, covering 12 languages.

AIA is proud to support globally minded firms like Euro Accounting, which exemplify the high standards, innovation and international outlook that define our membership. AIA's international footprint, with branches and partners in key regions such as the UK, Hong Kong, China, Malaysia, Singapore, Cyprus and Ghana, offers members valuable regional insights and cross-border networking opportunities, enhancing the delivery of international client services.

Its commitment to supporting Members in Practice through comprehensive technical guidance, CPD webinars and a global community of finance professionals enables firms like Euro Accounting to stay at the forefront of regulatory developments and deliver innovative, high-quality solutions.

In addition, AIA's strategic partnerships and wide range of member benefits, including access to discounted software, business growth tools and compliance support, help firms to streamline operations and focus on delivering exceptional value to clients worldwide.

Congratulations to Euro Accounting on this impressive achievement. AIA extends its best wishes for their continued success at the 2025 Accounting Excellence Awards.

SCHOLARSHIPS

AIA recognises future talent with 2025 Scholarship Awards

AIA announced the recipients of the 2025 AIA Scholarships, an initiative funded by The AIA Educational and Benevolent Trust to support outstanding aspiring accountants from across the Commonwealth. This prestigious award fully funds the AIA Professional Qualification and is designed to unlock potential and create pathways into the profession for those committed to making a difference through accountancy.

This year's scholarship recipients are Carl Booth (United Kingdom), Dunbe Birsan (Nigeria) and Stephen Narh (Ghana) – three outstanding individuals who embody the ambition, resilience and dedication to learning that define the highest standards of the accountancy profession.

Dunbe Birsan shared her motivation for pursuing the AIA qualification: 'Growing up in Nigeria, I witnessed the impact of limited financial resources and poor financial management on communities and businesses. I believe the AIA qualification is a powerful stepping stone to deliver financial education and services where they're most needed. With AIA's support, I'm one step closer to helping SMEs, local governments and underserved communities thrive.'

Jane Steele, AIA's Qualifications Manager, said: 'We are incredibly proud of Dunbe, Carl and Stephen. Their dedication to the profession is inspiring and we look forward to supporting their journey. Congratulations to all.'

AIA's mission is to create a more inclusive, accessible accountancy profession across international markets. The AIA Scholarship Programme will reopen later this year, with 2026 applications launching soon for candidates across the UK and the Commonwealth.

GREEN AMBASSADOR

AIA named Green Ambassador for the Edupro Green Talent Awards 2025

AIA has been appointed as a Green Ambassador for the Edupro Green Talent Awards 2025, reinforcing its commitment to sustainability, ethical business leadership and empowering the next generation of changemakers.

The Edupro Green Talent Awards, delivered in partnership with Edupro UK and the University of Leeds, celebrate and support outstanding young individuals who are driving environmental and social impact through innovation, advocacy and action. As a Green Ambassador, AIA will play a key role in promoting the awards and supporting youth-led solutions that address climate challenges and advance sustainable development.

AIA has long championed the integration of sustainability into professional practice, business strategy and community engagement. Through this partnership, AIA is deepening its investment in shaping a greener future by fostering the talents of emerging leaders dedicated to environmental and social responsibility.

Philip Turnbull, AIA Chief Executive, said: 'At AIA, we believe that real change begins with bold ideas and courageous leadership. The Green Talent Awards are a powerful platform for recognising young people who are not only imagining a better world but actively building it. We're proud to support their journey and help amplify their impact.'

In addition to AIA's ambassadorial role, Philip has been appointed to the Green Talent Awards 2025 judging panel. He brings vast expertise in sustainable innovation and governance to the evaluation of this year's most promising youth-led initiatives.

Through this collaboration, AIA aims to:

- champion environmental awareness across industries and communities;
- promote responsible business practices that prioritise people and the planet; and
- support young changemakers on their journey to becoming global sustainability leaders.

AIA is proud to contribute to this important initiative, helping to inspire action, elevate youth voices and advance a more sustainable, equitable future.

CHARTER

AIA supports the SFEC 2024 Report on Sustainable Finance Education

AIA is honoured to stand alongside fellow signatories of the Sustainable Finance Education Charter (SFEC) in reaffirming our commitment to building a more sustainable future for the finance profession (see tinyurl.com/mvumnhft). The newly published SFEC Annual Progress Report 2024 highlights the collective progress made in embedding sustainability into financial education and professional development.

AIA has taken meaningful steps to ensure that sustainability is a core part of how members prepare for the future:

- AIA has delivered engaging learning experiences focused on green finance and sustainability reporting, including live webinars, on-demand content and expert panel discussions. These help members to stay ahead of evolving standards and understand their role in tackling climate-related financial risks.
- Sustainability is integrated into qualifications and CPD. From climate risk and ESG reporting to ethical finance, these themes are embedded into AIA's learning pathways so that members are equipped to thrive in a net zero economy.
- AIA is also contributing to global efforts to align financial skills with climate goals. Along with international partners and fellow SFEC signatories, AIA is helping to shape a consistent, high-quality approach to sustainability education across the profession.

AIA NEWS

COUNCIL MEMBERS

AIA strengthens Council with new lay members

Eleni Giannopoulou and Tobi Oladipo

AIA is pleased to announce the appointment of Tobi Oladipo and Eleni Giannopoulou as lay members of the AIA Council. Their diverse professional backgrounds and specialist expertise will play a vital role in enhancing the Council's collective strength and reinforcing AIA's commitment to excellence in corporate governance.

Tobi Oladipo brings to AIA over a decade of frontline leadership in the UK's NHS, where he has been instrumental in designing and delivering award-winning, community-led healthcare initiatives. His appointment to the Council strengthens AIA's commitment to public value, social responsibility and stakeholder engagement – all core principles that underpin the Association's strategy.

Eleni Giannopoulou joins the Council with a wealth of legal expertise gained through her distinguished career in public, commercial and international law. Based in Athens, she advises major institutions, including the Greek Tax Authority, and plays a key role in global legal forums such as ICC Hellas. A certified mediator and advocate for regulatory reform, Eleni brings exceptional insight into legal governance and risk management. Her experience will be instrumental in supporting AIA's oversight functions and reinforcing its position as a forward-thinking, internationally engaged professional body.

The announcement follows the successful conclusion of the 93rd Annual General Meeting, held on 26 June 2025 at the AIA Head Office. All resolutions of the AGM were passed. The following members were re-elected to Council:

- Linda Richards, Vice President;
- Kim Robinson;
- Hugh McCormack;
- Rebecca Hossain; and
- Dr Peter Ellington.

HONG KONG

AIA Hong Kong Branch Annual Dinner 2025

AGM at the AIA Hong Kong Branch

On Friday 20 June 2025, the AIA Hong Kong Branch held its Annual General Meeting. During the meeting, Mr. Savio Ho was elected as the Branch's President, while Mr. Michael Chan and Mr. Ebony Chiu were elected as Vice Presidents.

Following the AGM, the Branch celebrated its Annual Dinner 2025. AIA's Chief Executive Philip Turnbull and Hong Kong Branch President Mr. Savio Ho delivered speeches.

Both expressed their gratitude to Fred Wong for his dedicated service as Immediate Past President of the Hong Kong Branch. Philip also took the opportunity to commend the entire Hong Kong Branch Executive Committee for its efforts in representing both AIA and the region of Hong Kong with distinction.

Among the honourable guests celebrating with the AIA Hong Kong Branch were Legislative Councillor Hon. Edmund Wong, Deputy Commissioner of the Inland Revenue Department Mr. Leung Kin Wa, China Liaison Office Representative Mr. Zhao Jin Guang, Chairman of the Accounting and Financial Reporting Council Dr. David Sun, and key representatives from professional accounting institutions active in Hong Kong.

Congratulations to the Executive Committee, branch employees and to all AIA members and students for their outstanding representation of AIA and Hong Kong.

AIA Chief Executive Philip Turnbull said: 'It was a great pleasure to celebrate the Hong Kong Branch Annual Dinner, a true reflection of the dedication and spirit of AIA's community. I want to extend my heartfelt thanks to the Branch Executive Committee for them throughout the year. Congratulations to Savio Ho on his election as President; I look forward to working closely with him to continue building our momentum. A special thank you to our Immediate Past President, Fred Wong, for his leadership and service. Together, we will continue to work to grow and strengthen AIA in Hong Kong.'

SMES

AIA supports SME international growth at ISS Airview

AIA visited ISS Airview, a new initiative developed by ISS to support northern SMEs in accessing international markets (see tinyurl.com/3c6rmhzb).

The meeting brought together representatives from business, trade and professional services to discuss opportunities for growth, innovation and global engagement. AIA's involvement reflects its ongoing commitment to supporting members in small and medium-sized practices, where expertise in international expansion and regulatory compliance is increasingly essential.

DISCIPLINARY

AIA Disciplinary Committee Outcomes

20 March 2025 Disciplinary Committee Outcomes:

- Mr Mujeeb Alam (Saudi Arabia) was removed from AIA Student Register for breach of Bye-Law 8.1.

19 February 2025 Disciplinary Committee Outcomes:

- Fawad Ibrahim Abubaker Mohamed (UK) was excluded from membership under the conditions prescribed under Bye-Law 8.

AIA Achieve Academy: Arthur Kaliisa's experience

Arthur Kaliisa is a contracts specialist at Qatar Airways. We follow his professional development journey through AIA Achieve Academy.

Arthur Kaliisa

Arthur Kaliisa, a contracts specialist at Qatar Airways based in Doha, Qatar, embarked on his professional development journey with the Association of International Accountants (AIA) through the Achieve Academy.

His role involves the negotiation and management of critical airport service contracts, requiring a robust understanding of financial and operational principles. Outside his primary role, Arthur has contributed significantly to the finance committee of a non-governmental organisation in Uganda, enhancing his leadership and strategic oversight capabilities.

Arthur's professional environment demanded a high level of expertise and flexibility, challenging him to enhance his existing skills while managing a demanding job. His previous experiences – with limited support and inadequate study materials at another educational body – highlighted the need for a structured and supportive learning environment.

The referral to AIA by Dr Jeff Wooller marked a turning point for Arthur Kaliisa. He chose AIA for its cost-effective study route and its strong emphasis on student support and customer service. The Achieve Programme provided structured study perfectly suited to Arthur's busy professional life, enabling him to balance his demanding job with his academic aspirations.

Educational impact

The Achieve Academy's personal study planner and the strategic layout of study materials played a crucial role in helping Arthur to maintain focus and effectively manage his study time. Practice questions and mock exams simulated real exam conditions, while feedback from e-tutors was instrumental in refining his exam strategy.

This comprehensive approach not only prepared Arthur for the exams but also deepened his understanding of key concepts relevant to his work.

Professional impact

The AIA qualification significantly boosted Arthur's professional capabilities, enhancing his role as a contracts specialist and his contributions to the NGO in Uganda. The skills and knowledge acquired through the AIA programme have been directly applied in his daily responsibilities, aiding in the review and renewal of over 2,500 contracts and ensuring compliance with budgetary constraints. His ability to navigate complex challenges in his role was markedly improved by the insights gained through his studies.

Advice to prospective students

Arthur advocates for the Achieve Academy, emphasising its structured learning environment, flexibility and the tailored support provided by online resources and interactive workshops. He advises prospective students that investing in an AIA education is not only an investment in one's professional development but also a pathway to achieving personal and career goals.

