

Annual



Report

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

Annual Report 2012

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David F. Skinner, CA

Much of your Council's activity in the last year has centred around ongoing discussions about unification of the Canadian accounting profession. You will have read about the recent withdrawals of CMA Ontario and CGA Ontario from the process. These moves appear tactical in nature and possibly not in the best interest of those groups' members. It is impossible to influence the outcome of a negotiation unless one is part of the process. While it is not for me or the ICAB Council to judge the moves themselves or the rationale for them, the national CICA and CMA bodies remain committed to the unification principles. ICAB Council is supportive in principle and cognizant of its duty to members to articulate a process by which ICAB would align itself with CPA Canada as and when that stage is reached. A proposal document for members' consideration will be forthcoming in the near future.

Certainly there has been more going on than unification discussions. A new pre-certification program has been developed in Canada. Council was fortunate to be able to have Tasha Batstone, a leading member of the group developing the new program, come to Bermuda to give us an overview of the proposed program. It is intended to replace the current CA pre-certification process and will be a national program implemented regionally. Details remain to be finalized, but the program is at an advanced stage and promises to be just as rigorous if not more rigorous than the existing provincial CA programs. More details will be forthcoming over the next year, and personally I can say that not only am I pleased that the profession continues to raise its already high standards but also that I will not have to experience the new program first hand!

At home, members of Council have been actively involved together with members of the legal profession in establishing the new anti-money laundering task force. ICAB members other than those on Council are members of the committee, including Ron Shaw as its Chairman. We wish the committee well as it seeks to play its part in maintaining Bermuda's integrity as a commercial centre.

Also, your Institute's CPD program continues to flourish under the able leadership of Elizabeth Lee. As many of you will have witnessed, the course offerings are

many and diverse, appealing to a wide range of interests. Attendance is high in most courses, and ICAB continues to work to make the content relevant and cost-effective for members.

The highlights of the ICAB year are always the announcement of exam results and the annual convocation. We were pleased during this year to congratulate 4 successful CA and 5 CPA candidates, and in April we welcomed a record number of Bermudian and non Bermudian newly qualified accountants to the profession. Judging by the number and caliber of these new members the profession will be strong and vibrant for the foreseeable future.

It only remains for me to thank the members of Council for their support of the profession and their thoughtful contributions to meetings and hard work outside of our regular monthly meetings. Above all, I want to thank Annarita Marion, President and CEO of ICAB, and her dedicated team – Elizabeth Lee and Wenda Aberdeen for all that they do to keep our institute running smoothly. I can assure you it is these people that make things work, and I am personally very grateful to them for making my role as Chairman as easy as possible.

I have been privileged to be your Chairman for the last two years, and I complete my tenure feeling confident that the future holds many opportunities for our profession.

Professional Practice Committee



Colm A. Homan, CA

2011/12 has once again been an exciting and productive year for the Professional Practice Committee (PPC). The pace of global regulatory change has continued unabated and this has necessitated the ICAB, through the Professional Practice Committee keeping an active eye on the potential impact of such developments on the profession in Bermuda. Bermuda has been far from idle and has been involved in a number of consultations during the year, principally in the following areas:

- Working with the new independent AML/ATF supervisory authority for the accounting and legal professions in relation to implementation of their inspection program over compliance with AML/ATF rules by our members in practice.
- Continued progress in the 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:

- *Working with the new independent AML/ATF supervisory authority for the accounting and legal professions in relation to implementation of their inspection program over compliance with AML/ATF rules by our members in practice*

As noted in last year's Annual Report, the accounting and legal professions (and therefore ICAB and the Bermuda Bar Association) had been required to establish an independent supervisory authority in relation to monitoring compliance with AML and ATF rules by our respective members.

