
Public Accountants Licensing Board

Annual Activity Report
2012

FOR MORE INFORMATION:

ONLINE

PAPER

Department of Service Newfoundland and Labrador
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REFERENCE PERIOD

This report covers the period January 1, 2012 through December 31, 2012,
the fiscal year of the Public Accountants Licensing Board.

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Chairperson's Message

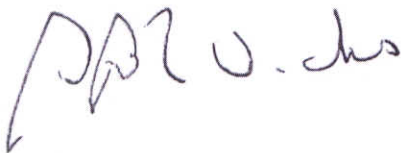
The current *Public Accountants Act* was assented to replace the *Public Accountancy Act* on December 22, 2009 and came into force on June 10th, 2011. Following the appointment of the current Public Accountants Licensing Board (PALB) membership, the new PALB held its inaugural meeting on May 22, 2012, at which time I was named Chair of the Board; Dennis Hanlon, PhD named Registrar and Jeff Pardy, FCA named as Treasurer. The Board has been active since then and met in person on several occasions. It has also dealt with various matters by email correspondence.

As Chair of the Public Accountants Licensing Board of Newfoundland and Labrador on December 31, 2012, I am pleased to submit this annual report for the activities of the Board for 2012. This plan is prepared in compliance with the *Transparency and Accountability Act*, pursuant to which the Board has been categorized as a Category 3 government entity, requiring the Board to submit an annual activity report. The Board is accountable for the preparation of this report and for the results herein.

The Board is self-funding through annual fees charged for the issuance and renewal of public accountancy licenses. The Board sets the licensing fee and pays expenses in accordance with its discretion under the *Public Accountants Act* government guidelines. The Board invests its accumulated surplus in interest-bearing assets. The Auditor General for the Province of Newfoundland and Labrador has withdrawn as auditor of the Board. The Board appointed Michael Fifield, C.A. to perform the audit for 2012.

The Board is comprised of members appointed by the Minister from the three recognized accounting designations: chartered accountants; certified general accountants; and certified management accountants, as well as members from the general public. The Board continues to enjoy very strong and cordial working relationships with the three designated accounting bodies.

Respectfully submitted,



D. Bradford L. Wicks, QC
Chair

Government Entity Overview

Mandate

The Board was established under the auspices of the *Public Accountants Act* (the “Act”). The powers of the Board include: (a) the granting and renewal of licenses under the Act; (b) the keeping and publishing of the Roll of Public Accountants in Newfoundland and Labrador and publication thereof in the Gazette; (c) the consideration of matters of common interest and concern to public accountants; (d) the prescribing of professional and insurance standards and other qualification required of individual and corporate applicants for a licensure under the Act; and (e) the referral of complaints received against Public Accountants for disciplinary action by the relevant accounting body.

Vision

The vision of the Department of Service Newfoundland and Labrador is to have, “Newfoundlanders and Labradorians living and working in a healthy and safe environment with access to an open, fair, and responsive regulatory system.”

The Public Accountants Licensing Board supports the Department’s vision through its open and responsive regulation of public accountants in the province.

Values

The work environment of the Public Accountants Licensing Board is focused on protection of consumers and the delivery of professional customer service for citizens who engage public accountants and professional corporations. The Public Accountants Licensing Board shares these articulated values.

Accountability: Each person accepts responsibility for their actions and follows through on requests and commitments.

Integrity: Each person engages in ethical behavior exercising proper use of authority and responsibility.

Respect: Each person accepts differences and exercises courtesy in their encounters with others.

Mission

By March 31, 2017, the Department of Service Newfoundland and Labrador will have improved citizen protection in the areas of public health and safety, worker health and safety and consumer interests.

The Public Accountants Licensing Board supports this mission of citizen protection and consumer interests through the prescribing and acknowledgment of standards and other qualifications required for a license under the *Public Accountants Act*.

Membership

Under the new *Public Accountants Act*, the Board, at full capacity, consists of nine members, with two members from the Institute of Chartered Accountants of Newfoundland and Labrador (ICANL), two members from the Certified General Accountants Association of Newfoundland and Labrador (CGANL), two members from Certified Management Accountants of Newfoundland and Labrador (CMANL), and three members representing the public. The members of the Board hold office at pleasure. The current membership is: Chris Brake, CA; Jeffrey Pardy, FCA; Adam Lippa, CMA; Jesse DeVilla, FCMA; Morris Pinsent, CGA; Terrance Hutchings, FCGA; and David Kirkland, Dennis Hanlon and Bradford Wicks representing the public.

