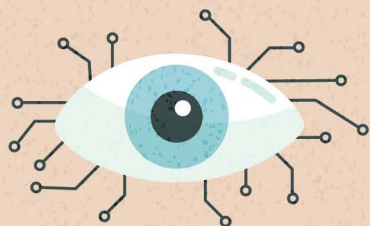
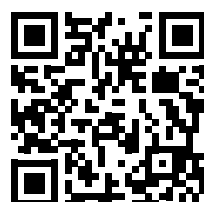


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President's Address

Mark Bugeja

It is with great pleasure and honour to greet you as new President of the Malta Institute of Accountants and to welcome you to the fourth and final edition of *The Accountant* for 2023. At the onset, it is my duty but also my genuine sentiment to express my appreciation to my predecessor, David Delicata, for steering the Institute through two challenging years which has seen our nation, the financial services industry and by association the accountancy profession go through turbulence, recovery, change and growth.

For the two years ahead, it is my firm commitment to continue to build on the solid foundations set out by my predecessors. Their leadership has been instrumental in bringing us to where we are today, and I am truly thankful for their contributions. I am proud to take on the stewardship of an Institute which today represents over 4,000 accountancy professionals, and which can offer a strong voice which is truly respected by the other stakeholders in industry. We do not simply push for our ideas to be heard. Rather, our opinion is sought, valued and respected. Over the years, we have built a strong reputation for driving positive change and fostering a culture of excellence that, with the support of my fellow Council members, I will continue to uphold.

In the months ahead, we will continue to support our members in facing and adapting to the evolving landscape of finance and business. Technology stands at the forefront of these changes, heralding a new era of automation and data-driven decision-making. As artificial intelligence, machine learning and automation systems become increasingly sophisticated, the mundane and repetitive tasks in accounting and auditing will likely be delegated to algorithms. This shift will liberate professionals from routine tasks, enabling them to focus on higher-value tasks, such as strategic planning and complex analyses, among others. However, it necessitates a

simultaneous upskilling in technological literacy and a shift in mindset from transactional processing to analytical and interpretative expertise.

Moreover, the globalised economy and interconnected business ecosystem usher in a new era of regulatory complexities. Heightened scrutiny and evolving regulatory frameworks demand sharper vigilance and adaptability from accountants and auditors. The convergence of accounting standards across borders, coupled with the increased emphasis on environmental, social and governance (ESG) reporting, presents both challenges and opportunities. Professionals will need to navigate through intricate compliance landscapes while providing stakeholders with transparent, comprehensive, and forward-looking financial information. Embracing sustainability reporting, ethical practices and demonstrating a clear understanding of the correlation between financial performance and broader societal impact will be pivotal in meeting the evolving demands of stakeholders and regulators.

In this sense, the Institute will remain at the forefront in supporting its members to navigate through this change. First of all, we will continue advocating our members' collective interest at European and national level as we provide feedback to consultations on various regulatory initiatives being undertaken. This is possible thanks to both the team at MIA as well as the strong community of MIA committees, working groups and specialised focused groups that do an incredible job in seeking out members' views and preparing formal position papers to ensure that the profession's voice is heard. A tangible example of this relates to our extensive positions taken in the run-up to Budget 2024 which we will continue following up in the months ahead with entities such as the Ministry for Finance and Employment and the Malta Tax Customs Administration (MTCA).

In particular, we will continue to focus on two key areas which have a significant impact on our activity. Firstly, the issue of resources, where we will continue to drive home the need for Malta to be in a position to attract high quality human resources in our profession. I believe there is a nationwide consensus that the financial services industry is one of the high value-added economic niches which offers brilliant job opportunities and sustainable levels of growth from which other sectors of the economy, besides government's coffers, are benefiting. It is our collective duty to protect this industry and to seek further avenues for growth – and for this to happen, ensuring resource availability is fundamental in this regard. Continued success in the financial industry is not guaranteed unless we guarantee a steady flow of quality, qualified human resources, both through investment in our local educational system as well as through the recruitment of foreign professionals. In this sense we welcome the announcement by the Minister that the current fiscal incentives applicable to highly qualified persons will be harmonised to cater for the skills required by the Maltese economy.

In parallel, we will continue to push for further digitisation at all levels to ensure that available human resources can be put to better use.

The second element remains that of corporate tax reform. In Budget 2024, the Minister for Finance and Employment has indicated the intention of moving back any changes to the fiscal regime by six years, as allowed by EU-approved derogations. We have taken stock of this decision and augur that this time span is used constructively to better plan ahead, in full consultation with all stakeholders involved, so

that the industry is well-prepared for the change in the years ahead.

In a wider context, we will also continue to take lead in bringing effective reform to enhance the quality of our jurisdiction as part of our role in developing Malta's reformed financial services industry through our participation in the efforts of the Malta Financial Services Advisory Council.

Besides all this, we shall continue investing in our top-level offering in terms of CPE curriculum, high quality conferences, information sessions and technical training to our members. It is our mission to better engage with our members, but this is something which we cannot do on our own. Two-way communication is fundamental, and I sincerely hope to see more members of our growing Institute giving us their feedback, reaching out through the different channels available, participating in our committees, working groups and at our events.

I eagerly look forward to the chance to engage with many of you over the course of my tenure as President in the upcoming couple of years. It is my sincere hope that each of you will feel encouraged and empowered to step forward with your valuable proposals, recommendations and innovative ideas. Your active participation and input are integral as we collectively strive to propel our Institute further along its path of growth and progress. Your perspectives and contributions hold immense value in shaping the future direction of the MIA. Together, let us harness this collaborative spirit to drive positive change and ensure the continued advancement of our Institute.

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Message from MIA CEO

Maria Cauchi Delia

Welcome to another packed edition of The Accountant, marking the final one for this year. It has truly been an eventful and productive year for our Institute! As I reflect and gather my thoughts to share these words with you, I cannot help but notice the unrelenting activity that has characterised life at the Institute, even within the last two months of the year.

The last quarter of 2023 saw two major conferences and our New Members Ceremony, during which we welcomed 157 new members to our fold. These events have provided an exciting opportunity to meet so many of you, listen to your views, concerns and aspirations.

These months also featured countless meetings by our committees and working groups, sessions related to our educational campaign and an extensive CPE offering as we continue to invest in training and education of the accountancy profession. A look at this edition's MIA diary will give you a snapshot of our activities as we seek to enhance our relationship with our members with the aim of giving more space for interaction, exchange of ideas and feedback for our mutual growth.

Throughout the year, in this introductory window to our publication, I have sought as much as possible to give you a bird's eye view of our work for the accountancy profession.

The Corporate Sustainability Reporting Directive (CSRD) agenda has certainly taken a notable chunk of our time, given the significant importance that it garnered at European Union (EU) level as a key enabler for the European Green Deal and its impact on three existing Directives and one existing Regulation: the Accounting Directive (Directive 2013/34/EU), the Transparency Directive (Directive 2004/109/EC) and the Audit Directive (Directive 2006/43/EC), together with the Audit Regulation (Regulation (EU) No 537/2014).

Companies falling within the scope of the CSRD will now be required to disclose sustainability details within their reports, adhering to compulsory European standards for sustainability reporting, and present this information in a digital, machine-readable format. Additionally, the CSRD brings about mandatory assurance requirements on sustainability reporting. The accounting profession must therefore prepare for this pivotal transformation. In this context, we are leaving no stone unturned at a European and national level to assist the profession through this change.

The Institute has adopted a hands-on approach with the local regulators given that the CSRD needs to be transposed by 6 July 2024, with the reporting period starting from January next year. We are also in close contact with the international standard-setters. At the recent IFAC Council, besides the opportunity to network with fellow accountancy leaders from across the globe, we had the opportunity to engage with both the Chairs of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA), who discussed their coordinated efforts on sustainability. Reinforcing trust in sustainability reporting was also emphasised, particularly through high-quality assurance and ethics standards.

The IAASB is currently discussing the new International Standard on Sustainability (ISSA) 5000. The aim of this new standard is to serve as a comprehensive, stand-alone standard suitable for limited and reasonable sustainability assurance engagements. The standard is expected to be profession-agnostic, allowing professional accountants and other experts engaged in sustainability assurance to make use of it. Although, as an EU Member State, Malta will eventually have to follow the direction given by Brussels, it is good to note that the IAASB is working closely with the EU Commission with the aim of developing its global sustainability assurance standard in line with the requirements of the CSRD.

Over and above, IESBA is working on the development of profession-agnostic independence standards for use by all sustainability assurance practitioners. It also aims to introduce specific ethics provisions relevant to sustainability reporting.

Moreover, as part of this project, we have participated in Accountancy Europe meetings to take stock of CSRD transposition developments in other Member States. This information was taken into consideration when drafting a position paper on the CSRD transposition, which was presented to Government, some weeks ago.

