

THIRTY-FOURTH  
**Annual Report**  
2007





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# Chair's REPORT

The Institute has had a busy year. The activity has been driven by a number of internal and external factors. Chief among the external factors are increasing regulatory attention on the profession, unprecedented demand for CA's and the long term demographic trends which have reduced new entrants while increasing retirees. Chief among the internal factors are a drive to rebuild the public trust in the profession and the implementation of a strategic plan to positively respond to the pressures created by regulators and the marketplace.

The two most significant new initiatives undertaken by the Institute this year relate to Continuing Professional Development and development of the Website and related infrastructure. Each of these is discussed in detail in the Committee reports presented by the Continuing Professional Development Committee and the Public Awareness Committee, respectively.

A substantial amount of work has been done by the Chairs of these Committees, by their members and by Phillip Gagle, our CEO and Wenda Aberdeen, our Executive Assistant. While there is still more work to do before the membership see the full benefit, I am confident that you will see the results of their hard work in the upcoming year in the form of an enhanced CPD program to help you meet your CPD requirements and an enhanced website to make your interaction with the Institute simpler and more effective. I

would like, again, to publicly acknowledge the outstanding contribution that Norris Ebbin, CA has made to the development of the website. We simply could not have done it without him.

The most significant ongoing activity of the Institute is the support of our students. In a time of adverse demographic trends, the renewal of the profession is dependent on recruiting and training the best of Bermuda's youth. As reported by the Student Affairs Committee (Tracy Turtle – Chair) substantial effort has been invested in this task to excellent effect. At our Annual Convocation, Alain Benedetti, Chair of the Canadian Institute of Chartered Accountants, presented certificates to new CA's. It is always a wonderful occasion.

I should acknowledge at this point Tracy's efforts in arranging, at short notice, for all our CA candidates to fly off the Island last September and

participation in these events and allowed representatives of the Institute to attend these events and interact with University students on their home turf. Craig Bridgewater, Craig Christensen, Marisa Stones, Remonde Brangman and Phillip Gagle took the time to attend these events and we sincerely appreciate their support.

There are a number of other important events or milestones that bear mentioning this year:

- ❖ After a long hiatus, we re-instituted an annual, informal meeting with the past Presidents to brief them on current issues and obtain their feedback. It was a valuable session and we will incorporate it into our regular calendar.

- ❖ As part of the initiatives to expand the student population, we are proposing amendments to the by-laws at the July Annual General Meeting which

*“...a drive to rebuild the public trust in the profession”*

write the UFE in Nova Scotia to ensure that Hurricane Florence did not disrupt their examinations. I would also like to acknowledge the initiative of Phil Gagle, our CEO, in writing to the Premier the Honourable Dr. Ewart Brown, JP, MP offering the Institute's support in the Premier's Student Tours. Ultimately, this led to industry partici-

will permit students to obtain their practical experience in industry. We are exploring the feasibility of this with a number of local organisations and will update you as this progresses.

- ❖ The European Union has promulgated the 8th Directive which requires member states to regulate auditors of

*“As of May 2007, the Institute admitted its first corporate member. It will be interesting to see if others follow.”*

companies listed on national stock exchanges. There is a working group in Europe exploring how to accomplish this when the auditors are domiciled outside of Europe and we are monitoring developments quite closely to see if we need to consider changes to our current, self-regulatory model.

❖ All members should be aware of the Government's intention to expand the entities which are subject to the Proceeds of Crime (Money Laundering) Regulations. We believe that this will mostly impact corporate service providers (companies who provide registered office, officer and director services) but we will continue to monitor these developments.

❖ We have now fully implemented mandatory professional liability insurance for practising firms. The practical impact was small as most, if not all, firms carried insurance equal to or greater than the minimum required; but symbolically it was important. It also set the stage for the Government to agree to permit companies to practice public accounting. Our by-laws have permitted this since the 1990's but Government refused to give firms permission to incorporate. As of May 2007, the Institute admitted its first corporate member. It will be interest-

ing to see if others follow.

In closing, I would like to particularly thank the members of Council and our various committees for their support. With a small office and a large agenda, the Institute relies heavily on volunteers to move matters ahead and serve our members and we have made significant progress this year due to their efforts. I would also like to thank our staff, Phillip Gagle and Wenda Aberdeen who have worked tirelessly to support that volunteer effort. ♦

# Professional PRACTICE COMMITTEE

The Professional Practice Committee has the responsibility of addressing issues affecting our members who work in public practice, including specific matters referred by the ICAB Executive and/or a particular firm or member. The Committee also has a responsibility to liaise with the CICA regarding proposed amendments to professional accounting and auditing standards and other matters pertinent to our members.

