

Annual



Report

T W O   T H O U S A N D   A N D   E L E V E N



# Annual Report 2011

<b>Chair's Report</b> .....	2
<b>Committee Reports:</b>	
Professional Practice Committee .....	4
Student Affairs Committee .....	6
Applications Review Committee.....	7
Public Awareness Committee .....	8
Professional Development Committee .....	9
<b>Council and Committees:</b>	
ICAB Membership Statistics .....	10
Governance & Administration .....	11
CICA & Inter-Provincial Committees & Task forces.....	11
ASCA .....	12
AROG .....	12
ICAB & Other Committees & Task Forces.....	12
Fellowship Awards .....	12
<b>Financial Statements:</b>	
Auditors Report.....	15
Statements of Financial Position .....	16
Statements of Operations .....	17
Statements of Changes in Net Assets.....	18
Statement of Cash Flows .....	19
Notes to Financial Statements.....	20

# Chair's Report



*David F. Skinner, CA*

How time flies when you're having fun! Or is it when you are very busy? Either way, it hardly seems like a year has passed since our last AGM. A lot has happened in that time. As I write this report the CICA and CMA leaderships have just announced their intentions to engage in discussions exploring the feasibility of uniting the national and provincial bodies of both organizations and creating a new accounting designation. Members will remember that previous attempts to merge these two groups were unsuccessful due in part to the requirement at the time for one body to give up its designation. It has been acknowledged in the recent discussions leading to this point that members of both organizations are justifiably proud of their designations, and accordingly the basis for further discussions is that members of both groups will retain their existing designations. Should the merger go forward, the expectation would be to ultimately move to a single designation of Chartered Professional Accountant (CPA). Accordingly, a transition period of up to ten years has been suggested during which time the new designation would be used together with either "CA" or "CMA" appended.

So how do these discussions and the possibility of a merger between CICA and CMA affect the profession of accountancy in Bermuda and members of ICAB specifically? At a high level – the proverbial 30,000 foot level – if the merger goes through it will mean membership in a larger national accounting body with both resources and relationships to participate in an influential way in the development of international accounting and auditing standards. As a profession we must be constantly looking ahead to anticipate the changing requirements of the businesses and stakeholders we serve, and those requirements are being increasingly shaped by global issues. With any such contemplated transaction the devil is in the details, and the answers to many questions are not immediately apparent. What is certain is the commitment of CICA, CMA and ICAB as a member institute of CICA to explore the questions in an open and transparent way with our members. To that end we shall be seeking member input and discussion between now and September and will do our best to answer questions and address any concerns. Those that we cannot

immediately address will be referred to CICA as will all relevant feedback on the topics. You will be hearing more about this exciting possibility in the near future.

It should be noted that the CICA has been looking ahead and considering the need for change in an increasingly global marketplace and has been considering the possibility of moving to the CPA designation irrespective of the outcome of discussions with CMA. Businesses and capital markets operate in a world in which borders are becoming less clear or virtually nonexistent. National accounting standard setting is being replaced by the need for international accounting standards, and the International Accounting Standards Board has evolved to meet these demands. Within this backdrop accounting bodies around the world have been pursuing increased reciprocity arrangements and strategic alliances to position themselves effectively. The two dominant accounting designations worldwide are the CA and CPA, with CA particularly strong in Commonwealth countries and CPA strong in the US and Pacific countries. It is unclear which one will emerge as the premier global designation or if both will continue. In this context the CICA wants to ensure that CAs are in the best possible position within the global profession should consolidation occur under either the CA or CPA designation.

Other things that have been occupying your Council and the staff of ICAB include developments in the areas of public trust, consideration of alternative pathways to the CA designation, efficiency initiatives with regard to the infrastructure supporting Bermuda and the Atlantic Provinces Institutes, the Continuing Professional Development (CPD) program, attracting students to the accounting profession and the increasing level of regulation particularly associated with the Bermuda Monetary Authority's efforts to obtain equivalence under the Solvency II regime in Europe. All of these have kept Council members and the staff of ICAB very busy, and on your behalf I would like to publicly thank them all for their dedicated contributions to making ICAB run as smoothly as it does.

It is worth noting that Council welcomed its first non-accountant member this past year, lawyer Mr. Tim Marshall. Tim has brought a valuable public perspective

## Chair Report (continued)

to our discussions, and I want to thank him for his time and more importantly his very relevant contributions.

I would be remiss if I did not thank the dedicated staff of ICAB for their consistently high level of support. Annarita Marion is one of the most organized individuals I know, and she makes our jobs as Council members easy by keeping us informed of all relevant information and frankly keeping us organized and on track. She is also well connected and respected within the Council of Senior Executives of CICA member institutes and represents ICAB effectively. Wenda Aberdeen is the bedrock of the office. She does everything that needs to be done to keep the administration functioning smoothly, and it is hard to imagine where we would be without her.