Conclusion

Arthur Kaliisa's journey with AIA Achieve Academy is a testament to the transformative impact of AIA's educational offerings. His dedication and proactive approach to learning have equipped him with the necessary tools to excel in a competitive professional landscape, proving that with the right support and resources, accounting professionals can elevate their careers to new heights.

Arthur serves as an inspiring example of success and commitment to continuous improvement, embodying the values and aspirations of AIA members worldwide. ●

AIA Achieve Academy: the future of learning

AIA Achieve Academy uses the latest online and technological advances in learning and assessment to give you all the tools you need to study and successfully sit our exams. Achieve Academy provides you with a structured programme of study that you can adapt to learn at your own pace and fit around your commitments. You can keep an eye on your progress to make sure you're on track and sticking to your study plan and you have the flexibility to go back and revisit any study periods or content at any time. See www.aiaworldwide.com/study/aia-online-learning for further details.

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Accounting without borders

The AIA Professional Qualification is your global passport. We look at how it can unlock your international career.

In today's fast-evolving global economy, the definition of what it means to be an accountant is rapidly shifting. No longer confined to national boundaries, finance professionals are now expected to possess cross-border insights, adapt to international standards and operate in multicultural business environments.

The Association of International Accountants (AIA), with its globally recognised professional qualification, is uniquely positioned to equip the next generation of financial leaders with the tools, credibility and flexibility to thrive internationally.

In this article, we explore how the AIA Professional Qualification acts as a 'global passport', unlocking opportunities in accounting, audit and finance across borders.

The globalisation of the finance profession

The globalisation of business is not a future trend – it's our present reality. Multinational corporations operate across dozens of jurisdictions. Start-ups can scale internationally within months. Even SMEs are expected to comply with global reporting standards, particularly with the widespread adoption of International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA).

In this interconnected environment, financial professionals are expected to:

- understand global regulatory frameworks;
- speak the language of international finance;
- advise on cross-border compliance, tax and risk; and
- adopt and apply evolving technologies like AI, blockchain and ESG reporting.

To succeed, today's accountants must be **international by design**, not just by circumstance.

Why AIA offers a truly international qualification

The AIA was founded in 1928 with a bold vision: to create a globally focused, progressive professional body. Almost a century later, it continues to serve that mission by offering a qualification that prepares professionals not only for their home market, but for an increasingly borderless world of business.

1. International recognition and credibility

AIA is recognised as a Recognised Qualifying Body (RQB) in the United Kingdom, meaning that members who meet the required standards can become registered statutory auditors. Beyond the UK, AIA's qualifications are recognised by key regulatory and governmental bodies in various jurisdictions throughout the Commonwealth and beyond.

This recognition isn't just symbolic. It gives professionals tangible career advantages when working internationally or applying for roles with global employers.

2. IFRS and global curriculum alignment

The AIA Professional Qualification is meticulously structured around international standards.

Its syllabus emphasises:
- IFRS and ISA;
- corporate governance and ethics;
- risk management;
- strategic financial leadership; and
- digital finance and sustainability.

This alignment ensures that AIA qualified accountants are job-ready in virtually any jurisdiction where IFRS is the norm.

3. Flexible study, global reach

Whether you're studying from London, Accra, Beijing or Kuala Lumpur, AIA's flexible structure – which includes online learning (with AIA Achieve Academy), digital assessment and modular progression – supports professionals wherever they are. (See www.aiaworldwide.com/study/aia-online-learning for more information about AIA Achieve Academy.)

AIA ensures that no matter where a candidate begins their journey, the destination can be truly international.

Strategic benefits of AIA membership

Beyond the qualification itself, AIA membership offers long-term advantages that support global careers.

A global community: AIA members are based in over 85 countries, forming a vibrant international network. Whether you are seeking advice, career support or collaboration, this community offers a shared identity rooted in professionalism and global thinking.

Career-long development: AIA's CPD programmes are tailored to international standards, helping members to stay ahead of emerging trends in finance, technology, governance and ESG. This ensures that the AIA Professional Qualification isn't a finish line – it's a lifelong commitment to professional excellence.

Trusted by employers: AIA qualified professionals work in roles across the public and private sectors from global banks and consultancies to NGOs and start-ups. For employers, the AIA badge signals technical competence, ethical rigor and international perspective.

Who should choose AIA?

The AIA Professional Qualification is designed for a diverse set of professionals, including:
- **students** who aspire to a global career in accounting and finance;
- **working professionals** seeking an internationally aligned credential to boost their career trajectory;
- **entrepreneurs and business leaders** looking to better understand international finance; and
- **auditors** requiring a recognised path to statutory licensing in key jurisdictions.

If your ambition extends beyond borders and if you want your qualification to open doors in more than one country, AIA may be your ideal choice.

AIA in Action: real member stories

To understand AIA's global impact, it helps to hear from members themselves.

'Completing the AIA qualification gave me the international credibility and technical confidence I needed to progress within Qatar Airways' global finance team. In such a diverse, fast-paced environment, having a qualification built around international standards makes a real difference.'

Arthur Kaliisa, Qatar

'As a UK-based practitioner, I wanted to expand my services to clients operating across Europe and the Middle East. AIA's international focus and recognition gave my firm the credibility to grow beyond borders. It's been instrumental in attracting overseas clients and navigating cross-jurisdictional requirements.'

Shabir D., United Kingdom

These stories reflect a growing trend of AIA professionals succeeding across borders, sectors and industries.

Future-proofing your career

As we look toward the future, the accounting profession faces both disruption and opportunity. Artificial intelligence, data analytics, environmental reporting and global regulatory shifts are transforming what finance professionals do – and how they do it.

AIA continues to evolve in response to these changes. Our curriculum, CPD and member support programmes are designed to future-proof careers in an increasingly digital and globalised economy.

Wherever finance goes next, AIA will be there – supporting members to lead, not just follow, the change.

More than a qualification: a passport

In a world where borders are no longer barriers to business, accountants need more than a qualification – they need a passport. AIA provides that passport, granting access to international credibility, opportunity and community.

Whether you are at the beginning of your career, looking to pivot into a new sector or seeking a qualification that speaks the language of international business, AIA is here to support your journey.

Learn more at www.aiaworldwide.com and discover how AIA can be your passport to a global future in accounting. ●

Making Tax Digital for Income Tax

As Making Tax Digital for Income Tax becomes compulsory for the first group of UK taxpayers in April 2026, we examine how to get your clients and practice MTD ready.

Emma Rawson
Director of Public Policy, Association of Taxation Technicians

Making Tax Digital for Income Tax (MTD) represents the biggest shake up to income tax in the UK since the introduction of self-assessment. With less than eight months to go, time is of the essence and it's important that agents and taxpayers start to get ready.

In this article, we'll recap the main MTD requirements, before looking at the steps you can take now to prepare your clients and your practice for April 2026.

What is MTD?

There are three main MTD requirements: digital record keeping; submitting quarterly updates to HMRC; and a year-end 'digital tax return'. Affected taxpayers and/or their agents will need to use some form of commercial software to handle all three steps.

Quarterly updates are not mini-tax returns, but rather summaries of the income and expenses recorded in the digital records, with tax and accounting adjustments optional. The quarters follow the tax year, rather than the accounting period of the business. Whilst the quarters are fixed, businesses can elect for 'calendar quarters' instead (so that quarterly periods finish at the end of the previous month). The filing deadline is the same under either option – being one month and two days after the end of the tax year quarter. The filing deadlines are set out in the table opposite.

The 'digital tax return' replaces the self-assessment return for those in MTD. It will perform the same function as the self-assessment return and have the same 31 January deadline. However, it will be prepared differently, with greater pre-population of information held by HMRC.

Who is affected?

A key first step to getting ready for MTD is identifying which clients will be required to join and when. Only then can you start to prepare those clients and consider what MTD might mean for your practice.

MTD will only affect sole traders and landlords for now. The exact date they will have to enter MTD depends on their 'qualifying income':

- over £50,000: from April 2026;
- over £30,000: from April 2027; and
- over £20,000: from April 2028.

Qualifying income is, very broadly, the taxpayer's combined gross income (before expenses) from trading and property. When applying the income threshold for a tax year, HMRC will look at the qualifying income reported on the tax return for which the filing deadline has just passed. So, for 2026/27, HMRC will look at the figures on the 2024/25 tax return (filing deadline 31 January 2026). For 2027/28, they will look at the 2025/26 tax return (filing deadline 31 January 2027) and so on.

Even if a taxpayer passes the income threshold, there are several exemptions and deferrals available (see tinyurl.com/yn74wdds). A key exemption will be where the taxpayer is digitally excluded. If you have clients that you think might qualify for this exemption, you will need to apply to HMRC. Applications are expected to open this autumn.

How to get your clients ready

MTD will represent a significant change for your clients. The move to digital record keeping and more frequent reporting will no doubt bring challenges, especially for those clients who are uncomfortable with technology or who only bring in information once a year.

It is important to talk to clients who will be required to join in April 2026 if you have not done so already. HMRC are already writing to taxpayers they believe may be affected, so it's better to have those conversations sooner rather than later.

A key point to discuss is the level of support clients will need, as a range of options is available. At one extreme, you can do everything for them – the digital record keeping, filing quarterly updates and completing the digital tax return. At the other, clients can keep their own records and file their quarterly updates, with you just completing the digital tax return. A popular middle ground may be engaging a bookkeeper to undertake the digital record keeping and file quarterly updates – this is now possible as MTD allows for multiple agents to be authorised (see tinyurl.com/bd63uzja).

Agreeing what services you will provide is an essential step towards planning your workflows for 2026 and beyond. However, you will also need to think about the practicalities. In particular, you need to agree with the client what information they will need to provide, and when. For example, if you will be completing the digital record keeping and/or filing quarterly updates, you will need to ensure they provide the required information in time to meet the deadlines set out in the table above.

Another important issue to discuss with clients is fees. MTD will, in many cases, lead to an increase in the services you provide. Whilst talking to clients about fees might not be comfortable, it is better to be upfront about any increases and discuss these as soon as possible.

Your clients can also take a number of practical steps to help them transition into MTD. Wherever possible, encourage them to set up separate business bank accounts. Not only is it good practice to separate out personal and business expenditure, but bank feeds linked to software can also speed up the record keeping process significantly. Some business bank accounts even come with free basic bookkeeping software – something clients might value if they opt to keep their own records.

For those clients who are digitally challenged or adverse (but don't reach the threshold to be digitally excluded), there are some intermediate steps you can take to ease them into MTD. For example, you could encourage them to use a spreadsheet to keep simple records, or ask them to start bringing in information quarterly, rather than once a year.

The UK's approach to Making Tax Digital

Making Tax Digital for Income Tax (MTD) is a UK government initiative that mandates digital tax compliance for certain self-employed individuals and landlords.

It forms part of HMRC's broader strategy to modernise the UK tax system and reduce errors. If your firm supports UK clients or has UK-based operations, you'll need to ensure your systems and advisory services are aligned with MTD requirements.

MTD is part of a global trend toward digital tax administration. Similar initiatives are emerging in other jurisdictions, making this a useful case study in digital compliance transformation.

