

Institute of Chartered Accountants
of the Caribbean



Polishing the Diamond

Annual Report 2006



Institute of Chartered Accountants of the Caribbean



ICAC was established under the laws of Jamaica and incorporated as a company on October 28, 1988. It brought together Accountants of the English –speaking Caribbean.

Mission Statement

“The Institute of Chartered Accountants of the Caribbean (ICAC) is the internationally recognized body for the accountancy profession in the Caribbean, with an expanding influence in the region. It regulates the profession and promotes the highest standards of professional and ethical conduct. Through thought leadership and the provision of research, Continuing Professional Development (CPD) and other services, it adds value to its members and the wider community.”

Objectives

The objectives of the ICAC are to:

- Promote internationally acceptable standards of best practice within the region.
- Foster a strong, cohesive and self regulated regional Accountancy profession.
- Implement and coordinate a regional monitoring programme in collaboration with reputable providers.
- Promote an institutional framework under the umbrella of territorial Institutes within which individual Accountants may associate and participate for mutual professional and fraternal benefit.
- Standardize the qualification entry requirement and rules of professional conduct among member Institutes and
- Provide leadership on emerging issues as they affect the accounting profession in the region.



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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Institute of Chartered Accountants of the Caribbean will be held at the St. Kitts Marriott Resort, St. Kitts, on Thursday, June 28, 2007, commencing at 4:00 p.m. for the following purposes:

- To confirm minutes of the Eighteenth Annual General Meeting held at the Hilton Hotel, Barbados, on Thursday, June 08, 2006.
- To receive the report of Directors
- To appoint Directors
- To adopt audited Financial Statements for the year ended December 31, 2006
- To elect auditors for the year ending December 31, 2007
- To elect officers for the period June 2007- June 2008
- To consider any other business that may be brought before the Annual General Meeting

BY ORDER OF THE BOARD

Harryram Parmesar
Secretary

May 28, 2007



Directors' Report

The Directors hereby submit the Annual Report and the Audited Financial Statements for the Institute of Chartered Accountants of the Caribbean (ICAC), for the year ended December 31, 2006.

Financial Performance

The Financial Statements show revenue of US\$77,632 which is 21.9% over the revenue of US\$63,677 in 2005. Administrative and other expenses increased by 9.3% to US\$82,060 over the previous year's US\$75,057. The Deficit for the year before transfer and tax was US\$4,428 or 61.1% less than the US\$11,380 recorded in 2005. The Deficit after tax was US\$4,877 compared with US\$15,117 in 2005. Total reserves at December 31, 2006 stood at US\$48,054, down by 9.2% from the US\$52,931 at December 31, 2005.

Members and Affiliate Members

Members	Membership Numbers as at Dec. 31, 2005
The Bahamas Institute of Chartered Accountants	350
The Institute of Chartered Accountants of Barbados	595
The Institute of Chartered Accountants of Belize	48
The Institute of Chartered Accountants of Guyana	60
The Institute of Chartered Accountants of Jamaica	802
The Institute of Chartered Accountants of the Eastern Caribbean	133
The Institute of Chartered Accountants of Trinidad & Tobago	631

Affiliate Members	Representative
The Association of Chartered Certified Accountants	Mr. Michael Sleigh (Jan- June, 2006)- Ms. Laurie Gillow (Jul. – Dec., 06)
The Certified General Accountants Association of Canada	Mr. Lyle Handfield
The Institute of Chartered Accountants in England and Wales	Mr. John Howard (Jan- July, 2006) – Mr. Ashley Clarke (Aug. 06 to present)

Board of Directors

The Members of the Board of Directors are:

Members of the Board		
Garth Kiddoe	President	Jamaica
Angela Lee-Loy	Vice- President	Trinidad and Tobago
Harryram Parmesar	Secretary	Guyana
Brian Robinson	Treasurer	Barbados
Mr. Leighton McKnight	Alternate Director	Jamaica
Kyle Rudden	Alternate Director	Trinidad and Tobago
Betty Brathwaite	Director	Barbados
Patrick Hinkson	Alternate Director	Barbados
Kendrick Christie	Director	Bahamas
Daniel Ferguson	Alternate Director	Bahamas
Giacomo Sanchez	Director	Belize
Roy Pandey	Alternate Director	Belize
Frank Myers	Director	Eastern Caribbean
Erwin Southwell	Alternate Director	Eastern Caribbean

Mr. Frank Myers was appointed to the Board of Directors on July 12, 2006, replacing Mr. Anthony Atkinson.



Mr. Kendrick Christie was appointed to the Board of Directors effective October 25, 2006.

The Executive

The Executive elected at the Annual General Meeting in Barbados in June 2006, was:

Garth Kiddoe	–	President
Angela Lee Loy	–	Vice-President
Harryram Parmesar	–	Secretary
Brian Robinson	–	Treasurer

The Institute held its Forty Fourth, Forty Fifth and Forty Sixth Board of Director's meetings on January 28, June 8, and November 18, 2006 respectively. The 18th Annual General Meeting was held on June 08, 2006, at the Hilton Hotel, Barbados.

Directors' Attendance

Meetings attended by Directors (and/or their Alternates) during the year were:

Board Meetings

Name	Position	Inst./Org.	Num.
Garth Kiddoe	President	Jamaica	3
Angela Lee Loy	Vice- President	Trinidad & Tobago	3
Harryram Parmesar	Secretary	Guyana	3
Brian Robinson	Treasurer	Barbados	3
Anthony Atkinson	Director	Eastern Caribbean	2
Frank Myers	Representative	St. Lucia	1
Erwin D. Southwell	Alternate Director	Eastern Caribbean	2
Donald Thompson	Representative	St. Kitts/ Nevis	2
Giacomo Sanchez	Director	Belize	1
John M. Howard	Affiliate Director	ICAEW	0
Ashley Clarke	Affiliate Director	ICAEW	1
Kendrick Christie	Director	Bahamas	1
Kyle Rudden	Alternate Director	Trinidad & Tobago	0
L. Sydney Saunders	Alternate Director	Bahamas	0
Daniel Ferguson	Alternate Director	Bahamas	0
Leighton McKnight	Alternate Director	Jamaica	3
Lyle Handfield	Affiliate Director	CGA Canada	2
Michael Sleigh	Affiliate Director	ACCA	2
Laurie Gillow	Affiliate Director	ACCA	2
Patrick Hinkson	Alternate Director	Barbados	0
Joan Brathwaite	Director	Barbados	3
Rameaswar Lal	Alternate Director	Guyana	0
Roy Pandey	Alternate Director	Belize	2

Please note that some Directors were on the ICAC Board for only part of the year 2006.

Auditors

The Auditors of the Institute, Mair Russell Grant Thornton, Chartered Accountants of 3 Haughton Ave. Kingston 10, Jamaica W.I., have indicated their willingness to continue in office and offer themselves for re-appointment.

The Directors wish to thank the Secretariat for their continued dedication and hard work during the year.

On behalf of the Board of Directors

L. Garth Kiddoe
President



President's Report



Mr. L. Garth Kiddoe
President- ICAC

The year 2006, may be characterized as a period of significant development for the profession, as well as one of advancement for the region. The period witnessed heightened preparation for the hosting of cricket's most prestigious event, ICC Cricket World Cup 2007; and the implementation of the Caribbean Single Market (CSM) effective January 1, 2006. The CWC event will have provided inestimable exposure for the region and focused the world's attention on its capabilities and potential. The CSM, will among other things, eventually see the free movement of professionals thus giving Caribbean Chartered Accountants and others, a greater market space in which to work and practice.

The outcome of the ICAC Directors Strategic Planning Retreat held in the last quarter of 2005 helped to direct the activities of the institute in 2006, as we work assiduously to advance/accomplish the agreed strategic objectives and goals.

✦ **Strengthening the ICAC Annual Conference as a profitable flagship event**

The year 2006 saw the hosting of ICAC's most successful conference to date. The Conference was aptly themed, '*Sharpening the Edge*' and was nothing short of impressive. The keynote address was given by the Rt. Hon. Owen Arthur, Prime Minister of Barbados. The Conference attracted over 400 delegates and speakers from all across the world. Speakers included the President of the International Federation of Accountants (IFAC), Mr. Graham Ward, who addressed the delegates on, "*A new era for the Profession*".

In addition, Presidents of two of the leading international accountancy bodies in the region Mr. Dennis Yeates, President of the Association of Chartered Certified Accountants (ACCA) and Mr. Anthony Ariganello, President of the Certified General Accountants Association of Canada (CGA) also addressed the delegates.

Congratulations must once again be extended to Mr. Brain Robinson, ICAB President and ICAC Treasurer who was also Conference Chairman.

✦ **Increase the International Recognition of ICAC**

ICAC's application to the International Federation of Accountants (IFAC) for recognition as regional grouping was accepted in June, 2006. Obtaining Acknowledged Regional Grouping status is a very significant achievement since IFAC traditionally recognizes only one professional body from a region. Prior to this the Inter-American Association of Accountants was the only IFAC recognized regional body. Notwithstanding the above, ICAC was able to successfully negotiate this status for the English speaking Caribbean. Therefore, ICAC is now the fourth (4th) regional grouping acknowledged by IFAC worldwide.

