

Annual



Report

TWO THOUSAND AND TEN



# Annual Report 2010

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# Chair's Report



R. John Wight, CA

The Mission and Vision of the Institute of Chartered Accountants of Bermuda (ICAB) is to foster public confidence in the CA profession by acting in the public interest and helping our members excel. This Mission and Vision aligns with that of the Canadian Institute of Chartered Accountants (CICA), with which ICAB has been affiliated since 1973.

The CICA developed a three year strategy document in 2008 for the CA profession. It listed the following strategic initiatives which contribute to the missions of the Provincial and Bermuda institutes:

- Attract exceptional people to be CAs and develop and support all members throughout their professional careers and into retirement
- Enhance, promote and protect the CA profession so that it is the most valued, internationally recognized Canadian profession of leaders in senior management, advisory, financial, tax and assurance roles
- Ensure public trust and confidence in the CA profession through establishing, influencing, monitoring and enforcing high quality accounting, auditing, assurance and ethical standards and practices, and seeking high uniform public accounting standards
- Ensure organizational effectiveness

There are more than 74,000 CAs in Canada and Bermuda. Ours is the largest accounting profession. Our goal is to remain the pre-eminent accounting body in our profession. To do so requires constant change as today's students have many more exciting employment options than many of us had when we were students. As the CA profession strives to attract the brightest and the best students, this means adapting to the needs and wants of these individuals. Many of you may not know but there are currently over 200 students training outside of public practice in Canada who will over the next few years qualify to challenge the Uniform Final Evaluation (UFE).

ICAB is also looking at offering training opportunities in Bermuda outside of public practice using qualified employers for our students who prefer this option. Change, while still maintaining the high standards required of a CA, is required for accountancy to remain the career of choice for these students.

ICAB develops its own plan to align with that of the CICA and to focus on issues that are most relevant to member CAs and students in Bermuda. The four main areas of our focus are the following:

#### *Providing value for money for membership in ICAB*

ICAB is committed to offering topical and comprehensive courses to its members in order to enable each member to fulfill their structured compliance responsibilities for professional development. During the fiscal year 2009/2010, 48 courses were put on by ICAB on topics such as GAAP updates and fraud awareness. While the majority of people who attend these courses are our own members, many non-members also saw the value in our course offerings and attended. In addition, ICAB is developing affinity programmes with local organizations to offer benefits to CAs in Bermuda by virtue of membership in ICAB.

#### *Protecting the CA brand*

ICAB and Canada's Institutes of Chartered Accountants work in partnership to develop and enforce high standards to protect the public interest and maintain the strong reputation and integrity of the CA profession. Bermuda's Chartered Accountants are subject to enforcement of the Rules of Professional Conduct, Continuing Professional Development requirements, and comprehensive public oversight and discipline mechanisms. In addition, CAs practicing public accounting are subject to mandatory practice inspection and professional liability insurance programs.

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*Communicating to young Bermudians the benefits of becoming a Chartered Accountant*

ICAB attends events such as the Bermuda Careers Fair and the Bermuda International Business Association networking day and is actively getting into Bermuda's public and private schools to discuss the challenging employment opportunities afforded to students as a Chartered Accountant. I encourage all CAs in Bermuda to promote our profession to Bermuda's youth.

*Advising and providing appropriate training for Bermudians wishing to become a Chartered Accountant*

This is very capably addressed through the combined efforts of accounting firms in Bermuda, ICAB, and the Atlantic School of Chartered Accountancy (ASCA). Ron Burke's comprehensive report as Chair of the Student Affairs Committee details all that is done to ensure that our students are well prepared for the exams leading up to the UFE and the UFE itself. The number of successful UFE writers this year shows the excellent job being done by local accounting firms, ICAB and ASCA.

Council Committee Chairs for Professional Development, Student Affairs, Professional Practice, Public Awareness and Applications Review have provided excellent reports on issues facing Bermuda and what their committees have done to move ICAB forward during the past year. One of the many gratifying events that take place each year for CAs is officially welcoming new Bermudian and Bermuda resident CAs to our Institute following the successful completion of the Uniform Final Evaluation (UFE). The 2010 Convocation in April had seven Bermudians recognized for successfully passing the UFE, the most Bermudians ever to pass in the same year. On behalf of all of us at ICAB I would like personally to congratulate them, in addition to the other individuals who were recognized at the convocation dinner. We were delighted that Doug Baker, Chair of the CICA, was able to be present in Bermuda for the convocation. It was an honour for me to stand next to Doug handing out the diplomas to these graduates who will become tomorrow's business leaders.

The composition of the Council changed since the last Annual General Meeting. Craig Bridgewater,

David Skinner, and Jennifer Thoews stepped down. I would like to thank them for their many years of dedicated service to Council. We were pleased to welcome Colm Homan, Francine Mason, Anika DeShields and Colin Couper to Council.

This Annual General Meeting marks the completion of my two year term as Chairman of ICAB. I have thoroughly enjoyed my role as Chairman, working with many exceptional professionals in Bermuda and the provinces and territories in Canada. While our profession has many challenges ahead, the people in our profession are dedicated to ensuring that the CA brand is the pre-eminent one for public practice firms, industry executives, students, and all other stakeholders and interested parties.