Making Tax Digital for Income Tax: filing deadlines

	Standard end date	Calendar quarter end date	Filing deadline
Quarterly update 1	5 July	30 June	7 August
Quarterly update 2	5 October	30 September	7 November
Quarterly update 3	5 January	31 December	7 February
Quarterly update 4	5 April	31 March	7 May
Digital tax return	5 April	31 March	31 January

Author bio
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Practice planning

Just as important as getting your clients ready for MTD is ensuring that your practice has a plan in place to get ready for April 2026, and beyond.

As noted above, a key initial step is identifying which clients will be required to join MTD, when they will join and what support they will need. Once you have agreed this, you can go on to consider future workflows and staffing requirements.

Bear in mind that if you will be filing quarterly updates on behalf of clients, this will result in five filing peaks a year. You will need to ensure you have adequate staff in place at the right times to handle these peaks. This may mean changes to when staff are able to take annual leave, time off to study, etc. Pay particular attention to the deadline for quarterly update three, which falls only seven days after the 31 January tax return deadline for the previous year.

Software

Another key step in your MTD plans is ensuring that you have the right software in place. Remember that software needs to be used for all steps of the MTD journey – digital record keeping, quarterly updates and the final digital tax return. HMRC will not be providing software or any online filing service. They do, however, provide a filterable list of MTD-compatible software (see tinyurl.com/2754d3w5).

Software options under MTD range from using a spreadsheet for digital record keeping and 'bridging software' to file information with HMRC, through to full service packages. You need to ensure that your chosen software can provide all of the functionality you and your clients need in a cost efficient manner. It may be that the best solution is using multiple pieces of software – for example, using one product for digital record keeping and filing quarterly updates, and another for preparing and submitting the digital tax return.

If you would like to stick with your current software, or have identified a possible package to move to, you should check that it appears on HMRC's list under either the 'available now' or 'in development' sections. If not, you should speak to the software provider as soon as possible about their MTD plans. Even if your product is on HMRC's list, it is a good idea to contact your provider to ensure that their MTD product will meet your requirements.

Sorting the admin

Having a workflow plan and ensuring that you have the right software are essential steps in getting your practice ready. However, beyond this there are a range of smaller, but equally important, steps to take.

To represent your clients under MTD, you will need an Agent Services Account (ASA) – you will not be able to use your existing self-assessment Government Gateway accounts. Your practice may already have an ASA if you make VAT, trust registration or capital gains tax filings on behalf of clients. Only one ASA is permitted per firm, so if you aren't sure whether you have one already you should check with colleagues working in those areas. If you don't have an ASA, you can set one up relatively easily now – there is no need to wait until April 2026 (see tinyurl.com/43k4pe8m).

Once you have an ASA in place, the good news is that clients don't need to reauthorise you to act under MTD – you simply need to link across your legacy Government Gateway accounts (see tinyurl.com/3m7ssyzc). This is a fairly simple process, and again is one you can do now.

Finally, all of your clients who are required to join MTD will need to be signed up – HMRC won't do this for them. Clients can sign themselves up, or you can do this on their behalf. The sign up process is online via GOV.UK, and should only take a couple of minutes per client (see tinyurl.com/ymw4vw3x). However, if you have a large number of clients joining in April 2026, this could still add up to a significant amount of time. It's therefore a good idea to put a plan in place to ensure all your clients are signed up in time. You can start signing up the majority of clients now, allowing you to spread out the workload.

Finally, ensure that your engagement letters are updated to reflect new services and fees, as well as setting out clear responsibilities and expectations as to who is required to do what, and when.

HMRC testing

One final, but very important, readiness step to consider is getting involved in HMRC's testing programme. Signing up to testing is the best way to stress test your systems and processes ahead of April 2026. You will also benefit from access to HMRC's dedicated customer support team, and no penalties will be charged for late filing of quarterly updates during the testing period.

It's therefore recommended that, where possible, you sign up at least a couple of clients for testing. You should, however, always get the client's permission first, and speak to your software provider. You can sign up for testing online through the same route as that used for signing up clients from April 2026. Don't worry if you're not quite ready to join testing yet – you can sign up at any point during 2025/26 provided you have digital records in place covering the full year.

Final thoughts

The above sets out a very high level summary of what agents need to work on in the coming months to prepare for MTD. More detailed information can be found in the ATT's MTD hub (see tinyurl.com/yzr24svp). No matter how big or small your practice is, there is plenty to do ahead of next April – the main advice is to get started now, and not leave preparations to the last minute. ●

AI at 'warp speed'

The benefits of a stepwise framework for responsibly integrating AI into the accounting profession, by Dr Tim V. Eaton, Dr James Zhang and Alexa Leach.

Generative artificial intelligence (AI) has captivated the accounting profession with its potential to create unforeseen growth in effectiveness and efficiency. While AI is already impacting the profession in both public and private accounting organisations, it is incredibly important to fully consider and properly manage the benefits and risks of this technology. Things are moving fast. We draw a simple parallel between AI innovation and the concept of 'warp speed' (the technology in the popular *Star Trek* series that allows interstellar travel with maximum efficiency!).

More recently, the concept of warp speed was used by the United States government in the incredibly rapid development of the Covid-19 vaccine through Operation Warp Speed, which included the necessary oversight and mobilised the appropriate resources to deliver, produce and distribute vaccines effectively.

Similarly, the use of AI in accounting will require organisations to establish clear frameworks and levels of oversight to maintain growth and competitiveness. The mobilisation of resources in Operation Warp Speed can be compared to employee knowledge, as accountants will need to be educated on the proper use of AI. Just as the US needed to adapt to Covid-19 rapidly, the accounting profession must implement this technology to maintain relevance. However, it must be implemented responsibly to demonstrate effective results.

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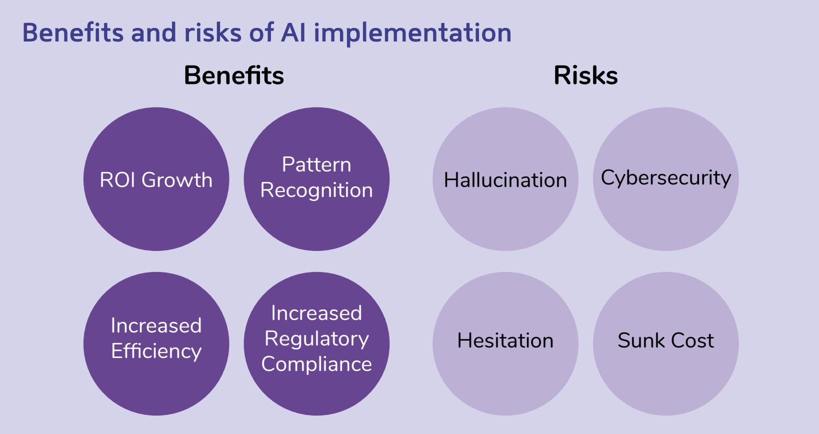
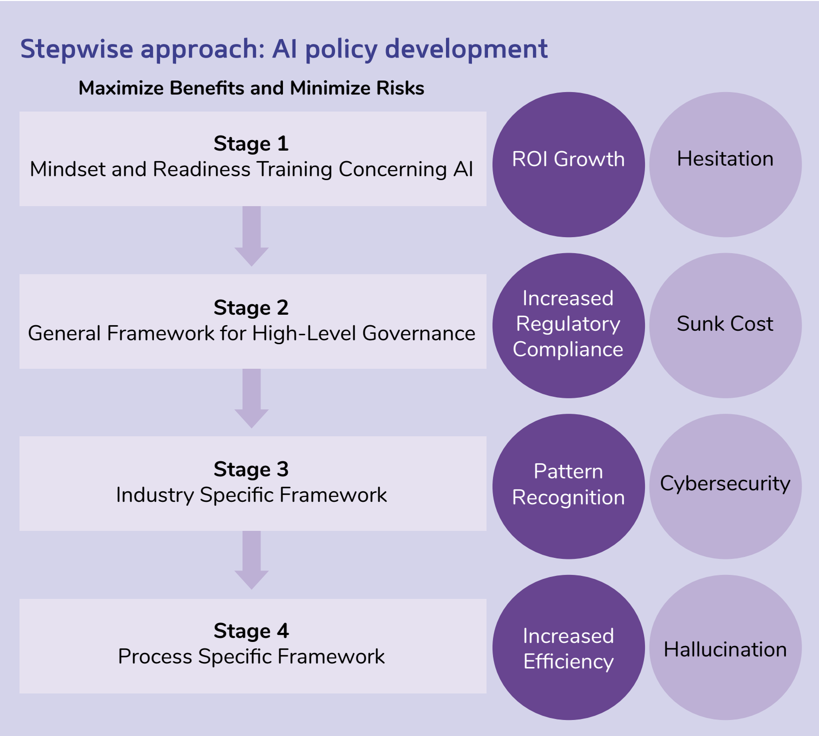
Research objective

To date, the Big Four firms have invested substantial capital in researching and developing large language models. To illustrate, KPMG and Deloitte have committed to investing $2 billion in AI-related services, while EY and PwC have committed $1.4 billion and $1 billion respectively.

According to a PwC survey 'The fearless future: 2025 Global AI Jobs Barometer' (see tinyurl.com/u77pu2ax), these investments represent an effort to contribute to the $15.7 trillion estimated economic impact of AI to the economy by 2030. These investments suggest that the Big Four firms project optimistic benefits for AI adoption. However, these large investments create numerous risks for the firms to consider when introducing this new technology.

In this article, a risk and benefit analysis will be discussed to address the adoption of AI in the accounting profession. To maximise the benefits and incorporate risks, accounting professionals should consider a responsible AI policy that covers many factors. To help generate a stepwise framework, interviews were conducted with three professionals in industries related to AI.





The ***Benefits and risks*** chart above displays a summary of the benefits and risks of AI implementation for the accounting profession.

Responsible AI policy approach

A responsible AI framework would enhance the benefits of the technology, while also considering the associated risks. High-level governance frameworks exist at Big Four accounting firms. However, there is no one-size-fits-all solution, and a series of customised frameworks are needed to properly integrate AI into the profession. This can be established by creating frameworks for AI in tiered steps, with each step guiding employees in more specific measures.

The ***Stepwise approach*** diagram above displays a stepwise approach to AI policy development:

- **Stages 1 and 2:** These represent general frameworks, including mindset and readiness training and high-level governance for employees to follow. These beginning steps may not differ greatly across organisations when comparing general policies.
- **Stages 3 and 4:** These display a break-off point that may vary across organisations, as they are specific to industries and business processes. Additionally, these steps may require multiple frameworks for differing business lines and partners/clients.

Each step will be described below, with each risk and benefit of progressing to the next step. When moving from earlier to later steps, more benefits are maximised and a greater number of risks are controlled.

Stage 1: Mindset and readiness training concerning AI

The initial stage for AI training includes general mindset and readiness training to integrate the technology into the organisational culture. If employees are unfamiliar with AI, this programme would educate employees on the general uses of the higher-level features of the technology.

According to the Harvard Business Review (see tinyurl.com/34pnd77p), a framework for initial AI training may include:

- segmenting tasks for AI automation;
- transitioning tasks across workforces;
- educating workers on the advantages of AI; and
- evaluating performance to reflect employee learning.

Training simulations would be completed in a secure environment to allow employees to experiment with the technology.

