
The Institute of Chartered Accountants of Bermuda

ANNUAL REPORT 2006

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

The Committee remained very active during 2005-06, meeting primarily on a monthly basis to discuss various issues affecting our membership. We also worked with other Committees of the Institute and other bodies to discuss and resolve issues of common interest. We continue to believe that there are significant synergies to be gained in examining common issues. The main areas worked on by the Committee during the year were as follows:

- *Review and comment on exposure draft on Independence Requirements for Auditors of Reporting Issuers issued by the Public Interest and Integrity Committee of the CICA:*

This ED represents an expansion of the Independence Rules that were issued by the CICA in 2003. It has the affect of extending the Independence Requirements to “mutual funds” and other reporting issuers and also clarifying some of the Independence Rules. A formal response was made in writing to the CICA outlining our comments and again endorsing the principles-based approach being taken. The Committee is working with the Standing Committee on By-Laws, Rules and Interpretations to develop Independence Rules that will be applicable to our members. It is expected that the amendments are to take effect no

later than the first reporting period commencing after December 31, 2005.

- *Review of proposed Collective Investment Scheme (CIS) legislation:*

Working with BIBA’s Collective Investment Schemes Committee, members of the Committee reviewed the proposed CIS legislation especially as it relates to the Approved Auditors’ responsibilities. The proposed legislation includes provisions for the Approved Auditor to report certain matters to the BMA, including material modifications to his report (i.e. a material qualification, denial of opinion or statement of an adverse opinion). Our comments were submitted to the BIBA CIS Committee for onward submission to the BMA. This legislation is expected to be issued in late 2005.

- *Discussion of amendments to audit opinions issued under US GAAS (Interpretations Nos. 17 and 18 of SAS 58):*

The Committee discussed the nature of the changes and communication of these changes to the membership. These interpretations suggest that audit opinions reporting on the financial statements of non-issuers indicate that an audit considers internal control over financial reporting, but not for the purpose of expressing an opinion on it and, therefore, the auditor expresses no opinion on it, and audit opinions reporting on the subsidiaries of SEC registrants for which the audit was performed under PCAOB standards, include a reference to both PCAOB standards and standards established by the Auditing Standards Board of the AICPA. The Interpretations affect audit opinions issued on financial statements for fiscal

periods ending on or after November 15, 2004.

- *Discussion of the presentation of deferred tax assets and liabilities in statutory financial statements (Insurance Act):*

The Committee discussed the presentation of deferred tax assets and liabilities in statutory financial statements. It was generally agreed with the Supervisor of Insurance that these items can be treated the same as that for GAAP i.e. on a net basis in the financial statements where there is a right of offset with the appropriate note disclosure.

- *Review of reporting by the Approved Auditor on satisfying conditions required by some Section 56 directives (Insurance Act):*

The Committee worked with the Supervisor of Insurance to agree on the form of the Approved Auditors' reporting to ensure that such reporting is in accordance with generally accepted auditing standards. The proposed format is that of a Specified Auditing Procedures report. The implementation of this reporting continues to be discussed with the BMA and industry representatives.

In the current year, we also launched an initiative to communicate with the membership on a regular basis through the *Current Account*. We expect to make a submission to the upcoming edition of *Current Account*. The objective of these submissions are to update

the members on any significant technical guidance that has been issued by the CICA or other applicable authoritative bodies, and issues that the Committee had worked on and resolved.

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

- Assistance with the implementation of the new financial instruments standards including Handbook Sections 1530, *Comprehensive Income*, 3251, *Equity*, 3855, *Financial Instruments – Recognition and Measurement*, 3865, *Hedges*
- Review of proposed Letter of Undertaking to be issued to the BMA by the Approved Auditor of insurance entities regulated by the BMA.

I offer many thanks to all Committee members and those that assisted the Committee in anyway in achieving its objectives during the year.

I would close by inviting all members to note our terms of reference as noted in the opening paragraph to this report and to refer any issues that may affect our practicing members to the Committee. This will facilitate open discussion among all practicing members and consistency across the industry.