I would like to thank ICAB's President & Chief Executive Officer, Annarita Marion, for her leadership. ICAB is fortunate to have someone like Annarita with the skill set and drive that she brings to the position. Annarita is ably assisted by Susan MacLachlan, Director of Continuing Professional Development, and Wenda Aberdeen, Executive Assistant. We are very fortunate to have these three ladies working hard for our members. I would also like to thank the members of Council and our various committees for their support during my term as Chair.

In closing I would like to refer to words attributed to Scottish author J.M. Barrie; "Nothing is really work unless you would rather be doing something else". I can truly say that I never wanted to do anything else, and remain proud to be a member of our great profession.

# Professional Practice Committee

Colm A. Homan, CA



2009/10 has been an exciting and busy year with a number of significant developments in the profession and the broader regulatory arena in Bermuda. ICAB, through the Professional Practice Committee, was involved in consultations in the following areas during the year:

- Continued changes to Bermuda's Anti-Money Laundering and Counter Terrorism Financing framework
- Development of an independent oversight body for the public accounting profession to enable compliance with EU Directive #8
- Continued enhancements of Bermuda's regulatory framework in the insurance industry.

Details of each of the profession and regulatory-related matters noted above are as follows:

## *Changes to Bermuda's legislation relating to Anti-Money Laundering and Counter Terrorism Financing*

As noted in last year's Annual Report, the accounting profession (and therefore ICAB) is required to establish an independent supervisory authority in relation to monitoring compliance with AML rules by its members.

Activities during the year included continued consultation with representatives of the National Anti-Money Laundering Committee ("NAMLC") and "partnership" with the Bermuda Bar Association, who have a similar responsibility to ICAB for establishing a supervisory framework for the legal profession.

ICAB has reached an agreement in principle with both the Bermuda Bar Association and with NAMLC to set up a joint oversight body which will be independent of both professional associations and which will be responsible for performing the compliance testing. We are also working with representatives of NAMLC and the Attorney General's office to draft enacting legislation for the

oversight board and to identify any changes which may be required to ICAB's Bye-laws.

## *Developing a framework to enable ICAB and its members to comply with EU Directive #8.*

Last year, it was noted that the sub-committee formed to address this issue had made a preliminary conclusion that it is desirable to have an independent oversight body to regulate the practice of public accounting in Bermuda. One of the key objectives of setting up such an oversight board would be to allow Bermuda to be viewed as an equivalent jurisdiction to the EU and to avoid potentially having multiple individual EU regulators performing practice inspections in Bermuda.

PPC presented an outline framework for how an oversight board could work to the Ministry of Finance during the middle of 2009. Since then, there have been a number of discussions with the Ministry, representatives from the EU, the BMA and the Canadian Public Accountability Board (CPAB) to explore how to establish such an oversight body and to determine its scope, testing approach and powers. In addition, a proposal for the definition of Public Interest Entities (PIEs) has been developed which has been shared with the EU to assess whether or not this might be deemed as equivalent. This work will continue to progress over the next six months.

## *Proposed changes to Bermuda's insurance regulatory framework.*

*The Insurance Sub-Committee has had a very active year, reviewing and providing comment (as applicable) to the BMA on proposed changes to the insurance regulatory framework including:*

- I. Consultation Paper on Eligible Capital
- II. Discussion Paper on Own Risk Solvency Assessment
- III. Consultation Paper on Insurance Code of Conduct

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- IV. Representation on the Economic Balance Sheet taskforce
  - V. Consultation Paper on Capital and Solvency Requirements for Long-term Business; and
  - VI. Discussion Paper on Group Supervision and draft legislation

The BMA continues to be proactive in the development and revision of Bermuda's insurance regulation to help ensure that it remains effective. This has kept the Insurance Sub-Committee very busy and is expected to continue to do so in the foreseeable future.

In addition, the sub-committee also worked closely with the BMA to develop guidance on areas of Statutory Accounting where diversity had been observed in practice. Copies of this new guidance, which addresses 18 separate areas of current diversity, is available through the BMA's website.

Thank you to all Committee members, sub-committee members and others who assisted the Committee in its activities this year.

Discussion of matters that affect our profession at the ICAB level has many benefits including open discussion among all practicing members, consistency across the industry and effective dialogue with members of Bermuda's business and regulatory community. I encourage all members to continue to refer any issues that may affect our practicing members to ICAB and, in turn, the Professional Practice Committee.

#### PROFESSIONAL PRACTICE COMMITTEE MEMBERS

- Colm A. Homan, CA, Chair
- Craig I.V. Bridgewater, CA
- Myron E. Binns Jr., CA
- Andrew J. Brook, CA
- Colin N. Couper, CA
- Gwen D. Haller, CA
- Chad A. Critchley, CA
- Stephen C. Kuzyk, CA
- Brendan O'Reilly, CA
- Nicolette Reiss, CA
- Ronald E. Simmons, CA

Judith Howe Tucker, CA, ex-officio – BMA representative, Insurance

Graeme Dargie, ex-officio – BMA representative, Banking, Trusts & Investments

Annarita G. Marion, JP, CA, President and Chief Executive Officer, ex-officio



## Student Affairs Committee



Ron J. Burke, CA

The Student Affairs Committee is charged with assisting ICAB and its strategic partners in delivering an organized and responsive program of professional study to students. To this end, the Committee has engaged in the attraction of students to the program, the fostering of training assistance during current student programs, and providing a network for students in and out of the work environment, as to ensure that they are equipped with the necessary skills to enable them to perform at their highest level both during their study program and within their final professional exam.

