

PUBLIC ACCOUNTANCY BOARD

ANNUAL REPORT

AND

AUDITED FINANCIAL STATEMENTS

APRIL 1, 2020 – MARCH 31, 2021

PUBLIC ACCOUNTANCY BOARD

Ministry of Finance and The Public Service, Block G, First Floor West, 30 National Heroes Circle, Kgn. 4
P.O. Box 965, Kingston Phone: (876) 932-5065 Email: pab@mof.gov.jm Website: www.pab.gov.jm

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PUBLIC ACCOUNTANCY BOARD
ANNUAL REPORT
2020/2021

Pursuant to Section 8 of the Public Accountancy Act Part II, and Section 3 of the Public Bodies Management and Accountability Act, the Public Accountancy Board submits its Fifty-first (51st) Annual Report for the year April 1, 2020 to March 31, 2021.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

On April 15, 2020, the Minister wrote to the following persons informing them of their appointment to the Board effective March 9, 2020 for a three (3) year period ending March 8, 2023.

Mr. Colin Maxwell	-	President
Mr. Linval Freeman	-	Member
Mr. Raphael Gordon	-	Member
Mrs. C. Patricia Hayle	-	Member
Dr. Wayne Henry	-	Member
Miss. Cynthia Lawrence	-	Member
Mr. Leighton McKnight,CD.	-	Member
Mr. Clive Nicholas,CD	-	Member
Miss Carlene O'Connor	-	Member
Mr. Eric Scott	-	Member

On November 17, 2020 the Minister wrote to the following persons informing them of their appointment to the Board effective November 9, 2020 for a three (3) year period ending November 8, 2023.

Mr. Colin Maxwell	President
Mr. Linval Freeman	Member
Mr. Raphael Gordon	Member
Mrs. C Patricia Hayle	Member
Ms. Cynthia Lawrence	Member
Ms. Annaliesa Lindsay	Member
Mr. Leighton McKnight, CD	Member
Mr. Clive Nicholas, CD	Member
Ms. Carlene O'Connor	Member
Mr. Eric Scott	Member

2. MEETINGS

During the year there were three (3) regular meetings of the Board; two (2) Meetings of the Audit Committee; three (3) Meetings of the Investigations Committee, two (2) Meetings of the Practice Monitoring Committee three (3) Disciplinary Hearing Meetings and one (1) meeting of the Public Relations Committee.

3. PRACTISING CERTIFICATES

The Board issued Two Hundred and Seventy (270) Practising Certificates (2019/2020 – 257) during the year. A Registrant who engages in practice without a Practising Certificate will be incapable of maintaining any action for recovery of any fee or reward for work done during the period when he/she was without a Practising Certificate.

4. BREACH OF SECTION 15 OF THE ACT

During the year the Board pursued an outstanding matter which had come to the Board's attention and was referred in January 2020 to the Office of the Director of Public Prosecutions (ODPP). In August 2020 the ODPP referred the matter to the Assistant Commissioner of Police Clinton Laing. The ODPP requested ACP Laing to assign the necessary officers to collect appropriate documents/statements to initiate prosecution if the elements of the offense are made out.

5. REGISTRATION

There were seventeen (17) additions to the Register during the year. These persons qualified under Section 12(1) (a) of the Act – members of the Institute of Chartered Accountants of Jamaica.

6. DELETIONS FROM THE REGISTER

The names of Four (4) persons were removed from the Register during the year. One (1) was due to death, two (2) due to retirement from practice and one (1) due to disciplinary action by the Board.

7. STATE OF THE REGISTER AS AT MARCH 31, 2021

At March 31, 2021, 270 Registrants (2020 – 257) were listed in the Register of Public Accountants. An Analysis of the Register is reflected in Table 1

Section	Description	Total Registrants
12 (1) (a)	being members of the Institute of Chartered Accountants of Jamaica;	247
12 (1) (b)	being persons who are entitled to practice accountancy in a country other than Jamaica by virtue of a qualification recognized by that country. Such qualification to be approved by the Minister after consultation with the Board;	4
12 (1) (c)	being persons who are members of the Association of International Accountants, the Society of Commercial Accountants, the British Association of Accountants and Auditors and the Chartered Institute of Cost and Management Accountants or such other body that is approved by the Minister after consultation with the Board.	2
12 (1) (d)	being persons who, in the opinion of the Minister, had immediately before the commencement of the Act, acquired sufficient experience in the practice of accountancy.	17
	Total	270