The Committee continues to be in-

Funds Committee, members of the Committee reviewed the proposed legislation and the related Fund Rules and Fund Prospectus Rules with specific focus on the provisions relating to auditors and their responsibilities. The proposed legislation includes provisions for the Approved Auditor to report certain matters to the BMA, including material modifications to his report (i.e. a material qualification, denial of opinion or statement of an adverse opinion). Our comments were submitted to the BIBA Investment Funds Committee for

compliance program including a system to record and report such transactions and the training of employees on AML-related matters. ICAB will include the inspection of such programs in its regular practice inspection regime with the objective of ascertaining whether they have been implemented and are operating effectively.

In the current year, we have also had discussions with the Centre on Philanthropy regarding the increasing demand by charitable organisations to have an audit (often on a pro bono basis) and the demands this places on our members' resources. We have agreed to work with the COP to help them develop a framework of accounting controls and policies to strengthen the control environment within charities and help alleviate the demand for audits.

*“We continue to believe that there are significant synergies to be gained in examining common issues”*

involved in many exciting issues that affect our profession and Bermuda as a jurisdiction. Our activities include working with other agencies and associations to resolve issues of common interest. We continue to believe that there are significant synergies to be gained in examining common issues. The main areas worked on by the Committee during the year were as follows:

- ❖ Review of proposed Investment Funds Act (formerly the CIS Act):  
Working with BIBA's Investment

onward submission to the BMA. This legislation was given assent by the Governor on December 28, 2006 and came into operation on March 7, 2007.

- ❖ Review of amendments to the Proceeds of Crime Act and related regulations:

Based on the revised Financial Action Task Force (FATF) recommendations, the revised Proceeds of Crime Act (POCA) requires any member who engages in certain transactions on behalf of their clients to establish an AML

The Committee was also involved in assisting the Executive of ICAB in its meetings with the IMF as they reviewed Bermuda's anti-money laundering framework and its insurance industry. The IMF was generally interested in the structure of ICAB, its oversight of its members and our members' interaction with the regulatory authorities.

At press time, the Committee's to-do list includes:

- ❖ Developing a framework to enable ICAB and its members to comply with EU Directive #8. Generally, this directive will require our members who au-

dit entities listed on a European stock exchange be regulated by an independent body.

❖ Review of proposed amendments to ICAB's rules related to independence as included in our Rules of Professional Conduct.

I offer my thanks to all Committee members and those that assisted the Committee in any way in achieving its objectives during the year.

I would close by inviting all members

to note our terms of reference as noted in the opening paragraph to this report and to refer any issues that may affect our practicing members to the Com-

mittee. This will facilitate open discussion among all practicing members and consistency across the industry. ♦

#### PROFESSIONAL PRACTICE COMMITTEE MEMBERS

Craig I.V. Bridgewater, CA, Chair  
Mark D. Baumgartner, CA  
Myron E. Binns, Jr., CA  
Andrew J. Brook, CA  
R. Craig Christensen, CA  
Chad A. Critchley, CA  
Colm A. Holman, CA

Stephen C. Kuzyk, CA  
Barry W. Neilson, CA  
Brendan O'Reilly, CA  
Ronald E. Simmons, CA  
Michael Baker, CA, BMA  
Representative, Ex-officio  
Phillip R. Gagle, MPA, President and  
Chief Executive Officer, Ex-officio

JESSEL J. MENDES, CA

# Legislative COMMITTEE

The Legislative Committee is charged with 1) monitoring legislative developments that may impact the Institute, its members or its members' work, 2) ensuring the Institute's interests and views are well represented in the development of new or amended legislation and regulations, and 3) pursuing legislative initiatives that are in the interest of the Institute.

ICAB is one of many organisations in Bermuda that provides input to government through the Ministry of Finance or Bermuda Monetary Authority on new and amended legislation. This communication helps to ensure that legislation is well thought out and in good form before being introduced.

The Legislative Committee monitors developments and responds, when appropriate, with ICAB's views. The Committee tries to ensure that the views of the membership are reflected, in our responses, through soliciting views of representative groups of members affected by the proposed rules or regulations.

Responding to proposed new regulations or legislation often involves an ongoing dialogue with the regulators to explain our views and work toward a solution that is beneficial to all. In that regard, we would like to express our appreciation to the Bermuda Monetary Authority and the Ministry of Finance for continued openness to dialogue with us on matters of importance

to the Institute.