A significant amount of work was completed during the year, with the PPC working in conjunction with the Colin Couper's Legislative Committee. The key activities during the year included assistance with drafting the guidance notes for the profession. We were also involved in consultation with representatives of the National Anti-Money Laundering Committee ("NAMLC") with respect to facilitating

the formal designation of the newly established board as a Designated Professional Body by the Ministry of Justice.

This Board, which is independent of both the accounting and legal professions, is now being chaired by Ronald Shaw. Ms. Cheryl-Ann Mapp has been appointed as the Supervisor. The Board has been active in terms of providing educational seminars on the requirements for the profession along with collecting information from the regulated entities about the scope of their activities.

- *Continued progress in the development of 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 had 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 continued to work with the Ministry of Finance, in particular around providing comments on the drafts of the enabling legislation. It is hoped that the Board will be formally constituted later this year with a view to starting its inspection process in 2013.

- *Continued enhancements of Bermuda's regulatory framework in the insurance industry*

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 participating in BMA working groups, reviewing and providing comment (as applicable) to the BMA on the proposed changes to the insurance regulatory framework including:

Professional Practice Committee (continued)

- Economic Balance Sheet
- Capital and Solvency Requirements for Long-term Business; and
- Group Supervision

The BMA continues to be proactive in the development and revision of Bermuda's insurance regulation to help ensure that it remains effective and consistent with international best standards. 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 on revisions to the audit report on Statutory Financial Statements.

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

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

2012 CONVOCATION



First Row (left to right): Gina Wheatley, Crystal Pittendrigh, Melina Tyers, ICAB Chair – David Skinner, Estina Francis, Kellyn Tan, Sucharita Banerjee **Second Row (left to right):** Lisa Cheng, Tifa Han, Anneli Christiansson, Andrew Mendonca, Kelly Terceira **Third Row (left to right):** Homer Hamish, Samantha Payne, Ke Xin Chen, Farhin Zaman **Back Row (left to right):** Kyle Dunn, Zubair Hasan, Chris Luca, Jeremy Shrubbs, Arthur Currie, Oliver Binns, Robert Zhan **Not Pictured:** Chris Chapman, Leonae Landy, Daniel Iwaloye, Ali Khalili, Leo Lisen Bai, Phillip Guglielmi and Robert Xia

Student Affairs Committee



Andrea Dawe, 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 its students. To this end, the Committee is engaged in the attraction of students to the chartered accountant (“CA”) and the certified public accountant (“CPA”) programs, the fostering of training assistance during current student programs, and providing a network for students, 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 exams.

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 illustrates the commitment that ICAB has in its youth, its students, and the future business leaders of tomorrow. ICAB continues to benefit from its participation in these events as we are currently welcoming thirteen students to the CA professional program in 2012. 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 continue to look for new and innovative ways of attracting Bermudian students to the accounting profession. 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 the current economic challenges in order to meet the needs of our aspiring professionals and leaders of tomorrow.

This year ICAB welcomed four of Bermuda's own into the CA profession: Anneli Christiansson, Andrew Mendonca, Jeremy Shrubbs, and Kelly Terceira who all successfully passed the 2011 CA Uniform Final Evaluation (“UFE”). The Committee would like to

send out special congratulations to the writers for their success in the final completion of a long and challenging program of study, which is recognized as one of the most difficult and challenging professional programs and exams in the world. Well done! To our unsuccessful writers, 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! We continue to be here to support you in any of your future endeavors.