As a result of this mindset and readiness training, ROI growth will be maximised as organisations begin to see a change in employee behaviour concerning AI adoption. Additionally, hesitation risk will be minimised as employees grow in comfort and confidence with AI technologies. For example, a manager at an accounting firm who is hesitant about staff workers utilising the tool may be less concerned with proper AI training provided.

According to John Blackmon, the chief AI officer of the custom training organisation at ELB Learning, employees may use the tool regardless of whether proper training or approval from management is received. Therefore, properly educating employees on procedures will ensure that AI is responsibly integrated into an organisation's culture.

Stage 2: General framework for high-level governance

After enhancing employee readiness, Stage 2 involves creating a general framework for high-level governance. According to Deloitte, an effective governance framework will allow firms to have a large governance structure to align people, processes, and technology (see tinyurl.com/4k9xbesh). These frameworks will guide employees in ethical decision-making and state general policies.

A high-level governance framework maximises regulatory compliance as specific values can be linked to AI usage. As the regulatory environment is ever-adapting, this framework ensures that proper ethics are followed.

According to the Wall Street Journal, players in the financial services industry devote a considerable amount of resources to comply with new rules and policies (see tinyurl.com/2ym7awzn). A general governance framework would encourage the ethical use of AI to comply with these various regulations, therefore increasing compliance.

Additionally, AI is developing at various speeds throughout the world, emphasising the need to address regionally focused frameworks. For example, the emergence of DeepSeek has alluded to AI development differences throughout the world. International organisations must understand the risks associated with the regions in which they operate to adequately communicate protocols to employees. Moreover, this framework minimises sunk cost risks that are associated with AI development.

Providing employees with proper ethical policies will enable them to responsibly use the tool, maximising the investments.

Stage 3: Industry specific framework

In Stage 3, an industry-level distinction should be made as the earlier frameworks can be generalised across firms. Similar to industry policies that employees can reference, a framework including specific AI applications for different industries would be provided. For example, a framework may be developed considering AI in the estimation of life insurance claims. In contrast, an entirely different framework for manufacturing clients or organisations may include using AI for inventory valuation methods.

These frameworks will allow employees to detect patterns as specific industry scenarios would be detailed within the framework. For example, a framework for car dealers may include historical industry trends to reference that the employee can utilise. Additionally, this framework may guide the employee to perform predictive analyses based on customer demands.

In terms of risks, cybersecurity concerns could be mitigated by protecting proprietary data and building in-house AI applications paired with access controls.

Stage 4: Process specific framework

The final stage that organisations should enact includes process-specific frameworks. Similar to the previous stage, Stage 4 would include multiple AI frameworks detailing different processes that an accountant would encounter.

According to Forbes and a Broadridge study, while financial service firms are investing heavily in AI, a majority of organisations do not have specific strategies in place to upskill employees (see tinyurl.com/2tx76zuf). This framework would provide the greatest level of upskilling for employees to complete a specific process.

For example, to perform an inventory counting process as an accounting firm, the framework may suggest utilising drones to count inventory in a warehouse. The framework would explain how an auditor would test this process, ensure that proper controls were in place, and accurately document the usage of AI. The auditor conducting this procedure would maintain comfort, while senior staff would be able to accurately review the documented process.

This framework would maximise all of the discussed benefits and minimise all of the discussed risks, as accountants would be provided with detailed guidance in areas of ambiguity. In this framework, firms would realise the maximum level of efficiency as employees can adequately utilise AI as an assistant. The framework would guide employees to delegate tasks to AI technology in daily workflows.

Additionally, hallucination risk can be mitigated with proper prompt engineering, and this framework would guide employees to interact with the technology in specific tasks. Developing these process-specific frameworks would be time-consuming and potentially costly, but it provides the greatest positive impact for firms.

Conclusion

As accounting professionals are preparing for this technology, they must take the necessary steps to equip their employees with proper frameworks to reference in ethical or situational dilemmas.

Our responsible AI stepwise approach maximises benefits and minimises risks for the implementation of the technology. This approach will require research and capital by the organisations but will be necessary to properly integrate AI into organisational culture.

Additionally, employees must be willing to cooperate with organisational policies and use the tool if prompted. If the organisational leaders are eager to create responsible frameworks and employees are willing to learn about the technology, the accounting profession will have properly executed its version of 'warp speed'. ●

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Survival of the fittest

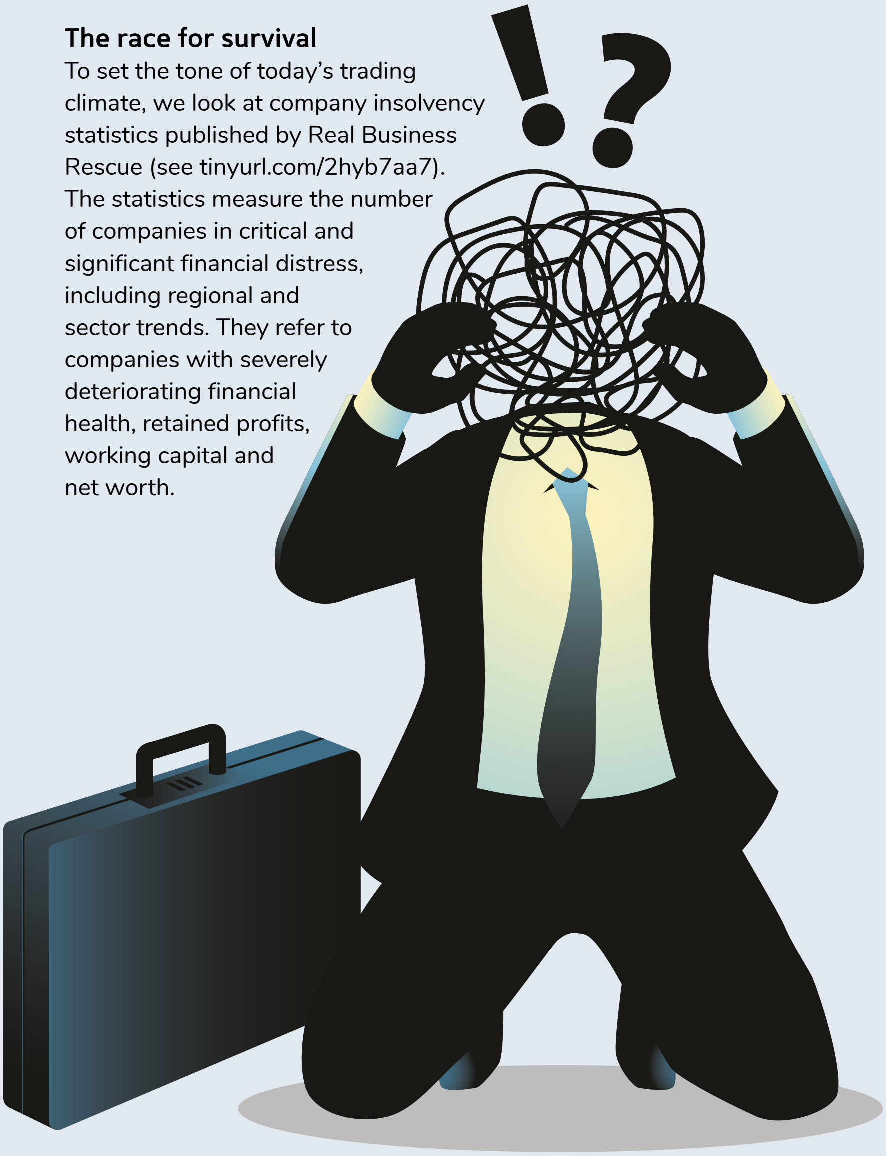
With the trading climate growing harsher, we look at what is fuelling the risk of insolvency that accountants and financial advisors will witness from the frontlines.

Sharon McDougall
Personal debt adviser, Scotland Debt Solutions

While the economy is relatively stable, growth is sluggish, and consumer sentiment is at worryingly low levels, which makes for tough trading conditions for UK businesses.

The race for survival

To set the tone of today's trading climate, we look at company insolvency statistics published by Real Business Rescue (see tinyurl.com/2hyb7aa7). The statistics measure the number of companies in critical and significant financial distress, including regional and sector trends. They refer to companies with severely deteriorating financial health, retained profits, working capital and net worth.



The latest Business Distress Index for Q1 2025 shows 45,416 SMEs in critical financial distress, up 13% compared to 40,174 companies in Q1 2024. Out of 22 sectors assessed by Real Business Rescue, two-thirds (14 of 22) saw critical financial distress levels grow into double digits over the last year.

The Business Distress Index reflects the changing trading landscape for businesses, worsened by restrained consumer spending and reduced investor appetite. With the risk of insolvency prevalent across key bellwether sectors, companies must navigate this slow-growth period strategically.

As the Business Distress Index shows a substantial number of businesses already at breaking point, we look at how companies already at a tipping point can reduce the risk of insolvency.

A bitter storm for UK businesses

In the game of survival of the fittest, the company most receptive to change holds the winning key. Businesses are currently up against rising overheads from all corners as operational costs skyrocket.

Recent tax changes mean higher labour costs, while at the same time businesses must digest greater borrowing costs due to high inflation. The US also unveiled a universal tariff on selected exports to the US which may directly impact businesses or indirectly through their supply chain.

We look at some of the pain points for UK businesses and the current economic outlook which directly influences the health of British businesses.

The British Chambers of Commerce Quarterly Economic Forecast touches upon key areas that are likely to feel the detrimental effects of the current trading climate (see tinyurl.com/bd5sj4fb):

- **Business investment and trade** may slow down due to the impact of the national insurance rise and major global uncertainties.

- **Average earnings** will likely grow at a slower rate as businesses absorb increased employment costs, including national insurance and the national living wage.
- **Unemployment** could rise if employers cut back on recruitment due to increased employment costs.
- **International trade** is expected to remain challenging due to trade barriers with the EU, global conflicts and US tariffs.

As this creates economic uncertainty for UK businesses, company directors must take active steps to keep their financial burden in check and offset rising costs. With the cost of operating a business exponentially rising, company directors must adapt to survive.

Reining in businesses from breaking point

The first quarter of 2025 marked the final period before the new 2025/26 tax year, when major tax changes came into play. As British businesses absorb higher operating costs due to rising taxes, what does this mean for SMEs already at breaking point?

As with physical health, the earlier a disease is diagnosed and treated, the greater the chances of survival. Company health follows the same principle, as the earlier a licensed insolvency practitioner is appointed to tend to the health of a company, the more routes for business survival will be available.

This is essential advice for companies already at breaking point. If a company is cash deficient and continues trading without a rescue strategy in place, this will worsen the financial position of creditors. The duties of a company director are clear – to act in the best interests of creditors – and these apply both pre-insolvency and during insolvency.

With businesses up against rising overheads from all corners, we look at what the game of survival of the fittest entails.

Adapting to survive

To survive in today's trading climate, businesses must adapt to survive. This may require professional guidance from an insolvency or restructuring expert to help strengthen financial health.

Company restructuring may involve streamlining the business to increase operational and financial efficiency by trimming unnecessary or excessive costs and redirecting them to cash-deficient areas of the business. This makes for a leaner business as cash is directed to areas most in need.

Examples of company restructuring include:

Facing the tax burden

'As UK businesses enter a new tax year, they must keep their foot on the pedal to navigate rising operating costs and steer clear of loading unnecessary financial weight. With market conditions growing harsher, businesses must operate more leanly, which can be achieved through strategic cost-cutting, streamlining and restructuring.