During the year, we have met and corresponded with the Ministry and Authority, as well as with other associations and industry groups in Bermuda on matters such as the Investment Funds Act and the Proceeds of Crime (Money Laundering) Regulations. Since many of these matters affect the roles of practitioners, teaming with the Professional Practice Committee in addressing these issues ensures all our members' needs are being addressed.

The Committee is grateful for the support received from the membership and welcomes input on legislative developments. ♦



# Student

## AFFAIRS COMMITTEE

The general mission of the Student Affairs Committee is to foster an environment that focuses on the development and support of our current student enrollment and that is attractive to future students. It is encouraging to see growth in our student numbers, with all of the approved training firms reporting an increased student population over prior years and many have future hires already lined up.

Our students registered with the Atlantic School of Chartered Accountancy (“ASCA”) have performed exceptionally well, including achieving the highest grades on certain courses. ASCA’s thorough approach, combined with the assistance and feedback of the students, creates a supportive framework upon which our students will no doubt succeed. ASCA and Bermuda’s success in the 2006 UFE confirms this.

This year the UFE was far from normal! Due to the impending arrival of Hurricane Florence, the ICAB office together with the committee made the decision to fly our eight candidates to Halifax to sit the 3 day exam with the Institute of Nova Scotia candidates. Whilst this was obviously not an easy transition for our candidates, I would like to congratulate them for maintaining their composure throughout that time.

Congratulations to our six successful 2006 writers! A special mention should also be made of Olena Sche-

menauer who won a place on the David Hope Honour Roll on the basis of her outstanding performance in ASCA’s professional program, an achievement

gained by only three previous Bermuda writers.

The success of the 2006 UFE writers, together with the successful CPA students during the past year, was celebrated at the Convocation dinner at the Hamilton Princess on April 21, 2007. I would like to thank the Convocation Committee, Nikki Thomas-Bell, Chrystal Gatere and Joelle Lacasse, as well as Wenda Aberdeen and Phil Gagle, for their impeccable organisation of the event.

In July and November 2006 we held receptions for all the current students and administrators which were very well received by all. These events were principally social occasions and it is our intention to continue this trend annually in order to foster good relations amongst our students.

In addition, through a student newsletter we aim to keep our students and membership at large up to date with current issues and the latest student successes. During the next year we aim to issue these with increased regularity.

I would like to thank all the members of the Student Affairs Committee for their immense dedication and hard work. In particular, I would like to

thank Ron Burke and Stephen Caton, the committee’s previous Chair, who have consistently supported me through my first year as Chair. ♦

*“It is encouraging to see growth in our student numbers”*

### STUDENT AFFAIRS COMMITTEE MEMBERS

Tracy Turtle, CA, Chair  
 Ronald J. Burke, CA  
 Jennifer D. Gosse, CA  
 Glen N. Masters, CA  
 Georgina A. McDonald, CA  
 Nikki C. Thomas-Bell, CA  
 Latanya Carmichael, CPA Student Representative  
 Francesca Bortoli, CA Student Representative  
 Selena Mello, Student Representative  
 Chesney Pearman, CPA Student Representative  
 Reneka Smith, CA Student Representative  
 Richard Bartlett, CHRP, Ex-officio  
 Susan E. Darrell, Ex-officio  
 Phillip R. Gagle, MPA, President and Chief Executive Officer, Ex-officio

# Public AWARENESS COMMITTEE



The 2006/07 year has been a busy one for the Institute and the Public Awareness Committee has been involved in many initiatives throughout this period. Principal among these activities were the re-branding of the CA Logo, new advertising campaign

name suggests, we reconfirmed the importance of the committee as the communication point for all members. We have set the following responsibilities and are committed to ensuring that these are achieved. Many of these are dependent on, or related to, the new

A great deal of work has been done on ICAB's new website and I am indebted to the efforts of Norris Ebbin, CA and Phil Gagle for their initiative, guidance and support. Norris and Phil did exceptional work in establishing the site's framework and negotiating the support

*“...we reconfirmed the importance of the committee as the communication point for all members”*

(in Canada only at this stage) and the development of ICAB's new website.