PROFESSIONAL PRACTICE COMMITTEE MEMBERS

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

Colm Holman, CA
Stephen C. Kuzyk, CA
Barry W. Neilson, CA
Brendan O'Reilly, CA
Michael Baker, *BMA Representative Ex-officio*

The Student Affairs Committee has continued its mandate of assisting ICAB and its strategic partners in delivering an organised and responsive programme of professional study to our students. I am indebted to my committee members for their help and support throughout the period.

Our general mission as a committee is to foster an environment that focuses on the development and support of our current enrollment and that is attractive to future students. It is encouraging to see growth in our student numbers, with all of the approved training firms reporting an increased student population over prior years and many have future hires already lined up. Our current focus is keeping a keen eye on the efforts of each student and tracking their progress more closely.

Our students registered with the Atlantic School of Chartered Accountancy (“ASCA”) have performed exceptionally well, including achieving the highest grades on certain courses and a 100% flow through rate in for the year. ASCA’s thorough approach, combined with the assistance and feedback of the students, creates a supportive framework upon which our students will no doubt succeed. ASCA and Bermuda’s success in 2005 UFE bear this out.

Six students wrote the 2005 Uniform Evaluation (“UFE”) at BISYS Hedge Fund Services Limited on September 13 through 15, 2005. Congratulations to our four successful writers! A sincere thank you to all the invigilators for their assistance. The UFE took place during the Executive Director interregnum and Wenda Aberdeen was vital to this year’s coordination efforts – thanks Wenda!

All students wrote the evaluation electronically on secure laptops and I am indebted to Ron Burke, CA for his assistance in resolving technical issues which arose. The 2006 UFE will be held on September 12 through 14, 2006 and there are anticipated to be eight writers from Bermuda.

Throughout the year we look to provide a nourishing environment for our students. A practice examination in the anticipated UFE location was held in advance of the 2005 UFE. Most UFE writers took advantage of this opportunity and marking services were also offered. We are looking to assist more actively with ASCA courses throughout the year, using the expertise of the ICAB’s membership, especially recently successful students.

Through the student newsletter we have maintained a link with students and the membership at large. Shortly we will hold a reception for all students and administrators. This will principally be a social occasion and it is our intention to continue this trend annually in order to foster good relations amongst our students.

I take this opportunity to thank the members of the Student Affairs Committee for their dedication. In particular, thanks are due to Ron Burke in his role as Secretary to the Committee and Jennifer Silva and Tracy Turtle for their exam invigilation efforts and, to KPMG for providing a venue for examinations and our regular meetings.

Finally, this is likely my last year of direct involvement with the Student Affairs Committee having served as a student member, member and, for the last four years, as Chair and as Council member. Throughout what is likely twelve or more years, the Committee has benefited from the dedicated service,

STUDENT AFFAIRS COMMITTEE

Stephen R.O. Caton, CA

participation and guidance of Susan Darrell of PwC. Thank you Susan – it has been a privilege working with you.

STUDENT AFFAIRS COMMITTEE MEMBERS

Stephen R. O. Caton, CA, *Chair*
Ronald J. Burke, CA
Candace Coleman, CA
Susan E. Darrell, *Ex-officio*
Latanya Dickinson

Selena Mello, Student Representative
Jennifer Silva, CA
Reneka Smith, CA
Nikki Thomas-Bell, Student Representative
Tracy Turtle, CA
Phillip R. Gagle, MPA, *CEO/Executive Director, Ex-officio*

APPLICATIONS REVIEW COMMITTEE

Ronald E. Simmons, CA

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

During the 2005/2006 Year the Committee vetted 132 applications. These included 106 from Public Practice, 22 from industry and 4 from Government.

Four of the applications were withdrawn when applicants either left the Island or moved to other employment.

Thanks go to all of the Committee members for their assistance during the year and special thanks to Wenda Aberdeen at the ICAB office, for her administrative support.