I would like to express my appreciation to our Assurance Working Group within the Sustainable Finance Committee, which drafted feedback on the proposed ISSA 5000, adding to the extensive feedback we have already provided through our Reporting Working Group within the same Committee on the first set of twelve European Sustainability Reporting Standards (ESRSs), which have been adopted by the European Commission in July this year.

We have also been significantly involved in discussions relating to the adoption of General Accounting Principles in respect of certain Eligible Entities (GAPEE) related to the business of Insurance. Through this new Legal Notice, eligible entities are being presented with an option to adopt these Principles as an alternative to the International Financial Reporting Standard (IFRS) Framework. In fact, our Insurance Working Group within the Financial Services Committee has been working directly with the Malta Financial Services Authority, the Accountancy Board and representatives of the insurance industry to draw up this alternative framework - GAPEE. In parallel, we have also

been looking at necessary changes to the General Accounting Principles for Small and Medium-Sized Entities (GAPSME) framework, and have proposed amendments to the Accountancy Board in this regard.

We are also working on the proposed audit exemption announced by Government in the 2024 Budget. We will be carrying out the necessary analysis and talks with all the relevant stakeholders, prior to presenting our recommendations to the authorities.

Furthermore, a quick glance at the Institute's various committees and working groups shows even more collaboration with authorities. In fact, representatives of the Indirect Taxation, Direct Taxation and Digital Committees, and of the Small and Medium-sized Practitioners (SMP) Group participated in several discussions with MTCA officials, and provided constructive feedback where necessary. Moreover, the Digital Committee provided feedback and held discussions with the Malta Digital Innovation Authority (MDIA) with respect to the Technology Assurance Assessment Framework (TAAF), and the Strategy and Vision for Artificial Intelligence in Malta 2030. Discussions were also held between the Malta Gaming Authority (MGA) and members of the Gaming Committee, with feedback being provided as required.

This is just a glimpse of our activity, and I encourage you to regularly take a good look at our daily news which will keep you a step ahead of what is happening out there.

I hope you do enjoy this edition of The Accountant and before concluding I would like to share my appreciation to the editorial team that puts it all together, four times a year.

Best wishes for a

Merry Christmas

AND A HAPPY NEW YEAR

to all the team at MIA, MIA Council Members, members of our committees and working groups, members of the Institute and all stakeholders who regularly engage with us.





NEWS ROUNDUP

LOCAL

FIAU Releases Annual Report for 2022

The Financial Intelligence Analysis Unit (FIAU) has released its Annual Report for 2022 providing a detailed overview of the organisation's activities, achievements, and initiatives throughout the year under review, while highlighting the challenges faced and overcome, which mostly centred around Malta's grey listing in June 2021.

More information is available [here](#).

MFSA Publishes Latest Volume of 'The Nature and Art of Supervision'

The Malta Financial Services Authority (MFSA) has published the latest volume of '**The Nature and Art of Supervision**', this time with a focus on the Authority's progress in regulating the Virtual Financial Assets sector. Through this publication, the Authority offers insights into the licensing process, including the number of authorisations issued so far, as well as the evolution of the Virtual Financial Asset Service Provider (VFASP) landscape in Malta.

More information is available [here](#).

MGA Introduces ESG Code for Remote Gaming Companies

The Malta Gaming Authority (MGA) has introduced a **Voluntary Environmental, Social and Governance (ESG) Code of Good Practice** specifically tailored for the remote gaming sector. This code aims to function as a tool for self-regulation, aiding remote gaming companies in adhering to optimal standards and positioning themselves to effectively meet the changing expectations of key stakeholders in the industry. Although voluntary, all MGA licensees have been encouraged to embrace this code as it serves to showcase their dedication to sustainability and to continually enhance the sector's ESG performance. Comprising ESG disclosures for 19 of the most material topics for the sector, this Code offers a strategic framework enabling remote gaming companies to efficiently direct their reporting endeavours.

More information is available [here](#).

MGA Issues New Guidance Note on Licence Surrenders

The MGA issued a **new guidance note** related to Licence Surrenders. The aim of this guidance note is to provide Licensees with a clear outline of the expected requirements and procedures.

Read more [here](#).

Malta's GDP to Ease to 4% by End of Year - EU Forecast

Malta's Gross Domestic Product (GDP) is anticipated to ease to 4.0% in 2023 from its 6.9% mark in 2022, according to the European Commission's (EC) Autumn Economic Forecast. The report attributes this slowdown partly due to a slight deceleration in private consumption, influenced by increased inflation, and a decline in investment, primarily driven by a surge in aviation sector investments during 2022. However, the forecast suggests that economic expansion will remain strong, remaining at 4.0% in 2024 and reaching 4.2% in 2025, among the highest in the EU. Despite government measures keeping energy prices stable until 2025, projections indicate inflation reaching 5.7% in 2023, gradually decreasing to 3.3% in 2024 and 3.1% in 2025. The general government deficit is expected to gradually decrease from 5.7% of GDP in 2022 to 4.1% in 2025, while public debt is estimated to reach 57% of GDP by 2025.

Read more [here](#).

New Business Enhance Scheme Announced

As part of a series of initiatives launched in Budget 2024, Government has announced the allocation of a sum of €40 million to be allocated as cash grants to small and medium-sized enterprises (SMEs) through the Business Enhance scheme. These grants are specifically aimed at start-ups, intended to support their growth, expansion into new markets and diversification. Furthermore, SMEs will continue to receive benefits through complimentary energy audits. EU financial instruments will also be utilised to support Maltese small and medium-sized businesses, aiding their access to financing through local banks by decreasing interest rates and collateral prerequisites.

Upcoming Events 2024

AML Conference 7 March

PAIB Conference 16 May*

SMP Conference 31 May*

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SUSTAINABILITY CORNER

*Note: In line with the **Corporate Sustainability Reporting Directive (CSRD)**, the first companies who shall be reporting on their sustainability information are large undertakings which are public interest entities (PIEs) and PIEs which are parent undertakings of a large group. This will be extended further to other undertakings for financial reporting periods beginning 1 January 2025 and 2026.*

REPORTING - EUROPEAN

EFRAG Welcomes the Final Adoption of the ESRS by the European Institutions

On 23 October 2023, the European Financial Reporting Advisory Group (EFRAG) welcomed the integration of the European Sustainability Reporting Standards (ESRS) into the European legal framework. This came after the co-legislators' scrutiny period, which ended on 21 October 2023.

Read more [here](#).

EFRAG Launches ESRS Questions and Answers Platform to Support the Implementation of ESRS

On 24 October 2023, EFRAG announced the launch of an **ESRS Q&A platform**. The intention behind this initiative is to support preparers and other stakeholders with the implementation of such ESRS by providing guidance to a number of technical implementation questions. This platform will also allow preparers to ask their own questions, thus offering a more tailored experience.

More information is available [here](#).

The Malta Institute of Accountants' (MIA) Sustainable Finance Reporting Working Group, under the remit of the MIA Sustainable Finance Committee, delivered a three-day Continuous Professional Education (CPE) package on the ESRS, covering all the sector-agnostic standards. These are namely the:

- two cross-cutting standards, ESRS 1 and ESRS 2;
- five environmental standards, ESRS E1 – E5;
- four social standards, ESRS S1 – S4; and
- one governance standard, ESRS G1.

EFRAG and CDP Announce Cooperation to Drive Market Uptake of ESRS

On 8 November 2023, EFRAG announced a collaboration with the Carbon Disclosure Project (CDP), a not-for-profit charity running the global environmental disclosure system for investors, companies, cities, states and regions, resulting in unparalleled engagement on environmental issues worldwide. The aim of this collaboration is to accelerate the uptake of the ESRS, as adopted by the European Commission, by the market.

Through this, CDP will be exploring and implementing alignment of its disclosure system with the ESRS. On the other hand, EFRAG will be providing technical expertise, access and guidance. All in all, the aim of this is to support the market readiness for quality environmental reporting.

Read more [here](#).

EFRAG Implementation Guidance for Materiality Assessment

On 23 August 2023, EFRAG reviewed the initial draft of the Implementation guidance for the materiality assessment, the aim of which is to outline practical information and Frequently Asked Questions (FAQs) on the subject-matter. Further discussions have been held in subsequent meetings of the EFRAG Sustainability Reporting Board (SRB). On 15 November, an updated version of this Guidance was published, however this is still subject to change.

The document is available [here](#).

EFRAG Implementation Guidance on ESRS Data Points

On 25 October 2023, EFRAG released the (Draft) *List of ESRS datapoints – Implementation Guidance* – an excel document containing the complete list of disclosure requirements emanating from all sector-agnostic standards, with the exception of ESRS 1 *General Requirements* as this does not lay out specific disclosures.