Sadly ICAB had to say goodbye last fall to Susan MacLachlan. Susan helped develop our CPD program in the short space of a few years from meagre offerings

to a substantial slate of courses covering a broad array of relevant topics, enabling members in many cases to meet their CPD requirements on island thus avoiding unnecessary expense of travelling overseas to attend courses. Under the leadership of Annarita Marion, ICAB CEO, we were fortunate to recruit Elizabeth Lee to head up the CPD effort. Elizabeth has hit the ground running and has already been actively booking and advertising numerous courses. We welcome Elizabeth and wish her all the success in her new role.

It only remains for me to thank you, the members of ICAB, for your support of the accounting profession in Bermuda. Your dedication to the highest standards of professionalism provide a major source of credibility to Bermuda's reputation as an international business centre. Let us tackle the issues with respect to the future of our profession with the same dedication and professionalism.

## CONGRATULATIONS TO OUR 2010 GRADUATES



**Front Row:** Calais Lynch, Sophia Carter, Gloria White, (N. Thomas Conyers - CICA Board Representative), Keith Killackey, Alexia Brafman and Sonia Selvaratnam **Back Row:** Dorielle Battersbee-Hurdle, Lynnelle Nesbitt, Yaelle Barton, Michael Mavrinc, Greg Bell, Analyn Perez, Precy Kwan and Carleigh Moore.

# Professional Practice Committee



Colm A. Homan, CA

2010/11 has once again been an exciting and productive year for the Professional Practice Committee. The global financial crisis has led to a dramatic uptick in international regulatory developments. Bermuda has not been idle and has been keeping pace with these developments. ICAB, through the Professional Practice Committee, was involved in consultations in the following areas during the year:

- Establishment of an independent supervisory authority for the accounting profession in relation to monitoring compliance with AML/ CTF rules by its members.
- Continued efforts to develop 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:

- *Establishment of an independent supervisory authority for the accounting profession in relation to monitoring compliance with Anti-Money Laundering and Counter Terrorism Financing rules by its members*

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

A significant amount of work was completed during the year, with the PPC working in conjunction with the Bermuda Bar Association, who have a similar responsibility to ICAB for establishing a supervisory framework for the legal profession.

The key activity during the year included final consultation on enabling legislation with representatives of the National Anti-Money Laundering Committee ("NAMLC"). This culminated in the establishment of the AML / CTF oversight board in

January 2011. This Board, which is independent of both the accounting and legal professions, will be chaired by Raymond C. Medeiros. The Board is now in the process of recruiting the team who will perform the actual inspections.

- *Continued efforts to develop an independent oversight body for the public accounting profession to enable compliance with EU Directive #8.*

The EU has continued to move ahead with their plans for oversight of the auditing profession, including those auditors in third countries such as Bermuda. The PPC has previously concluded that it is desirable for Bermuda to have its own 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 has been working with the Ministry of Finance, representatives from the EU, the BMA and CPAB to move the proposals forward. A draft of enabling legislation to set up the oversight board is expected to be available for consultation in May 2011. This work will continue to progress over the next six months.

- *Proposed changes to Bermuda's insurance regulatory framework*

The Insurance Sub-Committee, chaired by Paul Byrne, has once again had a very active year. The BMA has been issuing a substantial amount of discussion and consultation papers with respect to its continued efforts to enhance Bermuda's regulatory regime for equivalence with EU rules. The PPC has been reviewing and providing comment (as applicable) to the BMA on the proposed changes to the insurance regulatory framework including:

- Eligible Capital
- Own Risk Solvency Assessment
- Insurance Code of Conduct

## Professional Practice Committee (continued)

- Economic Balance Sheet
- Capital and Solvency Requirements for Long-term Business; and
- 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 revise the audit report on Statutory Financial Statements to align with the new CAS/ISA standards.

Thank you to all Committee members, sub-committee members and others that 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.

### COMMITTEE MEMBERS

Colm A. Homan, CA  
 Andrew J. Brook, CA  
 Colin Couper, CA  
 Gwen Haller, CA  
 Chad A. Critchley, CA  
 Stephen C. Kuzyk, CA  
 Brendan O'Reilly, CA  
 Ronald E. Simmons, CA  
 Paul Byrne, CA

Judith Howe Tucker,  
*Ex-officio – BMA representative, Insurance*

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

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



Accountants won 6-5. It was very close. We trailed 5-3 with 5 minutes to play.



Accountants



Lawyers



# Student Affairs Committee



*Ron J. Burke, CA*

The Student Affairs Committee is charged with assisting the Institute of Chartered Accountants of Bermuda (“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 Business Bermuda networking event, and the Bermuda Careers Fair. Participation in such events not only brings awareness of the accounting profession, but also, it illustrates the commitment that ICAB has in its youth, and the investment it is willing to make in the students and future business leaders of tomorrow. ICAB continues to benefit from its participation in these events as we stand to have a potential seven first-time writers challenge the 2011 Uniform Evaluation (“UFE”) and at least eight students commence the CA professional program in 2011. As Bermuda continues to recover from the global recession, witnessing an economy that struggles with further job losses, business closures and island departures of both resident and guest workers, we can only look to new and improved ways of how to attract and conduct business on the island. The profession continues 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. The Committee stands ready to meet these challenges and the needs of our aspiring professionals and leaders of tomorrow.