APPLICATION REVIEW COMMITTEE MEMBERS

Ronald E. Simmons, CA, *Chair*
N. Thomas Conyers, FCA
Bilal (Bill) Haffejee, CA
Phillip R. Gagle, MPA, *CEO/Executive Director, Ex-officio*

The Legislative Committee is charged with 1) monitoring legislature developments that may impact the Institute, its members or its members' work, 2) ensuring the Institute's interests and views are well represented in the development of new or amended legislation and regulations, and 3) pursuing legislative initiatives that are in the interest of the Institute. ICAB is one of many organizations in Bermuda that provides input to government through the Ministry of Finance or Bermuda Monetary Authority on new and amended legislation. This communication helps to ensure that legislation is well thought out and in good form before being introduced.

The Legislative Committee monitors developments and responds, when appropriate, with ICAB's views. The Committee tries to ensure that the views of the membership are reflected, in our responses, through soliciting views of representative groups of members affected by the proposed rules or regulations. Responding to proposed new regulations or legislation often involves an ongoing dialogue with the regulators to explain our views and work toward a solution that is beneficial to all. In that regard, we would

like to express our appreciation to the Bermuda Monetary Authority and the Ministry of Finance for continued openness to dialogue with us on matters of importance to the Institute.

Sometimes legislative developments impact our role as practicing auditors and, therefore, evaluating and responding to such developments is best deferred by the Legislative Committee to the Professional Practice Committee. We strive to coordinate closely between Committees to ensure that the interests of the Institute are well served.

In the last year, we had continuing correspondence with the Ministry on proposed and new legislation which has consequence for practicing auditors and legislative matters, upon which the Ministry had requested the Institute's comments.

The Committee continues to enjoy receiving input from those members who assist us in responding to legislative developments as they arise.

LEGISLATIVE COMMITTEE

Michael J Harvey, CA, *Chair*

The leading topic of 2004 revolved around the discussion of the potential merger of the CA and CMA professions. The news was initially announced by the CICA in late May 2004 as a means to protect, foster and grow the globally diminishing CA profession. As information filtered to Bermuda from the CICA, ICAB held information sessions to disseminate this information to our members. The reactions of members varied by extremes from shock to full agreement of the potential merge. After countless hours of discussions, conference calls and debate both within and between both professions, it was decided early in 2005 that, for now at least, talks of a potential merger would be put aside. Issues were raised that will need to be addressed should talks continue at any point in the future. The fact remains that globally the CA profession must act to ensure the longevity of our profession.

Also in 2004, a Task Force was struck to look at recommending the implementation of continuing professional development. It was recommended that mandatory professional development be implemented for our members and, at a Special General Meeting held on 8th March, 2005, the necessary By-Law amendments were approved. Effective 1st January, 2005, each member is now required to complete 120 continuing professional development hours over a three year period. Information can be obtained from our web-site.

Awarded in July 2004, our Bermuda College Scholarship recipient is Ms. Estina Francis, an aspiring young lady that we had pleasure in recognizing. We look forward to a promising career for her.

The first official event for the year is always our Annual Golf Tournament. The 2004 tournament was held at the Belmont Hills Golf

Course, with the victorious team consisting of Bill Haffejee (one of our own Committee members – no it wasn't rigged!), Kevin Hadell, Gary Edwards and Glen Miskiewicz. Many thanks to the "PwC Enslavers" for organizing the 2004 tournament – I know our current winners will take great pleasure in organizing the 2005 event which will be our 27th year!

Our tri-annual anniversary for awarding FCAs was in 2005; our Nominating Committee was formed late 2004 and, with the assistance of our members, 6 well known and highly respected individuals were announced as honorees and they are:

N. David Anfossi, FCA (Deceased)
Ian H. Davidson, FCA
L. Anthony Joaquin, FCA
The Hon. Terry E. Lister, JP, MP, FCA
Kathryn R. Siggins, FCA
Jan J. Spiering, FCA

Criteria for this prestigious qualification include service to the Institute, career development and success, public contribution, as well as community involvement. These honorees were recognized over an elegant evening held at The Mid Ocean Club on 5th March, 2005. There were approximately 100 attendees who enjoyed the evening, food and speeches!