The Committee is actively involved in recruiting efforts for the profession, having participated in several events throughout the past year, most notably, the Bermuda International Business Association networking event, and the Bermuda Careers Fair. Participation in such events not only brings awareness of the accounting profession, but also illustrates the commitment that ICAB has in Bermuda's youth, and the investment it is willing to make in the students and future business leaders of tomorrow. It goes without saying that participation in these events are paying off, as we had eleven Bermuda writers challenge the 2009 Uniform Final Evaluation (UFE), and we expect to have at least ten students commence the CA professional program in 2010. Through these numbers, it is truly great to see the growing interest our young students have in making a difference in Bermuda and becoming the business leaders of tomorrow, being supported by a professional accountancy designation. However, while these numbers do seem encouraging, we cannot ignore the impact which the global recession has had and is still having on our local economy. As businesses transition to become more efficient and trim costs wherever possible in order to remain competitive, the number of professional accountant positions currently available has diminished either through lay-offs, redundancies, or from positions being moved off-island to more inexpensive locations. While there have been signs of recovery from the global recession, we can only anticipate that this will translate into a more prosperous

economy for Bermuda, with the attraction of new businesses to the island, and existing businesses remaining resilient and committed to their future successes. This environment will definitely pose a challenge to the Committee, one that we are poised to accept, as we continue to pursue non-traditional student in-flow streams, and expand the reaches of our membership in order to meet the demands of the current market place.

This year was certainly a great year for Bermuda, as we enjoyed the success of seven candidates who successfully passed the 2009 UFE. The Committee would like to send out special congratulations to Deneka Borden, Francesca Bortoli, Kristina Crockwell, Melissa Durrant, Erica Easton, Tania Garcia and Emma Rego for having been successful with not only a long and challenging program of study, but also for being successful in their attempt on the UFE, which is recognized as one of the most difficult and challenging professional programs and exams in the world. Well done to all of our successful 2009 UFE graduates! To our unsuccessful writers, they should not be discounted, as they too have gone through the same grueling process. We would like to congratulate them on all of their efforts in 2009 and in the current year, and wish them every success on the 2010 UFE.

The success of the 2009 UFE was celebrated on April 17, 2010 at Fourways Inn, with the Convocation of not only our 2009 UFE graduates, but also our successful CPAs, ACAs, and our successful overseas CA and CPA candidates. In addition to our seven successful 2009 UFE writers, our successful CPA writers included Tamara Grant, James Lister, Elrene Perez, Sherkyta Roberts, Lesley-Jane Smith, Cindy Repose, Stephanie Bain, Zaynab Brown, Latanya Carmichael and Takiyah Tucker, while our newest ACA was Kelli Nusum. A special congratulations to Vanessa Smith, a Bermudian, who resides and wrote her CA in Canada. ICAB also welcomed into the profession our successful overseas CA and CPA writers, Michael Binko, Cristina Fadero, Eugene Johannes,



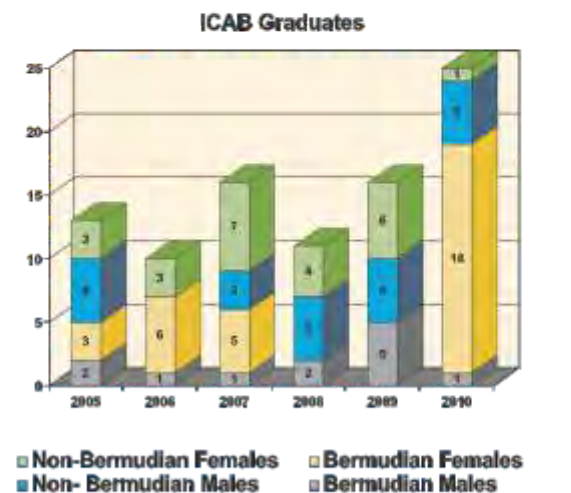
Seth Marshall, Mark Wong and Jordan Wurch. Congratulations to all our new CAs, CPAs, and ACA! Special thanks go out to Annarita Marion, Wenda Aberdeen, Anika DeShields, Joanne MacPhee, Krystal McKenzie, and Susan Le'Strange for their organization of the event, and the superb evening that was enjoyed by all in attendance.