The success of the 2011 UFE was celebrated on April 14, 2012 at Fourways Inn, with the convocation of not only our 2011 CA graduates, but also our successful CPAs, and our successful overseas CA and CPA candidates. In addition to our successful 2011 UFE writers, our successful Bermudian CPA writers included Oliver Binns, Chris Chapman, Estina Francis, Leonae Landy and Gina Wheatley. ICAB also welcomed into the profession successful overseas CA and CPA writers, Leo Lisen Bai, Sucharita Banerjee, Ke Xin Chen, Lisa Cheng, Arthur Currie, Kyle Dunn, Philip Guglielmi, Ye Tifa Han, Zubair Hasan, Hamish Homer, Daniel Iwaloye, Ali Khalili, Christopher Luca, Samantha Payne, Crystal Pittendrigh, Kellyn Tan, Melina Tyers, Robert Xia, Farhin Zaman and Robert Zhan. Congratulations to all the new CAs and CPAs! Special thanks goes out to Justin 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 is through planned social events aimed at promoting networking amongst the student body, 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 compliment current courses being taken, which were hosted by both Bermuda facilitators, as well as by instructors from abroad. The Committee aims to continue to offer such training sessions, including a locally run three-day UFE preparatory program. It is efforts such as these that the Committee strives to bring qualified

Student Affairs Committee (continued)

instructors to Bermuda in order to provide students with the final skill sets and coaching they require in attempting their respective final exams.

It is 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 Jennifer Gosse, for her 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 Ron Burke who has chaired this committee for many years. Our committee was privileged to have you lead us, and on behalf of the Committee we thank you for all of your commitment and dedication over the past several years and wish you all the best in your future endeavors.

STUDENT AFFAIRS COMMITTEE MEMBERS

Andrea Dawe, CA, *Chair*
Charla Furbert, CPA, MBA, CFE
Wanda Mello, CA, CPA
Jennifer Gosse, CA
Jarita Vickers, CA
Miranda Hunter, CA
Wanda Armstrong, *Ex-Officio*
Sean Pitcher, CA
Taniesha Brangman
Francesca Bortoli, CA
Jorden Coursen
Nancy Simpson
Erin Smith
Marcia Malpas

Shaun Moniz, *Student Representative*
Kim Johnston, *Student Representative*
Jennifer Beech, *Student Representative*

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

Applications Review Committee



***Francine M.
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 2011/2012 year the Committee vetted 66 applications, all of which were approved. Of those joining, 57 were from public practice and 9 from industry. Also during the year, 62 persons resigned from the Institute, the primary reason being persons moving off island.

No applications were withdrawn during the period under review; however there were 2 suspensions and 1 reinstatement to the membership.

APPLICATIONS REVIEW COMMITTEE MEMBERS

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

Public Awareness Committee



Heather Cooper, CA, CFA

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 ICAB Scholarship for deserving students attending the Bermuda College was awarded to Christy Corbett and Alicia Eve. In recent years ICAB has had the pleasure of recognizing a few CA and CPA 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 or CPA exams, the ICAB Scholarship is available to those students in the MSV-BBA program who have declared Accounting as their major. The ICAB Scholarship Selection Committee consists of Mary-Lynn Robinson, Deneka Borden, Annarita Marion and Anika DeShields. The deadline for scholarship applications is May 31st, and awards are 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 high schools in business studies classes, at career days and networking

events. Student information packages have been developed which profile CA's in both industry and public practice to provide relevant information to potential students. 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 maintained a Face Book page for ICAB, to which photos and event notices are posted.

I would like to thank the members of the committee for their hard work and dedication and once again for their excellent work on producing the 2012 Annual Report.

PUBLIC AWARENESS COMMITTEE MEMBERS 2011/2012

Heather Cooper, CA, CFA, *Chair*

Anika M. DeShields, CA,

David Gibbons, CA

Kim Griffith, CA

Mark Lavery

Annarita Marion, JP, CA,

President and Chief Executive Officer, Ex-officio

2012 SCHOLARSHIP



(left to right):
Deneka Borden
Mary-Lynn Robinson
Alicia Eve
Annarita Marion
David Skinner
Christy Corbett
Anika DeShields

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.

2011/12 saw a great variety of different training opportunities being brought to the ICAB membership. In total, 61 training sessions and workshops were run on topics ranging from industry specific and general accounting updates, to Excel and other technology topics, risk management, governance and ethics sessions, as well as leadership skills. Total registration numbers closed at some 960 for the year, representing a 57% increase over the prior year and overall feedback has been very good. We responded to our members' demand during the year and ran second offerings of several training sessions. 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. As a service to members and in recognition of the current economic climate we were also able to offer several discounted sessions during 2011/12 and we hope to be able to continue to do this. In addition, we offered one half day seminar to our members as a free CPD session in March.