Stakeholders

The Public Accountants Licensing Board's primary stakeholders are the general public of the Province with its secondary stakeholders being the Institute of Chartered Accountants of Newfoundland and Labrador, the Certified General Accountants Association of Newfoundland and Labrador and the Certified Management Accountants of Newfoundland and Labrador.

Revenues and Expenditures

The audited financial statements for 2012 (which are attached hereto) are the basis for the figures which follow. In 2012, the Board had revenues of \$20,300 and expenditures of \$13,471. It had assets of \$57,121 as of December 31, 2012.

Highlights and Accomplishments

The Board has met on several occasions since its initial meeting on May 22, 2013 and has dealt with several matters with which it is statutorily charged; including setting new insurance standards; review of the professional standards for licensing of Public Accountants; obtaining increased visibility and public awareness by use of a dedicated office including a telephone line; a storefront with available meeting space and a website (all of which are now in progress) as the Board moves from its longtime home at the Memorial University Business Building where it has been graciously hosted for many years. The Board has also implemented new application processes for Applicants (including corporate Applicants which are now permitted under the Act). A new annual fee of \$120 per annum for all Applicants has been established. There has also been established a new Application processing fee of \$200.00.

As was reported in the Board's Activity Report for 2007, a scholarship was established at Memorial University. The goal of the Public Accountants Licensing Board Scholarship is to promote excellence in public accountancy within our province. The Board is pleased to report that it has been awarded each year since its inception to highly qualified students from Memorial University. It was awarded to a deserving student in 2012 on behalf of the Board.

Outcomes of Objectives

The Board is pleased to report the fulfillment of requirements under the *Public Accountants Act*. In 2012, there were 203 individual licenses issued. Since the current Board was not active until May 2012, the majority of these licenses were issued under the authorization of the former Board. No licenses were issued to professional corporations during 2012. The Board will continue to ensure that its licensing and insurance criteria (as they may be amended) are met by all the licensees. New minimum insurance standards have been adopted. A sub-committee of the Board is reviewing professional standards required for licensure of Public Accountants. There were no disciplinary complaints received in 2012. The roll of public accountants was published in the Gazette.

Opportunities and Challenges Ahead

The *Public Accountants Act* will provide for continued regulation of the practice of public accountancy, both individually and as professional corporations, under a new statutory structure. The Board is aware of the possibility of the merger of the three accounting bodies in the near future and that this may have implications for its regulatory role. However, while the current Board is in place, it will continue to fulfill its statutory responsibilities.

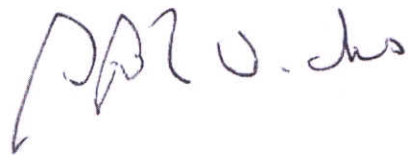
Financial Statements

The December 31, 2012 audited Financial Statements are attached hereto.

The Board is accountable for the actual results reported in this Activity Report.

Dated At St. John's, in the Province of Newfoundland and Labrador, this 29th day of June, 2013.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Bradford L. Wicks". The signature is written in a cursive style with a large initial "D" and "B".

D. Bradford L. Wicks, QC
Chair
Public Accountants Licensing Board

PUBLIC ACCOUNTANTS LICENSING BOARD

Financial Statements

Year Ended December 31, 2012

PUBLIC ACCOUNTANTS LICENSING BOARD
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Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of the Public Accountants Licensing Board

I have audited the accompanying financial statements of Public Accountants Licensing Board, which comprise the balance sheet as at December 31, 2012 and the statements of income and retained earnings and cash flows for the year 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 Canadian accounting standards for private enterprises, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Public Accountants Licensing Board as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Other Matter

The financial statements of the Public Accountants Licensing Board for the year ended December 31, 2011 were audited by another auditor who expressed an unqualified opinion on those statements on June 22, 2012.