In addition, ICAC was invited to give the opening remarks at a meeting of the Developing Nations Committee of IFAC, which met in Barbados during the week immediately following the Conference .

✦ **Develop Relations with other Potential Affiliate Institutes and Stakeholders**

The Inter-American Accounting Association (IAA) was invited to address the Board of Directors in January 2006 to explore the scope for ICAC/IAA collaboration. The President, Mr. Pierre Barnes, extended an invitation to the ICAC to join the IAA Board and Executive Committee as a Regional Association. This proposal is being seriously considered by the Board. A decision is expected early in 2007.

ICAC has also established contact with the CARICOM Secretariat-suggesting the following areas of cooperation:

Assistance in developing an accreditation regime for the Caribbean accountancy and finance professions and in streamlining mechanisms to facilitate the free movement of Caribbean citizens working in these areas.



Assistance in the development of an initiative specific to the accountancy profession in the OECS; and

Assisting in developing ideas and plans for the Caribbean's financial services economy and related areas.

ICAC continues to make an important impact on the region's justice system through representation by the President as a Trustee of the Caribbean Court of Justice trust Fund. The year 2006 was a successful one for the Trust Fund and was also its first full year of investment operations since receipt of funding in April 2005.

The Board of Trustees comprises appointees from nine institutions representing civil society in the region. The Trustees manage the resources of the Trust Fund in accordance with the following philosophy:

"The fund will be invested prudently with a long term investment horizon in a wide range of tax-efficient international instruments so as to produce an optimal gross rate of return with reasonable security of its capital".

The balance of the trust Fund as at December 31, 2005 was US\$99,758,227, of which the total earning assets was US\$99,500,842. The total earning assets of the Trust Fund as at December 31, 2006 was US\$110,062,858 displaying a total return of 10.4% net of investment management fees and taking account of the timing of the various contributions and distributions made during the year.

Other Strategic Objectives and Goals

The other strategic objectives and goals were included among the responsibilities of the various committees of the ICAC Board and are addressed in the following paragraphs.

- **Membership**

At the Institute's 44th Board of Director's Meeting in January 2006, ICAC welcomed the Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) into its membership cadre. The ICAEC group, established in June 2004 consists of seven Caribbean islands and is the supervisory and regulatory body for the accountancy profession in the Organisation of Eastern Caribbean States (OECS).

Discussions were conducted with the President of the Cayman Island Society of Professional Accountants (CISPA) in a renewed effort to attract that association into the membership of ICAC. The American Institute of Certified Public Accountants (AICPA) and the Canadian Institute of Chartered Accountants (CICA) were also approached to renew their affiliate relationship with ICAC. Further developments in this regard remain paramount for the Committee in 2007.

In keeping with the membership objectives and goals arising from the Strategic Planning Retreat, ICAC also encouraged its member institutes to continuously motivate accountancy graduates and other appropriately qualified accountants to become members of their local Institutes.

- **Publicity**

The mandate for publicity from the 2005 Strategic Planning Retreat was to:

- » To develop and maintain a "state-of-the art" website.



- » Establish a database of media contacts throughout the region.
- » Issue press releases leading up to and following each ICAC major activity.
- » Host press briefings at appropriate intervals in collaboration with regional institutes.

Significant progress was made during the year in all four areas.

Website

During the period, a team was appointed to critically review and compare the ICAC website with a view to making it comparable with the websites of other professional bodies with similar objectives. It was decided that:

- A Master Register of practitioners and non-practitioners should be collated which will ultimately benefit the free movement of accounting professionals in the region.
- A link entitled, 'Technical Papers and General Information' should be created to other member territory's website.
- A section should be created for frequently asked questions and answers.

The website will also seek to act as an avenue for e-learning courses which are convenient and cost effective CPD options for ICAC's members.

A proposal outlining the review and its recommendations was approved by the ICAC Board, and has since been shared with ACCA who has agreed to assist with the website upgrade and subsequent implementation.

Press Releases

A database of media contacts has been developed and at least three press releases were issued.

Other areas of focus were:

- The ICAC biannual newsletter
- The ICAC Annual Reports

Newsletter

The Institute published Newsletters in the months of May and October 2006. These publications continue to be distributed electronically to member institutes who subsequently circulate same to their members.

Annual Reports

The ICAC produced an electronic copy of the 2005 Annual Report which maintained the high standard of previous years.

• Joint Seminar

Another goal from the Strategic Planning Retreat was to explore opportunities to improve services to members by hosting joint Continuing Professional Development seminars with member institutes. In November 2006, ICAC in association with the Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) - Antigua and Barbuda Branch hosted a joint accounting seminar at the Jolly Beach Resort, Antigua. Mr. David Raggay, IFRS consultant, was the seminar's presenter. The Caribbean Development Bank (CDB) provided exclusive sponsorship for the event. The seminar covered revisions to several International Financial Reporting Standards (IFRS).



- **Education**

The year 2006 saw the signing of the Strategic Partnership between ICAC and Kesdee for the provision of online Continuing Professional Education (CPE) courses in a variety of subject areas to the accountancy and allied professions.

The institute commenced the marketing of the programme by circulating brochures to all member institutes for distribution to their members. A link was also created on the website for this purpose. This eagerly anticipated venture of the ICAC is scheduled to commence in early 2007

- **Technical**

Professional Indemnity Insurance

Professional Indemnity Insurance scheme, an initiative put forward by the Committee to each member institute in March 2004, received less than satisfactory interest and feedback, in spite of several attempts by the ICAC Secretariat to drive the project. As a result of the foregoing the Board decided to terminate all efforts on this project in November 2006.

Monitoring Project

The proposed ICAC/ACCA Practice Monitoring Programme, remained a primary objective for the committee and the institute during the period.

In June 2006, arising from discussions with the Association of Chartered Certified Accountants (ACCA), identical draft contracts were presented to the four participating institutes; Barbados, Guyana, Jamaica, and Trinidad and Tobago. In addition, ACCA conducted presentations with Council and Practising Members for the four territories.

IDB Project

Once Guyana had outlined the expected source of their counterpart funding, the Inter-American Development Bank's (IDB), Consultant of the Priorities and Programming Unit advised that the project was now in a position to move forward, with all the original beneficiary countries on board.

Due to the fact that approximately three (3) years have elapsed since the submission of the report titled "A regional Caribbean initiative to support the adoption of and compliance with international accounting and auditing standards", to the MIF Donors' Committee, an update became necessary as well as the re-drafting of the Project Abstract based on the updated report. A consultant is to be identified for this purpose.

IFRS for SME's

The subject of the planned implementation of separate IFRS standards for Small and Medium-sized Enterprises (SME's) continued to command the attention of the Technical Committee. During the year, Mr David Raggay continued to participate as a member of the IASB Working Group on SME accounting standards. In addition, Mr. Dennis Brown, Chairman of ICAJ's Accounting Standards Committee, attended the twenty-third annual session, of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) in Geneva. Mr. Brown also communicated the regions concerns based on submissions from some ICAC member institutes.



Territorial Reports



*Mr. Kendrick Christie
Director- BICA*

The Bahamas Institute of Chartered Accountants

The Compliance Commission some time ago introduced a Risk Based approach to Anti-Money Laundering Guidelines. In 2007, the Commission will be applying the Risk Based Approach to its requirement for annual on-site inspections which are carried out mainly by BICA licensees. This will enable Accountants to focus on those companies who have large facilities and those who have facilities that may be more subject to AML concerns. Currently, the Compliance Commission is communicating with all companies as to who will be subject to the on-site inspection, some companies will not be subject to the on-site inspection and some will be placed on a rotation. The company will then inform the BICA licensee of the particular requirement for inspection under the Risk Based approach.

BICA Scholarship and Student Outreach

On November 2, 2006, a press conference was held at the College of The Bahamas (COB) with COB personnel and BICA to announce that BICA has committed to awarding scholarships to 2 students in the Accounting Programme at COB. Members will be encouraged to donate to the BICA Scholarship fund which was established some 5 years ago. The Student Education Committee is also planning trips to various islands to promote Accounting as a profession and highlight the many opportunities available in Accounting and Financial Services.

Accountants Week

Beginning November 5th, 2006, the Institute held its flagship annual National Accountants' Week at the British Colonial Hilton. The theme for the event was 'Dissecting the Business Cycle & Dynamic Changes Affecting the Financial Services Sector'. A church service was held on Sunday, November 5, 2006 to commemorate the start of the event. It is noteworthy to mention that Bahamian Accountants came out in great numbers for the event. The flagship day -International Financial Reporting Standards Update was conducted by Ernst & Young and realized a record turnout of 240 persons.

Legislation

The legislative committee is currently leading efforts to enact changes to the Public Accountants Act, 1991, some of these were already approved by BICA members and include the enforcement of penalties for members who fail to achieve the required Continuing Professional Education hours. The committee is also drafting changes to enable accounting firms to become limited liability partnerships.