The year started with a review of the Institute's strategic objectives, and a confirmation of objectives by sub-committee. Included in these efforts was the re-drafting of terms of reference for the Public Awareness Committee. In addition to interaction with the general public and media as the committee's

#### **PUBLIC AWARENESS COMMITTEE MEMBERS:**

Stephen R.O. Caton, CA, Chair  
Anika M. De Shields, CA  
Norris E. Ebbin, CA  
Kim Gittens, CA  
David A.D. King, CA  
Jennifer Thoews, CA  
Phillip R. Gagle, MPA, President  
and Chief Executive Officer,  
Ex-officio

website rollout and this project has understandably received the most attention:

- ❖ Maintaining and managing the content of the Institute's Website;
- ❖ Keeping the Membership informed of all Institute activities and encouraging participation therein;
- ❖ Executing public relations initiatives to earn the understanding and acceptance of the general public;
- ❖ With the Student Affairs Committee, providing career information and counselling to Secondary and Tertiary level students and encouraging student enrollment; and,
- ❖ With the Professional Development Committee, keeping the Membership informed of upcoming courses.

and licensing arrangements behind the portal. Content upload is ongoing and, by summer's end, we hope to have a workable site for members' use. The website will continue to be a work in progress and I encourage the feedback from members. It is anticipated that the website will become principal point of interaction for members and the Institute.

You will see the new CA logo used on the cover of this report and elsewhere. The rollout has been well-received and we will be updating all affected documents, signage, etc. through to the end of 2007. It is a progressive and modern image that we hope will gain ready recognition for the profession.

ICAB did not directly subscribe to the new CA advertising campaign that encompassed a Canada-wide multi-media approach. The professional and

thought-provoking advertising was popular with both members and the public at large. "The CA Advantage" resonated on many levels and while the print and electronic campaign was not targeted for Bermuda, we did use styling and taglines associated with the campaign in our student advertising in this year's Your Future magazine. The fundamentals of teamwork, professionalism and expertise are emphasised as part of the CA Advantage campaign.

Your Future also recognised this year's scholarship winner. Awarded during the summer of 2006, our Bermuda College Scholarship recipient is Mr. Steven Skinner, an aspiring young man who

has a bright future ahead of him. We will soon again confer this award on a new recipient which will fully subsidise the student's annual tuition at the College.

We recently completed our Outstanding Student Awards which recognise top graduating students in the island's secondary schools. This programme has been successfully run for 24 years and is both a highlight at the schools' ceremonies and also provides for members, in most cases alumni, to publicly represent the Institute among Bermuda's future leaders...and CAs!

I extend my thanks to Phil and Wenda

for their valuable assistance to me and members of the Public Awareness Committee in ensuring the success of the awards. Beyond this programme, Phil and Wenda have been very supportive of me personally and the committee in all its activities and for this I am most grateful.

I look forward to the rollout of the website and working with members on making this a valuable tool for the membership. I extend a final note of appreciation to members of my committee - thank you for your patience and continued support! ♦

RONALD E. SIMMONS, CA

# Applications

## REVIEW COMMITTEE

The Applications Review Committee is responsible for vetting all applications for membership of the Institute and making the appropriate recommendations to Council.

During the 2006/2007 Year the Committee vetted 54 applications. These included 34 from Public Practice,

19 from industry and 1 from Government.

No applications were withdrawn during the period under review. ♦

### APPLICATIONS REVIEW COMMITTEE MEMBERS

Ronald E. Simmons, CA, Chair  
William A. Jack, CA  
Sarah J. Farrington, CA  
Phillip R. Gagle, MPA, President and Chief Executive Officer, Ex-officio

*"...the Committee vetted 54 applications"*

# Professional DEVELOPMENT COMMITTEE

The Continuing Professional Development (CPD) Committee has been active in a number of areas during the past year. Following the introduction of mandatory CPD in 2005 the CPD Committee (‘the Committee’) has addressed and/or considered a number of issues including:

- ❖ The applicability of CPD to certain categories of ICAB members
- ❖ Definition of structured vs. unstructured hours
- ❖ Monitoring of CPD submissions
- ❖ Web site development
- ❖ Opportunities available to meet structured hours through courses offered by ICAB
- ❖ Resource requirements to develop ICAB’s CPD program

Hopefully members will have understood and appreciated the changes made to the exemption categories and will have a better understanding of the definition of structured and unstructured hours. Monitoring CPD submissions continues, and work has been going on behind the scenes to develop the CPD section of ICAB’s new web site. The aim is to ultimately provide a user-friendly portal for members to register for courses and monitor their own CPD hours.

The scope of CPD courses offered by ICAB has been relatively limited to

date, and the development of the CPD program is acknowledged as a priority of Council. ICAB, through the CPD Committee, will be aiming to expand course offerings in areas of core technical competency, emerging issues and soft skills. Members will have noticed

new position is currently in process.

I would like to thank the members of the Committee – Tracy Turtle, Jane Knight, Craig Redcliff, Craig Eckman, Shareena Hall, Dee-Ah Iris and Charlene Gabriel – for their hard work

*“The goal is a program of courses that can be developed and added each year in accordance with the needs of ICAB members”*

and/or attended recent courses which were selected based on these parameters – Financial Instruments, GAAP for Insurers/Reinsurers and Seven Habits for Managers.