The Committee reaches out to its students on a regular basis, whether it be through planned social events aimed at promoting networking amongst the student body, newsletters to the students and membership, or through training programs designed to assist students during their current course of study. During the year the Committee offered student training sessions designed to complement current courses being taken, which were hosted by both Bermuda facilitators and instructors from abroad. The Committee also held, for a second year in a row, a locally run three-day UFE preparatory program. Based on the continued positive feedback from the session, it is the Committee's intention, provided we have sufficient numbers to make the session economically feasible, to continue to provide this training in future years. In an effort to expand the training offerings by the Committee, we have also arranged to have CPA final exam study sessions provided to our CPA students, which are to be held once a year in order to complement the summer exam cycle of the CPA program. It is through efforts such as these that the Committee strives to bring qualified instructors to Bermuda in order to provide students with the final skill sets and coaching they require in attempting their respective final exams. I would like to extend a special thank you to Nikki Thomas-Bell, Andrea Dawe, Allison Fitzgerald and Francesca Bortoli for the successful delivery of the training and assistance sessions held throughout the year, as these sessions represent an important part of student development and preparation during their program of study. As well, I would like to thank Sean Pitcher and Jane Knight, who combined, were able to bring together the annual CPA training session offering. Well done! It should be acknowledged that the activities of the Committee are on a volunteer basis, and I would like to thank all of the members of the Student Affairs Committee for their hard work and dedication throughout the year, for without them, the Committee would not exist. In particular, I would like to thank Glen Masters for his continued support and role as Secretary to the Committee.

## STUDENT AFFAIRS COMMITTEE MEMBERS

- Ron J. Burke, CA, Chair
- Glen N. Masters, CA, Secretary
- Wanda D. Mello, CA
- Tara Makowski, CA
- Karen L. Peckett, CA
- Nikki C. Thomas-Bell, CA
- Reneka C.T. Smith, CA
- Abbey A. MacPherson, CA
- Jarita A. Dill, CA
- D. Jane Knight, CA
- Andrea L. Dawe, CA
- Francesca Bortoli, CA, Student Representative
- Scott C. Quayle, CA
- Loren G. Cann, Ex-Officio
- Allison Fitzgerald, CA
- Heather Walsh, Ex-Officio
- Sean W. Pitcher, CA, CPA Student Representative

Annarita G. Marion, JP, CA, President and Chief Executive Office, Ex-officio



## Public Awareness Committee

Anika M. DeShields, CA



The Public Awareness Committee (PAC) saw the passing of the torch from the former Chair, Jennifer Thoews, who began the revitalization of the Committee, and with a few changes in the composition of the Committee some valuable new skill sets were added for the 2009/2010 year.

The PAC's objective is to serve as a communication point for all members and provide interaction with the general public and media. ICAB has appeared in *The Royal Gazette* a few times this past year, touting accountancy as a career, the seven Bermudian UFE graduates, and publishing the listing of all of its members.

For the first time the PAC was directly involved with the planning and organization of the Convocation Banquet. At this year's banquet, 25 graduates were honoured, 19 of whom were Bermudian. PAC hopes to see a continual increase in the number of graduates and its drive will be to reach potential new accountants by targeting more Bermudian students. In an effort to reach the new 'Generation Z', our student advertising is becoming more web-based. We have advertised in *Your Future* magazine for several years, but this year we became involved in *Your Future TV*, in which ICAB participated in a 4-minute TV media campaign featuring some of our young members speaking of their experiences on becoming qualified accountants and the opportunities it has provided to them. Copies of this production will be provided to middle and high schools for their use to provide students with valuable insight into the accounting profession. This new media will also be linked to our website and shown over the Bermuda Business Channel. In 2010, the PAC will be connecting with middle and high school counsellors and teachers, as we know that after parents, these can be some of the most influential adults in our students' lives.

I would like to thank the members of my Committee for their hard work and dedication. I look forward to continuing the work we have begun on the many projects and ideas on our agenda for the coming

year. I would also like to recognize Annarita Marion, Wenda Aberdeen, Joanne MacPhee, Susan Le'Strange and Krystal McKenzie who provided their invaluable experience and expertise to assist with the organization of the 2010 Convocation Banquet. In addition, a great thank you to Heather Cooper, Annarita Marion, Joanne MacPhee, and Krystal McKenzie for their excellent work on producing the 2010 Annual Report.

### PUBLIC AWARENESS COMMITTEE MEMBERS

Anika M. DeShields, CA, Chair  
Heather J. Cooper, CA, CFA  
David H. Hills, CA  
David C. Gibbons, CA  
Kim Y. Griffith, CA  
Joanne MacPhee, ex-officio  
Kelmia A. Mullings, CA  
Vanessa J. Hardy, CA

Annarita G. Marion, JP, CA, President and Chief Executive Officer, Ex-officio

The Institute of Chartered Accountants of Bermuda has been presenting an award for Outstanding Student Achievement for a number of years. This award is presented to students who have completed High School Level, in recognition of their Scholastic Achievements, Leadership qualities, School spirit and community involvement demonstrated throughout their final school year. These are the qualities that we would be looking for in our future leaders.

The recipients of the 2009 ICAB Outstanding Student Awards were:

**Jasmine Richardson**  
*The Berkeley Institute*

**Sean Crockwell**  
*Bermuda Institute*

**Eleanor Gardener**  
*Bermuda High School for Girls*

**Anthony Decosta**  
*Cedar Bridge Academy*

**Caroline Berlow**  
*Mount Saint Agnes Academy*

**Jessica Johnson**  
*Warwick Academy*

**Nicholas Rinehimer**  
*Saltus Grammar School*

## Professional Development Committee

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D. Jane Knight, CA

The ICAB Professional Development Committee (PDC) develops and maintains a comprehensive continuing education program to assist members to maintain and enhance their knowledge and improve their skills. The Committee is also responsible for monitoring members' annual PDC submissions and ensuring compliance. The PDC reports to Council.