The latest related methodology paper, dated 15 November 2023, may be accessed [here](#).

EFRAG Implementation Guidance on Value Chain

On 23 November 2023, during a meeting of the SRB, the latest version of the Implementation Guidance on Value Chain (VCIG) was made available.

This Guidance covers the upstream and downstream value chain of the undertaking, rather than its own operations, and should be read together with the Implementation guidance for the materiality assessment.

The document is available [here](#).

REPORTING - INTERNATIONAL

ISSB Consults on Agenda Priorities and SASB Methodology

The International Sustainability Standards Board (ISSB) sought feedback on its agenda priorities for the next two-year work plan through a public consultation, which closed off on 1 September 2023. The purpose of such request for information was to obtain feedback on:

- the strategic direction and balance of the ISSB's activities;
- the suitability of criteria for assessing which sustainability-related matters (including topics, industries and activities) to prioritise and add to the ISSB's work plan; and
- a proposed list of new research and standard-setting projects that could be added to the ISSB's work plan.

More information is available [here](#).

ASSURANCE

IAASB Publishes Proposed ISSA 5000 FAQs

The International Auditing and Assurance Standards Board (IAASB) published a comprehensive set of **FAQs** addressing a variety of questions, including, among others:

- how the concept of materiality applies to sustainability reporting and assurance;
- the definition of double materiality; and
- how an assurance practitioner considers an organisation's "materiality process" during a sustainability assurance engagement.

This comes after the IAASB received a number of requests from a range of stakeholders to provide additional information on materiality matters.

Read more [here](#).

The MIA Sustainable Finance Assurance Working Group, under the remit of the MIA Sustainable Finance Committee, provided feedback on the proposed ISSA 5000 as part of the IAASB's consultation process.

STRATEGY

IFAC Releases Sustainability Checklist for SMEs

The International Federation of Accountants (IFAC) released a Small Business Sustainability Checklist with the aim of helping small and medium-sized enterprises (SMEs) maximise the benefits of incorporating sustainability into their strategy and business operations.

This Checklist acts as a diagnostic tool, listing a comprehensive range of initiatives and actions

to be considered in terms of environmental, social, and governance (ESG) factors. It has been designed in a way as to be tailored by each business according to its own unique circumstances, such as its industry sector, lifecycle, and products and services provided.

More information may be accessed **here**.

The MIA Sustainable Finance Strategy Working Group, under the remit of the Sustainable Finance Committee, was involved in discussions with, and provided written feedback to relevant authorities.

#AccountsForYou Student Campaign

The Institute has resumed its activities as part of the #AccountsForYou Awareness Campaign, aiming to inspire young students to explore the diverse and captivating career paths offered by this profession. Additionally, it aims to emphasise the importance of broader financial literacy from an early age, recognising it as a fundamental tool in shaping tomorrow's citizens. For this third edition, the Institute is focusing on Year 8 students. Towards the end of year 8, a fundamental year



in the educational path, students make study choices that would go on to have a major impact on the direction of their career.

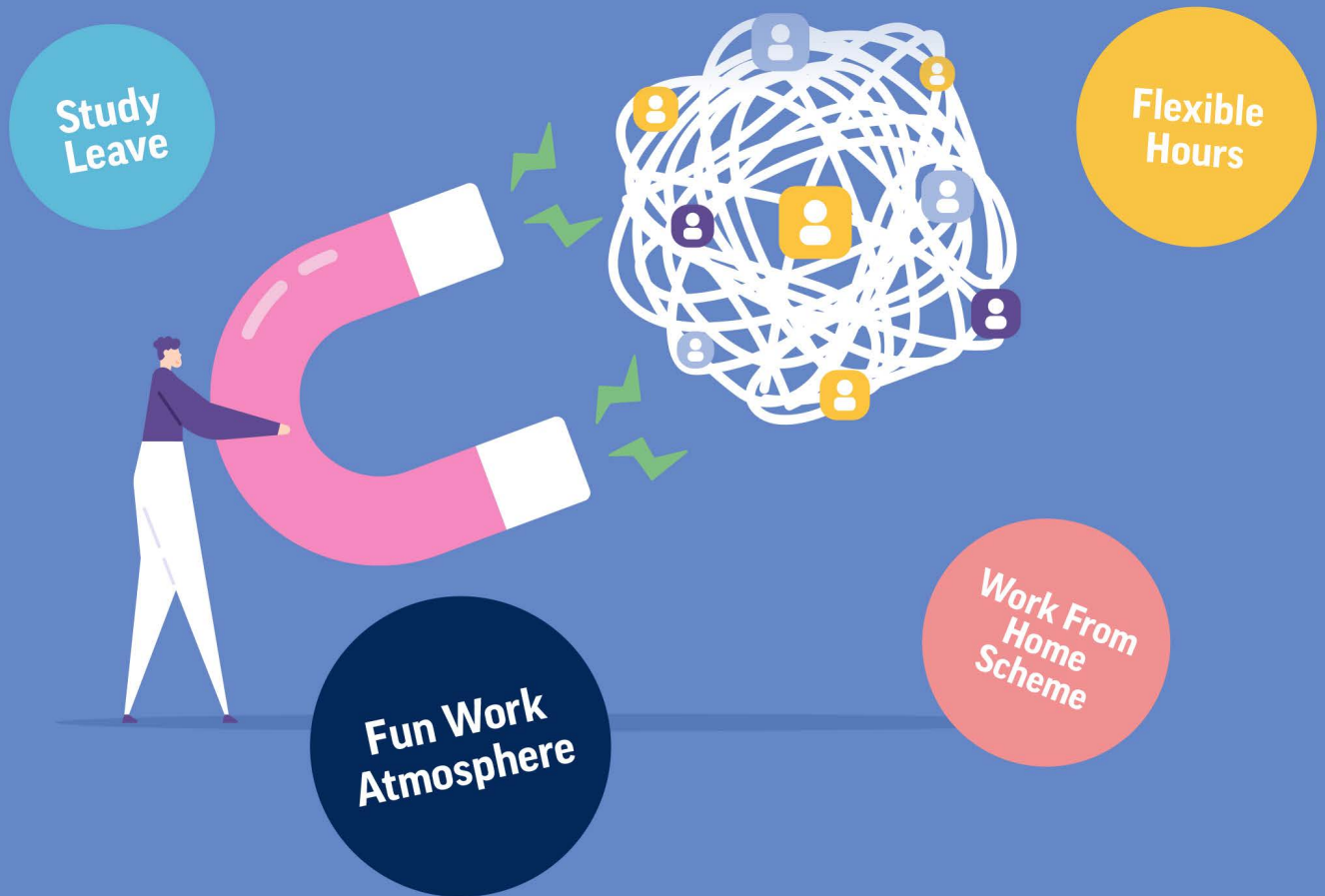
Besides the traditional school visits, the Institute continued to take part in various specific initiatives, including an information session at Naxxar Middle School and the Careers Expo at St Aloysius' College.

In addition, MIA's Marketing and Engagement Manager, Michael Debono, participated in the sixth

Stakeholders' Forum hosted by Euroguidance Malta. During this event, various representatives from the Education and Employment sectors discussed the chosen theme *Quality Career Guidance Experiences for Students*. The Forum included discussions focusing on how the collaboration between Education and Employment stakeholders can be strengthened, and also covered the Career Learning Framework, a tool used in schools in Malta aiming to provide a quality career education and guidance service in schools.



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MIA diary



Sustainable Finance Conference – Financial Services Academy 10.10.2023

Maria Cauchi Delia, CEO of the MIA, presented a Keynote Speech focused on *Disclosure and Reporting: CSRD and SFDR* at the Sustainable Finance FSA Forum, an event hosted by the Financial Supervisors Academy (FSA) under the Malta Financial Services Authority (MFSA).

During her speech, Ms Cauchi Delia outlined the reporting entities falling under the Corporate Sustainability Reporting Directive (CSRD), highlighting their respective reporting schedules. She delved into the aims and applicability of the Sustainable Finance Disclosure Regulation (SFDR), addressing key focal points of relevance. Additionally, the emphasis extended beyond mere reporting and disclosure. Attendees were urged to prioritise other critical elements preceding these outputs, emphasising the need for a strategic approach and the subsequent imperative of driving transformative actions forward.

World Standard-Setters Conference (London, United Kingdom)

25-26.11.2023

MIA's IFRS and Regulatory Senior Dinahlee Delceppo took part in the 22nd Edition of the World Standard-Setters Conference, held in the British capital, London. The Conference served as a platform for national standard-setters to receive updates on and engage in discussions regarding the IFRS Foundation's ongoing activities.