Our Annual Convocation Dinner was held on 2nd April, 2005 at the Fairmont Hamilton Princess. In total 4 local and 6 overseas CA successful candidates were recognized in addition to 3 local CPA successful candidates. The evening was, as expected, well attended and filled with celebration!

The Chair of the CICA, Mr. David A. Hope, MBA, FCA was here to make presentations

to our successful Candidates. We took advantage of his presence and ICAB hosted a dinner on 1st April at La Coquille Restaurant for him and Council members. The Annual “Your Future” magazine was published in April and in this issue, we took out editorial space containing an article written by Tracey Pitt, our President. The article provides an overview of ICAB’s structure and objectives. It also gives statistics on our members and refers to the recent implementation of mandatory continuing education. Along with two other articles based on the accounting profession, there is a total of two and half pages on our profession in this issue (plus our two page advertisement and three-quarter page scholarship ad).

We are now preparing for our upcoming Outstanding Student Awards which is always a successful programme. We wish our recipients much success in the future.

This year the Technology Committee merged with the Public Awareness Committee to consolidate resources. We will be spending time reviewing the web-site content and structure and going forward will be looking to enhance and develop it.

Upcoming events include our student reception which will be held in the fall of 2005. Also be on the look out for our next release of the Current Account to be published this summer.

Many thanks go to our Committee members for their contributions, efforts and time commitment. This year we welcomed Donna Douglas to our Committee who has been focusing on developing our high school relationships. We would also like to formally say a special thank you to both Wenda and Alan; without their support, guidance and extraordinary reliability I don’t know what we would do!

PUBLIC AWARENESS COMMITTEE MEMBERS:

Michelle B. Dallas, CA, *Chair*

Donna M. Douglas, CA

David A.D. King, CA

Jaimie A. Steeves, CA

E. Tamika Williams, CA

Phillip R. Gagle, MPA, CEO/Executive Director,
Ex-officio

The past year has been very active particularly due to the introduction of mandatory Continuing Professional Development (CPD) by ICAB in March, 2005. At the time of writing this report I am pleased to say that the majority of ICAB members appear to have met the 2005 requirements, and some went considerably further in their CPD efforts. The process of reviewing the CPD reports is an ongoing effort and will take some time to complete.

The introduction of CPD has probably generated more telephone calls, e-mail traffic and letters to the ICAB office than any other issue in recent memory. Many members had questions about the ICAB requirements or concerns about meeting them. There has also been some uncertainty over the exemptions specified in the by-law. It might be useful therefore to briefly review the background and impetus for ICAB's introduction of CPD in an effort to clear up any misunderstandings.

The introduction of mandatory CPD brings ICAB in line with international standards adopted by the International Federation of Accountants (IFAC). IFAC has required professional accounting bodies who are IFAC members to adopt mandatory CPD by January 1, 2006. In summary the IFAC requirements include 120 hours of CPD over a three year period, of which at least 60 must be in "verifiable learning activities" and a minimum of 20 must be completed annually.

As a member of IFAC the Canadian CA profession has an obligation to meet those standards, and accordingly so does ICAB. The ICAB CPD requirements parallel those of IFAC. Internationally, CAs in England and Wales, Scotland and South Africa have either

adopted or committed to adopt CPD measurement models which meet or approximate the IFAC standards. In the US, CPAs must meet the requirements of their respective state boards which generally meet the IFAC standards and in some cases may exceed them.

International CPD requirements seek to achieve a commitment to life-long learning which should be one of the pillars of our profession. In its January, 2006 report the CICA's Council of Senior Executives Public Trust Task Force (PTTF) expressed the view that in times of constant change it was first and foremost imperative for CAs to remain knowledgeable and current in all areas in which they practice or work to best serve the needs of clients, employers and the general public. Certainly we would expect our medical professionals to be knowledgeable and current in all areas relevant to our treatment, so our clients and employers should be entitled to the same expectation.