2009 saw a great variety of different training opportunities being brought to the ICAB membership. In total there were 48 training sessions and two free "Lunch and Learns" on topics ranging from accounting updates to fraud awareness, technology and presentation skills. These seminars were well attended by our members and feedback has been very good. We welcome input from members on topics that they would like to see brought to the program going forward. In these difficult economic times it is important that the training we offer provides value and directly relevant content to our members. In many cases we have brought in instructors and programs from overseas and members have commented that the ability to attend these PDC programs here in Bermuda has been particularly helpful.

The PDC portion of the ICAB website contains information about upcoming programs. Going forward we are working on enhanced functions such as registration and payment on-line, and also expect that members will be able to submit their annual compliance documentation through the web-site. There will be information and links on other PDC opportunities as well.

It has continued to be a focus of the Committee to monitor members' PDC submissions and a portion of these are reviewed for compliance in more detail. During these reviews, members are asked to submit supporting documentation for training programs attended. Members who were not in compliance with their PDC requirements are informed of the shortfall, and action plans are developed to bring these members back into good standing.

In addition to the very active members of the Committee, and in particular Susan MacLachlan, I would like to express thanks to the various accounting firms and companies who have allowed us to use their training facilities for our events. This helps us to keep our costs down for the benefit of the membership.

### PROFESSIONAL DEVELOPMENT COMMITTEE MEMBERS

D. Jane Knight, CA, Chair  
Scott C. Quayle, CA  
Craig G. Redcliffe, CA  
Mesheiah J. Bassett-Crockwell, CA  
Jennifer D. Gosse, CA  
Susan R. Maisonneuve, CA  
Crystal M. Astwood, CA

Susan E. MacLachlan, Director of Continuing Professional Development, Ex-officio

Annarita G. Marion, JP, CA, President and Chief Executive Officer, Ex-officio

# Applications Review Committee

Ronald E. Simmons, CA



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

During the 2009/2010 year the Committee vetted seventy-six (76) applications, of which seventy-three (73) were approved and three (3) were deferred. Of those applying, sixty-two (62) were from Public Practice, twelve (12) were from industry and two (2) were from Government.

Also during the year, twenty-nine (29) members resigned from the Institute, the primary reason being persons moving off island.

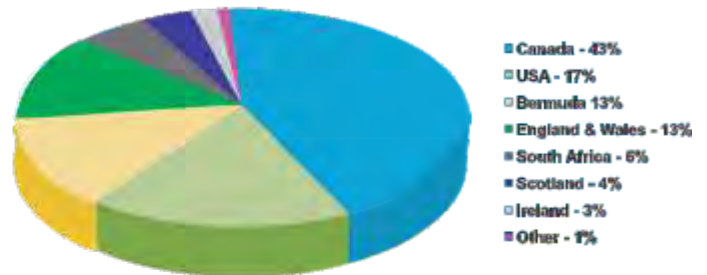
No applications were withdrawn during the period under review.

## APPLICATIONS REVIEW COMMITTEE MEMBERS

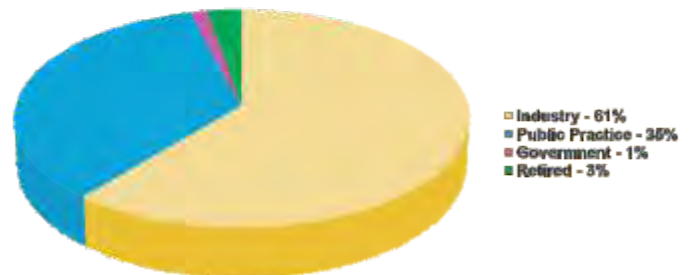
Ronald E. Simmons, CA, Chair  
Samantha M. Froud, CA  
Sarah J. Farrington, CA

Annarita G. Marion, JP, CA, President and Chief Executive Officer, Ex-officio

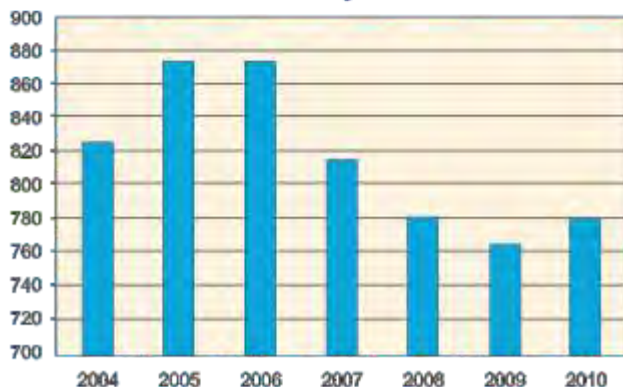
Members by Country of Qualification



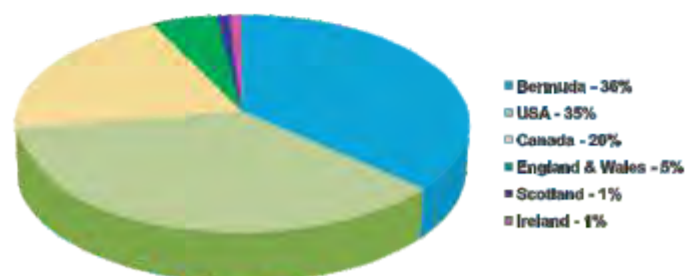
Members by Type of Occupation



Members by Year



Bermudians by Country of Qualification



# ICAB Council & Committees

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## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA COUNCIL