The goal is a program of courses that can be developed and added each year in accordance with the needs of ICAB members. In order to accomplish these goals it will be necessary to add one additional full time CPD staff member to identify, register and administer relevant courses. The recruitment for this

and contributions during the year. In addition to our very active Committee members, I’d like to express my sincere appreciation to our ICAB staff executive assistant Wenda Aberdeen for her fine support of ICAB’s CPD efforts. ♦

# Governance AND ADMINISTRATION

## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA

### COUNCIL STAFF

#### CHAIR

N. Thomas Conyers, FCA  
PricewaterhouseCoopers

#### PRESIDENT AND CHIEF EXECUTIVE OFFICER

Phillip R. Gagle, MPA

#### VICE-CHAIR

William A. Jack, CA  
Deloitte & Touche

#### EXECUTIVE ASSISTANT

Wenda A.L. Aberdeen

#### SECRETARY

R. John Wight, CA  
BF&M Insurance Group

#### INSTITUTE ADDRESS:

*Office*  
Boyle Building, 2nd Floor  
31 Queen Street  
Hamilton HM 11  
Bermuda

#### TREASURER

Andrew A. Griffith, CA  
Western General Insurance Ltd.

#### *Postal*

P.O. Box HM 1625  
Hamilton HM GX  
Bermuda

#### OTHER MEMBERS

Craig I.V. Bridgewater, CA  
KPMG

Tel: (441) 292-7479

Fax: (441) 295-3121

E-mail: [icab@northrock.bm](mailto:icab@northrock.bm)

Website: [www.icab.bm](http://www.icab.bm)

Stephen R.O. Caton, CA  
BISYS Hedge Fund Services Limited

Sarah J. Farrington, CA  
Conyers Dill & Pearman

Jessel J. Mendes, CA  
Ernst & Young

Ronald E. Simmons, CA  
Moore Stephens & Butterfield

David F. Skinner, CA  
Aspen Insurance Holdings Ltd.