Government Interaction

The institute continues its' strong working relationship with government agencies including the regulatory agencies Compliance Commission and Central Bank. Recently, BICA's President- Kendrick Christie was invited to serve on the Branding Survey Committee which was formed to respond to a recent survey on the Bahamas Financial sector. BICA was also called to an interview with the Caribbean Action Task Force in 2006 to respond to their questions as well as detail the Compliance and Training efforts of the Accounting profession.

The Country continues to enjoy success economically with a number of tourism anchor projects being launched by the Government. The Country is now preparing itself for General Elections which should be held by the end of May 2007.



The Institute of Chartered Accountants of Barbados



Ms. Joan Brathwaite
Director- ICAB

The Barbados Institute hosted the 24th Annual Caribbean Conference of Accountants at the Hilton Barbados Hotel from June 8 – 10, 2006. Approximately 400 persons including presenters, delegates and their spouses were in attendance from areas such as the United Kingdom, Canada and across the Caribbean. The keynote address was given by the Rt. Hon Owen S Arthur, Prime Minister of Barbados.

The theme of the Conference, “*Sharpening the Edge*”, was chosen to reinforce the importance of the profession in business to provide the tools needed to manage change and remain competitive. The programme was designed around this theme in order to review the business challenges, that accountants face through changing standards and the reality of Caribbean Single Market and Economy coming on stream.

The content of the Conference focused on topics such as:

- Finding the Strengths in Life
- Harmonising our Currencies
- Media and Information Management
- Is the Bottom Line the Best Measure for Performance?
- Business and Professional Ethics – Restoring the Cutting Edge
- Building a Caribbean Investment Culture
- A panel discussion on Practice Monitoring.

ICAB celebrated its 25th year of membership in IFAC. It was an honour to have in attendance and actively participating in the panel discussion the current President of IFAC, Mr Graham Ward. Also, in attendance were the President of CGA Canada, Mr. Tony Ariganello; and the President and CEO of ACCA, Mr. Dennis Yeates and Mr Allan Blewitt respectively.

The Prime Minister in his feature address stated that the necessary legislation to allow for the creation of Limited Partnerships would soon be passed. This would allow for the practising accountants in Barbados, to be on the same level as their international counterparts.

On the afternoon of the final day of the conference, the majority of participants gathered to cheer on the Trinidad “Soca Warriors” in their World Cup match against Sweden.

Council Election

Following the 2005 Annual General Meeting on May 18th 2006, the following officers were elected at the June 22nd Council Meeting, for the period June 2006 to May 2007:

Patrick Hinkson	-	President
Rueben Blenman	-	Vice President
Michael Carrington	-	Secretary
Andrew Brathwaite	-	Treasurer

Practice Monitoring

As part of their road trip to the region, Messers Sha Ali Khan and Peter Large visited Barbados on October 29th to November 1st.



The purpose of the visit was to update the Council Members on the ACCA Practise Monitoring Programme and to sensitise practising members as to the workings of the programme.

Membership

ICAB Membership continues to grow steadily and as at December 31st 2006 total membership stood at 602.

Continuing Professional Education

During the year 2006, 27.5 hours of structured CPE activities were offered covering diverse topics. This year we continued our partnership with the ACCA in hosting two joint seminars namely, *Update of IFRSs* and *International Standards on Auditing*. In addition to the traditional accounting standards we enhanced our CPE programme with seminars on Anti-Money Laundering, Insurance Contracts, The Challenges Facing SMEs and Managing Foreign Reserves.

ICAB Annual Scholarship

The Institute continued to assist students at the University of the West Indies pursuing a first degree in accounting with its Annual Scholarship of BDS\$2,500.00. Ms. Astrid Arthur was the recipient for the 2005/2006 academic year.

Conclusion

The Institute anticipates several challenges in 2007 which will put significant strain on the limited resources of the Secretariat. Factors affecting it are the planned introduction of the ACCA practice Monitoring programme, the development of SME standards and the need to comply with the stringent CPD requirements of IFAC. The Council has identified the need to expand the resources of the Secretariat and have agreed to recruit a Chief Executive Officer to manage the affairs of the local Institute.

I would like to thank the staff of the local Secretariat and the numerous volunteers for the tremendous work done during 2006 in hosting the 24th Annual Conference.

The Institute of Chartered Accountants of Belize



Mr. Giacomo Sanchez
Director- ICAB

Despite not having an adequate number of administrative staff, the council of the Institute of Chartered Accountants of Belize (ICAB) was able to provide students and members, with basic administrative services for the period. Therefore, we need to address the matter of staffing in order to provide quality service to our target groups.

Joint programmes with organizations like ACCA present ICAB with much needed revenue earning opportunities. This requires greater commitment from the institute.

The plans in 2006 included:

- Keeping council fully abreast with the IADB project
- Amendment to the Accountancy Act
- Increased activities relating to Continuing Professional Development
- Assistance with student programs
- Practice monitoring and
- Seminars IFRS, SARS, IAS



Election Results

ICA Belize held its Annual General Meeting on Friday March 31, 2006, and the following members were elected to council.

President:	Mr. Roy Pandy
Vice-President:	Mr. Brett Feinstein
Secretary:	Mr. Claude Burrell
Treasurer:	Mr. Giacomo Sanchez

Regulatory/Monitoring Activities

In addition to the IDB Project committee, the Discipline, the Investigation and the Education Committees were also formed by the Institute. They were responsible for dealing with the issues relating to members operations such as non-compliance with IFRS standards and inappropriate professional conducts.

Continuing Professional Education

As International Financial Reporting Standards and the International Auditing Standards continue to evolve, ICAB is faced with the need to facilitate the process of member update. Therefore, providing information through and participating in seminars via video conferencing, are options which the institute proposes to implement for members in 2007.

ICAC has since offered assistance to ICAB to provide seminars to members. Presently ICAC has entered into an agreement with Kesdee Inc. to provide electronic Continuing Professional Education training to members.

In the coming year, ICAB will investigate the availability and affordability of video conferencing facilities in Belize. If there is adequate funding, the institute may consider to recruit professionals locally and overseas to make presentations at these seminars

Student Members

The joint student programs with the Association of Chartered Certified Accountants (ACCA) presently boast a population as follows:

i) ACCA Professional Program	32
ii) CAT Program	<u>107</u>
Total	<u>139</u>

Impact of the Profession on National Development/ Regional and International Focus

ICAB participated in various activities, relating to the impact of the Profession on National Development and regional and international focus. The areas were as follows:

Gross Sales Tax consultation

Social Security Legal Revision

Ministry of foreign Trade-Economic Partnership Agreement (EPA) National Services Consultation and the

University of Belize Study Programs.

The institute is currently represented by Director Mr. Giacomo Sanchez, and Alternate Director Mr. Roy Pandy, on the Board of the Institute of Chartered Accountants of the Caribbean.



Membership

The institute boasts a membership of 48 individuals. There were four applications for membership of which one was denied. Three applications are currently being considered for approval by council. Annual practicing certificates were issued by the institute for the first time. There were twenty eight (28) practicing certificates issued for the period 2006.

Operational Matters

As stated earlier, the institute needs adequate full time staff at the Secretariat.

Conclusion

The council of ICAB wishes to express its gratitude to individuals and stakeholders who have supported the activities of Belize's administration.

The Institute of Chartered Accountants of the Eastern Caribbean



Mr. Frank Myers
Director- ICAEC

The year 2006, saw marked improvement in the Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) development. The institute continued to work with the various branches in all five islands namely St. Vincent & the Grenadines, Grenada, Dominica, Anguilla, and Montserrat, which had no existing accounting institutes prior to the establishment of the Institute.

In addition to organizing its structure the period saw the institute actively preparing for the 25th Annual Caribbean Conference of Accountants which will be hosted by the ICAEC-St. Kitts/Nevis branch in June 2007.

Election Results

On August 12, 2006, ICAEC held its first Annual General Meeting (AGM) in Antigua where the interim executive chaired by Mr. Anthony Atkinson gave way to the elected officers. The interim executive was put in place by the Eastern Caribbean Central Bank with their main mandate to oversee the Institute's launch and affairs until the AGM.

Below are the representatives elected for the period August 2006 to August 2007:

- President- Mr. Frank Myers (St. Lucia)
- Vice-President- Mr. Erwin Southwell (Antigua)
- Secretary- Mr. Brian Glasgow (Grenada)
- Treasurer- Mr. Donald Thompson (St. Kitts)

Continuing Professional Education

The ICAEC-St. Kitts/ Nevis Branch hosted two seminars in the last quarter of 2006. The first seminar in October focused on International Financial Reporting Standards (IFRS), presented by Mr. David Raggay of IFRS Consultants. Approximately, 45 individuals attended the seminar and all feedback to date indicated a very successful event. The Institute's final seminar was held in November on the topic 'Project Management'. The presenter was Mr. Joseph Cann,



a specialist in the field of Project Management and was attended by 42 individuals.

Additionally, the Association of Chartered Certified Accountants (ACCA) hosted a successful open session with the St. Kitts institute in November. The purpose of the session was to inform members of new developments in the accountancy field and attracted a record number of attendees.