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 annually for compliance in more detail. During these reviews, members are asked to submit supporting documentation for training programs attended. The Committee also reviews requests for exemptions from CPD requirements. Members found not in compliance with their CPD

requirements are informed of the shortfall and action plans are developed to bring these members back into good standing.

Elizabeth Lee continues in the position of Director of Continuing Professional Development. This is a very busy role and the tremendous growth in the registrations is testament to the effort that has been put into developing a robust CPD program.

In addition to the very active members of the Committee and in particular the CPD Director, 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. With the move to new premises in 2012, ICAB now has a training room which will help alleviate the need to use external venues.

Finally, we thank our members for their continuing and positive support of our CPD program.

2011/12 COMMITTEE MEMBERS:

Jane Knight, CA, *Chair*

Elizabeth Lee, CA

Director of Continuing Professional Development, Ex-officio

Scott Quayle, CA (*until December 2011*)

Collin Dill, CA

Mesheiah Bassett-Crockwell, CA

Jennifer Gosse, CA, *Secretary*

Susan Maisonneuve, CA

Alison Fitzgerald, CA

Michael MacPhee, CA (*until December 2011*)

Yanique Miller, CA

Edith Steel, CA

Umar Hasan, CA

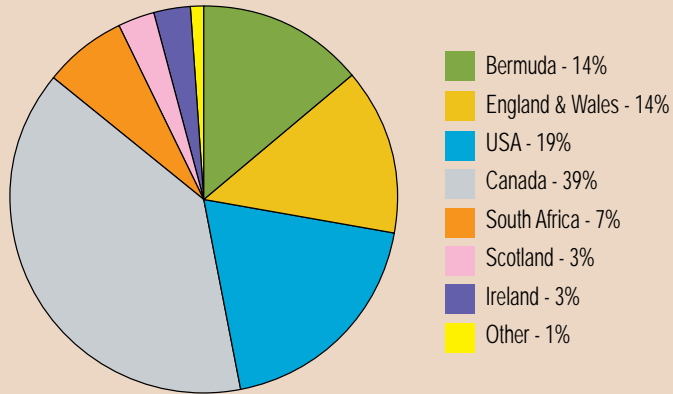
Guy Bowker, CA

Angela Taylor, CA

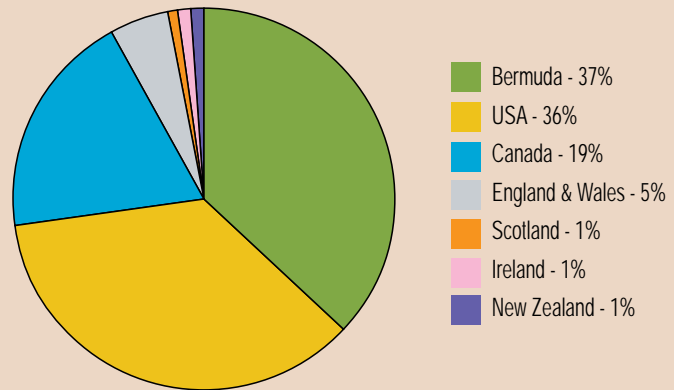
Annarita Marion, JP, CA,

President and Chief Executive Officer, Ex-officio

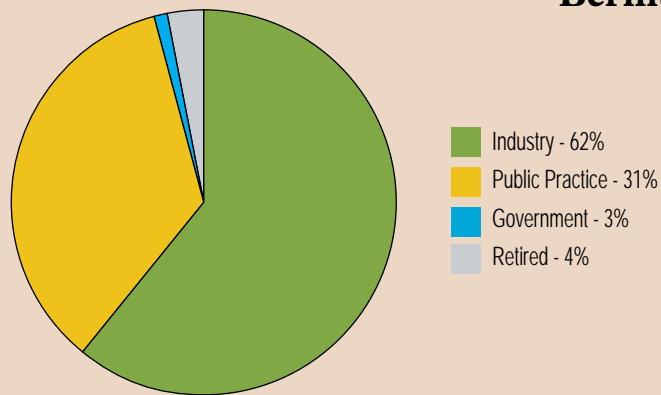
ICAB Membership Statistics



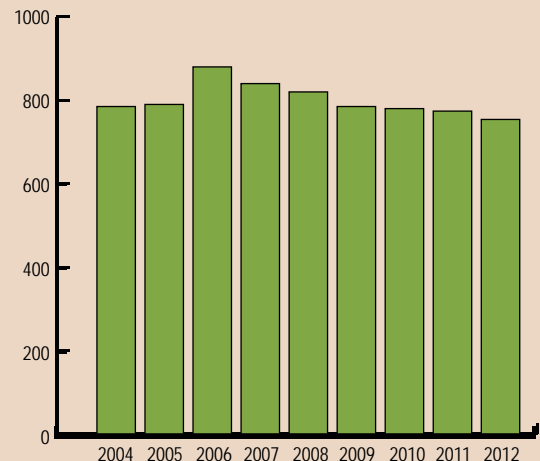
Members by Country of Qualification



Bermudians by Country of Qualification



Members by Type of Occupation



Members by Year