'The tax burden on businesses is growing heavy as employers bear higher rates of National Insurance contributions and national living wage, along with additional tariffs on exports to the US for some sectors. With little financial relief available to businesses, tightening company wallets is more vital than ever.'

Shaun Barton, Operations Director at Real Business Rescue, commenting on the Business Distress Index

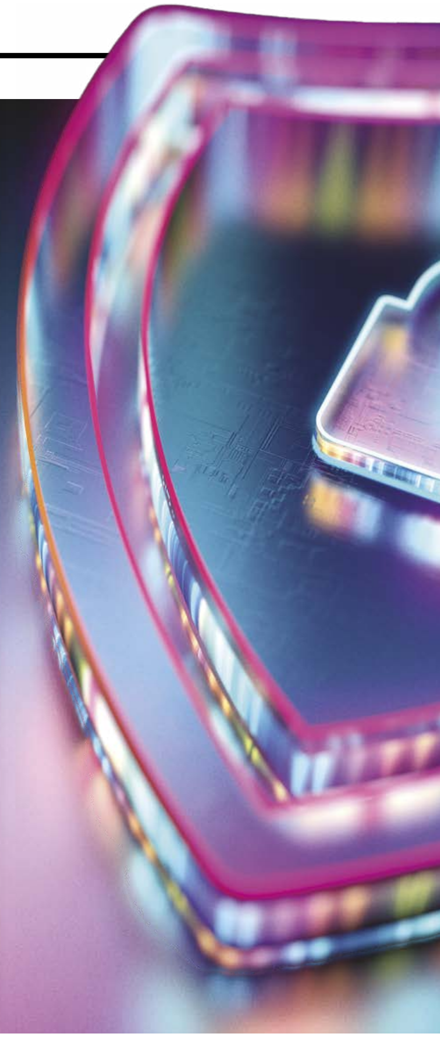
- **Debt restructuring:** This involves taking steps to make company debts more manageable. These may take the form of a formal or informal debt repayment plan, or sourcing additional funds to bring company debts under control. Taking proactive steps to stabilise company debts can help to keep creditor pressure at bay, such as court action, which could result in compulsory liquidation.
- **Streamlining:** This consists of increasing the efficiency of the business by slicing away parts that are underperforming or no longer required. By streamlining company operations, the director can reduce operational costs and use these funds to offset the rise in overheads.
- **Business finance:** Company finance can provide a business with the necessary means to consolidate company debts, fulfil financial obligations, supplement cash flow and invest in growth. Specialist borrowing can provide a lifeline to distressed businesses at risk of becoming insolvent.
- **Company administration:** When a company is in administration, there is a protective barrier around it to provide breathing space as company directors formulate a recovery plan. This may involve company restructuring to rescue the profitable parts of a business or achieve a sale.

If essential company restructuring is delayed, rising operating costs can gradually consume company cash flow, which can push an unstable business into insolvency. As the health of a business rapidly declines, there will be early warning signs that insolvency is fast approaching, such as creditor pressure, persistent cash flow problems and the build-up of company debts.

To survive and thrive during this turbulent period of economic uncertainty, company directors must tread carefully and remain optimistic when it is most in short supply.

Author bio
Sharon McDougall is a personal debt adviser at Scotland Debt Solutions.

Trends in UK reported fraud and economic crime



An annual review of trends in UK fraud cases highlights the importance of staying vigilant and adopting advanced security measures.

Stephen Peters
Partner, Head of Investigations, BDO

Richard Shave
Director, Forensic Investigations, BDO

Fraud continues to be one of the most important risks facing businesses, individuals and public institutions. The past year has seen a shift in both the methods used to perpetrate fraud and the responses from businesses and regulators. The rise of sophisticated AI and tech-driven frauds has reinforced the need for robust fraud prevention strategies, while increased regulatory scrutiny and new legislation is prompting organisations to take fraud risk management more seriously.

For over 20 years, BDO has been producing an annual review of trends in UK fraud and economic crime cases over £50,000 that have been reported in the public domain. This year's survey has revealed several interesting trends and new fraud risk factors. Statistics can only ever provide a partial picture of the scale of the problem, given that it is widely accepted that fraud remains vastly under reported.

However, fraud trends are certainly something businesses should pay close attention to, not least because from September this year the Economic Crime and Corporate Transparency Act (ECCTA) 2023 introduces a new corporate criminal offence for failing to prevent fraud. Despite ongoing efforts to combat financial crime, perpetrators of fraud remain highly adaptable in exploiting new technologies, regulatory gaps and human vulnerabilities.

The full publication of FraudTrack 2025 can be accessed at tinyurl.com/58mh634n but we shine a light here on four headline topics from this year's study:

- Money laundering was the top reported type of fraud and economic crime by value.
- The overall value of reported fraud and economic crime plunged by 71% to £550 million in 2024 amid a drop in high-value frauds.
- Retail was the hardest hit sector by value.
- AI is emerging as a powerful enabler and disrupter of fraud.

Money laundering surge

While money laundering isn't always reported as fraud, illicit gains from fraudulent activities often need to be processed through financial systems. With fraud prevention and anti-money laundering high on the agenda for regulators and government agencies, companies are being encouraged to view these offences through a combined lens.

FraudTrack revealed that, in 2024, money laundering was the largest category of reported fraud and economic crime by value, which at £337 million represented 61% of the total value.

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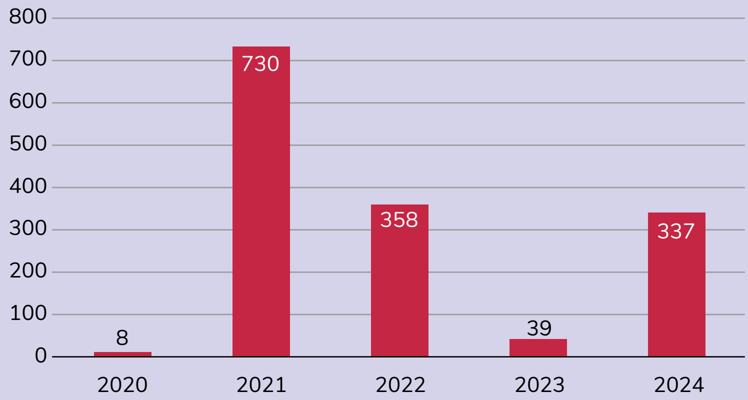
The average reported value of money laundering in 2024 was £19.84 million, a ten-fold increase on the 2023 average value of £1.96 million. The majority of the £337 million total value of reported money laundering matters in 2024 related to two large cases: a gold money laundering case totalling £266 million; and a £55 million money transfer laundering case.

- The gold money laundering case reportedly involved the use of large volumes of criminal cash to buy gold which was then shipped to Dubai.
- The money transfer laundering case led to seven individuals being jailed for reportedly operating an undercover money laundering ring aimed at international university students seeking to bypass limits on the amount of cash that can be taken out of China.

The scale of the money laundering problem in the UK is put into stark focus by the National Crime Agency's latest National Strategic Assessment of Serious and Organised Crime 2025, which highlights that there is a realistic possibility that over £100 billion is laundered through and within the UK each year. This makes money laundering a critical consideration in how corporate entities assess their financial crime risk management frameworks and risk assessments.

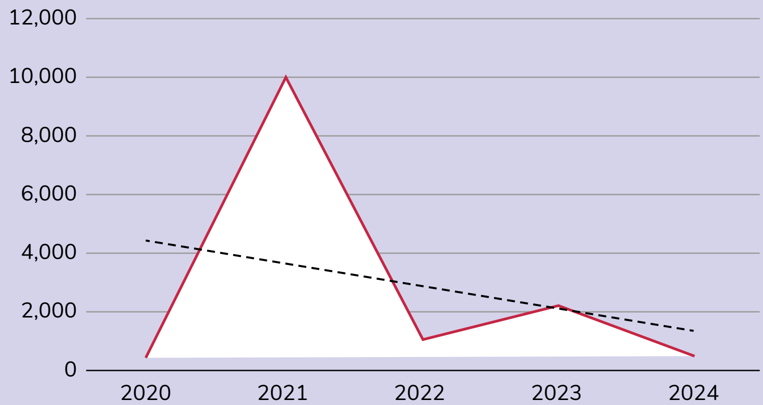
Fraud values

Total reported money laundering fraud values over past 5 years, 2020 to 2024 (£m)



Total reported fraud values

Total reported fraud values from 2020 to 2024 (£m)



While money laundering represented the highest value of frauds, 'non-corporate fraud' such as phishing scams and identity theft was the most common fraud type by number, representing 41% of fraud cases reported in 2024. This is the second highest count of non-corporate frauds recorded in FraudTrack since 2019.

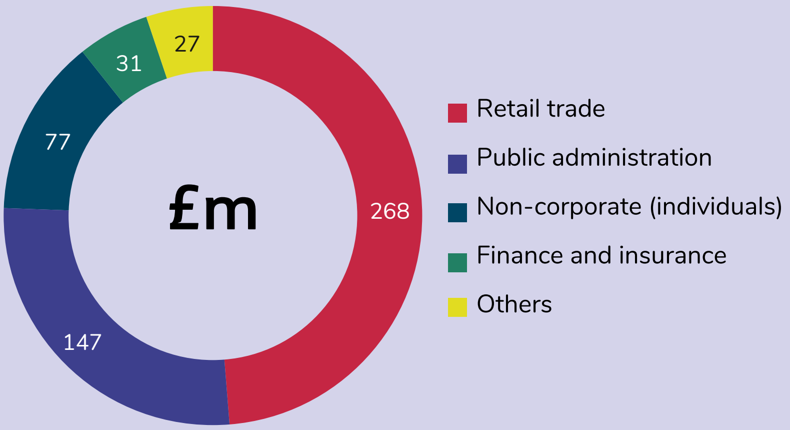
The largest non-corporate fraud case last year saw a five member Bulgarian gang orchestrate a £50 million scam against the Department for Work and Pensions (DWP). Their scheme revolved around fraudulent Universal Credit claims, with thousands of recruits in Bulgaria falsely posing as UK residents and workers. To maximise payouts, the gang even created fictitious identities for children, exploiting the system on a massive scale.

Overall reported fraud and economic crime values decline

The value of reported fraud and economic crime in the UK fell to £550 million last year, down from £2.3 billion in 2023 amid a 63% drop in high-value fraud cases (those exceeding £50 million).

Industry sectors

Total monetary value of fraud cases by industry sectors for 2024 (£m)



The fall in reported fraud values broadly follows the five-year downward trend in reported fraud, with 2021 remaining a significant anomaly standing out as a peak year due to the surge in fraudulent activity during the COVID pandemic.

Alongside the steep decline in total reported fraud value in 2024, the number of fraud cases has also seen a 16% drop, although interestingly the five-year trend shows an upward trajectory and remains broadly steady.

Retail sector hit hardest by fraud

Examining industry data reveals clear distinctions between how hard different sectors were impacted by fraud and economic crime. Understanding these trends can help to identify where fraudsters are striking most and how risks are evolving.

The retail sector saw a significant rise in reported fraud this year, making it the most vulnerable sector to fraud and accounting for almost half (49%) of fraud by value in 2024. This was followed by fraud affecting the public sector.