Practical challenges remain, and we have only just completed the first year of implementation of CPD. We shall continue our efforts to improve and add course offerings, however due to resource constraints it is unrealistic to expect that ICAB can sponsor or host a significant number of courses covering a variety of industry specific as well as generic needs. For the foreseeable future the emphasis will be on ICAB providing a limited number of core courses in both technical and soft skills areas while providing referral information to other course providers within Bermuda.

Additional developments in 2006 include improved efficiency of CPD reporting and monitoring for each member due to a significantly upgraded web site due to come on line in the second half of the year.

I would like to thank in particular Wenda Aberdeen, our ICAB administrator and Phil Gagle, ICAB CEO / Executive Director for their tireless efforts in keeping up with the volume of work surrounding CPD in the past year. I would also like to thank the members of the PD Committee – Tracy Turtle, Jane Knight, Janet Carew, Shareena Hall and Charlene Gabriel – for their commitment of time and energy in what has been a very busy year. With the support of ICAB Council, administration and the PD Committee I believe we have laid a solid foundation for the continued improvement of CPD in future.

PROFESSIONAL DEVELOPMENT COMMITTEE MEMBERS

David F. Skinner, CA, *Chair*
Janet A. Carew, CA
Charlene Gabriel, CA
Shareena D. Hall, CA
D. Jane Knight, CA
Tracy Turtle, CA
Phillip R. Gagle, MPA, CEO/Executive Director, *Ex-officio*

GOVERNANCE AND ADMINISTRATION

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA

COUNCIL

Jessel J. Mendes, CA
Ernst & Young

President

Tracey S.R. Pitt, CA
Office of the Auditor General

Ronald E. Simmons, CA
Moore, Stephens & Butterfield

Vice-President

N. Thomas Conyers, FCA
PricewaterhouseCoopers

David F. Skinner, CA
ASPEN Insurance Holdings Ltd.

CICA Representative
David W. Smith, FCA

Secretary

R. John Wight, CA
BF&M Limited

STAFF

CEO/Executive Director
Phillip R. Gagle, MPA

Treasurer

William A. Jack, CA
Deloitte & Touche

Executive Assistant
Wenda A.L. Aberdeen

Other Members

Craig I.V. Bridgewater, CA
KPMG

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

Postal –
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Michelle B. Dallas, CA
BF&M Limited

Michael J. Harvey, CA
Arthur Morris, Christensen & Co.

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

**CICA & INTER-PROVINCIAL
COMMITTEES & TASK FORCES**

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Council of Presidents

Tracey S.R. Pitt, CA

Selection Council

Tracey S.R. Pitt, CA

Council of Senior Executives

Phillip R. Gagle, MPA

**Ethics Standards Harmonization
Committee (ESHC)**

George H. Holmes, CA, Chairman

**International Qualifications Appraisal
Board (IQAB)**

Phillip R. Gagle, MPA

Work Life Flexibility (WLF)