Additionally, it presented an excellent networking opportunity given the presence of personnel not only from the IFRS Foundation but also from both the International Accounting Standards Board

(IASB) and the International Sustainability Standards Board (ISSB). A number of issues relevant to members of the Institute were addressed including the use of the IFRS Sustainability Disclosure Standards issued in June 2023, the IASB project Business Combinations—Disclosures, Goodwill and Impairment as well as IFRS 17 Insurance Contracts, which came into effect in January 2023.

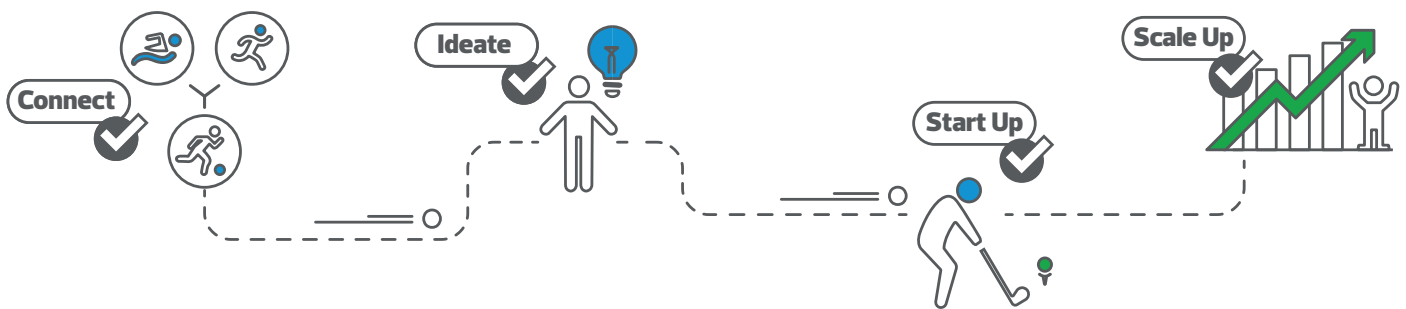
Digital Conference 07.11.2023

This year's Digital Conference, held at Villa Arrigo, highlighted the technology's pivotal role in reducing administrative burdens and fostering a compliance-focused culture within Malta.



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At RSM Malta, we understand that every great athlete needs a reliable team behind them. In the same spirit, our start-up services provide comprehensive support on both the advisory and corporate fronts. We cover every base, from incorporation to handling annual statutory requirements in Malta.

At the core of our advisory services, one can find support when it comes to strategy compilation and support when it comes to tapping into corporate finance instruments, new financing models, and financial transactions. On the other hand, central to our corporate services are the vital aspects of accounting and auditing, where we ensure your start-up's financial records are meticulously maintained. We handle the submission of periodic returns, conduct annual external audits, and guarantee tax compliance. Our experts prepare VAT forms and returns, and even offer monthly payroll support, leaving you free to focus on growing your venture.

But here's where the sports analogy truly comes to life. Just as athletes thrive under the guidance of seasoned coaches, start-ups flourish with the right financial experts by their side. If you are an accountant with a passion for nurturing the growth of start-ups, RSM Malta is the place for you. Join us, and together, let us propel promising businesses to the finish line of success. Let us turn your passion for numbers into a catalyst for start-up dreams.



I recently moved to Malta from Los Angeles to set up a subsidiary company on the island. After a lengthy process of reviewing numerous leading service providers, our team was impressed by the care and detail put into the proposal by RSM, and we ultimately chose them over the competition. Since engaging with RSM, their team has been very responsive, flexible to support custom requests, and always happy to help with any questions. I look forward to the ongoing collaboration with their team."

*T. Freeman,
Founder (2022)*



Speakers highlighted technology's role in upskilling professionals and complying with innovative EU legislation which is mandating electronic reporting.

The Conference, backed by MIA's Digital and Indirect Taxation Committees, explored the VAT in the Digital Age (ViDA) proposal, focusing on digital reporting, e-invoicing, and their impact on stakeholders. The Commissioner for Tax and Customs provided insights into the latest developments on the local scene in this regard. This was followed by further insights by policy officials from Poland and Italy, who highlighted the transformative potential of analytics and data governance for VAT optimisation, and local experts. A common message was shared across, that of adopting a proactive planning approach in navigating digital shifts, noting the costs of overlooking data-driven changes in the accountancy industry.

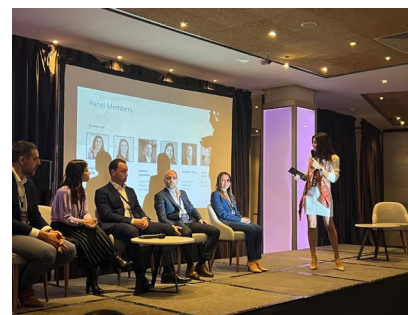
New Members Ceremony

10.11.2023

157 new members were formally admitted to the Malta Institute of Accountants during the traditional ceremony held at the Hilton

Conference Centre. In welcome speeches, MIA President Mark Bugeja called on new members to stand for integrity, to uphold the highest ethical standards, and to strive to earn the trust of those who depend on the profession's expertise. CEO Maria Cauchi Delia encouraged new members to consider the various opportunities for participation offered by the Institute, particularly through its different committees and working groups, including the Young Members Group.

During the event, the Institute recognised the achievement of the top University of Malta graduate and ACCA affiliates, Annie Caruana (Best University of Malta Accountancy student), Alessandro Mommo (1st in Malta Overall Performance September 2022 ACCA Top Affiliate), Darren Rapa (1st in Malta Overall Performance December 2022 ACCA Top Affiliate), Kimberly Galea (1st in Malta Overall Performance March 2023 ACCA Top Affiliate) and Noor E-Mohammad Mustun (1st in Malta Overall Performance June 2023 ACCA Top Affiliate). These awards were handed out in the presence of Prof Emanuel Said, and Dr Lauren Ellul, the Dean and the Head of Department of the Faculty of



Economics, Management and Accountancy at the University of Malta respectively, and Ms Magda Krupa Hernandez, ACCA Director Europe, Middle East and Americas.

Master in Accountancy Conference

01.12.2023

MIA CEO Ms Maria Cauchi Delia moderated a panel discussion in the annual Master in Accountancy Conference 2023. While the Conference's main emphasis centred on ESG, Ms Cauchi Delia shed light on the Institute initiatives and shared pertinent information beneficial for students currently in the final year of the Master in Accountancy program.

The panel speakers, all accountants by profession, also shared some insights from their professional journeys as well as opportunities that their careers presented, highlighting





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that as an accountant, one can specialise in different areas. Another area discussed was that of work-life balance and how this can be maintained despite the demanding role that an accountant typically has.

Budget 2024 and Beyond

13.10.2023-21.11.2023

In the run-up to Budget 2024 and beyond, the MIA has drawn-up a set of proposals and recommendations following extensive consultation with and feedback from its members, committees and working groups. These proposals highlighted simplification, efficiency, reduced bureaucracy to facilitate business, compliance and competitiveness. These recommendations were presented by MIA representatives to the Hon. Minister Clyde Caruana during a meeting held at the Ministry for Finance and Employment.

MIA CEO Ms Maria Cauchi Delia also attended a Times of Malta Business Breakfast with the Minister for Finance themed 'Where do we go from here?' During this event, the Minister presented his ideas in the run-up to Budget 2024, while participating stakeholders shared their views on the future prospects of the Maltese economy.

The MIA also participated in an exchange of ideas with Opposition Leader Dr Bernard Grech as well as the Opposition Spokesperson for Finance Jerome Caruana Cilia, during a separate meeting held on 21 November 2023.

While the Institute noted that some of its recommendations made their way in Budget 2024, it will continue to follow-up on these proposals in collaboration with the Ministry and other related entities, including the Malta Tax and Customs Administration (MTCA).

IFAC Meetings

26-27.09.2023 / 15-16.11.2023

Ms Maria Cauchi Delia represented the MIA at the IFAC Council Meeting held in Vienna. Besides the opportunity to network with fellow accountancy leaders from across the globe, participants had the opportunity to engage in discussion with both the International Auditing

and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) for an insightful discussion on the future of standards related to sustainability matters, with the EU expected to take important decisions on the matter in the months ahead.

MIA participated in a meeting of the IFAC's Professional Accountants in Business Advisory Group (PAIBAG) held in Paris. This meeting provided the platform for insightful debate and sharing of best practice on the key matters impacting the accountancy industry. These included sustainability, digitalisation, corporate governance, education and skills. For this meeting, MIA was represented by its CEO Maria Cauchi Delia, Technical Manager Amanda Zammit, and the Chairperson of the Institute's PAIB Group Stephen Muscat.

The Institute would like to thank Stephen Muscat whose role as the MIA's representative on IFAC's PAIB Advisory Group has come to an end. The Institute also congratulates Charles Xuereb who will be the new MIA representative on this IFAC Group. A note of appreciation is also extended to William Spiteri Bailey whose role as representative on the IFAC SMP Advisory Group also comes to an end this December.