Tracy Turtle, CA  
KPMG

#### CICA REPRESENTATIVE

Kevin Dancey, CA  
President & Chief Executive Officer, CICA

# Governance AND ADMINISTRATION

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA

## CICA & INTER-PROVINCIAL COMMITTEES & TASK FORCES

### **COUNCIL OF PRESIDENTS**

N. Thomas Conyers, FCA

### **SELECTION COUNCIL**

N. Thomas Conyers, FCA

### **COUNCIL OF SENIOR EXECUTIVES**

Phillip R. Gagle, MPA

### **ETHICS STANDARDS HARMONISATION**

#### **COMMITTEE (ESHG)**

George H. Holmes, CA, Chair

### **INTERNATIONAL QUALIFICATIONS**

#### **APPRAISAL BOARD (IQAB)**

Phillip R. Gagle, MPA

### **WORK LIFE BALANCE COMMITTEE (CICA)**

Phillip R. Gagle, MPA

### **PUBLIC TRUST TASK FORCE (CICA)**

Phillip R. Gagle, MPA

### **ATLANTIC REGION OFFICERS**

#### **GROUP (AROG)**

N. Thomas Conyers, FCA

Phillip R. Gagle, MPA

## ICAB AND OTHER COMMITTEES & TASK FORCES

### **NOMINATING COMMITTEE**

Robert A. Blee, CA, Chair

Andrew D. Parsons, CA

Tracey S.R. Pitt, CA

### **PROFESSIONAL LIABILITY TASK FORCE**

N. Thomas Conyers, FCA, Chair

Robert A. Blee, CA

J. David Boden, CA

Scott Hunter, FCA

### **STANDING COMMITTEE ON BY-LAWS, RULES AND INTERPRETATIONS (SCOBRI)**

George H. Holmes, CA, Chair

### **LEGAL AID COMMITTEE**

Roderick C. Romeo, Jr., CA, ICAB Representative

## ATLANTIC SCHOOL OF CHARTERED ACCOUNTANCY

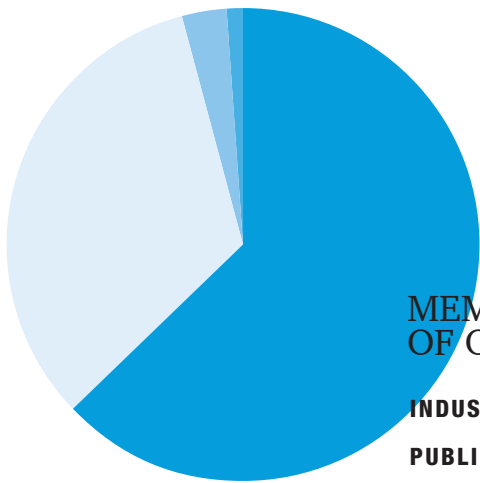
### **BOARD OF DIRECTORS**

Tracy Turtle, CA

Ronald J. Burke, CA

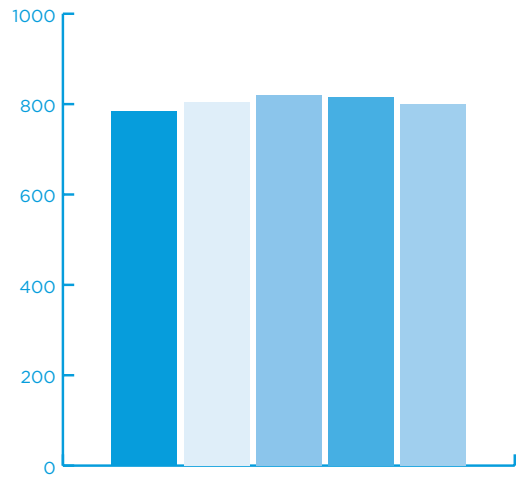
# ICAB Membership

## STATISTICS



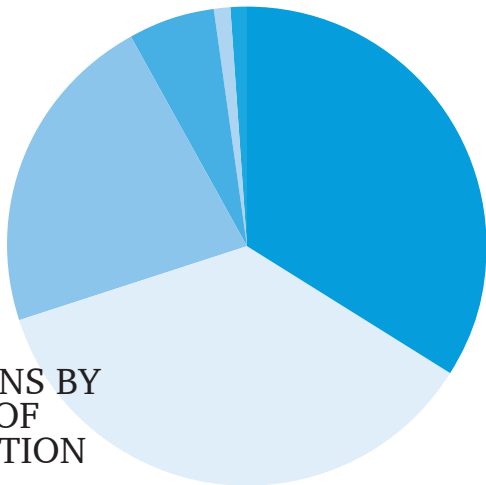
**MEMBERS BY TYPE OF OCCUPATION**

<b>INDUSTRY</b> .....	<b>63%</b>
<b>PUBLIC PRACTICE</b> ....	<b>33%</b>
<b>GOVERNMENT</b> .....	<b>3%</b>
<b>RETIRED</b> .....	<b>1%</b>



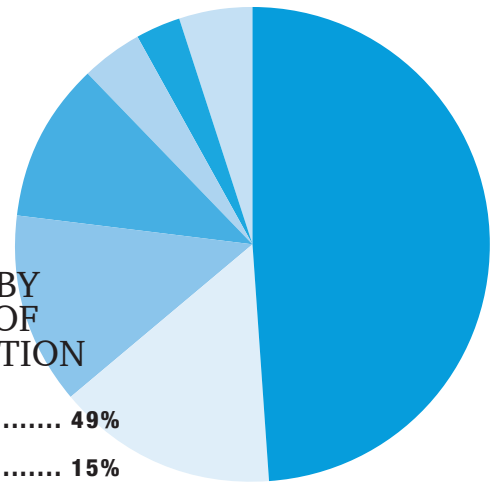
**MEMBERS BY YEAR**

<b>2003</b> .....	<b>785</b>
<b>2004</b> .....	<b>805</b>
<b>2005</b> .....	<b>820</b>
<b>2006</b> .....	<b>815</b>
<b>2007</b> .....	<b>800</b>



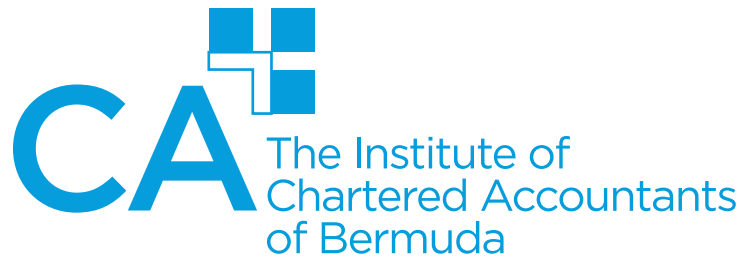
**BERMUDIANS BY COUNTRY OF QUALIFICATION**

<b>BERMUDA</b> .....	<b>34%</b>
<b>U.S.A.</b> .....	<b>36%</b>
<b>CANADA</b> .....	<b>22%</b>
<b>ENGLAND &amp; WALES</b> .....	<b>6%</b>
<b>SCOTLAND</b> .....	<b>1%</b>
<b>IRELAND</b> .....	<b>1%</b>