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### **Chair**

R. John Wight, CA  
*B F & M Insurance Group*

Sarah J. Farrington, CA  
*Conyers, Dill & Pearman*

*Director of Continuing  
Professional Development*  
Susan MacLachlan

### **Vice-Chair**

Samantha M. Froud, CA  
*ACE Limited*

Colin A. Homan, CA  
*PricewaterhouseCoopers*

### **Institute Address:**

*Office – Boyle Building, 3rd Floor*  
31 Queen Street  
Hamilton, HM 11  
Bermuda

### **Secretary**

Carlos C. Lee, CA  
*Attorneys Liability Assurance Society  
(Bermuda) Ltd.*

Francine M. Mason, CA  
*R&H Trust Co. (Bermuda) Limited*

*Postal – P.O. Box HM 1625*  
Hamilton, HM GX  
Bermuda

### **Treasurer**

Chad A. Critchley, CA  
*Ernst & Young*

D. Jane Knight, CA  
*PricewaterhouseCoopers*

Tel: (441) 292-7479  
Fax: (441) 295-3121  
E-mail: [info@icab.bm](mailto:info@icab.bm)  
Website: [www.icab.bm](http://www.icab.bm)

Ronald E. Simmons, CA  
*Moore, Stephens & Butterfield*

### **Other Members**

Ronald J. Burke, CA  
*Bacardi Limited*

**CICA Representative**  
George H. Holmes, CA  
*PricewaterhouseCoopers, Bermuda*

Colin N. Couper, CA  
*KPMG*

### **STAFF**

*President and Chief Executive Officer*  
Annarita G. Marion, JP, CA

Anika M. DeShields, CA  
*Lombard Odier Darier Hentsch  
Trust (Bermuda) Limited*

*Executive Assistant*  
Wenda A.L. Aberdeen

## CICA & INTER-PROVINCIAL COMMITTEES & TASK FORCES

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### **Council of Presidents**

R. John Wight, CA

### **International Qualifications Appraisal Board (IQAB)**

Annarita G. Marion, JP, CA

### **ATLANTIC SCHOOL OF CHARTERED ACCOUNTANCY**

### **Leadership Group (CICA)**

R. John Wight, CA  
Samantha M. Froud, CA

### **Post Qualification Working Group**

Susan MacLachlan

### **Board of Directors**

Ronald J. Burke, CA  
Wanda D. Mello, CA

### **Council of Senior Executives(CSE)**

Annarita G. Marion, JP, CA

### **Public Trust Task Force (CICA)**

Annarita G. Marion, JP, CA

### **ATLANTIC REGION OFFICERS GROUP (AROG)**

### **Ethics Standards Harmonization Committee (ESHC)**

George H. Holmes, CA, Chair

### **Women's Leadership Council**

Annarita G. Marion, JP, CA

### **Board Of Directors**

R. John Wight, CA  
Samantha M. Froud, CA  
Annarita G. Marion, JP, CA

### **CA Pooled Professional Development Group (CAPPD)**

Susan MacLachlan

### **Work/Life Committee**

Annarita G. Marion, JP, CA

## ICAB AND OTHER COMMITTEES & TASK FORCES

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### **Nominating Committee**

Andrew D. Parsons, CA, Chair  
N. Thomas Conyers, FCA  
Tracey S.R. Pitt, CA  
Annarita G. Marion, JP, CA, ex-officio

### **Standing Committee on By-laws, Rules and Interpretations (SCOBRI)**

George H. Holmes, CA, Chair

### **Legal Aid Committee**

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

# 2010 Graduates



Convocation attendees with CICA Chair Doug Baker, FCA



Eugene Johannes



Kristina Crockwell



Francesca Bortoli



Deneka Borden



Cristina Fadero



Zaynab Brown



Seth Marshall



Kelli Nusum



Emma Rego



Stephanie Bain



Erica Easton



James Lister



Tamara Grant



Melissa Durrant



Mark Wong



Michael Binko



Takiyah Tucker



Lesley-Jane Smith



Sherkyta Roberts



Elrene Perez



Cindy Repose



Jordan Wurch



Latanya Carmichael

Not pictured: Tanya Garcia and Vanessa Smith

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**MARCH 31, 2010**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA  
FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010  
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# ARTHUR MORRIS, CHRISTENSEN & CO.

CHARTERED ACCOUNTANTS

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## INDEPENDENT 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, 2010, and the statements of operations and 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 Bermuda and Canada. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Bermuda and Canada.