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Corporate Social Responsibility

Save & Support Trust and Beating Hearts

Corporate Social Responsibility remains a cornerstone of the MIA's ongoing initiatives and activities. Besides calling for open donations, two major fundraisers were held this year, during the Biennial Conference and the traditional Summer Networking Event. In fact, individuals had the opportunity to donate funds in exchange for a painting. In total, including a topping up from the Institute's own funds, 5,000 euro was collected for two beneficiaries, Save & Support Trust and Beating Hearts.

Save & Support Trust supports good causes by providing financial assistance to organisations, which help vulnerable people in the local community. Beating Hearts Malta provides support and encouragement for children with Congenital Hearts Defects and their loved ones. The MIA is grateful to these two organisations for their invaluable contribution towards a better society, as well as to all those members who have contributed financially towards these fundraising campaigns.



Football Tournament for Inspire

Our annual football tournament returned this Autumn for its second post-pandemic edition, bringing thirteen teams together and filling up St. Martin's pitches with cheer, laughter and a few tough tackles too. The event culminated with Grant Thorton emerging victorious over PwC, and rivalry turned into camaraderie as participants joined together for a scrumptious barbeque. All proceeds from this day of football, including sales of food and drink, and a final top-up by the Institute, resulted in a generous total donation of €3,000 to support Inspire's impactful initiatives.

Inspire is a local NGO which reaches out to support individuals with various disabilities.



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Budget 2024

Insights by Hon. Minister Clyde Caruana

The Maltese Government has presented its 2024 budget amidst a backdrop of ongoing global uncertainty.

As the memory of the pandemic days gradually diminishes, the economic aftershocks continue to resonate throughout Europe.

The Russian invasion of Ukraine and the recent resurgence of turmoil in the Middle East have compounded the pressures on economies already grappling with the weight of energy prices.

This year's budget builds on the previous year's strategy to shield the Maltese economy from these broad macroeconomic fluctuations, fostering an environment conducive to continued prosperity.

Faced with a choice last year, the Maltese Government opted to insulate the economy from these headwinds rather than weather the storm unguarded and contend with the aftermath. The economic logic was clear: doing nothing and addressing the fallout later would incur far greater costs than proactive mitigation.

As Finance Minister, I am acutely aware of the dangers posed by an economy which builds a reliance on subsidies.

The decision to implement this protective measure was made decisively and early.

Other European nations initially underestimated the severity of these economic headwinds and are now scrambling to address the resulting challenges.

These challenges manifest as sluggish growth and significant setbacks to their industries at a time when skilled human capital is in high demand.

Countries like France initially took a different approach but soon recognised the political, economic and social cost of the situation and swiftly adjusted their policies, now investing billions in energy subsidies. Germany followed a similar path, though their pivot came later, with dire consequences for their private sector.

This approach was not without its costs for Malta. A significant portion of our budget is allocated to sustaining this energy policy. The government has been diligent in ensuring that every euro is maximised; we've tightened fiscal discipline and are tackling tax evasion with renewed aggression.

It may not make me the most popular politician, but it stands as the rational and proper course of action.

The result of these efforts is a Maltese economy that continues to yield strong results against a tough backdrop.

Most major Mediterranean countries have a debt-to-GDP ratio exceeding 100%. The European Commission (EC) forecasts that Italy will reach a debt ratio of 140% this year, with Greece hovering at 160%.

Malta stands as the Mediterranean exception.

A positive outlier in a sea of economic challenges.

Our projected debt ratio for this year and the foreseeable future is well beneath the EU's 60% fiscal threshold and significantly lower than the eurozone's 90% average.

Our deficit rate, though on the higher end, is projected by the EC to decrease further to 4.5% in 2024.

The significant social investments designed to protect low-income families from inflation, alongside existing energy subsidies, reflect the strengthened state of Malta's economy.

These considerations and the expansionary nature of the Maltese budget positions it as one of the most progressive in Europe.

Yet, there is more ground to cover.

The last decade has seen economic growth that has exceeded all expectations. This growth

has addressed numerous policy issues, such as unemployment and fiscal solidity, but it has also introduced new challenges in housing, infrastructure, environmental sustainability, and livability.

This has shifted the focus of policymakers from a singular emphasis on economic growth to a broader pursuit of economic development. While there has been a shift in the common narrative and some policy progress in this direction, there is undoubtedly much more that can and should be done.



Author

The Minister for Finance and Employment, Clyde Caruana, was appointed Minister in November 2020. An Economist by training, he has held the position of Executive Chairman at the State employment agency, Jobsplus, since 2014, and more recently had taken up office as Prime Minister's Chief of Staff. During his tenure at Jobsplus, as Chairperson, he authored several position documents and policy papers, which have been central to the government's labour force policy. Additionally, he was the main driver to implement these policies and reforms, most notably, related to free childcare, in-work benefits and others. He had previously worked at the National Statistics Office between 2007 and 2012. Caruana also lectures in Economics at the Faculty of Economics, Management and Accountancy at the University of Malta. He has written papers and articles in the welfare state and the labour market, as well as related research and consultancy work.

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Budget 2024 at a Glance

Towards Stability and Sustainability

A decade of exceptionally strong growth in population, output and income needs to be followed by a period of consolidation. This requires stability, predictability and resources to re-invest in quality productive, social, environmental, institutional, human, technological and infrastructural capital to ensure the sustainability of the economy going forward. These requirements are challenges in their own right.

Stability is threatened by the ongoing geopolitical tensions. Their immediate economic manifestation is the high inflation, and perhaps even more importantly its very rapid onset around the growth. Economic activity may suffer in the future as a result, due to the tightening of monetary policy and the diversion of resources away from productive investment into poverty alleviation.

This instability has so far been averted in Malta. The relatively low fiscal debt to Gross Domestic Product (GDP) ratio allows an element of shelter from the rising energy prices, while the strong liquidity buffers in the financial system precluded from major increases in interest rates in banks, though not in the bond markets. There are typically two schools of thought on the best way to meet such situations. At one end, it may be argued that allowing price shocks to work through the system results in a rapid reallocation of resources towards productive methods which overcome the effects of such shocks. At the other end, it may be argued that the resource reallocation could well entail destruction of productive set-ups and unemployment for a prolonged period. In a small, open and relatively peripheral economy, it is likely that the second argument would be more relevant, hence the importance of fiscal and monetary mechanisms to smoothen the effects of shocks, or at the least enable their transmission in a better phased and predictable manner.

Predictability can be viewed as the transmission of instability into future expectations and

planning. This has become a scarcer commodity over recent years, with major economic and financial institutions missing their targets and forecasts. This is unavoidable in a period of strong turbulence, but does little to calm nervousness of investors, especially in an unprecedentedly globalised environment. In the case of Malta, we can expect economic activity to continue to grow in our traditional markets, including tourism and high value-added manufacturing. Uncertainties on taxation and regulation at the global frameworks are affecting predictability of activity in foreign direct investment, and especially that in the nimbler service-oriented sectors. Environmental costs on productive activities are also introducing a relatively new element of uncertainty on a number of activities.

Resource scarcity tends to become more acute in periods of rapid demand growth. This is reflected in the use of human resources, infrastructural and environmental capital in Malta. The need for stronger bases in other forms of capital is also evident. While it is typical that in a small and open economy the Government is typically viewed as the agent to provide for the frameworks to support demand growth, it is to be recognised that fiscal resources are also finite and deficits cannot be expected to be protracted indefinitely, especially in periods where economic growth remains consistently positive.

Within this milieu, the role of Governmental economic policy would remain founded on three tenets - to stabilise the economy against shocks, to re-distribute wealth in a socially responsible manner and to dedicate resources to the future sustainable growth of the economy. Admittedly, the annual fiscal budget is one of many instruments utilised by the Government towards these aims. But it is a central one, as it sets the extent of financial resources dedicated to specific objectives and provides for their collection through tax and borrowing activities, which are important policy tools in their own right.

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The Budget for 2024 is clearly strong on the stability and social element. It sustains subsidies in energy prices while providing for the reinforcement of social programmes and for the investment in social infrastructures. It reassures economic operators that the Pillar 2 tax reform is postponed by six years, thereby highlighting the need for urgent work to build competitiveness to meet this challenge. From the growth and sustainability perspective, it sets the country's sights on the development of large-scale renewables and a reinforced effort on high value-added manufacturing. From the perspectives of many other initiatives and programmes, the budget sustains support in areas ranging from

housing to new economic activities to infrastructural development. An overall narrowing of the fiscal deficit to GDP ratio is expected, but the public sector borrowing requirement will remain significant. A more resolute focus on this issue may be required in the medium term.