This year ICAB welcomed into the CA profession Bermuda’s own Dorielle Battersee-Hurdle who successfully passed the 2010 UFE. The Committee would like to send out a special congratulations to Dorielle for having been successful with not only a

long and challenging program of study, but also for being successful in her attempt on the UFE, which is recognized as one of the most difficult and challenging professional programs and exams in the world. Well done Dorielle! To our unsuccessful writer, we recognize all of your efforts, which should not be discounted, as you too have gone through the same grueling process. We congratulate you on all of your hard work and dedication!

The success of the 2010 UFE was celebrated on April 9, 2011 at Fourways Inn, with the Convocation of not only our 2010 UFE graduate, but also our successful CPAs, and our successful overseas CA candidates. In addition to our successful 2010 UFE writer, our successful CPA writers included Yaelle Barton, Gregory Bell, Alexia Brafman, Aaron Burrows, Calais Lynch, Carleigh Moore, Lynnell Nisbett, Analyn Perez and Sonia Selvaratnam. ICAB also welcomed into the profession our successful overseas CA writers, Sophia Carter, Precy Kwan, Michael Mavrincac, Gloria White and Keith Killackey. Congratulations to all our new CAs and CPAs! Special thanks goes out to Annarita Marion, Wenda Aberdeen, and the wonderful staff of Fourways Inn, 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, and through training programs designed to assist students during their current course of study. During the year the Committee offered student training sessions designed to compliment current courses being taken, which were hosted by both Bermuda facilitators, as well as by instructors from abroad. The Committee shall continue to offer such training sessions, including a locally run three-day UFE preparatory program, as well as a CPA final exam study sessions provided to our CPA students. It is 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.

## *Student Affairs Committee (continued)*

I would like to thank Sean Pitcher for his continued efforts in coordinating the annual CPA training session offering, with the possibility of adding in a second training session on an annual basis. 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 during the year.

Each year the Committee welcomes new members and sees the departures of others. In particular I would like to take this opportunity to thank Glen Masters, Nikki Thomas-Bell and Jane Knight who resigned from the Committee during the year. Thank you for your commitment and dedication to the Committee over the past several years, and on behalf of the Committee we wish you all the best in your future endeavors.

Regards,

Ron J. Burke, CA, Chair

### **STUDENT AFFAIRS COMMITTEE MEMBERS**

Ron J. Burke, CA, *Chair*  
Andrea Dawe, CA  
Wanda Mello, CA, CPA  
Dorielle Battersbee-Hurdle, CA  
Seth Marshal, CA  
Francesca Bortoli, CA  
Jarita Dill, CPA  
Karen Daniels, CPA, CA, MA  
Allison Fitzgerald, CA  
Wanda Armstrong, Ex-Officio  
Sean Pitcher, CPA  
Taniesha Brangman

Shaun Moniz, *Student Representative*

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

## *Applications Review Committee*



*Francine  
Mason, CA*

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

During the 2010/2011 year the Committee vetted 83 applications, all of which were approved. Of those joining, 78 were from public practice and 5 from industry. Also during the year, 87 persons 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**

Francine Mason, CA *Chair*  
Samantha M. Froud, CA  
Annarita G. Marion, JP, CA,  
*President and Chief Executive Officer, Ex-officio*



# Public Awareness Committee



*Anika M. DeShields, CA*

The Public Awareness Committee's (PAC) objective is to serve as a communication point for all members and provide interaction with the general public and media.

This year the PAC has re-instituted the ICAB Scholarship for students attending the Bermuda College. In recent years ICAB has had the pleasure of recognizing a few UFE graduates who have earned their Bachelors degree on island at the Bermuda College, through the Mount Saint Vincent Bachelors of Business Administration Program ("MSV-BBA"). As a result of the numerous students who have successfully completed their studies through the MSV-BBA program and in an effort to encourage them to challenge the UFE, the ICAB Scholarship will be available to those students in the MSV-BBA program who have declared Accounting as their major. The ICAB Scholarship Selection Committee will consist of Mary-Lynn Robinson, Danneka Borden, Annarita Marion, and Anika DeShields. The deadline for scholarship applications will be May 31st, and awards shall be presented prior to the start of the fall term.

In an effort to increase awareness in the accounting profession ICAB representatives have continued to make presentations to students at the various high schools in business studies classes and at career days. ICAB also sponsored the recording of the 2011 annual Sir Richard Hector Memorial Football Game – Lawyers vs. Accountants, which aired on the Bermuda Sports Network ("BSN"). Through ICAB's sponsorship of the recording, in addition to being named on the air as sponsor our info-mercial was aired on BSN. PAC has also created a FaceBook page for ICAB, to which photos and event notices will be posted.