Council and Committees

COUNCIL

Chair

David F. Skinner, CA
ASPEN Bermuda Limited

Vice-Chair

Ronald J. Burke, CA
Bacardi Limited

Secretary

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

Treasurer

Chad A. Critchley, CA
Ernst & Young

Other Members

Heather J. Cooper, CA
Aurigen Reinsurance Limited

Colin N. Couper, CA
KPMG

Samantha M. Froud, CA
ACE Limited

Douglas J. Hillen, CA
Mazars Chartered Accountants

Colm A. 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

N. Thomas Conyers, FCA
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 B. Lee, CA

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E-mail: info@icab.bm **Website:** www.icab.bm

CICA & INTER-PROVINCIAL COMMITTEES & TASK FORCES

Council of Presidents

David F. Skinner, CA

Leadership Group (CICA)

David F. Skinner, CA

Ronald J. Burke, CA

Council of Senior Executives (CSE)

Annarita G. Marion, JP, CA

CA Pooled Professional Development Group (CAPPD)

Elizabeth B. Lee, CA

International Qualifications Appraisal Board (IQAB)

Annarita G. Marion, JP, CA

Women's Leadership Council

Annarita G. Marion, JP, CA

Work/Life Committee

Annarita G. Marion, JP, CA

Council and Committees (continued)

ICAB AND OTHER COMMITTEES & TASK FORCES

Nominating Committee

Tracey S. R. 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)

Jarita A. Vickers, CA, *Chairman*

Legal Aid Committee

H. Anthony Richardson, CA, *ICAB Representative*

ATLANTIC SCHOOL OF CHARTERED ACCOUNTANCY

Board of Directors

Andrea L. Dawe, CA
Wanda D. Mello, CA

ATLANTIC REGION OFFICERS GROUP (AROG)

Board of Directors

David F. Skinner, CA
Ronald J. Burke, CA
Annarita G. Marion, JP, CA

2011 BERMUDIAN CA's



2011 FCA BANQUET



EXISTING FCAs WITH THE NEW FCAs



Ian Davidson; Kirk Cooper; Richard Butterfield; Tom Conyers; Heather Jacobs Matthews; Tom Miller; Robert Steinhoff; Darren Johnston; George Holmes