This contribution does not aim to comprehensively review all the various facets of the budget measures, their likely impacts and the resulting implications for sustainable economic development. It however proposes a number of perspectives and concepts which could be used to stimulate constructive discussions in this regard.



Author

Dr Gordon Cordina is a leading economist in the Maltese Islands, with a professional experience spanning 25 years covering banking, policy-making, academia and private sector consultancy. He is a graduate of the University of Cambridge and the University of Malta. He currently chairs the Board of Bank of Valletta.

Local Appointments

KPMG in Malta has announced the appointment of three Partners (Justin Axiaq, Sean Azzopardi, and Claudine Borg Azzopardi) and five Directors (Kurt Farrugia, Christabelle Formosa, Yanica Mizzi Sahan, Sharon May Scicluna, and Michelle Spiteri Bailey) with effect from 1st October 2023.





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Sustainability, technology, corporate governance and skills among items on top of PAIBAG agenda in Paris

The Paris gathering of the International Federation of Accountants' (IFAC) Professional Accountants in Business Advisory Group (PAIBAG) has provided a platform for insightful debate and sharing of best practice on key matters impacting the accountancy industry. These included sustainability, digitalisation, corporate governance, education and skills required. The MIA was represented by its Chief Executive Officer (CEO) Maria Cauchi Delia, Technical Manager Amanda Zammit, and the Chairperson of the Institute's PAIB Group Stephen L Muscat.

As expected, in view of the increasing international awareness on climate change and the legislative and regulatory revolution underway, sustainability continues to be a dominant theme in the world of accountancy. Participants debated the pivotal involvement of the profession and PAIBs in adopting and executing standards for sustainability-related reporting and disclosure. This crucial conversation highlighted the profound impact professional accountants wield in moulding the landscape of corporate reporting and sustainability. As financial custodians and consultants, their expertise plays a crucial role in guaranteeing that businesses worldwide meet both their financial and sustainability goals, enabling financial markets to allocate capital to entities propelling the global shift towards a sustainable economy.

Digital transformation was also one of the key highlights of the event, with debate encouraged through an insightful presentation by Pascal Bornet, who is considered a pioneer in the field of Intelligent Automation (IA). He shared practical examples on how transformation based on IA can drive business and customer and employee satisfaction. Mr Bornet highlighted the critical role of finance and accounting professionals in addressing new risks and complexities of automation and intelligent systems,

and the pivotal responsibility held by finance and accounting experts in tackling the emerging risks and intricate challenges posed by automation and intelligent systems. While Artificial Intelligence (AI) and automation streamline processes, reducing the need for human intervention and boosting efficiency, they also introduce fresh vulnerabilities and potential weaknesses.

As trusted advisors in their field, professional accountants must persist in fortifying robust controls to safeguard the integrity of automated business and accounting procedures, as well as the accuracy and reliability of input and output data.

In the ensuing discussion, participants debated how embracing AI and automation streamlines, and eliminates manual work related to, repetitive rule-based tasks in finance and accounting, optimising overall processes. This shift allows professionals to concentrate on providing insightful guidance for decision-making. The digital transformation presents an opportunity for individuals to enhance their value by emphasising uniquely human skills like innovation, creativity, critical thinking and judgment. Participants highlighted that intelligent automation is poised to yield substantial productivity advancements in the foreseeable future.

The discussion highlighted crucial success factors for AI implementation. Speakers focused on the centrality of people, underscoring their role in change management and education initiatives. Leadership support and engagement were deemed vital, with leaders playing the key role in driving transformation through their active involvement. The synergy and effective prioritisation of intelligent automation capabilities were also stressed, advocating for accessible automation tools empowering all staff, regardless of the level



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of coding skills. Furthermore, leveraging technology emerged as essential, with the aim to expedite AI implementation and enhance the scale, scope and pace of automation.

Private Equity Funded Environments

A special topic also raised during this year's event revolved around private equity (PE) funded environments. The importance of this topic was recently highlighted by an extensive study by McKinsey, revealing that in 2021, PE deals reached a record-high volume of \$3.3 trillion, with such organisations playing a significant role in the global economy, often driving innovation, fostering growth and transforming industries.

In a session moderated by Sanjay Rughani, PAIB Advisory Group Chair and CEO of Standard Chartered Bank in Uganda, three international level Chief Financial Officers (CFOs) shared their experience with PE-funded organisations. The

discussion reflected on how private equity firms rely on CFOs for maintaining financial stability and performance, safeguarding against value erosion, and instilling trust in the business's state and financials. Ensuring transparency and collaborating with the PE fund to address any issues is crucial to prevent unexpected developments. Additionally, it was shown how CFOs play a pivotal role in fostering good corporate governance, aligning stakeholders, and driving efficiency through digital transformation while effectively managing key risks.

In addition to the enriching discussions, the two-day event served as a significant networking platform for MIA representatives. This allowed them to gather valuable experiences and best practices from global colleagues, enhancing the knowledge pool available to benefit the MIA's membership base.

More information on discussions held throughout this two-day event may be found [here](#).

MIA holds 59th AGM, elects new Council Members

Council votes in new Officers

The 59th Annual General Meeting (AGM) of the Malta Institute of Accountants took place on 5 October 2023 at Villa Arrigo. During this AGM, the following seven members were elected for the two-year term 2023 - 2025: Edmond Brincat, Mark Bugeja, Thomas Galea, Paul Giglio, Ronald Mizzi, Lucienne Pace Ross and William Spiteri Bailey. They joined the following Council members, whose terms expires in 2024: Fabio Axisa, David Delicata, Jonathan Dingli, Shawn Falzon, Christopher Portelli and Annabelle Zammit Pace.

The Institute would like to thank outgoing Council members Noel Mizzi and Charmaine Baldacchino, as well as Ivan Grixti, who resigned from his post on the Council, for their invaluable contributions throughout the years. The MIA also extends a warm welcome to the new Council members, expressing gratitude for their commitment to serving the profession.

Furthermore, the Institute's members voted to appoint the disciplinary proceedings setup, appointing Mario Galea and Alan Craig as Chairperson and Deputy Chairperson of the Disciplinary Committee respectively. Anthony Zarb was re-appointed as the Chairperson of the Appeals Board, and Elvia George was appointed as the Deputy Chairperson of the Appeals Board. Additionally, members appointed the Appeals Pool, comprising 10 Members.

Subsequently, during the initial meeting of the newly constituted Council immediately following the AGM, the four Officers were elected. Mark Bugeja was voted in as the Institute's new President, Lucienne Pace Ross as Vice-President, Jonathan Dingli as Secretary, and Annabelle Zammit Pace as Treasurer.

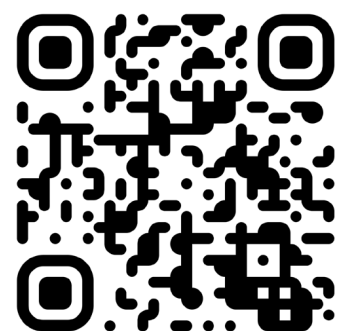


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experiences
enable us to break
new boundaries?



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Berta and Kevin Vella

Kevin Mahoney Award Winners 2023

Remembering Fran Foundation – A Tribute through assistance to those in need

Berta and Kevin Vella are the recipients of the prestigious Kevin Mahoney Award for 2023, as chosen by the MIA Council following a rigorous evaluation of numerous commendable nominations.

During this year's New Members Ceremony, Ryan Mahoney, son of the late Kevin Mahoney, kindly presented the award to the deserving winners, who established the Remembering Fran Foundation, in honour of Francesca, fondly remembered as Fran, who passed away tragically at the age of 13.

The Foundation was established in 2021, near the anniversary of Fran's untimely passing, with a profound mission. It stands as a non-profit organisation dedicated to assisting children in coping with severe illnesses.

Speaking to The Accountant, Fran's mother, Berta, tells us that the primary objective of the organisation is to provide financial aid for essential medications and medical equipment, especially those not covered by the governmental health service. Moreover, the Foundation supports families by helping to cover expenses for treatments abroad, aiming to alleviate the financial strain associated with caring for an ailing child. "We cannot help parents with the emotional stress of having a sick child, but we are trying to alleviate the financial burden", she adds.

The Foundation has raised funds mainly through a number of initiatives, the largest being an art exhibition, a year from Fran's passing, at St Michael School in Pembroke. Fran was a budding young artist and her parents thought that this would be the best way to remember her.



"Over 70 established artists very generously donated over 100 works of art and the school where our children were educated supported us by letting us use their premises", Berta recalls.

The Foundation takes pride in its tangible contributions, having assisted several young patients battling various medical conditions by providing essential medical equipment.