Reported differences in fraud statistics across sectors will inevitably be heavily influenced by the largest value frauds in that reporting period. Notwithstanding this, the nature of the retail sector does mean that it presents a range of opportunities to commit fraud, particularly if monitoring and controls are not effectively managed. Key risk factors in the retail sector include:

- high transaction volumes, making it easier for fraudulent transactions to go undetected;
- cash handling, which increases opportunities for fraud and economic crime, including money laundering;
- supply chain complexities, creating opportunities for fraudulent invoicing, connected party frauds, sanctions risks and receipt of counterfeit goods; and
- the rise of e-commerce, which has expanded the threat landscape, exposing retailers to scams, payment fraud and other online risks.

Artificial Intelligence and fraud

Like any technology, AI can be misused and this is especially true when it comes to fraud. We have seen a huge step forward in the capability and accessibility of AI tools in recent times and that trend is expected to continue to offer fraudsters massive opportunities for technology-enabled fraud schemes.

A recent survey by NatWest found that AI voice cloning scams appeared to be one of the fastest growing types of fraud in 2024, having targeted up to 30% of respondents. Synthetic identity fraud is also expected to become even more commonplace. Here, fraudsters create new identities based on stolen data from genuine individuals that is then enhanced through generative AI. These scams often involve creating fake social media profiles, which are becoming increasingly challenging to detect.

Fraudsters will continue leveraging AI to increase the scale and success of their schemes. The challenge for the anti-fraud community is to harness AI prevention and detection while staying ahead of emerging threats. While technology already plays a crucial role in fraud risk management and fraud detection, there is still much more it could be doing. Automation can help in many areas, from data analytics and identifying suspicious transaction patterns, to AI driven risk assessment and detecting discrepancies between customer profiles and transaction behaviours.

In the BDO Fraud Survey 2024, we found:

- 17% of businesses had increased IT security investment;
- 14% took specific steps to ensure their business data was more secure; and
- 13% of businesses reported increased spending on fraud detection tools such as AI and data analytics.

These findings suggest that while some businesses have been proactive in their investment in technology, there appears to be considerable scope for others to step up their commitment to IT security. The boom in the development of AI technology remains a double-edged sword in the fraud arena, serving as both a powerful tool for detecting and preventing fraud while also being a potential enabler. Which of these two competing adversaries will be most successful in utilising AI technology will have a big impact on shaping the results of future FraudTrack findings.

Author bio
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Author bio
Richard Shave is a Director in BDO's Forensic Accounting team in London with over 25 years' experience at the firm.

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Securities investment trends and returns

We consider the growing popularity of investment in international securities, alongside the issue of reclaimable withholding tax being left on the table, affecting investor's rightful returns.

Stephen Everard
CEO, TaxTec

It is easy to be dazzled by the meteoric rise in the capital values of some US domiciled stocks. They have fuelled the majority of recent market growth, with a collection of iconic stocks representing several percentage points of total US stock market capitalisation, and having stock prices that have grown exponentially over the last decade.

Nonetheless, it is important to distinguish between dividend earnings and capital growth as, over the long term, many analysts remind us that capital values can plummet just as easily as they can escalate. Over the long term, dividends have been the main contributors to total return in equity investments. An analysis of the S&P 500 returns since 1940 shows that, over this period, dividends and dividend reinvestments accounted for 94% of the index total return.

The outlook for earnings in the US markets is critical for UK investors. Most investment portfolios have a strong representation of foreign stocks, and the majority of these will tend to be the in the United States and in Europe – simply the result of market size and investment opportunity. Equity dividends elsewhere have also remained healthy and consistent since the Millennium, in contrast to other asset classes. For instance, payouts for the MSCI Europe have once again reached record levels, according to calculations by Allianz Global Investors, and the dividend yield is following a positive trend too. More recently, this has also been accompanied by rising bond yields, both sovereign and corporate.

The popularity of foreign investment

All this adds up, despite recent volatility, to a leap in income rates from all securities – fixed income and equities alike. Additionally, the appetite for foreign investment has actually grown. Data from the International Monetary Fund (IMF) reveals income from foreign stocks and bonds steadily growing over the last ten years.

Further analysis of this IMF data shows how foreign investment portfolio values have changed over a ten-year period. The totality of cross-border securities investment has increased by 58% over the period. An extended bull market (with a dramatic but temporary hiatus in the COVID crisis) has favoured foreign equities, which have seen 69% growth over the last decade. Overseas bonds, with government issuance providing only suppressed returns until recently, have shown a more modest 35% growth in value in the total investment portfolio.

To compare proportionate growth rates, total assets under management in UK institutions increased by just over a third in the last ten years; by comparison, the UK's foreign equity investments expanded by over half.

> There is no excuse to fail to grasp the totality of returns for investors.

The pensions issue

While returns on equity and bond investments are looking healthy, there is an accompanying concern for asset managers – the adequacy of individual savings for retirement.

Pension funds went through stormy times after the financial markets crash of 2008, yet most have subsequently recovered. For defined benefit schemes, which suffered heavily due to an extended low-interest rate environment from fixed income instruments, the coast now looks clear. According to the Department for Work and Pensions, there are still around 5,000 defined benefit schemes operating. These schemes have around £1.4 trillion in assets and are relied on by 10 million people for their retirement income.

Their deficit has been turned to surplus, according to PwC's Low Reliance Index. This means that the majority of defined benefit pension schemes have become 'fully funded' and are on track to meet their future obligations. However, the move to defined contribution schemes has been considerable since the Millennium, with four to five times the number of enrolled members in defined contribution schemes compared with defined benefit.

Yet, none of this means pensions are magically adequate across the population. A seminal and balanced study from the Institute for Fiscal Studies notes that negative factors outweigh positive developments, resulting in the need for UK citizens to increase their savings rates to provide for their retirement.

All of this raises an ethical issue – that pension scheme administrators should make every effort to maximise returns for their beneficiaries. The same is true for investment managers where the client is saving privately for their retirement.

Tax implications

Why then should the issue of maximising returns on foreign stocks and bonds be relevant to taxation considerations?

Generally speaking, when foreign dividends or bond interest payments are made, the tax regime in question retains a certain level of withholding tax. Where that jurisdiction has a double taxation treaty with the investor's domicile, a proportion of that withholding tax is reclaimable.

For foreign investors into most developed markets, the statutory withholding rate ranges from 15% to 30%. For most treaty partner countries, investors can claim back between five and 20 of the percentage points withheld. Translate that into a proportion of dividend or coupon earnings, and the loss from failing to reclaim withholding tax puts a serious dent into the investor's rate of return.

There would be no issue if reclaimable withholding tax were efficiently and effectively reclaimed for investors. But do asset owners – pension funds, insurance companies, sovereign funds – enjoy the fullness of those dividends or interest payments?

The answer is 'they do not'. Or rather, they don't back ***all*** their investors' rightful returns.
The reclamation process is bureaucratic and complex. Many studies have remarked on the complexity of reclaiming withholding tax. The result is that not all reclaims are processed, with investors ending up losing a percentage of their rightful income.

This issue has come under the spotlight as the global volume of dividends paid out rises, and bonds once more deliver a significant coupon. Asset owners such as pensions funds have a duty to their beneficiaries to maximise income, fund managers also have a fiduciary duty to optimise returns for investors, and custodians want to deliver the best possible service to clients.

How much is being left on the table?

At TaxTec, we compile a regular study showing how much withholding tax lies unreclaimed annually on foreign dividends and interest payments. The study provides the most up to date global estimate as $16.4 billion, with US cross-border investors missing out on over $3.8 billion in rightful returns. UK investors are leaving $1.3 billion in unreclaimed withholding tax on the table.

The reason for withholding tax lying unreclaimed has been, in our view, the complexity and bureaucracy of the process.

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A proportion of investment administrators have historically looked at the effort needed to reclaim and have concluded it uneconomic. Also, in a world of long-term historical capital value growth on stocks, it is all too easy to brush the benefits of reclaimed returns to one side as less significant.

However, as noted at the beginning of this brief article, long-term returns from equities investments are focused on dividends rather than capital gains. So to ignore marginal earnings benefits from withholding tax reclamation is also to do investors a major disservice over time.

Closing the tax reclamation gap

Modern technology has now come to the rescue of investors. Complex bureaucratic tasks can now be automated. Artificial intelligence is able to manage unstructured data and interactive processes. In short, there is no excuse for investment management and administrators to fail to grasp the totality of returns for investors, including tax reclamation of foreign dividends and interest payments.

As to the likely future balance of a typical investment portfolio, most analysts expect international diversification to grow. This is not merely into the United States, where the current capital gains might prove less than permanent. The basic picture of economies across the globe remains slower growth in many developed economies, contrasted with rapid (but possibly volatile) growth in developing areas of the world.

Investment portfolios will undoubtedly follow that growth to provide best value and opportunity for investors. Therefore, the issue of delivering the fullest returns from foreign stocks and bonds is an issue that is likely to grow in importance.

While some progress has been made over the past decade in withholding tax reclamation rates, there is a still a fair way to go. Services that ease the process of reclamation are widely available. And a handful of pioneering custodians have already engaged those services to optimise investor returns. Yet the gap still remains.

These returns belong to investors, and it is the ethical duty of all market participants to ensure they are not left unnecessarily on the table. Double taxation treaties were set up to ensure that investors are not taxed twice, yet lack of reclamation on a proportion of rightful income is effectively allowing double taxation to continue.

Author bio
Stephen Everard is founder and CEO of TaxTec.

Supporting smaller businesses

We consider what the FRC's consultation on auditing smaller and less complex entities means for accountants.

Small and medium-sized enterprises (SMEs) are the backbone of the UK economy, employing over 16.5 million people and contributing significantly to innovation and regional growth. However, when it comes to audit, these businesses often face a system that feels disproportionately burdensome.

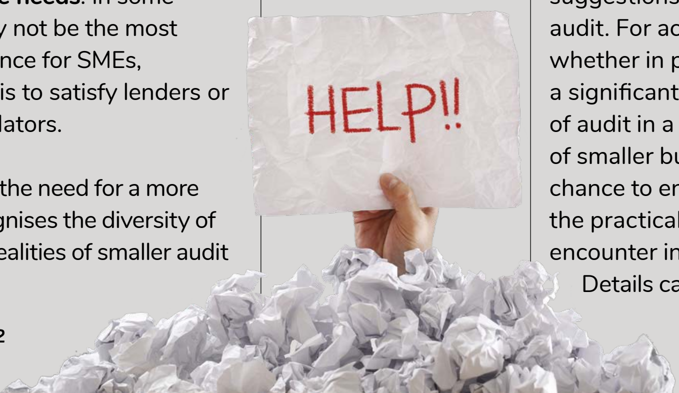
The Financial Reporting Council (FRC) has launched a consultation on a new Practice Note designed to support the audit of smaller and/or less complex entities (S/LCEs), as part of a broader campaign to make audit more accessible, scalable and proportionate for SMEs.

The challenges facing smaller businesses

The FRC's recent market study into the SME audit landscape revealed a number of systemic challenges.