I would like to thank the members of my committee for their hard work and dedication. I would like to thank Heather Cooper and Annarita Marion, once again for their excellent work on producing the 2011 Annual Report.

This year I will step down as Chair of the PAC due to work commitments, and happily congratulate Heather Cooper who will take over as Chair. I will continue as a member of PAC and with Heather taking over as

Chair, there will be the continuity of the work we have begun on the many projects, initiative and ideas on our agenda for the coming year.

As I step down as Chair of PAC, I will also be leaving ICAB's Council. Thank you to Annarita Marion, David Skinner and John Wight, current and former Chair's of ICAB, and other members of Council to the tremendous opportunity to work with you for the benefit of our Institute, its members, the profession and the public of Bermuda. It has truly been my pleasure to be of service in these capacities.

## PUBLIC AWARENESS COMMITTEE MEMBERS 2010/2011

Anika M. DeShields, CA, *Chair*

Loren Cann, CA

Heather Cooper, CA, CFA

David Hills, CA

David Gibbons, CA

Kim Griffith, CA

Annarita Marion, JP, CA,

*President and Chief Executive Officer, Ex-officio*



# Professional Development Committee



*Jane Knight, CA*

The ICAB Professional Development (CPD) Committee oversees the provision of a comprehensive continuing education program to assist members maintain and enhance their knowledge and improve their skills. The Committee is also responsible for monitoring members' annual CPD submissions and ensuring compliance. The CPD committee reports to Council.

2010 saw a great variety of different training opportunities being brought to the ICAB membership. In total there were 52 training sessions on topics ranging from industry specific and general accounting updates to excel and other technology topics, as well as leadership skills. Registration numbers were 613 for the year which represent an 18% increase over the prior year and feedback has been very good. We continue to welcome input from members on topics that they would like to see brought to the program going forward. ICAB strives to ensure that the CPD 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 CPD programs here in Bermuda has been particularly helpful.

It continues to be a focus of the committee to monitor members' CPD submissions for compliance with ICAB requirements. A sample of CPD forms submitted 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 CPD requirements are informed of the shortfall, and action plans developed to bring these members back into good standing.

During 2010 Elizabeth Lee took over the position of Director of Continuing Professional Development from Susan Maclachlan who had held the position since it was created in 2007. This is a very busy role – both Susan and Elizabeth put a tremendous amount of effort into the development of ICAB's CPD program and making it the valuable resource for our members that it is today.

In addition to the very active members of the committee and in particular the CPD Directors, I would like to express thanks to the various accounting firms and companies in Bermuda who have allowed us to use their training facilities for our events. This significantly reduces our costs and allows us to provide our courses at economical rates.

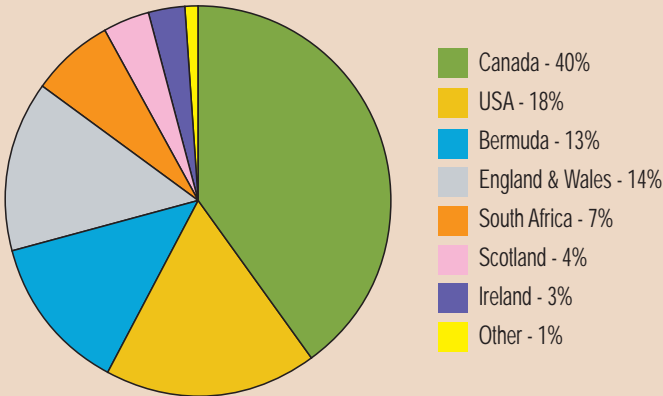
## 2010 COMMITTEE MEMBERS:

Jane Knight, CA, *Chair*  
Scott Quayle, CA  
Craig Redcliffe, CA  
Mesheiah Crockwell, CA  
Jennifer Gosse, CA  
Susan Maisonneuve, CA  
Michael MacPhee, CA  
Yanique Miller, CA

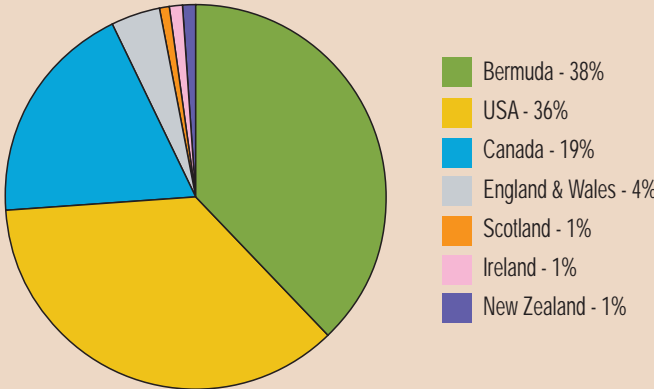
Elizabeth Lee, CA (*from November 2010*),  
*Director of Continuing Professional Development, Ex-officio*