Berta also shares her and her husband's pride in winning the Kevin Mahoney Award, an accolade celebrating generosity and altruism. She describes it as "a humbling honour for the Foundation. We did not know Mr Mahoney personally but read many tributes about him and learnt that he was a generous and altruistic person. These attributes are in line with the objective of our Foundation", she added.

Looking ahead, the Foundation remains resolute in its commitment to aiding more children in need. Plans for future fundraising initiatives are underway, ensuring sustained support for their cause.

Those wishing to contribute to this noble cause can direct their donations to the Remembering Fran Foundation (VO 2212) Bank of Valletta account with IBAN: MT39VALL22013000000050013652301

The Remembering Fran Foundation stands as a testament to Fran's enduring legacy, ensuring that her memory lives on through meaningful assistance to children bravely battling serious illnesses.

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Digital Transformation Planning

Don't Trip Yourself Up!

In an era driven by technological advancements, businesses are constantly striving to stay competitive and relevant. To achieve this, many organisations are eager to embark on digital transformation projects, enticed by the promises of enhanced efficiency, improved customer experiences, and increased profits. However, unless done right, the journey towards a successful digital transformation is riddled with potential pitfalls that can lead to costly setbacks and even project failure. It is crucial for businesses to approach these initiatives with caution and a thorough understanding of the potential challenges that lie ahead.

According to statistics by Deloitte, McKinsey, BCG, KPMG and Bain & Company¹, an average of 70% of digital transformation efforts fail, with the most prevailing reason being 'management behaviour'. In 2016, Forbes assessed the risk of failure in digital transformations to be 84% for the same reason(s). Why? Because technology is only 20-30% of the equation.

Digital transformation is not merely about adopting new technologies; it involves a holistic reimagining of an organisation's strategies, processes, and culture to leverage the power of digital tools effectively. Rushing headlong into such projects without adequate planning and preparation can spell disaster. Here are some key pitfalls that must be recognised and navigated through to ensure a successful digital transformation journey:

Lack of Clear Vision and Objectives

Before embarking on a digital transformation journey, it is vital to have a clear vision and well-defined objectives. Without a comprehensive understanding of what the organisation aims to achieve, the project risks becoming an aimless

pursuit of technology without tangible benefits. A lack of clarity may also result in conflicting priorities and miscommunication amongst teams, hindering progress.

Neglecting Cultural Change

One of the most challenging aspects of digital transformation is the cultural shift required to embrace new ways of working. Resistance to change, hierarchical structures, and a fear of the unknown can impede progress. Engaging and aligning the workforce with the transformation's goals and providing the necessary training and support is essential for a smooth transition.

Overlooking Information Security and Privacy

Digital transformation involves the integration and analysis of vast amounts of data and information. Neglecting information security and privacy measures (Confidentiality, Integrity and Availability) can lead to severe consequences, such as data breaches and legal and reputational damage, in serious cases. Organisations must prioritise robust cybersecurity protocols, compliance with data protection regulations and conformity to international standards, to safeguard personal data and corporate information at their disposal.

Selecting the Wrong Technology Solutions

The allure of cutting-edge technologies can lead organisations to adopt solutions that may not align with their specific needs or long-term goals – this is portrayed as “shiny object syndrome”. Implementing the wrong technology can be costly and time consuming, with increased wasted efforts, and disruption of existing operations. A thorough analysis of the organisation's requirements and the potential technology's scalability and compatibility is critical to the project.

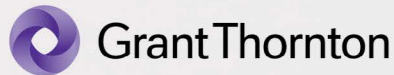
Underestimating Project Complexity

Digital transformation projects are intricate endeavours that require careful planning and resource allocation. Underestimating the project's

¹ <https://www.forbes.com/sites/forbescoachescouncil/2022/03/16/12-reasons-your-digital-transformation-will-fail/?sh=3379a2611f1e>

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complexity and the time and effort needed can lead to missed deadlines, budget overruns and falling down the rabbit hole that is scope creep. A realistic assessment of the project's scope and potential challenges is essential for successful execution.

Siloed Approach

Digital transformation often involves multiple departments and stakeholders. A siloed approach, where each team works independently without collaboration, can hinder the progress significantly, and create disjointed systems. Open communication and cross-functional collaboration are vital to achieve synergy and maximise the benefits of the transformation project.

Lack of Clear Communication

Most executives are not technologists by trade or profession which leads to the inability to translate into appropriate language. Translating the organisation's efforts into a compelling story, and using clear and concise language that non-technologists can appreciate, has been proven to be a highly effective engagement.

Insufficient User Adoption

The success of digital transformation ultimately depends on how well the end-users embrace and utilise the new technologies and processes. Without proper change management and training initiatives, employees may struggle to adapt, leading to reduced efficiency and productivity.

Ignoring Customer Experience

Digital transformation should not solely focus on internal improvements, especially if the customer

will ultimately benefit or potentially be negatively impacted by the outcome of a transformation project. Neglecting the impact on the customer experience can alienate existing clients and deter potential ones. A customer-centric approach should be at the core of the transformation strategy to ensure lasting success.

Lack of Agility

In the rapidly evolving digital landscape, flexibility and adaptability are paramount. A rigid approach to digital transformation can leave an organisation struggling to keep up with emerging trends, innovations and technological advancements. The ability to pivot and adjust strategies in response to market changes is vital for sustained success.

In conclusion, digital transformation projects hold immense potential for organisations seeking to thrive in the digital age. However, these initiatives must be approached with caution, foresight and a comprehensive understanding of the potential pitfalls. By clearly defining scope, objectives, fostering a culture of change, prioritising data security and ensuring user adoption, businesses can navigate these challenges and set themselves up for a successful transformation.

The journey toward digital transformation is not a sprint but a carefully planned marathon with lots of intervals to catch your breath and rehydrate. Taking the time to understand the risks and challenges will enable organisations to harness the full potential of digital technologies and pave the way for a brighter and more prosperous future!

Authors



Daniel is a CPA and Registered Auditor. Daniel began his career through an ACCA program at a big-four firm where he went on to hold various roles over a thirteen-year tenure. His experience ranges from Audit & Assurance, Corporate Services & Company Accounting, Technical Accounting and Digital Transformation. Daniel was also an active member of several internal committees within the organisation. As of October 2022, he has taken on the role of Accounting Leader at Zampa Debattista and chairs the Change & Innovation Committee. Over the past few years, Daniel has taken a keen interest in, and become active in the data space with a focus on digital transformation for businesses and the profession.



Andre is a qualified and experienced InfoSec and CyberSec Implementer and Auditor, dedicated to ensuring the security and integrity of digital systems, with a passion for cybersecurity and a deep understanding of the evolving threat landscape. His experience ranged from ISMS (ISO 27001) implementations and audits, SWIFT CSP & PCI-DSS assessments, GDPR compliance and building digital transformation and strategies for organisations in various industries and sizes. As one of the Privsec200 who have made a significant contribution to the privacy and security sectors, Andre has a reputation for delivering exceptional results and strives to enhance the digital landscape and resilience for organisations against innovation and cyber threats. As of July 2023, he has taken on the role of Technology Leader and CISO at Zampa Debattista.

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19 Jan	M24020	Conditions of Employment	EMPLOYMENT
26 Mar	M24006	Directive 2, Code of Ethics for Practitioners	ETHICS
5 Mar	M24007	Financial Instruments under IFRS and GAPSME	FINANCIAL REPORTING
17 Apr	M24018	Valuations of Intangible Assets focusing on brands	
15 Feb	M24016	The current and future economic performance of the Maltese economy	MANAGEMENT & FINANCE
14 Mar	M24005	Attracting (young) talent within the accounting profession. An interactive workshop for business owners and senior leaders	
22 Mar	M24001	Communicating Financial Results to Non-Financial People	
31 Jan	M24008	Communication and Leadership: Transforming the Challenge into Opportunity	PERSONAL SKILLS
2 Feb	M24012	The Interplay of Corporate Governance & Compliance	REGULATORY
15 Mar	M24010	Beneficial ownership regulation in the context of complex ownership structures	
24 Jan	M24002	VAT Registration – An obligation or an option?	TAXATION
30 Jan	M24014	From Tradition to Transition: Local Customs and Customs in a Global Context - 2 Day Package	
30 Jan	M24014.1	EU Trade & Customs: An Introductory Seminar	
6 Feb	M24015	VAT Intermediate Level and Advanced Level - 6 Sessions	
6 Feb	M24015.1	VAT Intermediate Level - 3 Sessions	
16 Feb	M24021	VAT: An Overview of Key Case Law	
6 Mar	M24015.2	VAT Advanced Level - 3 Sessions	
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MEET THE MEMBER

Charles Xuereb

One step at a time – An accountant's journey to the top

As more accomplished accountancy and audit professionals feature in this segment of The Accountant, the more in evidence are the parallels between the personal development of individual accountants and the growth of specific organisations. This is certainly the case for Charles Xuereb, who spent the best part of the last three decades within the structures of the Farsons Group of Companies and today, heads a spin-off of this group - Trident Estates plc.