**MEMBERS BY COUNTRY OF QUALIFICATION**

<b>CANADA</b> .....	<b>49%</b>
<b>U.S.A.</b> .....	<b>15%</b>
<b>ENGLAND &amp; WALES</b> ...	<b>13%</b>
<b>BERMUDA</b> .....	<b>11%</b>
<b>SCOTLAND</b> .....	<b>4%</b>
<b>IRELAND</b> .....	<b>3%</b>
<b>OTHER</b> .....	<b>5%</b>



**FINANCIAL STATEMENTS**  
**(AND AUDITORS' REPORT THEREON)**  
**FOR THE YEAR ENDED**  
**MARCH 31, 2007**

Auditors' Report  
Statement of financial position  
Statement of operations and changes in net assets  
Statement of cash flows  
Notes to the financial statements



**AUDITORS' REPORT**

To the Members of  
The Institute of Chartered Accountants of Bermuda,

We have audited the statement of financial position of The Institute of Chartered Accountants of Bermuda (the "Institute") as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada which have general application in Bermuda. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada which have general application in Bermuda.



Chartered Accountants  
Hamilton, Bermuda  
June 20, 2007

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2007**


(Expressed in Bermuda Dollars)

	Note	2007 \$	2006 \$
<b>ASSETS:</b>			
<b>Current assets</b>			
Cash		64,263	101,190
Deposits	3	367,055	360,492
Interest receivable		6,812	3,641
Accounts receivable	4	23,580	6,228
Prepaid expenses		823	2,140
<b>Total current assets</b>		<b>462,533</b>	<b>473,691</b>
Property, plant and equipment	5	44,419	1,840
<b>Total assets</b>		<b>506,952</b>	<b>475,531</b>
<b>LIABILITIES:</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		60,648	10,757
<b>Total current liabilities</b>		<b>60,648</b>	<b>10,757</b>
<b>NET ASSETS:</b>			
Unrestricted net assets		446,304	464,774
<b>Total liabilities and net assets</b>		<b>506,952</b>	<b>475,531</b>

*The accompanying notes should be read in conjunction with these financial statements*

Approved by the Executive Committee:

  
Chair

  
Treasurer

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2007**

(Expressed in Bermuda Dollars)

	Note	2007 \$	2006 \$
<b>OPERATING REVENUES:</b>			
Membership fees		461,067	472,905
Less: CICA fees		(225,216)	(224,894)
<hr/>			
Membership fees retained		235,851	248,011
Interest		16,919	11,936
Admission fees		8,100	12,000
<hr/>			
<b>Total operating revenues</b>		<b>260,870</b>	<b>271,947</b>
<hr/>			
<b>OPERATING EXPENSES:</b>			
Salaries and benefits		178,032	144,126
Rent and office maintenance	6	34,297	19,946
Legal fees		19,541	17,794
General and administrative		17,281	12,131
Conferences and committees		15,721	13,076
Insurances		8,121	8,579
Printing and stationery		7,222	6,471
Information technology consulting		6,905	573
Amortization of property, plant and equipment		4,817	3,857
<hr/>			
<b>Total operating expenses</b>		<b>291,937</b>	<b>226,553</b>
<hr/>			
<b>Excess (deficiency) of operating revenues over operating expenses</b>		<b>(31,067)</b>	<b>45,394</b>
<hr/>			
<b>NET PROGRAM REVENUES (EXPENSES):</b>			
Professional development		32,386	46,243
Student affairs		5,988	5,470
Public awareness		(25,777)	(24,953)
Audit		-	-
<hr/>			
<b>Total net program revenues</b>	4	<b>12,597</b>	<b>26,760</b>
<hr/>			
<b>Excess (deficiency) of revenues over expenses</b>		<b>(18,470)</b>	<b>72,154</b>
<hr/>			
<b>Unrestricted net assets, beginning of year</b>		<b>464,774</b>	<b>392,620</b>
<hr/>			
<b>Unrestricted net assets, end of year</b>		<b>446,304</b>	<b>464,774</b>

*The accompanying notes should be read in conjunction with these financial statements*

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2007**

(Expressed in Bermuda Dollars)