*Arthur Morris, Christensen & Co.*


**Hamilton, Bermuda**  
**May 25, 2010**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2010**  
*(Expressed in Bermuda Dollars)*

	<b>2010</b>	<b>2009</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 123,716	\$ 25,685
Fixed deposits (note 3)	208,429	279,659
Accounts receivable	44,793	41,194
Interest receivable	1,700	6,239
Prepaid expenses	<u>3,504</u>	<u>2,926</u>
	382,142	355,703
<b>PROPERTY AND EQUIPMENT</b> (note 4)	<u>25,892</u>	<u>48,291</u>
	<u>\$ 408,034</u>	<u>\$ 403,994</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 78,065	\$ 99,127
<b>NET ASSETS</b>		
Unrestricted net assets	<u>329,969</u>	<u>304,867</u>
	<u>\$ 408,034</u>	<u>\$ 403,994</u>

**Approved by the Executive Committee**

  
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 Vice Chair

  
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 Secretary

*The accompanying notes form an integral part of these financial statements.*

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2010**

*(Expressed in Bermuda Dollars)*

	<b>2010</b>	<b>2009</b>
<b>OPERATING REVENUES</b>		
Membership fees	\$ 598,535	\$ 514,201
Less: CICA fees	<u>(240,758)</u>	<u>(223,437)</u>
Membership fees retained	357,777	290,764
Interest	1,595	14,412
Admission fees	<u>19,200</u>	<u>19,575</u>
	<u>378,572</u>	<u>324,751</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	227,608	230,058
Rent and office maintenance (note 6)	51,505	54,453
Conferences and committees	22,501	33,230
Disciplinary expense	16,825	23,074
Communication	16,291	15,702
Depreciation	14,818	15,009
Legal fees	14,694	2,319
Miscellaneous	12,637	5,871
Information technology consulting	10,698	16,795
Insurance	7,735	7,731
Loss on disposal of fixed assets	7,580	-
Foreign exchange loss (gain) (note 7)	5,889	(18,681)
Printing and stationery	5,633	9,237
Advertising	3,770	6,106
Executive council expense	<u>3,422</u>	<u>4,220</u>
	<u>421,606</u>	<u>405,124</u>
Deficiency of operating revenues over operating expenses	<u>(43,034)</u>	<u>(80,373)</u>
<b>PROGRAM REVENUES (EXPENSES) (note 5)</b>		
Professional development	90,908	75,784
Student affairs	6,001	1,983
Public awareness	<u>(28,773)</u>	<u>(33,374)</u>
Total net program revenues	<u>68,136</u>	<u>44,393</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	25,102	(35,980)
<b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	<u>304,867</u>	<u>340,847</u>
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>	<u>\$ 329,969</u>	<u>\$ 304,867</u>

*The accompanying notes form an integral part of these financial statements.*

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**  
**STATEMENT OF CASH FLOWS**  
**AS AT MARCH 31, 2010**  
*(Expressed in Bermuda Dollars)*

	<b>2010</b>	<b>2009</b>
<b>CASH AND DEPOSITS PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 25,102	\$ (35,980)
Depreciation	14,818	15,009
Changes in non-cash operating balances:		
Accounts receivable	(3,599)	(30,719)
Interest receivable	4,539	(191)
Prepaid expenses	(578)	(597)
Accounts payable and accrued expenses	<u>(21,062)</u>	<u>25,635</u>
Net cash provided by (used in) operating activities	<u>19,220</u>	<u>(26,843)</u>
<b>INVESTING ACTIVITIES</b>		
Write-off of fixed assets	7,581	-
Additions to property and equipment	<u>-</u>	<u>(3,226)</u>
Net cash provided by (used in) investing activities	<u>7,581</u>	<u>(3,226)</u>
<b>INCREASE (DECREASE) IN CASH AND DEPOSITS</b>	26,801	(30,069)
<b>CASH AND DEPOSITS, beginning of year</b>	<u>305,344</u>	<u>335,413</u>
<b>CASH AND DEPOSITS, end of year</b>	<u>\$ 332,145</u>	<u>\$ 305,344</u>
Cash and deposits are comprised of:		
Cash	\$ 123,716	\$ 25,685
Fixed deposits	<u>208,429</u>	<u>279,659</u>
	<u>\$ 332,145</u>	<u>\$ 305,344</u>

*The accompanying notes form an integral part of these financial statements.*

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2010**  
*(Expressed in Bermuda Dollars)*

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**1. DESCRIPTION OF BUSINESS**

The Institute of Chartered Accountants of Bermuda (the “Institute”) was established under the authority of the Institute of Chartered Accountants of Bermuda Act 1973. The Institute is affiliated with the Canadian Institute of Chartered Accountants (CICA). 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 standard of practice in financial reporting and in the expression of professional opinions in relation thereto, and to promote the welfare and interests of the Institute and accounting profession.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Accounting policies adopted during the year**

In September 2008, the CICA issued amendments to several of the existing sections in the 4400 series – Financial Statements by Not-For-Profit Organizations. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Institute has adopted the amended standards for the current year. The amendments include: a) additional guidance in the applicability of Section 1100, Generally Accepted Accounting Principles; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenses in accordance with EIC 123, Reporting Revenue Gross as a Principal Versus Net as an Agent; d) requirement to include a statement of cash flows in accordance with Section 1540, Cash Flow Statements; e) requirement to apply Section 1751, Interim Financial Statements, when preparing interim financial statements in accordance with GAAP; f) requirement for not-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840, Related Party Transactions; and h) new disclosure requirements regarding the allocation of fundraising and general support costs.