8. COMPARISON WITH THE REGISTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA

At March 31, 2021, there were One Thousand Four Hundred and Ninety-Five (1495) members of the Institute of Chartered Accountants of Jamaica (ICAJ) (2020 – 1450)

9. MONITORING, DISCIPLINING AND REGULATING THE PROFESSION

On February 1, 2011, the Board, the Institute of Chartered Accountants of Jamaica (ICAJ), and the Institute of Chartered Accountants of the Caribbean (ICAC) entered into a four (4) year agreement with the Association of Chartered Certified Accountants (ACCA) for the monitoring of all practising accountants in Jamaica. This agreement was renewed, effective January 1, 2016, for an initial period of three years, with the provision to automatically extend it for a further three years. The agreement was accordingly renewed effective January 1, 2019.

The objective of the Monitoring Programme is to assess the extent to which a registered public accountant, in the conduct of his/her practice, complies with

- International Standards on Auditing (ISA)
- International Standards on Quality Control 1 (ISQC 1).
- The Code of Ethics for Professional Accountants prescribed by the International Ethics Standards Board of Accountants (IESBA) of the International Federation of Accountants (IFAC) for the maintenance of high-quality performance.

The programme also entails checking Registrants' awareness of Proceeds of Crime Act (POCA). In this connection, guidance is provided by the Board's Anti-Money Laundering Guidance Notes.

The practice monitoring process involves reviews of Registrants who are principals in audit firms, by a Senior Practice Reviewer (SPR) from ACCA, based in Jamaica. Where necessary the SPR is supported by another ACCA SPR who is either based in Trinidad or in the U.K.

The reports of the SPR are reviewed by a Monitoring Committee comprising three (3) representatives of the PAB, and two (2) from the ICAJ.

The review process started in January 2012.

Registrants whose reviews are determined to be unsatisfactory are reviewed again after two (2) years (one year if they have Public Interest Entity (PIE) audits) where widespread deficiencies are found in compliance with auditing standards. In cases where limited deficiencies are found in complying with auditing standards the Registrant is reviewed after four (4) years unless the Registrant has PIE clients in which event he/she is reviewed again in two (2) years. Those Registrants with satisfactory reviews will have their next review in six (6) years unless they have PIE clients in which case they will be reviewed in three (3) years.

At each review the SPR provides guidance on the improvements required to address the deficiencies. This guidance is also provided in the review report issued to the Registrant. Registrants whose reviews are determined to be unsatisfactory are required to submit a detailed Action Plan in a prescribed format which is designed to assist them to remedy the shortcomings. Guidance on how to prepare the Action Plan is given at the review visit and Registrants are also provided with a template for preparing the plan and written instructions, at the same time the reports are issued.

Those Registrants whose reviews indicate shortcomings are also interviewed by the Monitoring Committee to discuss their Action Plan or otherwise determine what steps they are taking/have taken to address and resolve the shortcomings identified.

The primary purpose of the programme is to facilitate the improvement in the quality of audit work of Registrants. Where Registrants have had three (3) unsatisfactory reviews they are subject to a Disciplinary Hearing.

During 2018 and 2019 four (4) Registrants were removed from the Register and three (3) have been subject to special reviews to determine their competence to continue to engage in practice. All three have passed the special reviews.

Set out below is a comparison of the movements between persons who have achieved satisfactory, marginally unsatisfactory and unsatisfactory reviews

	2020/2021	2019/2020
Satisfactory	103	100
Marginally Unsatisfactory	25	27
Unsatisfactory	20	24
	148	151

The programme continues to have a positive effect on the profile of Registrants who have moved from unsatisfactory to marginally unsatisfactory or satisfactory.

10. IMPROVING AND STRENGTHENING THE EFFECTIVENESS OF THE PROFESSION

The Board in 2017 effected certain changes to its Rules and Recommendations of Professional Conduct. These rules concern the ethics of the profession. Registrants are obliged to read these Rules and are required to certify annually that they have done so before their Practising Certificate is renewed.

As regards legislative changes, the Board is examining certain proposals which will be submitted to the Ministry of Finance and the Public Service for consideration during the 2021/2022 financial year. Some of the proposals relate to the Practice Monitoring Programme. Others will seek to bring the Public Accountancy Act in line with the provisions of the Legal Professions Act particularly in regard to Disciplinary Enquiries.