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

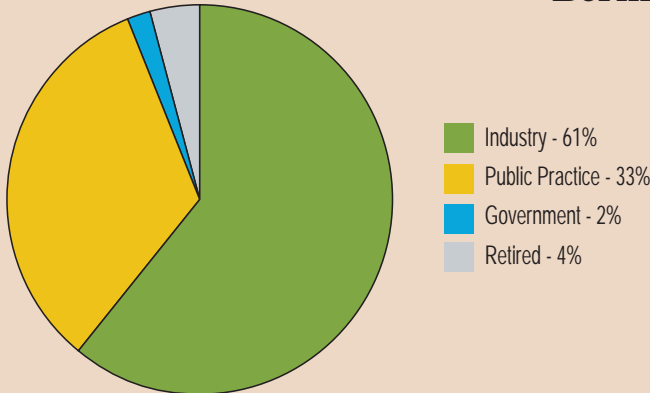
# ICAB Membership Statistics



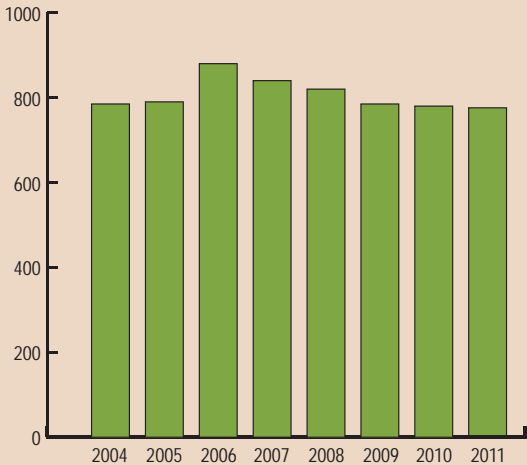
**Members by Country of Qualification**



**Bermudians by Country of Qualification**



**Members by Type of Occupation**



**Members by Year**

# Council and Committees

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## COUNCIL

### Chair

David F. Skinner, CA  
ASPEN Insurance Limited

### Vice-Chair

Samantha M. Froud, CA  
ACE Limited

### Secretary

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

### Treasurer

Chad A. Critchley, CA  
Ernst & Young

### Other Members

Ronald Burke, CA  
Bacardi Limited

Colin Couper, CA  
KPMG

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

Douglas J. Hillen, CA  
Chartered Accountants

Colm Homan, CA  
PricewaterhouseCoopers

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

D. Jane Knight, CA  
PricewaterhouseCoopers

Timothy Z. Marshall  
Marshall Diel & Myers

Jarita A. Vickers, CA  
Deloitte & Touche

### CICA Representative

George H. Holmes, CA  
PricewaterhouseCoopers, Bermuda

## STAFF

### President and Chief Executive Officer

Annarita G. Marion, JP, CA

### Executive Assistant

Wenda A.L. Aberdeen

### Director of Continuing Professional Development

Elizabeth Lee, CA

### Institute Address:

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**Tel:** (441) 292-7479      **Fax:** (441) 295-3121  
**E-mail:** info@icab.bm      **Website:** www.icab.bm

## CICA & INTER-PROVINCIAL COMMITTEES & TASK FORCES

### Council of Presidents

David F. Skinner, CA  
Samantha M. Froud, CA

### Leadership Group (CICA)

David F. Skinner, CA  
Samantha M. Froud, CA  
Annarita G. Marion, JP, CA

### Council of Senior Executives (CSE)

Annarita G. Marion, JP, CA

### Ethics Standards Harmonization Committee (ESHC)

George H. Holmes, CA, Chairman

### CA Pooled Professional Development Group (CAPPD)

Elizabeth Lee, CA

### International Qualifications Appraisal Board (IQAB)

Annarita G. Marion, JP, CA

### Post Qualification Working Group

Elizabeth Lee, CA

### Women's Leadership Council

Annarita G. Marion, JP, CA

### Work/Life Committee

Annarita G. Marion, JP, CA

## **ICAB AND OTHER COMMITTEES & TASK FORCES**

### **Nominating Committee**

Tracey S.F. Pitt, CA, *Chair*  
N. Thomas Conyers, FCA  
R. John Wight, CA  
Annarita G. Marion, JP, CA, *ex-officio*

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

George H. Holmes, CA, *Chairman*

### **Legal Aid Committee**

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

### **EEE Task Force**

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

## **ATLANTIC SCHOOL OF CHARTERED ACCOUNTANCY**

### **Board of Directors**

Ronald Burke, CA  
Wanda Mello, CA

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

### **Board of Directors**

David F. Skinner, CA  
Samantha M. Froud, CA  
Annarita G. Marion, JP, CA

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# **Fellowship Awards**

In 1989 the Institute awarded its first Fellowship Awards to members who rendered outstanding service to the profession or brought distinction to the profession. It has been agreed that nominations for this prestigious award should be sought every three years.