- **Scalability of standards**: Auditors often struggle to apply International Standards on Auditing (ISAs) in a way that feels proportionate to the size and complexity of smaller clients. Many feel compelled to perform unnecessary procedures to satisfy perceived regulatory expectations.
- **Regulatory overload**: Smaller audit firms report that compliance expectations are unclear or overly rigid, leading to inefficiencies and increased costs. This can discourage firms from serving the SME market altogether.
- **Technology gaps**: While technology offers opportunities to streamline audit processes, many smaller firms lack the resources or expertise to implement advanced tools effectively.
- **Knowledge and resource constraints**: Both SMEs and their auditors often operate with limited internal resources, making it harder to meet audit requirements efficiently.
- **Misalignment of assurance needs**: In some cases, statutory audits may not be the most appropriate form of assurance for SMEs, particularly when the goal is to satisfy lenders or investors rather than regulators.

These findings underscore the need for a more tailored approach, which recognises the diversity of SME needs and the practical realities of smaller audit practices.



The FRC consultation

On 17 July 2025, the FRC published a draft Practice Note titled 'Guidance for audits of smaller and/or less complex entities'. This is a form of non-binding guidance designed to help auditors apply existing ISAs in a more scalable and proportionate way. The Practice Note aims to clarify how ISAs can be applied proportionately to S/LCEs without compromising audit quality.

The guidance was developed in response to feedback from over 500 stakeholders, including auditors and SMEs. It forms part of the FRC's year-long SME campaign to ensure a more consistent and proportionate regulatory approach.

The overall intention is to reduce unnecessary audit work by helping auditors to distinguish between required procedures and those that may be excessive for the entity's risk profile. It offers a roadmap for conducting audits that are right-sized for the client, reducing time spent on low-value procedures and allowing firms to focus on areas of real risk and relevance so that accountants can deliver a service that feels more aligned with client needs. This in turn will strengthen trust and reduce friction in client relationships.

The guidance is designed to empower auditors to use their professional judgment with greater confidence, without fear of regulatory second-guessing. This is particularly important for smaller firms that may not have access to the same level of internal technical support as larger practices.

Taking part in the consultation

The consultation was launched on 17 July 2025 and will remain open until 17 October 2025. The FRC is actively seeking feedback from audit practitioners (especially those working with SMEs), professional bodies, SME business owners and finance teams, regulators and standard-setters and technology providers.

Stakeholders are invited to comment on the clarity and usefulness of the guidance, any areas where further guidance is needed, and suggestions for improving proportionality in audit. For accountants working with SMEs – whether in practice or in-house – this presents a significant opportunity to influence the future of audit in a way that better reflects the realities of smaller businesses. Accountants have the chance to ensure that the final guidance reflects the practical challenges and opportunities they encounter in their work.

Details can be found at: tinyurl.com/2h9n3vzc

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AI ETHICS FOR ACCOUNTANTS

A webinar to raise your awareness of the current ethical risks of artificial intelligence (AI) and to enable you, as professional accountants, to manage those risks. Using practical examples, this webinar focuses on the things that matter to accountants as direct or indirect users of AI and as advisers or employees who can bring a valuable professional perspective to the ethical application of AI in business and other organisations.

Chris Cowton is Emeritus Professor at the University of Huddersfield and former Associate Director of the Institute of Business Ethics.

Find out more at: tinyurl.com/msp2dye

UNDERSTANDING AML RISK

During this webinar, Richard Simms delves into the essentials of anti-money laundering (AML) risk assessments. He will guide you through understanding AML risks, statutory and practical risk areas, and how to create effective business-wide and client risk assessments. Learn about how to integrate risk mitigation into your daily operations.

This session is perfect for anyone looking to enhance their AML compliance and protect their business from criminal activity. Don't miss out on this opportunity to gain expert insights and practical tips from a leading authority in AML compliance.

Richard Simms is Managing Director of AMLCC.

Find out more about the course at: tinyurl.com/2nc374fk

COMMUNICATION SKILLS FOR ACCOUNTANTS

Explore the art of Effective Questioning, an essential skill for accountants and business professionals. More than just fact-finding, strategic questioning helps you to uncover deeper insights, guide conversations with confidence, and achieve better outcomes for clients and colleagues. By integrating questioning techniques with active listening and language patterns, you'll learn how to foster meaningful discussions and strengthen relationships.

Ian Kaye has 30 years' experience in auditing, financial management and change leadership.

Find out more about the course at: tinyurl.com/2zuvhxa2

GETTING TO GRIPS WITH BLOCKCHAIN AND CRYPTO ASSETS

A webinar discussing the creation of the first blockchain through the explosion of different platforms and the emergence of new classes of crypto asset.

During this session, Kate Baucherel will explain how blockchain achieves its key properties of trust, transparency and immutability and why both blockchain and crypto assets are significant for businesses, finance, accounting and reporting.

Case studies will demonstrate how organisations from manufacturing to banking, and food production to luxury goods have embraced specific functionality to speed up payments, manage traceability, improve sustainability and give confidence to regulators. Learn how to debunk the myths of the maturing technology.

Kate Baucherel is an author and consultant specialising in emerging technologies.

Find out more about the course at: tinyurl.com/m6nzde5b

WHAT CLIENTS REALLY WANT, NEED AND HIGHLY VALUE FROM AN ACCOUNTANT

In today's rapidly evolving business landscape, a significant disconnect exists between what accountants typically provide and what business owners truly desire from their financial professionals. While most practitioners focus on delivering essential compliance services, they often miss the profound opportunity to create transformative value for their clients – value that clients would gladly pay premium rates to receive.

This eye-opening session reveals the crucial difference between what clients 'need' (which they often view as a commodity and resist paying more for) and what they truly want and value (which they willingly invest in). Through real-world examples and practical insights, discover how successful firms have transformed their client relationships from transactional to truly valuable, resulting in higher fees, more engaged clients and a more rewarding practice.

Shane Lukas has spent more than 25 years helping accountants to build profitable, future-ready firms that deliver real value to their clients.

Find out more about the course at: tinyurl.com/ycxw9svx

INTERNATIONAL

IESBA tax planning standards now effective

The first global Ethics Standards on Tax Planning, launched by the International Ethics Standards Board for Accountants (IESBA) in April 2024, have now become effective.

The landmark standards are designed to provide a robust ethical framework to guide professional accountants when providing tax planning services or performing tax planning activities, thereby enabling them to make ethical judgements and decisions in this complex area.

Instead of relying solely on a technical or rules-based approach, professional accountants apply a principles-driven framework that offers consistent guidance for tax planning services or activities. This framework may also be followed by other tax practitioners who wish to adhere to a high ethical benchmark.

The objective of the framework is to help ensure that tax planning decisions take into account the public interest, including that they have a credible basis in laws and regulations and that they take into consideration the potential reputational, commercial and broader economic consequences to which the tax planning arrangement could give rise.

Given the growing public scrutiny of certain tax avoidance practices which can undermine public trust in companies and damage reputations, these standards help accounting firms and tax practitioners by offering a sound ethical foundation for advising on tax planning. In doing so, they contribute to building public and institutional confidence in tax – an area that sits at the heart of the implicit social contract between individual and corporate taxpayers and the societies in which they live or operate.

'This marks an important milestone for IESBA and the global accounting profession,' said Gabriela Figueiredo Dias, IESBA Chair. 'The Global Ethics Standards on Tax Planning provide a vital tool to help firms and professionals navigate the complex and often grey areas of tax planning, ensuring the public interest remains at the forefront. I commend all those who are leading the way by adopting or working towards the adoption of these standards.'

The IESBA is pleased to recognise and congratulate the following jurisdictions, which have already adopted the standards: Australia, Hong Kong SAR, Saudi Arabia, Singapore and South Africa.

'The Institute of Singapore Chartered Accountants (ICSA) is proud to be among the early adopters of IESBA's Tax Planning and Related Services standards,' said Ms. Fann Kor, CEO of ISCA. 'The standards provide a clear, globally applicable ethical framework for professionals navigating complex tax issues, serving as a practical guide to help them comply with the IESBA's Code of Ethics. This is a step forward in promoting responsible tax conduct and upholding the reputation of the profession.'

Other jurisdictions, such as India and Japan, are also making significant progress toward adopting, or actively considering adopting, the standards, which helps build momentum toward further alignment around a global ethical foundation and baseline for tax planning.

The IESBA encourages all professional accountants to familiarise themselves with the standards in order to uphold the profession's commitment to ethical tax practices.

INTERNATIONAL

IESBA updates work plan to support ethical leadership in times of uncertainty

The International Ethics Standards Board for Accountants (IESBA) has approved updates to its 2025-2026 Work Plan to better support ethical behaviour and independent judgement in an increasingly volatile and uncertain environment. Amid rapid shifts in financial markets, stakeholder expectations and the regulatory landscape, the IESBA reaffirmed its commitment to strengthening the ethical foundations of accounting, business and finance.

IESBA remains firmly committed to taking decisive steps to address the cultural and governance dimensions at accounting firms that have implications for ethical behaviour. Following up on the January 2025 landmark IESBA Firm Culture and Governance (FCG) Working Group Report, over the next six months the IESBA will develop a series of IESBA viewpoints on the eight elements of an FCG framework highlighted in the Working Group report, including ethical leadership, accountability and incentives and rewards. It will also develop a plan for practical guidance and other initiatives in 2026 to help firms foster ethical culture and embed values that support long-term trust.

By mid-2026, informed by its further engagement with stakeholders on the viewpoints, the IESBA will consider the approach to the development of the FCG framework to guide firms' cultural alignment and related governance practices, including consideration of the benefit of including the framework in the IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

This resequenced approach reflects the IESBA's leadership role in responding to ethical gaps in practice and strengthening public trust and confidence in the accountancy profession, while recognising that the current volatile and uncertain context calls for increased support to market participants.

This recognition is also reflected in the IESBA's strategic decision to slow down the issuance of new standards, especially in light of the adoption and implementation efforts required for the significant ethics and independence standards recently issued. The IESBA is slowing the pace of new standards to allow consolidation of recently issued standards, with no new significant standards to be issued before 2027.

The updated plan places increased emphasis on:

- tailored stakeholder outreach and engagement;
- dedicated mechanisms to address challenges in the implementation of the Code;
- post-implementation reviews of significant recent standards;
- development of non-authoritative and other supporting materials and initiatives to aid implementation and application of standards issued over the last few years; and
- co-ordination with IFAC and other global bodies, as well as jurisdictional standard setters to address adoption barriers and increase support for the adoption and implementation of the IESBA Code.

IPSASB decides key next steps in landmark climate-related disclosures project

The International Public Sector Accounting Standards Board (IPSASB) has taken pivotal decisions on the next steps in its project to develop urgently needed guidance for governments and public sector entities on climate-related disclosures.

The IPSASB's inaugural Sustainability Reporting Standards Exposure Draft (IPSASB SRS ED) 1, Climate-related Disclosures proposes disclosure requirements for public sector entities to report on: the climate-related risks and opportunities to its own operations; and climate-related public policy programmes and their outcomes, that are useful for primary users of general purpose financial reports to support decision-making and accountability.

Responding to a record number of comments, the IPSASB recognised that the complexity of having different reporting perspectives in a single standard would not meet the needs of the public sector. Instead, the project will be split into two phases:

- **Phase 1: Own Operations:** This will finalise the first-ever public sector sustainability reporting standard tailored for the public sector, focusing on how public sector entities disclose climate-related risks and opportunities to their own operations.
- **Phase 2: Public Policy Programmes:** This will develop a separate standard for those specific public sector entities responsible for delivering climate-related public policy programmes and their outcomes.

