
Public Accountants Licensing Board

Annual Activity Report
2013

FOR MORE INFORMATION:

ONLINE

PAPER

Department of Service Newfoundland and Labrador
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REFERENCE PERIOD

This report covers the period January 1, 2013 through December 31, 2013,
the fiscal year of the Public Accountants Licensing Board.

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Chairperson's Message

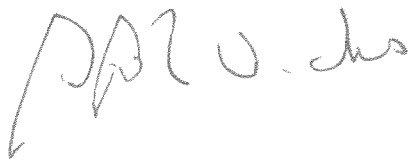
The current *Public Accountants Act* was assented to replace the *Public Accountancy Act* on December 22, 2009 and came into force on June 10th, 2011. Following the appointment of the current Public Accountants Licensing Board (PALB) membership, the new PALB held its inaugural meeting on May 22, 2012, at which time I was named Chair of the Board; Dennis Hanlon, PhD named Registrar and Jeff Parady, 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, 2013, I am pleased to submit this annual report for the activities of the Board for 2013. 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 The Auditor General for the Province of Newfoundland and Labrador has withdrawn as auditor of the Board.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 2013.

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: Blair Jewer, 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 2013 (which are attached hereto) are the basis for the figures which follow. In 2013, the Board had revenues of \$26,320 and expenditures of \$18,216 It had assets of \$77,021 as of December 31, 2013.

Highlights and Accomplishments

The Board has met on several occasions since its initial meeting on May 22, 2012 and has dealt with several matters with which it is statutorily charged. The initiatives introduced last year - including setting new insurance standards; reviewing the professional standards for licensing of Public Accountants; implementing a new application process for individuals and professional corporations; 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 - are all now in place.

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 2013 on behalf of the Board.

Outcomes of Objectives

The Board is pleased to report the fulfillment of requirements under the *Public Accountants Act*. In 2013, 181 licenses were issued to individuals, and 9 licenses were issued to professional corporations. The Board continues to collaborate with the three designated accounting bodies in their discussions regarding the unification of the Canadian accounting profession. There was one disciplinary complaints received in 2013 and the Board is working through that process. The register of public accountants (individuals and professional corporations) 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 acknowledges 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.

The Transition Team for the merger of the three accounting bodies has met with the Board over the past year to explain and answer questions regarding the merger process and the new CPA program, which will replace the programs and designations formerly offered individually by each of them. The Board has been advised that draft legislation has been proposed to the Provincial Government for the purpose of giving statutory authority to the merger. If passed by the legislature in its current form, the Public Accountants Licensing Board will no longer be necessary. Regulation of Public Accounting is proposed in the draft legislation to be carried out internally by the CPA body to be created. It is not known at the time of writing as to the status of this draft legislation with the Provincial Government. Officials with the responsible Provincial Government department did meet with the Board to seek its input on the draft legislation.

The Board has had an application made against it in Supreme Court to compel it to issue a Public Accounting License to an individual who submitted an application to it. The Board had advised the Applicant that he had submitted an incomplete application package. However he did not then submit a complete application package for consideration of the Board. He has now taken the position in his Court application that the Board was required to issue him a license without the complete application package being submitted to it, as he had some years previously held a public accounting license and was entitled under the Public Accountants Act to be issued a license, as this was, in his view, a renewal of a prior license. The Board does not accept this position. The argument in Supreme Court of this application was scheduled for June 20th, 2014. It has now been postponed indefinitely as a result of a new argument being raised which requires notice of this proceeding to be given to the Institute of Chartered Accountants of Newfoundland and Labrador. The Board has retained Counsel to argue this application on its behalf.


Financial Statements

The December 31, 2013 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 27th day of June, 2014.

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, 2013



PUBLIC ACCOUNTANTS LICENSING BOARD

Balance Sheet

December 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 47,891	\$ 31,477
Harmonized sales tax receivable	2,198	534
Prepaid expenses	1,382	-
	<u>51,471</u>	<u>32,011</u>
LONG TERM INVESTMENTS (Note 2)	<u>25,550</u>	<u>25,110</u>
	<u>\$ 77,021</u>	<u>\$ 57,121</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,284	\$ 8,131
Deferred revenue (Note 3)	11,800	-
	<u>19,084</u>	<u>8,131</u>
RETAINED EARNINGS	<u>57,937</u>	<u>48,990</u>
	<u>\$ 77,021</u>	<u>\$ 57,121</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, 2013

	2013	2012
REVENUE		
Licenses	\$ 26,320	\$ 20,300
Investment income	843	125
	<u>27,163</u>	<u>20,425</u>
EXPENSES		
Advertising and promotion	753	832
Insurance	688	487
Interest and bank charges	201	174
Office	4,110	1,489
Professional fees	4,910	3,225
Rental	900	1,500
Secretarial services	5,320	4,010
Travel	1,334	1,754
	<u>18,216</u>	<u>13,471</u>
INCOME BEFORE UNDERNOTED	8,947	6,954
UNREALISED GAIN ON INVESTMENTS	-	110
NET INCOME	8,947	7,064
RETAINED EARNINGS - BEGINNING OF YEAR	<u>48,990</u>	<u>41,926</u>
RETAINED EARNINGS - END OF YEAR	\$ 57,937	\$ 48,990

See notes to financial statements

PUBLIC ACCOUNTANTS LICENSING BOARD
Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Net income	\$ 8,947	\$ 7,064
Changes in non-cash working capital:		
Harmonized sales tax receivable	(1,664)	(8)
Accounts payable and accrued liabilities	(847)	5,851
Deferred revenue	11,800	(10,900)
Prepaid expenses	(1,382)	487
	<u>7,907</u>	<u>(4,570)</u>
Cash flow from operating activities	<u>16,854</u>	<u>2,494</u>
INVESTING ACTIVITY		
Long term Investments	<u>(440)</u>	<u>(25,110)</u>
INCREASE (DECREASE) IN CASH	16,414	(22,616)
Cash - beginning of year	<u>31,477</u>	<u>54,093</u>
CASH - END OF YEAR	\$ 47,891	\$ 31,477

See notes to financial statements

PUBLIC ACCOUNTANTS LICENSING BOARD

Notes to Financial Statements

Year Ended December 31, 2013

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 \$25,550 (2012 - \$25,110) 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. 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.

5. 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.

PUBLIC ACCOUNTANTS LICENSING BOARD

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