Nominees are evaluated under four categories:

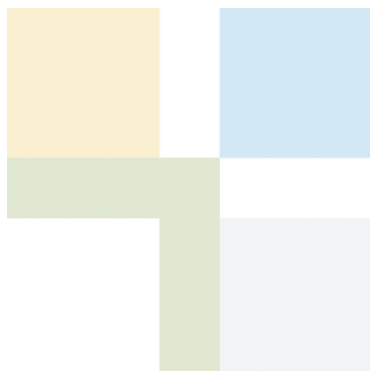
- in the pursuit of his/her career, e.g. public practice, industry or commerce, government service, education
- in voluntary service (civic, community, business, professional or charitable organizations)

- in research, teaching, writing or speaking on professional matters or other areas
- in the work of the Institute of Chartered Accountants of Bermuda, the Canadian Institute of Chartered Accountants or another professional body

In evaluating nominees, the FCA Review Committee and the Council seek to apply a consistent standard within this particular election period and over time. General indicators, approved by Council, are included on the application form so that members can appreciate the breadth and depth of the achievements of those elected to Fellowship.

Since 1989, the following members have received this prestigious Award:

N. David Anfossi (Deceased)  
David E.W. Lines  
Richard D. Butterfield  
Donald P. Lines  
David C. Carruthers  
The Hon. Terry E. Lister, JP, MP  
N. Thomas Conyers  
Garry A. Madeiros  
E. Kirkland Cooper  
Raymond C. Medeiros  
Ian H. Davidson  
Thomas Miller  
Kenneth C. Fincham  
Kathryn R. Siggins  
Gregory D. Haycock  
Harry W. Soares  
Scott Hunter  
Jan. J. Spiering  
L. Anthony Joaquin  
Robert D. Steinhoff  
Charles W. Kempe  
Roger J. Titterton  
D. Michael Kirkwood  
Peter F. Watson  
John Russell Steinhoff (Posthumously)



**George H. Holmes** George has 30 years of experience in public practice in financial services industries with PwC in Bermuda and Toronto, Canada. George is currently the regional Assurance Leader for PricewaterhouseCoopers in Bermuda and the Caribbean. He has worked with alternative investment clients for over 20 years and his clients include hedge funds, private equity partnerships, investment advisors and securities firms.

George is a past President and a member of the Institute of Chartered Accountants of Bermuda and is a member of the Institute of Chartered Accountants of Ontario, Canada. He currently chairs the Ethics Rules Harmonization Committee of the Canadian Institute of Chartered Accountants.



**Darren Q. Johnston** is the Territory Senior Partner of PricewaterhouseCoopers, Bermuda. He has worked in both Bermuda and the USA serving large multinational clients principally in the financial services. Darren has been involved in many aspects of the firm's services including the provision of assurance

and advisory solutions to public and private clients. Such engagements included audits, internal control examinations, an insurance state exam, due diligence, business process improvement, risk management, governance, and general advisory services.



**Heather A. Jacobs Matthews** is the Auditor General of Bermuda. As Auditor General, she is responsible under the Bermuda Constitution Order 1968 and the Audit Act 1990 for conducting the audits of all Government Ministries and departments, the Senate, the House of Assembly, the Public Service

Commission and the Courts – all of which make up the Consolidated Fund. The Auditor General also audits all other Government Funds and government controlled entities. These audits provide members of Parliament with independent and objective information they need to hold the government accountable for its stewardship of public funds.

*Financial Statements  
and  
Independent Auditors' Report*

**March 31, 2011 and 2010**



# ARTHUR MORRIS, CHRISTENSEN & CO.

CHARTERED ACCOUNTANTS

CENTURY HOUSE  
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HAMILTON HM HX. BERMUDA

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Instituted of Chartered Accountants of Bermuda (the "Institute"), which comprise the statements of financial position as at March 31, 2011 and 2010, and the related statements of operations, changes in net assets and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Bermuda and Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Institute of Chartered Accountants of Bermuda as at March 31, 2011 and 2010 and its financial performance and its cash flows for the years then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

*Arthur Morris, Christensen & Co.*

**Hamilton, Bermuda**  
**June 21, 2011**



## Statements of Financial Position

as at March 31, 2011 and 2010

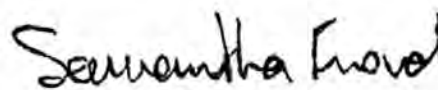
(Expressed in Bermuda Dollars)