Currently, he serves as the Deputy Chairperson of the Malta Institute of Accountants' (MIA) Professional Accountants in Business (PAIB) Group, which meets up regularly throughout the year to address several key issues impacting the profession. He has also recently been elected on behalf of MIA as a member of the International Federation of Accountants (IFAC) Professional Accountants in Business Advisory Group (PAIBAG), again representing professional accountants, which role will start as from next January. Beyond this, Charles is currently the President of the Malta Association of Credit Management which seeks to protect the credit interests of local firms.

We hit off our conversation immediately with an appreciation of the evolving role of the accountant, with many making it to the summit of the corporate world. Xuereb is not surprised: "Accountants often develop a sense of leadership through their role as financial stewards within organisations. They are responsible for managing financial resources, making critical decisions and ensuring compliance with regulations and standards. This hands-on experience fosters leadership qualities, such as financial acumen, risk management, and strategic thinking, which are essential for guiding a business to success".

Secondly, he points out that there is a bigger appreciation by Boards of the value-added provided by



an accountant. "Let's be frank, at the end of the day, although it's not just about profits, there would be no business without profit", he remarks – and it's hard to counter that!

Keen to explain how this happened in practice throughout his career, Charles takes us back to his early days in the profession – at every point making sure to recall how each specific step endowed him with respective lessons and skills which he carried through the rest of his professional journey.

As many fellow Members of the Institute, Charles gained his first experiences as an auditor for four years at one of the Big Four firms. Despite those days being a mere early memory of his journey, he eagerly recommends this experience to all new and prospective accountants, describing it as one which exposes the individual to different kind of businesses, operating in diverse niches, of different sizes and from various sectors. "This experience allowed me to better understand what direction I wanted to steer my career in", he explains.

Charles's relationship with Farsons started with the food business, as Chief Accountant - a role through

which he experienced the birth and growth of the food franchise businesses, a relatively uncharted territory for Malta in the 1990s. “This was certainly a learning experience, particularly in terms of taking significant decisions. While the venture was a veritable success, tough decisions, including the closure of establishments, were at times required”. Xuereb also helped setting up the firm’s new food importation business following the acquisition of an external firm at the time. Notwithstanding these experiences, the moment of truth came in 2005.

With the company offering him the possibility to deputise for the Chief Financial Officer (CFO), a particular turn of events and changes at the top of the firm meant that he was offered to take on the full responsibility which the CFO position brings along with it. “Being a large company, by Maltese standards, with interests in different fields of business, this was a big call. I finally bit the bullet and accepted the post, and the rest is history”, Xuereb recalls. As Group CFO, his responsibilities included not only credit control and finance but also other ancillary matter such as IT and shipping.

Despite such a wide array of tasks, he insists on the importance of keeping regular contact with peers heading other departments to achieve common financial goals. This collaborative aspect cultivates interpersonal and communication skills, reinforces leadership capabilities and helps the different players align their financial strategies with broader organisational objectives.

A few years later, in 2018, Charles completed the latest stage of professional development, being appointed as CEO of Trident Estates plc, which had in the meanwhile been set up as a completely separate company, distinct from Farsons. The first project which the organisation embarked on was the business park which bears the same name of the company. A building which, albeit certainly a landmark of the Central Business District, does not appear to dominate its surroundings in a particularly obtrusive way.

Clearly, this is no coincidence, as Charles goes on to explain. “When planning this project, we knew we had the responsibility of adding value to a site which is deeply rooted in history. We wanted a project which was not simply a property

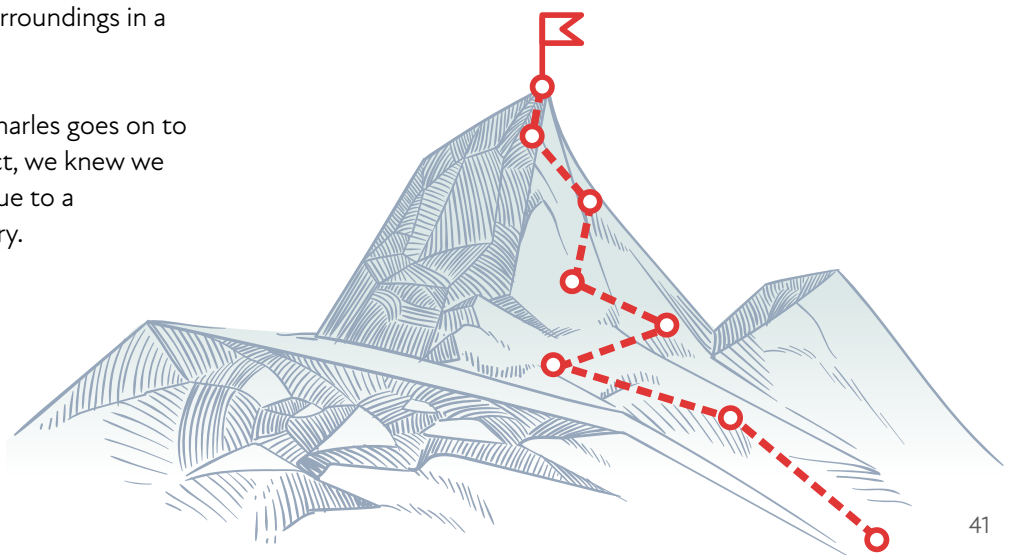
development, but which gave true form to the concept of sustainability”.

While sustainability has become central to modern thinking, we highlight how, considering that this project has been in the pipeline for quite a few years, the minds behind it were rather avant-garde in advocating this concept at such an early stage. “We certainly did not start thinking about sustainability today. The Trident Park project has been the subject of numerous studies and consideration spanning over almost two decades”, Xuereb explains.

“We were very clear that we wanted to preserve the traditional aspects of the building, while at the same time creating something unique which would last for at least another fifty years”. The sustainable elements of the project are clearly a source of pride for Charles, as he is keen to highlight the various ways in which the project truly translates the word sustainability into practice, with effective use of sunlight, open spaces and a unique thermal system which, through water pipes passing through the entire building, keeps the place cool without the need for a traditional airconditioning system.

Listening to the way Charles shares the green credentials of this new business hub, it comes as no surprise that environmental, social and governance matters, and sustainability in general are a fundamental feature of his contribution to the wider accountancy community.

In his concluding words, Charles is enthusiastic in advocating a wider role in this field for the accountancy profession. “By ensuring transparent reporting and sound financial decision-making, accountants contribute to the long-term viability of businesses while simultaneously advancing ecological and social objectives, ultimately fostering a more sustainable and responsible corporate landscape”.



Meet *the* Team



DANIEL
POVO

**In three words,
working at MIA is:**

Important, challenging, and evolving.

What's your favourite song or soundtrack for doing focused work?

I don't really have a favourite song, more favourite genres. According to Spotify my recent top three genres are rock, classic rock, and singer-songwriter. Though, I much prefer listening to podcasts when commuting or during light work. Two favourites at the moment are 'Short History of...' and 'Conan O'Brien Needs a Friend' – I find medieval history interesting, and Conan has such a golden sense of humour.

What is your standard office lunch?

My preferred lunch is a *ftira biž-žejt* or a curry. However, it usually ends up being a sandwich or a pie from the nearby shops.

What was your first-ever job?

Working with my father at our family grocery shop – it was tough. However, it brought us siblings closer together and we learned plenty of skills.

If you're at a Quiz night, what category would you know most about?

I'd say my best bet is to stick with general knowledge. I like to learn more on this during my free time, and I seem to retain random facts easily.

What's the next item on your bucket list?

The last item I cut off my bucket list was travelling abroad alone. I wanted to challenge myself to be self-reliant and experience the culture of a foreign country. I suppose the natural next step would be to stay abroad for a longer period, and getting more involved in the culture.

Do you have a guilty pleasure when you have free time during the week?

There's no need to feel guilty about your pleasures – you do you. That said, I do like to binge-watch a good show when I can, or blow a couple hours off on a video game.

What's a signal you look for that indicates good company culture?

Diversity – the more the merrier. Nothing better than different individuals coming together to solve problems. Also, it makes a workplace more interesting.

What is the best thing you have bought so far this year?

White sneakers – they certainly freshen up a look, and they go with anything. Also, a pair of comfortable hiking boots – it's becoming a personal must-have for travelling.

What is your favourite city and why?

I would say I haven't travelled enough to have a real favourite, but, out of the six I've been to, Madrid is definitely the closest. The aesthetical architecture, large green spaces, entertaining night life, must-visit food markets, and non-dependency on cars were all home-runners to me. Thinking about it, I really should re-visit...





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