The ICAEC-Antigua/ Barbuda Branch in association with ICAC hosted a joint IFRS revision seminar on November 11, which saw 60 individuals in attendance.

Student Members

ICAEC currently does not operate an office which provides administrative services to students who are pursuing accounting examinations, but intends to open a secretariat in the coming years.

Impact of the Profession on National Development

The establishment of ICAEC, through its activities will seek to supervise and regulate the accounting profession in the Eastern Caribbean Currency Union (ECCU).

Regional and International Focus

ICAEC's application for membership in ICAC was approved on January 28, 2006. On becoming a member of ICAC, ICAEC was afforded the membership benefits of the regional institute.

The Institute continued with efforts to increase its contribution to national development, and to that end several of its members have been asked to chair special committees and Boards.

Membership

There was little increase in the membership of the institute over the period. However, with the proposed improvements for the institute's administration for 2007, it is hoped that more individuals will be attracted to the membership fold in 2007.

Conclusion

Having been admitted to ICAC's membership cadre, ICAEC pledges to work in harmony with ICAC toward the development of professional regulation and services to members in the OECS region. With the proposed structural developments for the ICAEC in 2007, the Directors are confident that the operations and efficiency of the institute will improve.





The Institute of Chartered Accountants of Guyana



*Mr. Harryram Parmesar
Director- ICAG*

The year 2006 marked the 40th Anniversary of the Institute of Chartered Accountants of Guyana (ICAG). The main issues addressed during the year were the strengthening of the accountants' regulatory framework and developing a proper monitoring regime.

In 2007, ICAG will continue to promote among accounting professionals and students, the value of its membership.

Election Results

Following ICAG's 40th Annual General Meeting held on March 31, 2006, there was a change in leadership for the period 2006/2007.

The members of the new Council are:

President	-	Rameaswar Lal
Vice President	-	Khalil Alli
Secretary	-	Colin Thompson
Treasurer	-	Troy Beharry
Members:	-	R. Alli, P. Chan- A- Sue, Harryram Parmesar and C. Ram

The above committee representatives were responsible for outlining the activities for the year 2006.

Regulation/ Monitoring Activities

Money Laundering

To complement Guyana's preparations to implement money laundering prevention and detection measures, the Institute held a session on Anti-money Laundering Measures. The seminar was conducted by Mr. Chas Roy-Chowdhury, Head of Taxation for ACCA. He highlighted during his presentation the different ways of identifying and preventing money laundering in our business environment. He emphasized that although managements are responsible for the prevention of money laundering in their businesses, professionals (including accountants, auditors and tax advisers) are also responsible for highlighting suspected money laundering in the United Kingdom. Failure to do so could result in criminal penalties. Strengthened money laundering legislation is expected in Guyana during 2007.

Investigations, Disciplinary and Appeals

Matters that were deliberated by this committee in 2006 included:

- Alleged non-compliance with International Financial Reporting Standards;
- Alleged inappropriate professional conduct.
- Compliance with International Accounting and Auditing Standards/ Continuing Professional Education

With the toughening of the requirements for continuing professional education, the Institute had a busy year providing members with sessions on current technical material. The ever-expanding International Financial Reporting Standards provided several important topics for consideration.



During the year the Institute hosted seminars on the remainder of the standards amended as part of Improvements Project that were not addressed during the prior year. Specifically we examined:

- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 31 Interests in Joint Ventures

ICAG also held sessions to address two new standards - IFRS 3 Business Combinations and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. All seminars on IFRS were conducted by members in practice.

To keep members abreast of current developments in the areas of accounting, auditing, professional education and ethics, the Institute issued three quarterly newsletters during the year, starting in June 2006. It is expected that this publication will continue to keep members aware of the many issues affecting the profession. Exposure drafts and discussion papers are notified to members to allow time for local consultation on relevant issues and possible submission of comments and views to the relevant issuing body prior to final publication.

Some of the important issues contained in the newsletters were:

- Issue of IFRS 7, Financial Instruments: Disclosures;
- Issue of IFRS 8, Operating Segments;
- Continuing development of a financial reporting standard for small and medium sized entities;
- Notifications of the status of the Clarity Project aimed at improving the auditing standards;
- Revision of ISA 230, Audit Documentation, aimed at improving documentation quality.

To assist members to market their services a seminar was hosted jointly with the ACCA Caribbean Office on Fundamentals on Marketing. This seminar was successful, and proved beneficial to all in attendance.

Activities under any Special Projects

Inter-American Development Bank Standards Project

The Institute is currently awaiting confirmation from the Inter-American Development Bank of its approval for funding of a project to strengthen the application of IFRS and ISAs in Guyana. The IDB is already funding similar programs in Jamaica and Trinidad & Tobago. The IDB is considering a joint scheme grouping Guyana with Barbados, Belize and the Bahamas.

Practice Monitoring

The Institute is considering a proposal from ACCA to establish a peer monitoring scheme for practicing accountants in Guyana. A draft proposal has been presented to the Institute which is currently under consideration. Adoption of the peer monitoring scheme is expected by mid-2007.

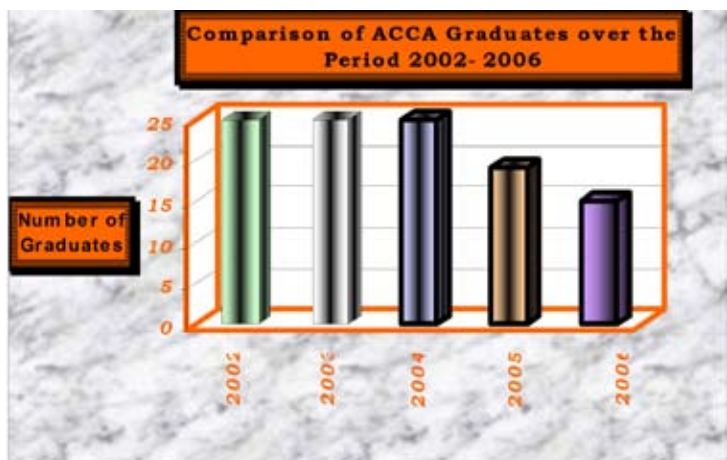
Student Members

ACCA/CAT



During the year fifteen (15) students successfully completed the Association of Chartered Certified Accountants (ACCA) final examinations, while eighty-two students successfully completed the Certified Accounting Technician (CAT) examinations.

Over the period 2002-2006, one hundred and nine (109) students completed the ACCA final examination. However, the number of graduates declined by 40% compared to prior years.



In November the Institute, in collaboration with ACCA, hosted two graduation ceremonies to honor students who were successful at ACCA and CAT examinations. The graduation ceremonies were held at the Tower Hotel.

The speakers for these events were Ester Le Genre, Head of the ACCA Caribbean Office, Rameshwar Lal, Harryram Parmesar and Ramesh Seebaran. Both ceremonies were well attended.

Registration of students with ACCA continues to increase. In 2006 alone, the numbers of new students registering with ACCA was over two hundred (200) resulting in a total student population of eighteen hundred (1,800) at December 2006.

Impact of the Profession on National Development

The Institute continued to provide tuition to both ACCA and CAT students during 2006 at Almond Street. The Institute's lecturers were drawn from among suitably-qualified professionals thereby assuring the presence of the necessary knowledge and experience. During 2006 the Institute classes benefited from the services of several long-serving tutors including Harryram Parmesar, Ramesh Seebarran and Tage Parmesar.

The Institute intends to continue providing classes at very affordable rates to students in the coming year.

Regional and International Focus

Efforts are being made to have a collaborative effort with the Bank of Guyana to jointly examine the requirements of the IFRS 7 in advance of its application by financial institutions in Guyana. Sessions are already planned for 2007 to:

- Examine the numerous interpretations in effect, which form part of IFRS, and
- To examine the issues arising from the development of a financial reporting standard for small and medium sized entities.

Membership

A main goal of the Council during the year was to attract eligible persons resident in Guyana into membership of the Institute. Despite the negative impact on membership that migration continues to have, we were successful in increasing the membership this year. Eligible persons were encouraged to join the Institute to enjoy the lower fees for technical seminars, as well as to network with other professionals in Guyana and to contribute to the development of the profession locally. This resulted in an increase in the membership of the institute as thirteen (13) applicants were approved for membership.



Certificates of Practice

Certificates of Practice were issued to eighteen (18) members.

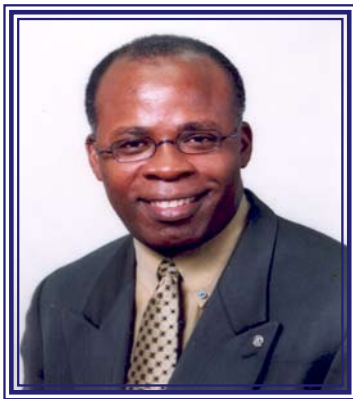
Recognizing that a large portion of finance practitioners in Guyana are not members of the Institute, efforts were made to invite non-members to technical seminars. This was done both through advertisements in the press and direct invitations. A significant portion of attendees at the Institute's technical seminars are finance practitioners not eligible for membership of the Institute.