	2011	2010
<b>Current Assets</b>		
Cash	\$ 266,842	\$ 123,716
Fixed deposits (note 3)	212,074	208,429
Accounts receivable	19,532	44,793
Interest receivable	1,181	1,700
Prepaid expenses	1,073	3,504
	<u>500,702</u>	<u>382,142</u>
<b>Property and Equipment</b> (note 4)	<u>22,289</u>	<u>25,892</u>
	<u>\$ 522,991</u>	<u>\$ 408,034</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 73,366	\$ 72,650
Deferred revenues	10,390	5,415
Deferred revenues – restricted (notes 2g and 9)	26,400	-
	<u>110,156</u>	<u>78,065</u>
<b>Net Assets</b>		
Unrestricted net assets	<u>412,835</u>	<u>329,969</u>
	<u>\$ 522,991</u>	<u>\$ 408,034</u>

Approved by the Executive Committee



Chair



Vice Chair

The accompanying notes form an integral part of these financial statements

## Statements of Operations

for the years ended March 31, 2011 and 2010

(Expressed in Bermuda Dollars)

	2011	2010
<b>Operating Revenues</b>		
Membership fees (note 5)	\$ 611,414	\$ 598,535
Less: CICA fees	(258,110)	(240,758)
	<hr/>	<hr/>
Net membership fee revenue	353,304	357,777
Admission fees	22,725	19,200
Donated services (note 7)	14,450	–
Interest	3,637	1,595
	<hr/>	<hr/>
	394,116	378,572
<b>Operating Expenses</b>		
Salaries and benefits (note 6)	235,668	227,608
Rent and office maintenance (note 8)	59,108	51,505
Conferences and committees	23,108	22,501
Communication	15,196	16,291
Audit fees (note 7)	14,450	–
Miscellaneous	12,248	12,637
Insurance	7,735	7,735
Printing and stationery	5,767	5,633
Depreciation (note 4)	4,764	14,818
Executive council expense	4,684	3,422
Legal fees	2,796	14,694
Advertising	2,237	3,770
Foreign exchange loss	1,006	5,889
Information technology consulting	313	10,698
Disciplinary expense	–	16,825
Loss on disposal of fixed assets (note 4)	–	7,580
	<hr/>	<hr/>
	389,080	421,606
	<hr/>	<hr/>
Excess (deficiency) of operating revenues over operating expenses	5,036	(43,034)
	<hr/>	<hr/>
<b>Net Program Revenues (Expenses) (note 6)</b>		
Professional development	83,470	90,908
Student affairs	569	6,001
Public awareness	(6,209)	(28,773)
	<hr/>	<hr/>
Total net program revenues	77,830	68,136
	<hr/>	<hr/>
<b>Excess of Revenues over Expenses</b>	<b>\$ 82,866</b>	<b>\$ 25,102</b>

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

## *Statements of Changes in Net Assets*

for the years ended March 31, 2011 and 2010

*(Expressed in Bermuda Dollars)*

	2011	2010
<b>Net Assets</b>		
Balance, beginning of year	\$ 329,969	\$ 304,867
Excess of revenue over expenses	82,866	25,102
	<hr/>	<hr/>
	<u>\$ 412,835</u>	<u>\$ 329,969</u>

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

## Statements of Cash Flows

for the years ended March 31, 2011 and 2010

(Expressed in Bermuda Dollars)

	2011	2010
<b>Cash and Fixed Deposits provided by (used for):</b>		
<b>Operating Activities</b>		
Excess of revenues over expenses	\$ 82,866	\$ 25,102
Depreciation	4,764	14,818
Changes in non-cash operating balances:		
Accounts receivable	25,261	(3,599)
Interest receivable	519	4,539
Prepaid expenses	2,431	(578)
Accounts payable and accrued liabilities	716	(21,062)
Deferred revenues	4,975	–
Reserve for disciplinary expenses	26,400	–
Net cash provided by operating activities	<u>147,932</u>	<u>19,220</u>
<b>Investing Activities</b>		
Write-off of property and equipment	–	7,581
Additions to property and equipment	(1,161)	–
Net cash (used for) provided by investing activities	<u>(1,161)</u>	<u>7,581</u>
<b>Increase in Cash and Fixed Deposits</b>	146,771	26,801
<b>Cash and Fixed Deposits, beginning of Year</b>	<u>332,145</u>	<u>305,344</u>
<b>Cash and Fixed Deposits, end of Year</b>	<u>\$ 478,916</u>	<u>\$ 332,145</u>
Cash and fixed deposits are comprised of:		
Cash	\$ 266,842	\$ 123,716
Fixed deposits	212,074	208,429
	<u>\$ 478,916</u>	<u>\$ 332,145</u>

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

## *Notes to the Financial Statements*

for the years ended March 31, 2011 and 2010

*(Expressed in Bermuda Dollars)*

### **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:

#### **(a) 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 portion that relates to future periods are recognized in the balance sheets as deferred revenues.

Investment income is recognized as revenue when earned.

#### **(b) Cash**

Cash comprises balances held in current accounts, call deposits and petty cash fund.

#### **(c) 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

#### **(d) 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 by the members, except for audit fees, are not recognized in these financial statements.