Phillip R. Gagle, MPA

**ATLANTIC SCHOOL OF
CHARTERED ACCOUNTANCY**

Board of Directors

Stephen R.O. Caton, CA

David F. Skinner, CA

**ATLANTIC REGION OFFICERS
GROUP (AROG)**

Tracey S.R. Pitt, CA

Phillip R. Gagle, MPA

**ICAB AND OTHER
COMMITTEES & TASK FORCES**

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Nominating Committee

Thomas E.C., Miller, CA, Chairman

Robert A. Blee, CA

Andrew D. Parsons, CA

Professional Liability Task Force

N. Thomas Conyers, FCA, Chairman

Robert A. Blee, CA

J. David Boden, CA

Scott Hunter, FCA

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

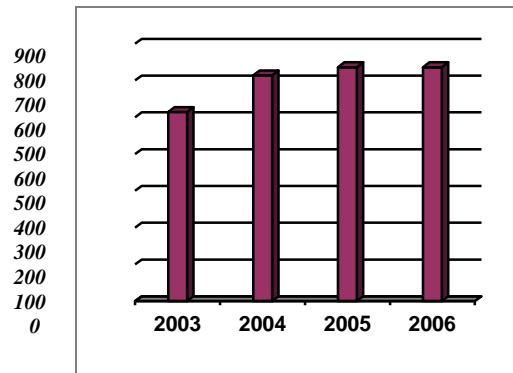
George H. Holmes, CA, Chairman

Legal Aid Committee

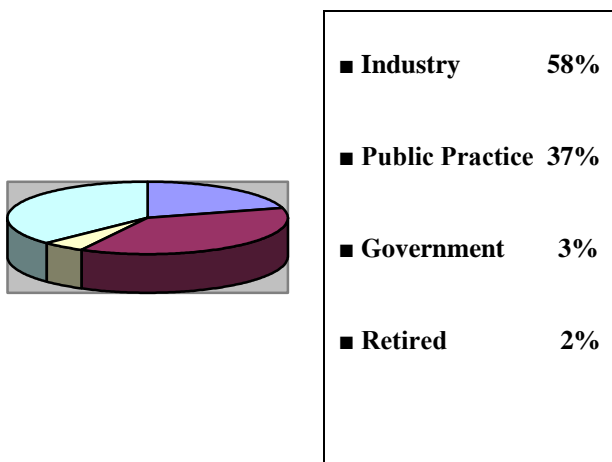
Roderick C. Romeo, Jr., CA, ICAB Representative

Members 873 in 2006

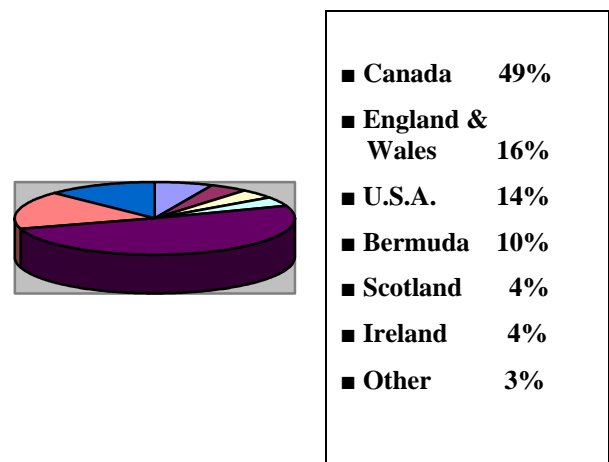
Members by Year



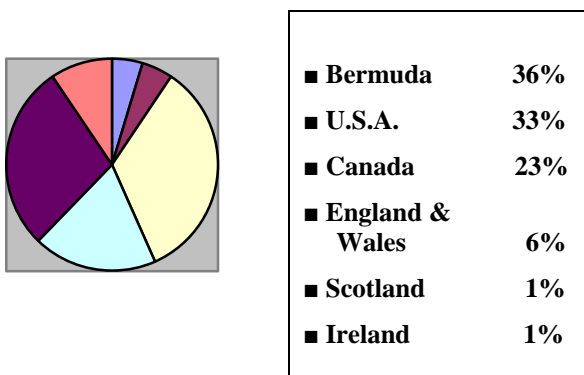
Members by Type of Occupation



Members by Country of Qualification



Bermudians by Country of Qualification



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA
FINANCIAL STATEMENTS
(AND AUDITORS' REPORT THEREON)
FOR THE YEAR ENDED
MARCH 31, 2006

Auditors' report
Statement of financial position
Statement of operations and changes in net assets
Statement of cash flows
Notes to the financial statements (2 pages)

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, 2006 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 Canada which have general application in Bermuda. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada which have general application in Bermuda.



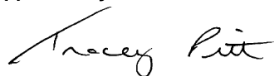
Chartered Accountants
Hamilton, Bermuda
May 17, 2006

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2006
(Expressed in Bermuda dollars)

	Note	2006 \$	2005 \$
ASSETS:			
Current assets			
Cash		101,190	77,726
Deposits	3	360,492	354,400
Interest receivable		3,641	3,411
Accounts receivable		6,228	1,807
Prepaid expenses		2,140	4,752
Total current assets		473,691	442,096
Property, plant and equipment	4	1,840	5,697
Total assets		475,531	447,793
LIABILITIES:			
Current liabilities			
Accounts payable and accrued liabilities		10,757	23,845
Course fees and convocation expense recoveries received in advance		-	31,328
Total current liabilities		10,757	55,173
NET ASSETS:			
Unrestricted net assets		464,774	392,620
Total liabilities and net assets		475,531	447,793