11. TRAINING OF REGISTERED PUBLIC ACCOUNTANTS

The Board did not conduct any Seminars for Registrants during the year. For 2021/2022 the Board plans to hold two Seminars, one of which will require compulsory attendance.

12. PROCEEDS OF CRIME (DESIGNATED NON-FINANCIAL INSTITUTION) (PUBLIC ACCOUNTANTS) ORDER 2013

Effective April 1, 2014 any Registrant who carries out one or more of the following activities on behalf of any client will be designated a non-financial institution for the purposes of the Proceeds of Crime Act.

- a. purchasing or selling real estate;
- b. managing money, security or other assets;
- c. managing bank accounts or savings accounts of any kind, or securities accounts;
- d. organizing contributions for the creation, operation or management of companies;
- e. creating, operating or managing a legal person or legal arrangement (such as a trust or settlement); or
- f. purchasing or selling a business entity.

The Order, signed by the Minister of National Security, dated November 15, 2013, was published in the Jamaica Gazette, Proclamations, Rules and Regulations on November 29, 2013.

Registrants are required annually to inform the Board if they are carrying out any of the above six activities. Those who respond in the affirmative will be monitored either under the Practice Monitoring Programme or by the Board's Inspectors, to ensure compliance.

In 2016 the Anti-Money Laundering Guidelines were approved and gazetted by the Ministry of National Security. These Guidelines are published on the Home Page of the Board's website.

The necessary inspections have been carried out in 2020/21 by the Board's Inspectors. No breaches were detected.

13. TERRORISM PREVENTION (DESIGNATED REPORTING ENTITY) (PUBLIC ACCOUNTANTS) ORDER 2017

Effective January 2018, any Registrant who carries out one or more of the following activities on behalf of any client, will be designated a non-financial institution, for the purposes of the Terrorism Prevention Act.

- (a) Purchasing or selling real estate;
- (b) Managing money, security or other assets;
- (c) Managing bank accounts or savings accounts of any kind, or securities accounts;

- (d) Organizing contributions for the creation, operation or management of companies;
- (e) Creating, operating or managing a legal person or legal arrangement (such as a trust or settlement); or
- (f) Purchasing or selling a business entity

The Order was signed by the Minister of Foreign Affairs on July 9, 2017 and became effective on June 1, 2018.

A Registrant who carries out one or more of the acts specified at (a) to (f) above is required to file with the Financial Investigations Division (FID) a listed entity report (LER) as follows:

May 31	for the period January to April
September 30	for the period May to August
January 31	for the period September to December

A Registrant is required to declare on the Form he/she completes when applying for the renewal of their annual Practising Certificate whether he/she carries out any of the activities at (a) to (f) above.

14. MUTUAL EVALUATION REPORT

During the year the PAB participated in regular meetings hosted by the Bank of Jamaica’s Prime Contact Secretariat. These meetings involved representatives of the Designated Non-Financial Business (DNFB) and various government Ministries and Departments which have responsibilities relating to the Proceeds of Crime Act (POCA) and the Terrorism Prevention Act (TPA). The objectives of the meetings are to ensure that Jamaica takes all necessary steps to satisfy the Financial Action Task Force (FATF) that the country should be removed from the “grey list”.

As part of that process the Ministry of Finance and the Public Service provided the Board with funding to engage three (3) Inspectors to carry out Risk Based Inspections of Registrants in order to meet the National Risk Assessments (NRA) required by FATF and as specified in the Board’s Anti-Money Laundering Guidance Notes.

15. COMPENSATION TO BOARD MEMBERS AND THE REGISTRAR

Set out below are particulars of compensation paid to Board members for 2020/21 Also set out is the compensation paid to the Registrar.

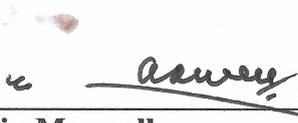
	\$
Board Members	
Colin Maxwell	74,900
Linval Freeman	49,850
Raphael Gordon	46,500
Mrs. C. Patricia Hayle	46,000
Ms. Cynthia Lawrence	52,500

Ms. Annaliesa Lindsay	Nil
Leighton McKnight	52,500
Clive Nicholas	55,000
Ms. Carlene O'Connor	30,500
Eric Scott	52,500
Total	460,250
Registrar	

	Salary	Travelling
Compton Rodney	1,600,000	894,924

16. CONCLUSION

The Board takes this opportunity to express gratitude and appreciation to the Minister and his staff for the Ministry's continued dedication and assistance.