The adoption of these new sections did not have a material impact on these financial statements.

**Revenue recognition**

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

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2010**  
*(Expressed in Bermuda Dollars)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and equipment**

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

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

**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 recognized in these financial statements.

**Foreign exchange**

Expenses invoiced in foreign currencies are translated into Bermuda dollars at the rates of exchange in effect of the date of the transaction. Gains and losses on translation are taken to the statement of operations and changes in net assets.

**Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the statement of operations on a straight-line basis over the term of the lease.

**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 disclosure of assets and liabilities as at the date of the financial statements. Estimates also affect the reported amount of income and expenses incurred for the reporting period of the statement of operations. Actual results could differ from those estimates.

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2010**  
*(Expressed in Bermuda Dollars)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Future changes in accounting policies**

In February 2008, the Canadian Institute of Chartered Accountants (“CICA”) announced that Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011. Although Canadian publicly accountable enterprises are required to adopt IFRS’s on January 1, 2011, not-for-profit organizations are not required to make a choice or to follow the same transition schedule. The transition to a new strategy for not-for-profit financial reporting will be based on a separate timeline that allows adequate time to plan and transition successfully. The existing accounting standards used by the not-for-profit sector will continue to apply, unchanged, until proposed new directions for not-for-profit organizations are developed and published for comment, and the standards are finalized. The Accounting Standards Board (“AcSB”), plan to release an Exposure Draft during the first half of 2010 that proposes the possible reporting options for the sector.

**3. FIXED DEPOSITS**

The following interest bearing fixed deposits which represent 51% (2009 - 69%) of the Institute’s assets are with Capital G Bank Limited:

\$141,050 matures on October 5th, 2010, bearing interest at 1.75%

\$67,379 matures on October 25th, 2010, bearing interest at 1.70%

**4. PROPERTY AND EQUIPMENT**

Property and equipment comprise:

	Cost	Accumulated Amortization	<b>2010</b> Net book value	<b>200</b> Net book value
Furniture and fixtures	\$ 41,729	\$ 16,577	\$25,152	\$ 417
Computer equipment	20,224	19,484	740	4,726
Office equipment	7,890	7,890	-	29,034
Website and related software	-	-	-	14,114
	<u>\$ 69,843</u>	<u>\$ 43,951</u>	<u>\$25,892</u>	<u>\$ 48,291</u>

During the year the Institute discontinued use of the website and wrote off the remaining value of \$7,581.

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2010**  
*(Expressed in Bermuda Dollars)*

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**5. PROGRAM REVENUES (EXPENSES)**

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

	Revenues	Expenses	2010 Net	2009 Net
Professional development	\$ 411,680	\$ 320,772	\$ 90,908	\$ 75,784
Student affairs	22,037	16,036	6,001	1,983
Public awareness	28,965	57,738	(28,773)	(33,374)
	<u>\$ 462,682</u>	<u>\$ 394,546</u>	<u>\$ 68,136</u>	<u>\$ 44,393</u>

**6. COMMITMENT**

The Institute has entered into a lease for the office space it occupies at a monthly rent of \$3,070 (2009 - \$3,070).

**7. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

The Institute's financial instruments consist of cash, fixed deposits, accounts receivable, interest receivable and accounts payable and accrued liabilities.

**Fair value**

The carrying values of cash, fixed deposits, accounts receivable, interest receivable and accounts payable and accrued liabilities approximate their fair values due to their short term nature.

**Credit and interest rate risk**

Financial assets which potentially subject the Institute to concentrations of credit risk consist principally of cash, fixed deposits and accounts receivable. In management's opinion, the risk of loss due to credit risk is not significant as cash and fixed deposits are placed with high credit quality financial institutions and accounts receivable are presented net of provisions for uncollectible amounts. Changes in interest rate will result in changes in amount of interest earned on fixed deposits.

**Foreign exchange risk**

Foreign exchange risk arises from the possibility that fluctuations in foreign currency exchange rates will affect the value of financial instruments denominated in currencies other than Bermuda dollars. Changes in foreign currency exchange rates will result in gains or losses which are recorded in the statement of operations and changes in net assets.



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2010**  
*(Expressed in Bermuda Dollars)*

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**7. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**

**Foreign exchange risk (continued)**

The foreign exchange loss for the year ended March 31, 2010 arose on the movement in the Canadian dollar exchange rate from April 1, 2009, the date at which liabilities for CICA fees were recorded, and the actual rates of exchange in effect when each payment was made to settle the liability.

**Capital management**

The Institute manages its operations to maintain adequate capital to enable it to fulfill its mission and vision objectives which foster public confidence in the CA profession by acting in the public interest and helping our members excel.

**8. COMPARATIVE BALANCES**

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