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

Approved by the Executive Committee:



President



Treasurer

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2006**

(Expressed in Bermuda dollars)

	Note	2006 \$	2005 \$
OPERATING REVENUES:			
Membership fees		472,905	462,408
Less: CICA fees		(224,894)	(200,981)
Membership fees retained		248,011	261,427
Admission fees		12,000	15,360
Interest		11,936	10,926
Total operating revenues		271,947	287,713
OPERATING EXPENSES:			
Salaries and benefits		144,126	159,351
Rent and office maintenance	5	19,946	18,948
Legal fees		17,794	45,501
Conferences and committees		13,076	13,752
General and administrative		11,856	7,259
Insurances		8,579	8,579
Printing and stationery		6,471	9,412
Amortization of property, plant and equipment		3,857	5,547
Information technology consulting		573	671
Equipment maintenance and repairs		275	2,081
Disciplinary committee	6	-	1,216
Total operating expenses		226,553	272,317
Excess of operating revenues over operating expenses		45,394	15,396
NET PROGRAM REVENUES (EXPENSES):			
Professional development		46,243	13,793
Student affairs		5,470	454
Public awareness		(24,953)	(31,908)
Total net program revenues (expenses)	7	26,760	(17,661)
Excess (deficiency) of revenues over expenses		72,154	(2,265)
Unrestricted net assets , beginning of year		392,620	394,885
Unrestricted net assets , end of year		464,774	392,620

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

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006
(Expressed in Bermuda dollars)

	2006	2005
	\$	\$
OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	72,154	(2,265)
Items not affecting cash:		
Amortization of property, plant and equipment	3,857	5,547
Changes in non-cash working capital:		
Interest receivable	(230)	202
Accounts receivable	(4,421)	(1,509)
Prepaid expenses	2,612	4,189
Accounts payable and accrued liabilities	(13,088)	12,937
Course fees and convocation expense recoveries received in advance	(31,328)	27,568
Cash and deposits provided by operating activities	29,556	46,669
Cash and deposits, beginning of year	432,126	385,457
Cash and deposits, end of year	461,682	432,126
Cash and deposits consist of:		
Cash	101,190	77,726
Deposits	360,492	354,400
	461,682	432,126

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

1. Authority

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

2. Significant accounting policies

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

Property, plant and equipment

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

Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years

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.

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 on the date of the transaction.

Use of estimates

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

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006**

3. Deposits

Deposits comprise three separate deposits with two Bermuda Banks, which mature on January 5, 2006, October 5, 2006 and October 25, 2006.

4. Property, plant and equipment

Property, plant and equipment comprise:

	2006			2005
	Cost	Accumulated Amortization	Net book Value	Net book Value
	\$	\$	\$	\$
Office equipment	16,065	14,487	1,578	3,156
Computer equipment	8,267	8,067	200	2,357
Furniture and fixtures	11,488	11,426	62	184
	<u>35,820</u>	<u>33,980</u>	<u>1,840</u>	<u>5,697</u>

5. Commitment

The Institute has entered into a lease for the office space it occupies at a monthly rent of \$1,729 (2005 - \$1,186).

6. Related party transactions

For the year ended March 31, 2005, disciplinary committee expenses include fees of \$1,216 which were paid to a firm of chartered accountants the partners of which are members of the Institute and of which certain partners are members of the executive committee and other sub-committees.

7. Program activities

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

	2006			2005
	Revenues	Expenses	Net	Net
	\$	\$	\$	\$
Professional development	203,450	(157,207)	46,243	13,793
Student affairs	6,610	(1,140)	5,470	454
Public awareness	19,657	(44,610)	(24,953)	(31,908)
	<u>229,717</u>	<u>(202,957)</u>	<u>26,760</u>	<u>(17,661)</u>