Conclusion

The Council of ICAG wishes to record its appreciation to all members who served and volunteered their services to the various tasks executed during the year, as well as to the administrative staff of the Institute.

We look forward to even greater support in the coming year as we aim to collectively strive to meet the ever-expanding needs of the profession.

The Institute of Chartered Accountants of Jamaica



Mr. Leighton McKnight
Alternate Director- ICAJ

The year 2006 began with the commemoration of the ICAJ's 41st Anniversary. Two anniversary church services were held to mark this milestone, one in Kingston on January 8, 2006 and the other in Montego Bay on January 15, 2006. Monetary contributions were presented to each church towards their community outreach projects.

An Anniversary Luncheon was also held on February 1 at the Holiday Inn Sunspree Resort, in Montego Bay. It was attended by ICAJ members and their clients, representatives from the Customs and Tax Administration Departments, as well as members of the Montego Bay business community. The Keynote speaker was Mrs. Vinette Keene, Acting Director General of the Tax Administration, Directorate.

Administrative Focus & Initiatives

Following the Institute's 41st Annual General Meeting held on July 26, 2006, the principal officers re-elected to serve for the period 2006 – 2007, were:

- Mr. Leighton McKnight - President
- Miss Prunella Vassell - Vice-President
- Mr. Archibald Campbell - Treasurer
- Mr. Victor Markman - Secretary

Other Council members re-elected for the period were

- Miss Vintoria Bernard
- Mrs. Ann-marie Rhoden
- Mr. L. Garth Kiddoe
- Mr. Patrick Chin



- Mr. Dennis Brown
- Mr. Dennis Chung
- Mr. Martin Gooden
- Mr. Linroy Marshall
- Mr. Carey Metz.

The main priorities for the Council during the year 2006 were the formulation of plans geared towards the continued transformation of the Accountancy profession in Jamaica and the ongoing implementation and adherence to international standards.

Emphasis was also placed on the ongoing training of ICAJ members through professional development programmes. This included continued training and guidance in the implementation of International Financial Reporting Standards (IFRS), International Standards on Auditing (ISA) and other technical matters relevant to the profession.

A major initiative embarked on during the year is a project to expand and further develop the property, which now houses the ICAJ Secretariat at 8 Ruthven Road. The proposed plan to develop a modern state-of-the-art office facility is estimated to cost J\$55 million to be financed from internal resources, as well as loan funds and fundraising activities. Construction is scheduled to commence in 2007.

Regulatory/monitoring Activities

The ICAJ, in conjunction with ICAC, continues to collaborate with the Public Accountancy Board (PAB) towards the development of an effective practice-monitoring programme for practitioners. On October 3, Shah Ali Khan, Head of Practice Assurance Professional Standards, ACCA, and Peter Large, Executive Director, Professional Standards, ACCA, met with the Council of the ICAJ and members of the Public Accountancy Board (PAB) to discuss the proposal for a Caribbean practice-monitoring programme. The ACCA representatives also participated in a consultative session with practitioners, representing small, medium and large firms, as well as Registered Public Accountants (RPAs) and regulators. We are awaiting the Public Accountancy Board's decision on the matter, before the process of the monitoring programme is further advanced.

The ICAJ continued to work with regulators and other statutory agencies on legislative matters that affect the profession, including consultations with the Financial Services Commission (FSC) on issues relating to the new Pensions Act. There were also ongoing discussions with the Bank of Jamaica (BOJ) with regard to the formulation of regulations for the Auditors of Commercial Banks and Building Societies; as well as matters relating to the new regulations for the operation of Credit Unions. Discussions were also held with the Ministry of Finance to facilitate the proper implementation of a new Cabinet decision, which requires external auditors of public bodies to report on compliance with the Government of Jamaica's (GOJ) procurement guidelines.

Through the efforts of the ICAJ President, Leighton McKnight, who was appointed to chair the Government of Jamaica Audit Commission in April 2005. The ICAJ now assists with the monitoring of internal audit activities of Government Ministries Departments and Executive Agencies, by ensuring that public sector audit committees implement and adhere to internationally acceptable best practices.

The ICAJ through its Public Sector Committee continues to assist the Government of Jamaica, in implementing International Public Sector Accounting Standards (IPSAS).

Compliance With International Accounting And Auditing Standards

Training workshops were hosted by the ICAJ during the year to assist members and stakeholders to effectively apply the new and revised IFRS issued by the International Accounting Standards Board. In addition, the ICAJ's Accountings Standards and Audit Practice Committees continue to monitor compliance with IFRS and ISA, while providing guidance to members and other stakeholders where necessary.

A special set of accounting standards entitled, "Interim Standards for Small Companies" was adopted and issued by the ICAJ to be used by qualifying small companies that elect exemption from applying IFRS under the Companies Act. The



standards became effective for accounting periods beginning on or after January 1, 2006.

The ICAJ was proud to receive recognition from various international bodies for its successful conversion to IFRS. Impressed by its successful adoption of IFRS locally, the International Federation of Accountants (IFAC) invited the ICAJ to share its implementation strategy for inclusion in IFAC's toolkit, "Establishing and Developing a Professional Accounting Body." The toolkit will be used as a template for other countries implementing IFRS, as well as IFAC's member bodies globally.

We also received recognition from the United Nations Conference on Trade and Development (UNCTAD), based in Geneva. Jamaica was selected as one of five countries to be included in its case study on the successful implementation of IFRS. ICAJ presented Jamaica's case study at UNCTAD's 23rd session of Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR) held October 9-12, 2006 in Geneva. Other countries that presented case studies were Brazil, Germany, India and Kenya.

ICAJ/IADB Technical Co-operation Project

Activities carried out under the ICAJ/IADB Technical Co-operation Agreement during the year included three workshops on revisions to IFRS and two industry outreach activities. One of the outreach programmes was held for students at the University of Technology in Kingston and the other for students at the Northern Caribbean University in Mandeville. More outreach activities and train-the-trainer sessions will be held in 2007.

The Project requires the establishment of a Train-the-Trainer Programme to prepare a cadre of trainers/presenters to sustain the Institute's CPE and outreach programmes islandwide. As a result an invitation was issued to ICAJ members who might be interested.

In addition, plans are well advanced towards procuring consultants from the United Kingdom in order to carry out core activities including the development of practice guides and illustrations for IFRS. It is anticipated that we will commence these activities in early 2007.

Continuing Professional Development

In keeping with its emphasis on ensuring the continued professional development of its members, the ICAJ hosted eight (8) training events during the year. These events included 6 seminars, as well as a series of practical workshops on IFRS.

Efforts were also made to broaden the scope of CPE training in helping to meet the accounting and tax-related needs of non-members and other professional groups locally. In this regard, the ICAJ in collaboration with the Management Institute for National Development (MIND), the Ministry of Finance and Planning and the Institute of Internal Auditors, hosted a seminar for internal auditors in the public sector. The ICAJ also assisted MIND with the training of Ethics Officers employed to the Government.

Training And Student Examination Performance

The number of students on the ICAJ/ACCA Joint Scheme Register increased from 4,522 as at December 2005 to 4,701 as at December 2006. In addition, the ICAJ continues to provide administrative support for 704 Association of Accounting Technicians (AAT) students.

Following the signing of a Memorandum of Understanding (MOU) between the ICAJ and the Certified General Accountants of Canada (CGA) in October 2006, the ICAJ now provides administrative support to new and current CGA students in Jamaica.

On August 30, 2006, the ICAJ in collaboration with ACCA, hosted its annual graduation ceremony to recognise the achievement of 170 students who successfully completed the June and December 2005 sittings of the Certified Accounting Technician (CAT) Examination.

A joint ICAJ/ACCA Graduation Ceremony was held on October 29, 2006 to honour 76 students, who successfully completed the December 2005 and June 2006 sittings of the ICAJ/ACCA Joint Scheme Examination.

Impact of The Profession on National Development



The Institute continued with efforts to increase its contribution to national and community development through various initiatives. This included the implementation of a national outreach project, in collaboration with the Ministry of Education & Youth and the Management Institute for National Development (MIND). The project involves members of the profession volunteering their time and expertise to serve on school Boards and to train school Bursars. Over 100 ICAJ members have already volunteered for this project.

The ICAJ also continued to make a meaningful contribution to the debates on national issues through various public forums hosted by the Current Affairs Committee. To this end, the Institute hosted a public forum entitled, Strategizing for National Development - Let's Get Serious, on April 12, 2006. The forum facilitated

far-reaching discussions on factors impeding national development and economic growth, and recommended strategies that could enhance national development policies.

Regional & International Focus

During the year, IFAC recognised ICAJ as a member in good standing. The certificate of membership, which was presented to the Institute acknowledged its continued support of IFAC's global mission to strengthen the worldwide Accountancy profession and to promote adherence to high quality standards.

Following a visit by a joint delegation from National Association of Black Accountants (NABA) and the Association for the Advancement of Black Accountants (ABASA) from the United States to Jamaica in June 2006, the ICAJ forged international partnerships with them. ICAJ's President, Leighton McKnight, was invited to address the delegates at ABASA's 21st Annual Conference held in Durban, South Africa in September 2006.