This phased approach will meet the urgent need for public sector guidance, while allowing additional time to address the more complex reporting needs identified by stakeholders.

Ian Carruthers, IPSASB Chair said: 'The IPSASB's ED on Climate-related Disclosures generated unprecedented engagement, attracting the Board's largest ever number of responses to a technical consultation. Our stakeholders clearly told us that the dual perspectives of Own Operations and Public Policy Programmes are right for the public sector. The Board's decision to take a phased approach to the project will bring a variety of benefits – providing timely guidance to preparers to start their sustainability reporting journeys and reducing the complexity of the proposed guidance.'

UK AND IRELAND

FRC publishes landmark guidance providing clarity to audit profession on the uses of AI

The Financial Reporting Council (FRC) has published its first guidance on the use of artificial intelligence (AI) in audit, alongside a thematic review of the six largest firms' processes to certify new technology used in audits.

As AI tools continue to be utilised in audit, this new guidance outlines a coherent approach to implementing a hypothetical AI-enabled tool, and offers insights into FRC documentation requirements, all designed to support innovation across the audit profession.

The guidance was developed collaboratively with FRC's Technology Working Group, which drew on a number of technical experts across the audit profession. This guidance should support auditors and central teams at audit firms as they develop and use AI tools in their work, while also providing third-party technology providers with the regulatory expectations for their customer base.

Mark Babington, FRC Executive Director of Regulatory Standards, said: 'AI tools are now moving beyond experimentation to becoming a reality in certain audit scenarios. When deployed responsibly, they have significant potential to enhance audit quality, support market confidence, drive innovation and ultimately contribute to UK economic growth.

'The FRC continues to support and encourage innovation in audit. This guidance aims to illustrate how AI can enhance audit work, as well as clarify FRC expectations around proportionate, appropriate documentation of tools that use AI. We recognise that this field is moving quickly and will continue to engage across the profession, both in the UK and internationally, to support innovation and the appropriate use of AI.'

The accompanying thematic review summarises insights on the processes and controls at the six largest firms to certify automated tools and techniques for use in audits. It includes insights and examples of good practice in these processes, which are fundamental to the delivery of audit quality.

FRC overhauls the Investor Stewardship Code to focus on value creation, reducing burdens and enhanced engagement between market participants

The Financial Reporting Council (FRC) has published the UK Stewardship Code 2026, an updated set of principles which offers a framework for reporting that demonstrates high quality stewardship to support economic growth and investment.

After an extensive stakeholder consultation involving over 1,500 stakeholders, the FRC has updated its Stewardship Code. The new Code takes effect from 1 January 2026 and aims to support long-term sustainable value creation while significantly reducing the reporting burden for signatories.

The UK Stewardship Code operates as part of a comprehensive regulatory framework alongside the FCA's oversight of financial markets, the Pensions Regulator's protection of member interests, and the DWP's pension scheme regulations. It has established itself as a global benchmark for best practice in stewardship, driving transparency and accountability in the investment chain. It currently has nearly 300 signatories who represent around £50 trillion in assets under management (AUM). The 2026 Code builds on this success while responding to feedback from signatories and the wider investment and corporate issuer community.

Richard Moriarty, FRC CEO, said: 'The UK Stewardship Code 2026 provides signatories with a flexible principles-based framework that provides greater transparency on their stewardship in the face of unprecedented uncertainty.

Key features of the UK Stewardship Code 2026 are:

- Enhanced definition of stewardship: The updated definition focuses on the principle of stewardship as the creation of long-term sustainable value for clients and beneficiaries.
- Reduced reporting burden: The Code features fewer Principles and shorter 'how to report' prompts instead of detailed reporting expectations, helping to eliminate 'box-ticking' approaches to reporting against the principles. Early evidence suggests signatories may be able to reduce reporting volume by 20% to 30% while maintaining quality.
- Flexible reporting structure: Signatories can submit separate Policy and Context Disclosures and Activities and Outcomes Reports or combine them into a single document. The Policy and Context Disclosure will only need to be submitted once every four years.
- Targeted Principles: The Code now includes dedicated Principles for different types of signatories, including asset owners and asset managers; and for the first time, specific Principles for proxy advisors, investment consultants and engagement service providers.
- New guidance: Optional guidance will provide useful tips and examples to support effective implementation, particularly for those managing non-equity asset classes.

To support signatories in adapting to the new Code, 2026 will serve as a transition year. During this period, no existing signatories will be removed from the signatory list following their 2026 application. This will allow current signatories to familiarise themselves with the new format and use it as a platform to explain their individual approach to stewardship. The FRC will engage with signatories through publications, webinars and bilateral discussions to support the transition.

EUROPE

ESAs sign Memorandum of Understanding with AMLA for effective cooperation and information exchange

The European Supervisory Authorities (ESAs) – the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) – have announced that they have concluded a multilateral Memorandum of Understanding (MoU) with the European Union's new Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) to ensure effective cooperation and information exchange between the four institutions.

The multilateral MoU outlines how the ESAs and AMLA will exchange information with one another and cooperate in practice to perform their respective tasks in an efficient, effective and timely manner. The memorandum aims to promote supervisory convergence throughout the EU's financial sector, enable the exchange of necessary information, and foster cross-sectoral learning and capacity building among supervisors in areas of mutual interest. It is part of the overall cooperation framework that AMLA is required to issue in relation to the financial sector and is an important component of the institutional arrangements going forward.

Petra Hielkema, Chair of EIOPA and Chair of the Joint Committee of the ESAs said: 'The memorandum we signed demonstrates the strong commitment of Europe's financial supervisors to working closely together to combat money laundering and terrorist financing – crimes that undermine social justice and the wellbeing of our communities. Uncovering companies that engage in or facilitate such activities demands serious effort and dedication. The ESAs stand ready to support AMLA with all the knowledge and information at our disposal so that it can exercise its new powers to ensure that these illicit activities do not go undetected or unpunished on our soil. We look forward to a productive and efficient EU-wide collaboration with AMLA to protect the integrity of the EU's financial system and create a safer and fairer financial environment for all.'

Bruna Szego, Chair of AMLA said: 'This Memorandum marks an important step in delivering a risk focused and integrated European AML/CFT framework. Cooperation between AMLA and the ESAs is essential so that we support each other to effectively deliver on our respective mandates and work together for a safer and more resilient Europe. The fight against crime affects all sectors and we are stronger when we work together.'

ESAs launch consultation on how to integrate ESG risks in the financial stress tests for banks and insurers

The European Supervisory Authorities (ESAs) – the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) – have launched a public consultation on their draft Joint Guidelines on ESG stress testing, as mandated by the Capital Requirements Directive and the Solvency II Directive.

The draft Guidelines set out how competent authorities for the banking and insurance sectors should integrate environmental, social and governance

(ESG) risks when performing supervisory stress tests. They aim to harmonise methodologies and practices among supervisors in banking and insurance, to ensure proportionality and to enhance the effectiveness and efficiency of ESG stress testing. The consultation runs until 19 September 2025.

The draft Guidelines, put forward by the Joint Committee of the ESAs, establish a common framework for developing ESG-related stress testing methodologies and standards across the EU's financial system. They provide comprehensive guidance on the design and features of stress tests with ESG elements, as well as the organisational and governance arrangements such stress tests would need to have. These include sufficient human resources with relevant expertise, data collection and management systems that support access to high-quality ESG data and appropriate timelines for scenario analysis.

Aiming to foster a consistent and long-term approach to ESG stress testing, the draft Guidelines are designed to accommodate future methodological advancements and improvements in data availability.

The ESAs invite stakeholders to provide their feedback on the consultation paper by responding to the questions via an online survey no later than 19 September 2025.

ASIA PACIFIC

ACRA launches Singapore's first Accountancy Education and Career Guidance Playbook to help students explore careers in accountancy

The Accounting and Corporate Regulatory Authority (ACRA) has launched Singapore's first Accountancy Education and Career Guidance (ECG) Playbook, aimed at helping education and career guidance (ECG) counsellors, as well as teachers, to guide students on opportunities in the accountancy profession.

The Playbook was launched at the event 'Bridging classrooms and careers: shaping the future of accountancy', which brought together educators, ECG counsellors, student leaders and industry thought leaders to engage in dialogue on career pathways and opportunities in accountancy. It serves as a comprehensive guide to inform students on opportunities in the accountancy profession.

Tailored for all ECG counsellors and teachers, the Playbook aims to provide an overview of the sector's outlook and skills required for various roles in the accountancy field. It will present insights into career personas and emerging roles in the accountancy sector such as sustainability reporting specialists, business advisors and information technology auditors; and explain the pathways to enter the accountancy profession, from academic routes to professional qualification.

The ECG Playbook is one of the key initiatives of the Implementation Committee for Accountancy Workforce Development (ICAWD), to spark interest in the accountancy profession amongst students. The ICAWD is co-chaired by ACRA and the Institute of Singapore Chartered Accountants (ISCA) to advance the recommendations of the Accountancy Workforce Review Committee (AWRC) to build a sustainable talent pool of accountancy professionals.

About 120,000 professionals are employed in accountancy-related jobs in Singapore. Nearly 20% are employed by accounting firms, which contribute about $3 billion to the annual GDP. The rest are in accounting and finance functions in businesses, such as financial and insurance services, and trade and manufacturing-related sectors. There are also emerging fields in sustainability reporting, business valuation and tax that hold the prospect of good jobs for those who are accountancy trained. As Singapore grows as a business hub, the demand for accountancy services and the need for accountancy professionals will grow in tandem.

MAS Takes regulatory actions against nine financial institutions for AML-related breaches

The Monetary Authority of Singapore (MAS) has announced regulatory actions against nine financial institutions and a number of individuals for anti-money laundering related breaches.

MAS has completed its supervisory examinations against pertinent financial institutions with nexus to persons of interest in the major money laundering case of August 2023, and their employees who fell short of MAS' Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requirements. The present suite of actions marks the conclusion of MAS' enforcement actions against financial institutions with material nexus to the major money laundering case.

MAS has imposed composition penalties amounting to S$27.45 million in total on nine financial institutions for breaches of MAS' AML/CFT requirements in relation to the case. The penalties took into account various factors including the extent of the financial institutions' exposure to the persons of interest, the number of breaches of MAS' requirements, and the degree of weakness in the FI's AML/CFT controls.

MAS found shortcomings in the areas of: customer risk assessment; establishing and corroborating source of wealth of customers who posed a higher risk of money laundering; transaction monitoring; and post-suspicious transaction report follow-up.

The composition penalties include the following financial institutions: Credit Suisse Singapore Branch (S$5.8 million); United Overseas Bank Limited (S$5.6 million); UBS AG, Singapore Branch (S$3 million); UOB Kay Hian Private Limited (S$2.85 million); and Citibank N.A. Singapore and Citibank Singapore Limited (S$2.6 million).

The breaches were identified during MAS' supervisory examinations of the financial institutions from early 2023 to early 2025.

Overall, MAS observed that most of them had established AML/CFT policies and controls. The breaches arose out of poor or inconsistent implementation of these policies and controls. The financial institutions have embarked on remediation of the deficiencies and MAS will monitor their progress closely.


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