Colin Maxwell
PRESIDENT



C.N. Rodney
REGISTRAR

PUBLIC ACCOUNTANCY BOARD
July 28, 2021

PUBLIC ACCOUNTANCY BOARD

AUDITED FINANCIAL STATEMENTS

APRIL 1, 2020 – MARCH 31, 2021

PUBLIC ACCOUNTANCY BOARD

Ministry of Finance and The Public Service, Block G, First Floor East, 30 National Heroes Circle, Kingston 4
P.O. Box 965, Kingston Phone: (876) 932-5065 Email: pab@mof.gov.jm Website: www.pab.gov.jm



Public Accountancy Board

Financial Statements

March 31, 2021

Public Accountancy Board

March 31, 2021

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Independent auditor's report

To the Members of
Public Accountancy Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Public Accountancy Board (the Board) which comprise the statement of financial position as at March 31, 2021, the statement of profit or loss and other comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Board as at March 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Accountancy Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

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Independent auditor's report (cont'd)

To the Members of
Public Accountancy Board

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

Independent auditor's report (cont'd)

To the Members of
Public Accountancy Board

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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, so far as appears from our examination of those records, and the financial statements are in agreement therewith.

Kingston, Jamaica

July 30, 2021

HLB Mair Russell
Chartered Accountants

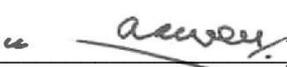
Public Accountancy Board Statement of Financial Position

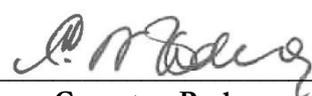
March 31, 2021

	Note	2021 \$	2020 \$
Assets			
Non-current assets			
Property, plant and equipment	(4)	6,651	11,894
		6,651	11,894
Current assets			
Practising certificate fees and other receivables	(5)	14,860,560	11,385,572
Cash and cash equivalents	(6)	6,846,019	3,747,658
		21,706,579	15,133,230
Total assets		21,713,230	15,145,124
Reserves and liabilities			
Reserves			
Accumulated fund		12,278,566	12,040,705
		12,278,566	12,040,705
Current liabilities			
Payables and accruals	(7)	9,434,664	3,104,419
		9,434,664	3,104,419
Total reserves and liabilities		21,713,230	15,145,124

The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on July 30, 2021 and signed on its behalf by:

 President
Colin Maxwell

 Registrar
Compton Rodney

Public Accountancy Board Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2021

	Note	2021 \$	2021 \$
Revenue			
Practising certificate fees	(3)	15,231,500	13,769,000
Registration and application fees		250,000	410,000
ICAJ contribution to monitoring programme	(8)	1,306,000	610,034
Miscellaneous income	(9)	-	3,418
		16,787,500	14,792,452
Expenses			
Auditor's remuneration		(423,636)	(336,236)
Administrative and other expenses	(10)	(15,828,491)	(12,722,228)
Finance costs		(297,512)	(37,052)
Surplus for the year being total comprehensive income for the year		237,861	1,696,936

The notes on the accompanying pages form an integral part of these financial statements.

Public Accountancy Board

Statement of Changes in Accumulated Fund

Year ended March 31, 2021

	Accumulated Surplus \$
Balance at March 31, 2019	10,343,769
Surplus for the year being total comprehensive surplus for the year	<u>1,696,936</u>
Balance at March 31, 2020	12,040,705
Surplus for the year being total comprehensive surplus for the year	<u>237,861</u>
Balance at March 31, 2021	<u><u>12,278,566</u></u>

The notes on the accompanying pages form an integral part of these financial statements.

Public Accountancy Board

Statement of Cash Flows

Year ended March 31, 2021

	Note	2021 \$	2021 \$
Cash flows from operating activities:			
Surplus for the year		237,861	1,696,936
Adjustments for:			
Depreciation	(4)	5,244	5,245
Interest income earned		-	(3,418)
		243,105	1,698,763
Increase in current assets			
Practising certificate fees and other receivables		(3,474,989)	(2,253,402)
Increase/(decrease) in current liabilities			
Payables and accruals		6,330,245	507,655
Cash used in operations		3,098,361	(46,984)
Interest received		-	3,418
Net cash provided by operating activities, being net decrease/increase in cash and cash equivalents		3,098,361	(43,566)
Cash and cash equivalents at beginning of year		3,747,658	3,791,224
Cash and cash equivalents at end of year	(6)	6,846,019	3,747,658

The notes on the accompanying pages form an integral part of these financial statements.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

1. General information and nature of operation

The Public Accountancy Board (“the Board”), was established by Act of Parliament 34, of 1968 for the main purpose of promoting, in the public interest, of acceptable standards of professional conduct among registered public accountants in Jamaica. The most recent amendments to the Act were made on March 25, 2004. The Board is domiciled in Jamaica, with its registered office at 30 National Heroes Circle, Kingston, Jamaica, West Indies.