At the regional level, the ICAJ continued to work towards harmonising entry qualifications for the region's Accountancy profession with the Institute of Chartered Accountants of the Caribbean (ICAC). As a result, at a meeting in January 2006, the ICAJ Council took the decision to accept the CGA qualification as another route of entry to the profession.

The ICAJ remains committed to supporting and contributing to the goals and objectives of the ICAC. It recognises the contribution of Past President, Council Member and future Chairman of the Profession Committee, L. Garth Kiddoe, to ICAC serving as President since 2005.

Membership

During the year the ICAJ focused on increasing membership and the participation and representation of members in decision-making processes. A special subcommittee was formed to spearhead strategies for membership growth. The aim is to surpass the 1,000 membership target by the end of 2007.

One of the strategies was that each Committee of Council would increase its membership by at least two, which should include one member who is under the age of thirty-five. It is also important to ensure that the composition of membership of Committees is balanced in terms of gender, age and employment. This applies to all practicing members both public and non-public.

Through the ongoing membership drive, there was an increase in membership from 876 (inclusive of members in retirement) as at December 2005, to 903 as at December 2006.

Conclusion

The ICAJ will continue to actively contribute to advancing the growth and development of the Accountancy profession locally, regionally and internationally.



The Institute of Chartered Accountants of Trinidad and Tobago



Ms. Angela Lee Loy
Director- ICATT

ICATT is an association operating as a non-profit organization providing services for our accounting members. ICATT is managed by a council comprising of 15 members from the accounting profession of varying strengths. It controls and governs the affairs of the Institute. The council meets on the third Wednesday of each month, to discuss the operations of the Institute and to ensure that it delivers an efficient and effective service to our members. In the execution of the council's duties and responsibilities, it interfaces with all committees.

ICATT is the umbrella body for all accounting students and professionals in Trinidad and Tobago. It registers and facilitates all students undertaking the The Association of Chartered Certified Accountants (ACCA) and Professional and Technician qualifications study programmes. ICATT continues to work in harmony with ACCA for the betterment of the accounting profession. Therefore, it is imperative that local students under the Joint Examination Scheme Agreement be registered with both

ACCA and ICATT as one cannot work without the other.

- March 29th 2006 - was our Annual General Meeting.
- April 4 & 5th - A Tax seminar for two days was held at the Cascadia Hotel.
- April 28, 2006 – A Joint seminar between ACCA and ICATT, was hosted on Anti-money Laundering at the Trinidad Hilton.
- June 5th , 2006 – Representatives of the Institute met with the CEO of ACCA, Mr. Allen Blewitt
- June 8-10,2006 – The Institute was represented at the ICAC 24th Annual Caribbean Conference held at Hilton Barbados of which ICATT is a member.
- June 9th, 2006 - The Institute hosted a breakfast meeting at the Cascadia Hotel. Membership and Practising certificates were distributed to members who were approved between December 2005 and May 2006. The auditor General Ms. Sharman Ottley, addressed the meeting on the theme “Ethics in the Accountancy Profession” and a panel discussion followed.
- July 14th, 2006 – ICATT made a budget submission for the budget presentation 2006/2007 to the minister in the Ministry of Finance.
- August 2006 - Renovation of the Institute to be completed by January 2007 enabling members to be served in a more comfortable environment.
- September 30, 2006 – ACCA/ICATT joint graduation at the Hilton Hotel for students.
- October 5 & 6, 2006 – ACCA Practising Monitoring Scheme Presentation at the Marriott and the Hilton Hotel. The facilitator for these presentations was Mr. Shah Ali Khan, Head of Monitoring and Supervision at ACCA.

It is important that Practising Accountants, especially small practitioners be aware of this scheme in order to be in compliance with the obligations issued by the International Federation of Accountants (IFAC).

6th – 11th November 2006 - Accountants Week

The Institute of Chartered Accountants of Trinidad and Tobago (ICATT) - Accountants Week 2006



The Institute of Chartered Accountants of Trinidad and Tobago (ICATT) held its annual Accountant's Week in November with the theme Financial Literacy. The week started off with the launching of a Breakfast Meeting at the Trinidad Hilton., with Mr Ewart Williams, Governor of the Central Bank, giving the feature address. The following distinguished invitees served on the panel:

- Mr Peter Clarke, Stockbroker
- Ms Esther Le Gendre, ACCA Caribbean
- Ms Angela Lee Loy, Managing Director, Aegis Business Solutions
- Mr Paul Quesnel, President, T&T Manufacturer's Association
- Mr Ian Welch, President, T&T Chamber of Commerce
- Mr Richard Young, Managing Director of Scotiabank Trinidad and Tobago Limited

The Governor utilised the forum to inform attendees of The Financial Literacy Programme, a government initiative introduced in the 2007 Budget, to educate citizens in making sound financial decisions. The session was well attended and a lively and interesting debate ensued.

Events for the week included:

- Workshops on International Financial Reporting Standards (IFRSs) and Taxation (conducted by PricewaterhouseCoopers and Ernst & Young),
- A soft skills seminar co-hosted by The Consulting Interface and TSG Consulting,
- Update on the joint project between the Inter-American Development Bank and ICATT (to improve the application and compliance with IFRSs and IASs of Trinidad and Tobago).

The week culminated in a Wine, Cheese and All That Jazz on Saturday 11th November at the Garden Sanctuary, Centre of Excellence. Our auditors, accountants, and guests got a chance to unwind to the sound of popular jazz band, Nite Life and sample the delectable hors d'oeuvres prepared by chefs Deborah Metivier and Bernard Long.





Pictorial Review



The ICAC Board of Directors in attendance at the 44th B.O.D. Meeting (including invitees): L-R- Standing; Michael Sleigh (ACCA Representative), Frank Myers, Cheryl Gardner, Brian Robinson, Donald Thompson, Leighton McKnight, Roy Pandey, Betty Brathwaite, Anthony Atkinson, Erwin Southwell, Victor Abreu (CEO IAA). Seated L-R; Harryram Parmesar, Garth Kiddoe, Angela Lee-Loy, Pierre Barnes (President, IAA), Lyle Handfield (CGA representative).



Dr. Axel Kravatzky being presented with a token by ICAB President, Mr Brian Robinson at ICAC's 24th Annual Conference of Accountants



Prime Minister of Barbados, the Rt. Hon Owen Arthur, addressing attendees at ICAC's 24th Annual Accountants Conference, Mr Brian Robinson is seated at head table to his left.



Panel Discussion on Practice Monitoring: L - R: Mr Graham Ward, Mr Garth Kiddoe, Moderator Mr David Ellis, Mr Allan Blewitt and Mr Anthony Ariganello

Annual Report 2006
Institute of Chartered Accountants of the Caribbean



Pictorial Review



IFAC President, Mr. Graham Ward, presenting a plaque of recognition to Mr. Garth Kiddoe, President of ICAC, at the 25th Annual Conference of Accountants held in Barbados



Q & A session during Panel Discussion at the 25th Annual Conference of Accountants



Group discussion during one of the concurrent sessions at ICAC's 25th Annual Conference of Accountants



Seminar Presenter Mr. David Raggay, B.Sc., M.Sc., C.A., cordially greets Mr. Erwin Southwell, ICAC-Antigua President, and Alternate Director on the ICAC Board, prior to the start of the ICAC/Antigua joint seminar held on November 11, 2006.



Participants engaging in discussion during one of the 24th Annual Accounting Conference's concurrent sessions



Financial Overview



*Mr. Brian Robinson
Treasurer- ICAC*

The year 2006 saw an increase in the ICAC intake which was mainly due to the decision to increase its membership subscription in an attempt to keep in line with inflation and to offer additional services to members in the region. The revenue fell short of that budgeted by only 0.02%.

The administrative expenses exceeded budget which resulted in the deficit after tax being larger than budgeted by US\$972.00. The increase in expense for the year was completely due to the increase in “*annual conference and seminar cost*”, which outweighed the reduction in all other categories of expense.

For the period 2007, greater emphasis will to be placed on:

- Organizing seminars with the smaller member institutes with an existing need for continuing professional education and development.
- Motivating member territories to increase their membership base.
- Increasing the drive to broaden the institute’s membership, to include other Caribbean institutes
- Increase the move to attract more affiliate members and to reactivate our affiliate membership with AICPA and CICA.
- Encouraging chartered accountants in the region, to become members of their local Institutes.

All indications suggest that the ACCA/ICAC Regional Monitoring Programme will commence on a phased basis in 2007. It is however, interesting to note that the financial impact on ICAC will be minimized, since the member institutes have agreed to remove ICAC as ‘guarantor’ for the programme thus relieving ICAC of any financial liability.

The institute has complied with all its statutory contributions and annual returns are current.



*THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF THE CARIBBEAN
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006*





THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

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Independent auditors' report

**To the Members of
The Institute of Chartered Accountants of the Caribbean**

Report on the Financial Statements

We have audited the accompanying financial statements of The Institute of Chartered Accountants of the Caribbean, which comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in reserves and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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.