	2007 \$	2006 \$
<b>OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenues over expenses	(18,470)	72,154
<b>Items not affecting cash:</b>		
Amortization of property, plant and equipment	4,817	3,857
<b>Changes in non-cash working capital:</b>		
Interest receivable	(3,171)	(230)
Accounts receivable	(17,352)	(4,421)
Prepaid expenses	1,317	2,612
Accounts payable and accrued liabilities	49,891	(13,088)
Course fees and convocation expense recoveries received in advance	-	(31,328)
<b>Cash and deposits provided by operating activities</b>	<b>17,032</b>	<b>29,556</b>
<b>INVESTMENT ACTIVITIES:</b>		
Purchase of property, plant and equipment	(47,396)	-
<b>Cash and deposits applied to investing activities</b>	<b>(47,396)</b>	<b>-</b>
Net (decrease) increase in cash and deposits	(30,364)	29,556
<b>Cash and deposits, beginning of year</b>	<b>461,682</b>	<b>432,126</b>
<b>Cash and deposits, end of year</b>	<b>431,318</b>	<b>461,682</b>
<b>Cash and deposits consist of:</b>	<b>64,263</b>	<b>101,190</b>
Cash	367,055	360,462
Deposits		
<b>Total cash and deposits</b>	<b>431,318</b>	<b>461,682</b>

*The accompanying notes should be read in conjunction with these financial statements*

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007**

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**1. Authority**

The Institute of Chartered Accountants of Bermuda (the “Institute”) was established under the authority of the Institute of Chartered of Accountants of Bermuda Act 1973. The Institute is affiliated with the Canadian Institute of Chartered Accountants (“CICA”) and its principal objectives are to promote and increase the knowledge, skill and proficiency of its members and students, to regulate the discipline and professional conduct of its members and students, to promote the best standards of practice in financial reporting and in the expression of professional opinions in relation thereto, and to promote and protect the welfare and interests of the Institute and the accounting profession.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which have general application in Bermuda, and are denominated in Bermuda dollars. The Institute’s significant accounting policies are as follows:

***Property, plant and equipment***

Property, plant and equipment are recorded at cost, net of accumulated amortization which is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Website and related software	5 years

***Revenue recognition***

Membership fees are recognised as revenue in the fiscal year to which they relate. Program revenues and expenses are recognised as revenues and expenses when the events are held.

***Donated services***

The work of the Institute is dependent on the voluntary services of many members. Since these services are not normally purchased by the Institute, and because of the difficulty in determining their fair value, donated services are not recognised in these financial statements.

***Foreign exchange***

Expenses invoiced in foreign currencies are translated into Bermuda dollars at the rates of exchange in effect on the date of the transaction.

***Use of estimates***

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements. Estimates also affect the reported amounts of revenues earned and expenses incurred for the reporting period of the statement of operations. Actual results could differ from those estimates.

**3. Deposits**

Deposits comprise three separate deposits with two Bermuda banks, which mature on October 5, 2007, October 25, 2007 and January 31, 2008.

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2007**

**4. Program activities**

The Institute generates revenues and incurs expenses for various programs. The gross revenues and expenses relating to these programs are as follows:

	2007			2006
	Revenues \$	Expenses \$	Net \$	Net \$
Professional development*	99,125	(66,739)	32,386	46,243
Student affairs	7,175	(1,187)	5,988	5,470
Public awareness	21,647	(47,424)	(25,777)	(24,953)
Audit**	12,000	(12,000)	-	-
	<u>139,947</u>	<u>(127,350)</u>	<u>12,597</u>	<u>26,760</u>

\* Professional development represents 6 courses administered during the year (2006 - 6 courses). Certain expenses were settled by firm members.

\*\* For the year ended March 31, 2007, the audit fee expense of \$12,000 was agreed to be paid for by four firms of chartered accountants, the partners of which are members of the Institute and of which certain partners are members of the executive committee and other sub-committees. The balance of \$12,000 is included within accounts receivable as at March 31, 2007. For the year ended March 31, 2006, audit services were donated by a firm of chartered accountants.

**5. Property, plant and equipment**

Property, plant and equipment comprise:

	2007			2006
	Cost \$	Accumulated Amortization \$	Net book Value \$	Net book Value \$
Office equipment	18,015	17,255	760	1,578
Computer equipment	8,267	8,267	-	200
Furniture and fixtures	30,787	5,707	25,080	62
Website and related software	18,579	-	18,579	-
	<u>75,648</u>	<u>31,229</u>	<u>44,419</u>	<u>1,840</u>

**6. Commitment**

The Institute has entered into a lease for the office space it occupies at a monthly rent of \$1,763 (2006 - \$1,729).

**7. Comparative balances**

Certain prior year balances have been reclassified to conform to the presentation adopted in the current year.



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