NEW FCAs

Darren Johnston
Heather Jacobs Matthews
George Holmes



*Financial Statements
and
Independent Auditors' Report*

March 31, 2012



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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 Institute of Chartered Accountants of Bermuda (the "Institute"), which comprise the statement of financial position as at March 31, 2012, and the related statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the Institute as at and for the year ended March 31, 2011, were audited by other auditors whose report, dated June 21, 2011, expressed an unqualified opinion on those financial statements. We also audited the adjustments described in Note 12 that were applied to restate the 2011 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

This report is made solely to the Institute's members, as a body. Our audit work has been undertaken so that we might state to the Institute's members, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Auditor's Responsibility

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 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 present fairly, in all material respects, the financial position of The Institute of Chartered Accountants of Bermuda as at March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

Moore Stephens & Butterfield

Chartered Accountants
Hamilton, Bermuda
June 28, 2012

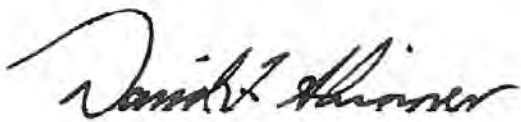
Statement of Financial Position

as at March 31, 2012

(Expressed in Bermuda Dollars)

	2012	2011 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$278,597	\$266,842
Fixed deposits (Note 3)	214,599	212,074
Accounts receivable	7,435	19,532
Interest receivable	1,001	1,181
Prepaid expenses	2,394	1,073
	<hr/>	<hr/>
Total current assets	504,026	500,702
PROPERTY AND EQUIPMENT (Note 4)	64,245	22,289
	<hr/>	<hr/>
	<u>\$568,271</u>	<u>\$522,991</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$68,688	\$73,366
Deferred revenues	12,810	10,390
	<hr/>	<hr/>
Total current liabilities	81,498	83,756
	<hr/>	<hr/>
NET ASSETS		
Unrestricted net assets (Note 12)	478,199	412,835
Restricted net assets (Notes 2g, 10 and 12)	8,574	26,400
	<hr/>	<hr/>
Total net assets	486,773	439,235
	<hr/>	<hr/>
	<u>\$568,271</u>	<u>\$522,991</u>

Approved by the Executive Committee



Chair



Vice Chair

The accompanying notes form an integral part of these financial statements

Statement of Operations

for the year ended March 31, 2012

(Expressed in Bermuda Dollars)

	2012	2011 (Restated)
OPERATING REVENUES		
Membership fees (Note 6)	\$630,685	\$611,414
Less: CICA fees	(279,282)	(258,110)
	<hr/>	<hr/>
Net membership fee revenue	351,403	353,304
Other fees (Notes 2g, 10 and 12)	–	26,400
Admission fees	20,375	22,725
Donated services (Note 8)	14,000	14,450
Interest	2,556	3,637
	<hr/>	<hr/>
	388,334	420,516
OPERATING EXPENSES		
Salaries and benefits (Note 7)	240,882	235,668
Rent and office maintenance (Note 9)	63,746	59,108
Conferences and committees	27,175	23,108
Disciplinary expense (Notes 2g and 10)	17,826	–
Audit fees (Note 8)	14,000	14,450
Communication	13,373	15,196
Insurance	7,734	7,735
Amortization (Note 4)	7,305	4,764
Legal fees	7,101	2,796
Loss on disposal of fixed assets (Note 4)	5,666	–
Executive council expense	5,631	4,684
Information technology consulting	4,232	313
Printing and stationery	4,060	5,767
Advertising	1,624	2,237
Foreign exchange loss	133	1,006
Miscellaneous	6,831	12,248
	<hr/>	<hr/>
	427,319	389,080
(Deficiency) Excess of operating revenues over operating expenses	<hr/>	<hr/>
	(38,985)	31,436
PROGRAM REVENUES (EXPENSES) (NET) (Note 7)		
Professional development	107,333	83,470
Student affairs	5,825	569
Public awareness	(26,635)	(6,209)
	<hr/>	<hr/>
Net program revenues	86,523	77,830
	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENSES	\$47,538	\$109,266