Paradise, Newfoundland and Labrador

June 7, 2013


CHARTERED ACCOUNTANT

PUBLIC ACCOUNTANTS LICENSING BOARD

Balance Sheet

December 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 31,477	\$ 42,509
Short-term investments	-	11,584
Harmonized sales tax receivable	534	526
Prepaid expenses	-	487
	<u>32,011</u>	55,106
LONG TERM INVESTMENTS (Note 2)	<u>25,110</u>	-
	<u>\$ 57,121</u>	<u>\$ 55,106</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,131	\$ 2,280
Deferred revenue (Note 3)	-	10,900
	<u>8,131</u>	13,180
RETAINED EARNINGS	<u>48,990</u>	41,926
	<u>\$ 57,121</u>	<u>\$ 55,106</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

PUBLIC ACCOUNTANTS LICENSING BOARD
Statement of Income and Retained Earnings
Year Ended December 31, 2012

	2012	2011
REVENUE		
Licenses	\$ 20,300	\$ 19,600
Investment income	125	86
	<u>20,425</u>	<u>19,686</u>
EXPENSES		
Advertising and promotion	832	702
Board remuneration	-	2,455
Insurance	487	880
Interest and bank charges	174	229
Meeting expenses	-	731
Office	1,489	763
Professional fees	3,225	2,580
Rental	1,500	1,500
Scholarships (Note 4)	-	5,000
Secretarial services	4,010	3,770
Travel	1,754	2,382
	<u>13,471</u>	<u>20,992</u>
INCOME (LOSS) BEFORE UNDERNOTED	6,954	(1,306)
UNREALISED GAIN ON INVESTMENTS	110	75
NET INCOME (LOSS)	7,064	(1,231)
RETAINED EARNINGS - BEGINNING OF YEAR	<u>41,926</u>	<u>43,157</u>
RETAINED EARNINGS - END OF YEAR	\$ 48,990	\$ 41,926

See notes to financial statements

PUBLIC ACCOUNTANTS LICENSING BOARD

Statement of Cash Flows

Year Ended December 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Net income (loss)	\$ 7,064	\$ (1,231)
Changes in non-cash working capital:		
Harmonized sales tax receivable	(8)	376
Accounts payable and accrued liabilities	5,851	(400)
Deferred income	(10,900)	3,000
Prepaid expenses	487	-
	(4,570)	2,976
Cash flow from operating activities	2,494	1,745
INVESTING ACTIVITY		
Long term Investments	(25,110)	3,485
INCREASE (DECREASE) IN CASH	(22,616)	5,230
Cash - beginning of year	54,093	48,863
CASH - END OF YEAR	\$ 31,477	\$ 54,093
CASH CONSISTS OF:		
Cash	\$ 31,477	\$ 42,509
Short-term investments	-	11,584
	\$ 31,477	\$ 54,093

See notes to financial statements

PUBLIC ACCOUNTANTS LICENSING BOARD

Notes to Financial Statements

Year Ended December 31, 2012

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practice as a public accountant under the *Act*, keeping a roll of persons licensed, and prescribing the educational standards and other qualifications of applicants for a license. A new *Act*, the *Public Accountants Act*, was proclaimed on 10 June 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Investments

Short term investments, which consist primarily of guaranteed investment certificates with original maturities at date of purchase beyond three months and less than twelve month, are carried at amortized cost.

2. LONG-TERM INVESTMENTS

Long-term investments of \$25,110 (2011 - nil) in guaranteed investment certificates are valued at fair value based upon the market value at year end. The investment matures on April 1, 2014.

3. DEFERRED REVENUE

Deferred revenue consists of license payments for the subsequent year received in advance.

4. SCHOLARSHIP

In 2007 the Board entered into a Gift Agreement with Memorial University of Newfoundland to establish the Public Accountants Licensing Board Scholarship and provided \$25,000 to establish an endowment fund to be managed by the University. During 2012 the board did not contribute (2011 - \$5,000) to the fund.

A scholarship valued at a portion of the income on the endowment is to be awarded from the fund annually, to an undergraduate student entering the final year of an academic program in the Faculty of Business Administration, who is in scholarship standing and demonstrates an interest in pursuing public accountancy as a profession. All scholarships will be awarded and administered in accordance with the University's student awards polices and practices.

PUBLIC ACCOUNTANTS LICENSING BOARD

Notes to Financial Statements

Year Ended December 31, 2012

5. FINANCIAL INSTRUMENTS

The Board's short-term financial instruments recognized on the balance sheet consist of cash, short-term investments, sales tax receivable and accounts payable and accrued liabilities. The short-term investments are valued at fair market value. The carrying value of the other instruments approximate current fair value due to their short-term nature. No credit risk or interest rate risk exists in relation to the financial instruments.

6. INCOME TAXES

The Public Accountants Licensing Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

7. COMPARATIVE FIGURES

The comparative figures were audited by another public accountant. Certain figures have been reclassified to conform to the current year presentation.