Independent auditors' report (cont'd)

**To the Members of
The Institute of Chartered Accountants of
the Caribbean**

Report on the Financial Statements (cont'd)

Auditors' Responsibility (cont'd)

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 give a true and fair view of the financial position of the Institute as at December 31, 2006, and of the Institute's financial performance, changes in reserves and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Additional Requirements of the Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, and the financial statements are in agreement with the accounting records, and give the information required by the Companies Act in the manner so required.

Kingston, Jamaica

June 4, 2007


Chartered Accountants



STATEMENT II

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF THE CARIBBEAN

BALANCE SHEET

DECEMBER 31, 2006

	Note	<u>2006</u> US\$	<u>2005</u> US\$
Assets			
Non-current assets			
Equipment	(3)	4,986	1,861
Deferred tax	(4)	215	664
		5,201	2,525
Current assets			
Membership dues and other receivables	(5)	13,652	5,398
Taxation recoverable		4,474	4,039
Cash and cash equivalents	(6)	44,047	55,948
		62,173	65,385
Total assets		67,374	67,910
Reserves and liabilities			
Reserves			
Development fund	(7)	45,579	45,579
Administrative assistance development fund	(8)	14,837	14,837
Accumulated deficit		(12,362)	(7,485)
Total reserves		48,054	52,931
Current liabilities			
Payables and accruals	(9)	12,093	14,139
Owing to members	(10)	7,227	840
Total liabilities		19,320	14,979
Total reserves and liabilities		67,374	67,910

The attached notes on Statement VI form an integral part of these financial statements.

Approved for issue by the Board of Directors on June 4, 2007 and signed on its behalf by:

) President

Mr. Garth Kiddoe

) Treasurer

Mr. Brian Robinson



STATEMENT III

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF

THE CARIBBEAN

INCOME STATEMENT

YEAR ENDED DECEMBER 31, 2006

	<u>Note</u>	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Revenue	(21)		
Subscriptions		54,833	44,849
Annual conference and seminars		20,611	16,653
Other	(11)	2,188	2,175
		77,632	63,677
Administrative and other expenses	(12)	(82,060)	(75,057)
Deficit for the year before transfer and tax	(13)	(4,428)	(11,380)
Transfer to administrative assistance development fund	(2k & 8)	-	(4,097)
Deficit for the year before tax		(4,428)	(15,477)
Income taxes	(14b)	(449)	360
Deficit after tax		(4,877)	(15,117)

The attached notes on Statement VI form an integral part of these financial statements.



STATEMENT IV

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF

THE CARIBBEAN

STATEMENT OF CHANGES IN RESERVES

YEAR ENDED DECEMBER 31, 2006

	Development fund	Administrative assistance development fund	Accumulated deficit	Total
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Balance at December 31, 2004	45,579	10,740	7,632	63,951
Changes in reserves for 2005				
Transfer from Income Statement (Note 8)	-	4,097	-	4,097
Deficit for year 2005	-	-	(15,117)	(15,117)
Total recognised income and expenses for year 2005	-	4,097	(15,117)	(11,020)
Balance at December 31, 2005	45,579	14,837	(7,485)	52,931
Changes in reserves for 2006				
Deficit for year 2006 being total recognised income and expenses	-	-	(4,877)	(4,877)
Balance at December 31, 2006	45,579	14,837	(12,362)	48,054

The attached notes on Statement VI form an integral part of these financial statements.



STATEMENT V

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF

THE CARIBBEAN

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
	<u>US\$</u>	<u>US\$</u>
Cash flows from operating activities:		
Deficit for the year before transfer and tax	(4,428)	(11,380)
Adjustments for:		
Interest income	(1,788)	(2,175)
Depreciation	486	471
	<hr/>	<hr/>
	(5,730)	(13,084)
(Increase)/decrease in membership dues and other receivables	(8,204)	23,282
Decrease in payables and accruals	(2,046)	(2,213)
Increase in owing to members	6,387	241
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(9,593)	8,226
	<hr/>	<hr/>
Cash flows from investing activities:		
Purchase of equipment	(3,611)	-
Interest received (net of withholding tax)	1,303	1,738
	<hr/>	<hr/>
Net cash (used in)/provided by investing activities	(2,308)	1,738
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(11,901)	9,964
Cash and cash equivalents at beginning of year	55,948	45,984
	<hr/>	<hr/>
Cash and cash equivalents at end of year (Note 6)	44,047	55,948

The attached notes on Statement VI form an integral part of these financial statements.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

1. IDENTIFICATION AND ACTIVITIES

The Institute of Chartered Accountants of the Caribbean (the Institute) was incorporated on October 28, 1988, under the Laws of Jamaica as a company limited by guarantee and not having a share capital. The registered office of the Institute is located at 6 Lockett Avenue, Kingston 4, Jamaica.

The membership of the Institute comprises seven (7) (2005 - nine (9)) member institutes from the Caribbean and three (3) affiliated institutes from Non-Caribbean territories. During the year, The Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) was admitted as a member of the Institute. ICAEC is an umbrella organisation comprising institutes in certain Eastern Caribbean territories. As a result of the admission to membership of the ICAEC, three (3) territories that were members of the Institute up to financial year ended December 31, 2005 and that are members of the ICAEC, terminated their membership with the Institute.

The principal objectives of the Institute are:

- (1) To promote, foster and maintain a respectable image of the accountancy profession, establish professional levels of competence, character and integrity and to promote the highest standards of ethical conduct within the region's accountancy profession in order to serve the public's interest.
- (2) To promote the harmonisation of regional accounting and auditing standards as well as company law and taxation legislations among member territories.

The currency of Jamaica is the Jamaican Dollar. However, the Institute uses the United States Dollar as its functional currency in order to facilitate measurement and recording of balances and transactions with its members, who do not share a common currency. The Institute has obtained permission from the Minister of Finance and Planning to prepare and present its financial statements in United States Dollars.

Except where otherwise stated, these financial statements are expressed in United States Dollars.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

Certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at the balance sheet date, and which the Institute has not early adopted. The Institute has assessed the relevance of all such new standards, interpretations and amendments and has determined that the adoption of those standards will not result in any significant change to the Institute's accounting policies in the future.

(b) Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates.

The main source of estimation relates to estimation of the useful life of equipment. In addition, estimates are required in the provision of income tax and deferred tax. There are no significant judgements that management has made in the process of applying the accounting policies and that have a significant effect on the amounts recognised in the financial statements.

In addition, there are no significant sources of estimation uncertainty at balance sheet date, that have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities within the next financial year.

(c) Equipment

(i) Equipment is stated at cost less accumulated depreciation.

(ii) Depreciation is provided on the straight line basis at such rates as will write off the cost of various assets over the period of their expected useful lives. The useful life approximates to ten (10) years for equipment.

(d) Foreign currency

Jamaican Dollar transactions and balances at the end of the year have been converted to United States Dollars on the following bases:

Equipment	-	Exchange rate ruling at date of transaction.
Current assets and liabilities	-	Exchange rate ruling at balance sheet date.
Income and expenses	-	Exchange rate ruling at transaction date.

Gains or losses due to fluctuations in exchange rates are included in the Income Statement.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments

Financial assets and financial liabilities are recognised in the Institute's balance sheet when it has become a party to the contractual provisions of the instruments.

The financial instruments carried in the balance sheet are membership dues and other receivables, cash and cash equivalents, payables and accruals and owing to members.

The carrying value of financial instruments is considered to approximate to fair value.

(f) Membership dues and other receivables

Membership dues and other receivables are carried at cost less specific provision for bad debts. A provision for bad debts is recognised when there is objective evidence that the Institute will not be able to collect all amounts due in accordance with the original terms of the receivables.

(g) Cash and cash equivalents

Cash and cash equivalents consist of current and savings account balances, short-term deposits with maturity dates of three (3) months or less and petty cash.

(h) Payables and accruals

Payables and accruals are stated at cost.

(i) Owing to members

Owing to members is stated at cost.

(j) Development fund

Effective 2003, the Institute decided to transfer an amount representing twenty-five percent (25%) of its current year's surplus up to a maximum of \$10,000 per year to a development fund. (Note 7).

(k) Administrative assistance development fund

The Institute reserves an amount equal to fifty percent (50%) of its share of the surplus in excess of US\$5,000 realised from its annual conference. This is used to assist small territorial institutes in the development of the accountancy profession in their territories. (Note 8). However, effective December 31, 2006 the directors decided to cease setting aside an amount from the surplus realised from the annual conference to the administrative assistance development fund.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Revenue recognition

Revenue represents membership dues, income from conferences and seminars and income from short-term investments. Revenue is recognised when due based on contractual provisions to which the Institute is a party.

(m) Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at balance sheet date, and any adjustments to tax payable in respect of previous years.

Taxation is calculated under the mutuality principle in respect of income derived from transactions with members. In consequence, only a portion of its income is taxed and also only a portion of its expenses including capital allowances is set off in the income tax computation.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the Income Statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.