The accompanying notes form an integral part of these financial statements

Statement of Changes in Net Assets

for the year ended March 31, 2012

(Expressed in Bermuda Dollars)

	2012	2011 (Restated)
Unrestricted net assets, beginning of year	\$412,835	\$329,969
Excess of revenue over expenses (Notes 2g and 12)	47,538	109,266
Transfer from (to) restricted net assets (Notes 2g and 10)	<u>17,826</u>	<u>(26,400)</u>
Unrestricted net assets, end of year	<u>\$478,199</u>	<u>\$412,835</u>
Restricted net assets, beginning of year (Notes 2g and 12)	\$ 26,400	\$ -
Transfer from (to) unrestricted net assets (Notes 2g, 10 and 12)	<u>(17,826)</u>	<u>26,400</u>
Restricted net assets, end of year (Notes 2g and 12)	<u>\$ 8,574</u>	<u>\$ 26,400</u>

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

for the years ended March 31, 2012

(Expressed in Bermuda Dollars)

	2012	2011 (Restated)
OPERATING ACTIVITIES		
Excess of revenues over expenses (Note 12)	\$ 47,538	\$109,266
Adjustments for non-cash items and changes in working capital:		
Amortization	7,305	4,764
Loss on disposal of property and equipment (Note 4)	5,666	–
Decrease in accounts receivable	12,097	25,261
Decrease in interest receivable	180	519
(Increase) decrease in prepaid expenses	(1,321)	2,431
(Decrease) increase in accounts payable and accrued liabilities	(4,678)	716
Increase in deferred revenues	2,420	4,975
	<hr/>	<hr/>
Net cash from operating activities	69,207	147,932
INVESTING ACTIVITIES		
Additions to fixed deposits	(2,525)	(3,645)
Additions to property and equipment	(54,927)	(1,161)
	<hr/>	<hr/>
Net cash used in investing activities	(57,452)	(4,806)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	11,755	143,126
CASH AND CASH EQUIVALENTS, beginning of year		
	266,842	123,716
CASH AND CASH EQUIVALENTS, end of year		
	<u>\$278,597</u>	<u>\$266,842</u>

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

for the year ended March 31, 2012

(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 and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date of acquisition. The carrying value of these investments approximates their fair value because of their short maturity.

(c) Property and equipment

Property and equipment are recorded at cost, net of accumulated amortization 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
Leasehold improvements	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 on 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) Restricted net assets

In 2010, the Institute established a reserve for disciplinary expenses by levying \$100 per member participating in public accounting. These contributions are recorded as revenue on the date of receipt and are accumulated as restricted net assets on the statement of financial position. Restricted net assets will be reduced 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) Recent 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 Institute 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 38% (2011 - 41%) of the Institute’s assets are with Capital G Bank Limited:

	2012	2011
Fixed deposit maturing on October 5, 2012	\$145,272	\$143,540
Fixed deposit maturing on October 25, 2012	69,327	68,534
	<hr/>	<hr/>
	\$214,599	\$212,074
	<hr/>	<hr/>

The interest rates of the fixed deposits maturing on October 5, 2012 and October 25, 2012, are 1.00% and 0.95%, respectively (2011 – 1.20% and 1.15%, respectively).

Notes to the Financial Statements

(Continued)

4. Property and Equipment

Property and equipment comprise:

	Cost	Accumulated Amortization	2012 Net book value	2011 Net book value
Furniture and fixtures	\$55,026	\$(24,798)	\$30,228	\$21,686
Leasehold improvements	35,745	(2,979)	32,766	
Computer equipment	20,902	(19,651)	1,251	603
	<u>\$111,673</u>	<u>\$ (47,428)</u>	<u>\$64,245</u>	<u>\$22,289</u>

During 2011 the institute wrote off property and equipment amounting to \$5,666

5. Accounts Payables and Accrued Liabilities

Accounts payables and accrued liabilities consists of:

	2012	2011
Accrued liabilities	\$49,176	\$40,784
Due to CICA	8,809	17,183
Payroll tax	7,995	8,021
Accounts payables	<u>2,708</u>	<u>7,378</u>
	<u>\$68,688</u>	<u>\$73,366</u>

Accrued liabilities represent expenses incurred in the normal course of the operations of the Institute.