#### **(e) 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 statements of operations.

#### **(f) 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 statements of operations on a straight-line basis over the term of the lease.

# Notes to the Financial Statements

(Continued)

## 2. Summary of Significant Accounting Policies (continued)

### (g) Reserve for disciplinary expenses

During the year, the Institute established a reserve for disciplinary expenses by levying \$100 per member participating in public accounting. The Institute elected to use the deferral method of accounting for the reserve for disciplinary expenses. Under the deferral method, restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred revenues – restricted. Deferred revenues - restricted are recognized as revenue in the year in which the related expenses are incurred.

### (h) Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in Bermuda and Canada 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 statements of operations. Actual results could differ from those estimates.

### (i) New accounting pronouncements

In December 2010, the Accounting Standards Board (“AcSB”) issued Part III of the CICA Handbook (“Handbook”) - Accounting Standards for Not-For-Profit Organizations, effective for fiscal years beginning on or after January 1, 2012. A not-for-profit organization that applies Part III of the Handbook also applies the standards for private enterprises in Part II of the Handbook to the extent that the Part II standards address topics not addressed in Part III.

Not-for-profit organizations can apply either the accounting standards for not-for-profit organizations in Part III of the Handbook or International Financial Reporting Standards in Part I of the Handbook.

The AcSB has reaffirmed that the existing accounting standards in Part V - Pre-Change Over Accounting Standards of the Handbook will be maintained for use by not-for-profit organizations until the effective date of the new standards they choose to adopt.

The Members of the Council have approved preparation of these statements based on Part V of the CICA Handbook.

The Association will prepare its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (Part III) for its fiscal year beginning April 1, 2012 and does not expect it will have a material impact on its operations or financial position.

## 3. Fixed Deposits

The following interest bearing fixed deposits which represent 41% (2010 - 51%) of the Institute’s assets are with Capital G Bank Limited:

	2011	2010
Fixed deposit maturing October 5, 2011	\$ 143,540	\$ 141,050
Fixed deposit maturing October 25, 2011	68,534	67,379
	<u>\$ 212,074</u>	<u>\$ 208,429</u>

The interest rates of the fixed deposits maturing on October 5, 2011 and October 25, 2011 were 1.20% and 1.15%, respectively (2010 – 1.75% and 1.70%, respectively).

## Notes to the Financial Statements

(Continued)

### 4. Property and Equipment

Property and equipment comprise:

	Cost	Accumulated Amortization	2011 Net book value	2010 Net book value
Furniture and fixtures	\$ 50,080	\$ (28,394)	\$ 21,686	\$ 25,152
Computer equipment	20,924	(20,321)	603	740
	<u>\$ 71,004</u>	<u>\$ (48,715)</u>	<u>\$ 22,289</u>	<u>\$ 25,892</u>

During 2010, the Institute wrote off property and equipment amounting to \$7,581.

### 5. Membership Fees

Membership fee are comprised of the following:

	2011	2010
Annual ICAB membership fees	\$ 550,348	\$ 529,014
ICAB non-practitioner members	52,140	60,140
ICAB corporate and CPD fees	5,296	4,799
Annual ICAB student membership	3,630	4,582
	<u>\$ 611,414</u>	<u>\$ 598,535</u>

The membership runs from April 1 to March 31 of each year.

### 6. Net 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:

	2011 Revenues	Expenses	2010 Net	Net
Professional development	\$399,996	\$ (316,526)	\$ 83,470	\$ 90,908
Student affairs	2,200	(1,631)	569	6,001
Public awareness	36,445	(42,654)	(6,209)	(28,773)
	<u>\$ 438,641</u>	<u>\$ (360,811)</u>	<u>\$ 77,830</u>	<u>\$ 68,136</u>

Expenses and net program revenues (expenses) include the allocation of salaries relating to professional development management in the amount of \$86,048 (2010 - \$73,749).

## ***Notes to the Financial Statements***

*(Continued)*

### **7. Donated Services**

Audit fees are recorded at their fair value of \$14,450 (2010 - \$nil) and are included in operating revenues and expenses at the recorded value for service rendered. In prior years, the fair value of audit fees was not recognized in the financial statements.

### **8. Commitment**

The Institute has entered into a lease for the office space it occupies at a monthly rent of \$3,132 (2010 - \$3,070).

### **9. Deferred Revenues - Restricted**

During the year, the Institute collected \$26,400 from members in public practice to establish a fund which is restricted to meet future disciplinary expenses.

### **10. 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 statements of operations.

The foreign exchange loss for the year ended March 31, 2011 arose on the movement in the Canadian dollar exchange rate from April 1, 2010, 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.



## *Notes to the Financial Statements*

*(Continued)*

### **11. Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year presentation.

### **12. Subsequent Events**

Management has evaluated subsequent events for recognition and disclosure to June 21, 2011 which is the date that the financial statements were available to be issued.