STATEMENT VI
-Continued-

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

3. **EQUIPMENT COMPRISE:**

	<u>Equipment</u> <u>US\$</u>
Gross carrying amount	14,462
Accumulated depreciation	(12,130)
Carrying amount at January 1, 2005	2,332
Gross carrying amount	14,462
Accumulated depreciation	(12,601)
Carrying amount at December 31, 2005	1,861
Gross carrying amount	18,074
Accumulated depreciation	(13,088)
Carrying amount at December 31, 2006	4,986

The carrying amounts for equipment for the years included in these financial statements as at December 31, 2006 are reconciled as follows:

	<u>Equipment</u> <u>US\$</u>
Carrying amount at January 1, 2005	2,332
Depreciation	(471)
Carrying amount at December 31, 2005	1,861
Addition	3,611
Depreciation	(486)
Carrying amount at December 31, 2006	4,986



STATEMENT VI
-Continued-

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

4. **DEFERRED TAX**

Deferred taxes are calculated on all temporary differences under the liability method using a tax rate of 33 $\frac{1}{3}$ %. The movement on the deferred tax account is as follows:

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Balance at beginning of year	664	304
Add: (charge)/income for the year (Note 14b (i))	(449)	360
Balance at end of year	215	664

Deferred tax balance arose on temporary differences in respect of:

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Deferred tax asset on:		
Unused tax losses	147	112
Equipment	90	557
	237	669
Deferred tax liability on:		
Interest receivable	(22)	(5)
	(22)	(5)
Net deferred tax asset	215	664

5. **MEMBERSHIP DUES AND OTHER RECEIVABLES**

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Due from members:		
Membership dues	11,771	3,600
Seminar and other receivables	-	1,139
Interest	66	16
Staff loan	1,736	601
	13,573	5,356
Prepayment	79	42
Total	13,652	5,398

The amount of US\$1,736 (2005 – US\$601) reflected as staff loan above, represents amount due from key management personnel.

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF****THE CARIBBEAN****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2006****6. CASH AND CASH EQUIVALENTS**

	<u>Interest rate</u> <u>% p. a.</u>	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Short-term deposit:			
Pan Caribbean Merchant Bank Limited			
US\$ Certificate of Deposit	5.25	42,014	14,887
		42,014	14,887
Bank and cash:			
J\$ Current account balance with			
RBTT Bank Jamaica Limited			
(J\$69,261 (2005 – J\$438,593))	1 – 2.5	1,034	6,812
US\$ Savings account balance with			
RBTT Bank Jamaica Limited	2.5	972	21,027
Cash in hand		27	13,222
		2,033	41,061
Total		44,047	55,948

7. DEVELOPMENT FUND

The above represents net amounts reserved by the Institute to meet costs associated with the development of the accounting profession in the Caribbean. (Note 2j). The Institute did not realise a surplus from operations during the year and as such no transfer was made to the fund.

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Balance at beginning of year	45,579	45,579
Balance at end of year	45,579	45,579

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF****THE CARIBBEAN****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2006****8. ADMINISTRATIVE ASSISTANCE DEVELOPMENT FUND**

The above represents amounts reserved by the Institute to assist small territorial institutes in the development of the accountancy profession in their territories. (Note 2(k)). The movement on the fund was as follows:

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Balance at beginning of year	14,837	10,740
Add: Transfer from Income Statement: Amount reserved from surplus realised from annual conference (Note 2 (k))	-	4,097
Balance at end of year	14,837	14,837

9. PAYABLES AND ACCRUALS

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Professional fees	5,000	5,000
Staff costs	3,807	5,327
Auditors' honorarium	3,000	2,000
Utilities	251	665
Health insurance	-	693
Other	35	454
Total	12,093	14,139

10. OWING TO MEMBERS

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Institute of Chartered Accountants of Trinidad and Tobago	549	-
Institute of Chartered Accountants of the Eastern Caribbean	1,282	-
Institute of Chartered Accountants of Barbados	4,610	646
Institute of Chartered Accountants of Belize	786	194
Total	7,227	840



STATEMENT VI

-Continued-

THE INSTITUTE OF CHARTERED ACCOUNTANTS OFTHE CARIBBEANNOTES TO FINANCIAL STATEMENTSYEAR ENDED DECEMBER 31, 200611. **OTHER INCOME**

	<u>2006</u>	<u>2005</u>
	<u>US\$</u>	<u>US\$</u>
Interest	1,788	2,175
Advertising - newsletter	400	-
Total	2,188	2,175

12. **EXPENSES BY NATURE**

Total administrative and other operating expenses:

	<u>2006</u>	<u>2005</u>
	<u>US\$</u>	<u>US\$</u>
Depreciation	486	471
Insurance	151	125
Postage and delivery	986	856
Loss on foreign exchange	261	740
Rent and maintenance	4,388	4,224
Printing and stationery	3,958	5,983
Annual conference and seminars	16,862	5,394
Utilities	4,256	4,968
Honorarium to auditors	1,000	1,000
Employee benefits (Note 15)	45,634	43,049
Other expenses	4,078	8,247
Total	82,060	75,057

13. **DEFICIT FOR THE YEAR BEFORE TRANSFER AND TAX**

Deficit for the year before transfer and tax is stated after charging/(crediting):

	<u>2006</u>	<u>2005</u>
	<u>US\$</u>	<u>US\$</u>
Key management compensation (Note 15)	35,649	34,160
Depreciation	486	471
Honorarium to auditors	1,000	1,000
Loss on foreign exchange	261	740
Interest income	(1,788)	(2,175)



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

14. **INCOME TAXES**

- (a) The Institute is limited by guarantee and it is usual for such Institutes to be exempt from income tax under the mutuality principle in respect of income derived from transactions with members. (Note 2(m)). The Institute had applied to the Commissioner of Taxpayer Audit and Assessment to obtain the exempt status. The application was denied on the basis that documents submitted did not clearly specify objects that would satisfy the relevant section of the Income Tax Act.

The Institute is in the process of securing appropriate documentation to submit to the Commissioner of Taxpayer Audit and Assessment to obtain the exempt status. Provision has been made in these financial statements for tax liability under the mutuality principle.

- (b) (i) Income taxes based on non-exempt income adjusted for tax purposes and computed at the tax rate of 33 $\frac{1}{3}$ % comprise (Note 14a):

	<u>2006</u>	<u>2005</u>
	<u>US\$</u>	<u>US\$</u>
Deferred tax (charge)/income		
Unused tax losses	35	112
Origination and reversal of temporary differences	(484)	248
Income taxes for year (Note 4)	(449)	360

- (ii) Subject to the agreement of the Commissioner of Taxpayer Audit and Assessment Department, losses of approximately US\$442 (2005 – US\$337) are available to be set off against future taxable profits. These losses, if not utilised, will be carried forward indefinitely.

- (iii) Reconciliation of theoretical tax charge to effective tax charge:

	<u>2006</u>	<u>2005</u>
	<u>US\$</u>	<u>US\$</u>
Deficit for the year before transfer and tax	(7,728)	(11,380)
Tax at 33 $\frac{1}{3}$ %	-	-
Tax effect of expenses not deductible for tax purposes	(28,607)	(23,024)
Tax effect of exempt income	26,288	19,587
Tax effect of other allowances	1,870	3,797
Income taxes for the year (Note 14b (i))	(449)	360

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF****THE CARIBBEAN****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2006****15. EMPLOYEE BENEFITS**

Employee benefits comprise:

	<u>2006</u> <u>US\$</u>	<u>2005</u> <u>US\$</u>
Salaries	41,117	39,009
Medical and other benefits	4,462	3,869
Training and development	55	171
Total	45,634	43,049

Included in staff costs is key management compensation amounting to US\$35,649 (2005 – US\$34,160). (Note 13)

16. RISK MANAGEMENT POLICIES

The Institute's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Institute seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

(a) Market risk**(i) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Institute is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the United States Dollar. For transactions denominated in Jamaican dollars (J\$) the Institute however, maintains a J\$ bank account in an attempt to minimise this risk.

At balance sheet date there were net liabilities of approximately J\$185,910 (2005 - net asset of approximately J\$12,972) which were subject to foreign exchange rate changes. These liabilities/assets are payable/receivable in Jamaican dollars.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Institute's cash and cash equivalents are subject to interest rate risk. However, the Institute attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The Institute invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions. Short-term deposits are invested for periods of three (3) months or less at fixed interest rates and are not affected by fluctuations in market interest rates up to the dates of maturity. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates. (Note 6).



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
THE CARIBBEAN**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

16. **RISK MANAGEMENT POLICIES (CONT'D)**

(b) Credit risk

The Institute faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Institute. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable. The maximum credit risk faced by the Institute is the total of these balances reflected in the financial statements.

(c) Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Institute manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At balance sheet date, liquid and near liquid assets exceeded current liabilities by US\$38,300 (2005 - US\$46,325).

(d) Cash flow interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Institute faces exposure to cash flow interest rate risk in respect of its cash and cash equivalents as follows:

Short-term deposit with a fixed interest rate of 5.25% per annum. Interest rate is fixed up to the maturity date of January 23, 2007.

Bank balances - interest rates fluctuate according to prevailing levels of market interest rates and as such may increase or decrease interest margins in the next financial year.