6. Membership Fees

Membership fees consist of:

	2012	2011
Annual ICAB membership fees	\$570,643	\$550,348
ICAB non-practitioner members	51,502	52,140
ICAB corporate and CPD fees	4,580	5,296
Annual ICAB student membership	<u>3,960</u>	<u>3,630</u>
	<u>\$630,685</u>	<u>\$611,414</u>

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

Notes to the Financial Statements

(Continued)

7. Program Revenues (Expenses) (Net)

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	2012 Net	2011 Net
Professional development	\$506,997	\$(399,664)	\$107,333	\$83,470
Student affairs	7,745	(1,920)	5,825	569
Public awareness	36,441	(63,076)	(26,635)	(6,209)
	<hr/>	<hr/>	<hr/>	<hr/>
	\$551,183	\$(464,660)	\$ 86,523	\$77,830

Expenses and net program revenues (expenses) include the allocation of salaries relating to professional development management in the amount of \$106,390 (2011 - \$86,048).

8. Donated Services

Audit fees are recorded at their fair value of \$14,000 (2011 - \$14,450) and are included in operating revenues and expenses at the recorded value for service rendered.

9. Commitment

During the year, the Institute has entered into a lease for the office space it occupies at a monthly rent of \$4,710 (2011 - \$3,132). The lease is for a term of three years from March 1, 2012 to February 28, 2015.

10. Net Assets

During 2011 the Institute collected \$26,400 from members in public practice to establish a fund which is restricted to meet future disciplinary expenses. During the year, \$17,826 was spent in disciplinary expenses.

11. Financial Instruments and Capital Management

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

Fair value

The carrying values of cash and cash equivalents, 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 and cash equivalents, fixed deposits and accounts receivable. In management's opinion, the risk of loss due to credit risk is not significant as cash and cash equivalents 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.

Notes to the Financial Statements

(Continued)

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, 2012, arose from the movement in the Canadian dollar exchange rate from April 1, 2011, 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.

12. Restatement of Prior Year Financial Statements

Management has restated the prior year financial statements to properly record the collection of revenue related to disciplinary cases which were previously recorded as deferred revenues. The effects of the adjustment on the financial statements are presented below.

	As previously stated	Restatement	As restated
Statement of Financial Position as at March 31, 2011			
Deferred revenue - restricted	26,400	(26,400)	–
Total liabilities	110,156	(26,400)	83,756
Restricted net assets	–	26,400	26,400
Total net assets	412,835	26,400	439,235
Statement of Operations for the year ended March 31, 2011			
Other fees	–	26,400	26,400
Excess (deficiency) of operating revenues over operating expenses	5,036	26,400	31,436
Excess of revenues over expenses	82,866	26,400	109,266
Statement of Changes in Net Assets for the year ended March 31, 2011			
Excess of revenues over expenses	82,866	26,400	109,266
Restricted net assets, end of year	–	26,400	26,400
Statement of Cash flows for the year ended March 31, 2011			
Excess of revenues over expenses	82,866	26,400	109,266
Increase in deferred revenues – restricted	26,400	(26,400)	–

Notes to the Financial Statements

(Continued)

13. Comparative Figures

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

14. Subsequent Events

The Institute evaluated events and transactions occurring after March 31, 2012, through to June 28, 2012, for potential recognition or disclosure in the notes to the financial statements. Management believes that there are no post year-end events that need to be reflected in the financial statements or disclosed in the notes to the financial statements.