The main function of the Board is to promote, in the public interest, acceptable standards of professional conduct among registered public accountants in Jamaica.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and revised standards that are effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published and became effective during the current financial year, none of which have any material impact on the amounts recognised or disclosed in the financial statements.

Standards, amendments and interpretations issued but not yet effective and have not been adopted early by the Board

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Board’s accompanying accounting periods beginning on or after January 1, 2021 or later periods, but were not effective at the statement of financial position date. The Board has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- Amendments to IAS 1 and IAS 8 (effective for annual periods beginning on or after January 1, 2021)

These amendments to IAS 1, ‘*Presentation of Financial Statements*’, and IAS 8, ‘*Accounting Policies, Changes in Accounting Estimates and Errors*’, and consequential amendments to other IFRSs: i) use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

These amendments are not expected to have any significant impact on the 2022 financial statements.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies (cont'd)

b Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight-line basis at annual rate estimated to write off the carrying value of the assets over the period of their estimated useful lives. Annual rates are as follows:

Leasehold improvement	20%
Furniture, fixtures & equipment	10% -20%
Computer equipment	33⅓%
Motor vehicles	20%

c Licence fees and other receivables

Licence fees and other receivables are measured at amortized cost less impairment, if any.

d Accounts and other payables

Accounts and other payables are measured at amortised cost.

e Cash and cash equivalents

Cash and cash equivalents which are measured at amortised cost, consist of current accounts, cash floats and short-term fixed deposits with original maturity dates of three (3) months or less maintained by the Board.

f Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in Jamaica dollars, which is the functional currency of the Board.

Foreign currency translations and balances

- (i) Foreign currency balances at the end of the reporting period have been translated at rates of exchange ruling at that date.
- (ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.
- (iii) Gains/losses arising from fluctuations in exchange rates are included in profit or loss.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies (cont'd)

g Revenue recognition

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time as is measured based on the consideration specified in the contract.

Revenue from practising certificate fees is recognised on the accruals basis as the service is provided. Registration and application fees are recognised at a point in time as registration and application occurs.

h Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the matter.

i Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Board's financial assets comprise cash and cash equivalents and receivables.

Financial liabilities

The Board's financial liabilities comprise payables and accruals.

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Board becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets expired or have been transferred and the Board has transferred substantially all the risks and rewards of ownership.

(ii) Classification and measurement of financial assets

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) whose contractual terms give rises on specified dates to cash flows that are solely payments as of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises cash and cash equivalents and fees and other receivables.

Due to their short-term nature, the Board initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies (cont'd)

i Financial instruments (cont'd)

(iii) Impairment

The Board assesses on a forward-looking basis the expected credit loss associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In applying this forward-looking approach, a distinction is between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For trade and other receivables, the Board applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Financial liabilities

The Board's financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. At the end of the reporting period, the following items were classified as financial liabilities: payables, and accruals.

j Impairment of non-financial assets

The carrying amount of the Board's assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment of non-financial assets is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies (cont'd)

k Employee benefits

Employee benefits are all forms of consideration given by the Board in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, vacation leave and non-momentary benefits such as medical care.

Employee benefits that are earned as a result of past or current service are recognized in the following manner:

- Short-term employee benefits are recognized as a liability, net of payments made, and charged to expense. The expected cost of vacation leave that accumulated is recognized when the employee becomes entitled to the leave.

3. Practising certificate and other revenues

These represent practising certificate fees.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

4. Property, plant and equipment

The carrying amounts for property, plant and equipment for the years included in these financial statements as at March 31, 2021 are reconciled as follows:

	Furniture, Fixtures and Equipment \$	Computers \$	Total \$
Gross carrying amount			
Balance at March 31, 2020 and 2021	52,390	256,784	309,174
Depreciation			
Balance at March 31, 2020	(40,497)	(256,782)	(297,280)
Charge for the year	(5,244)	-	(5,243)
Balance at March 31, 2021	(45,741)	(256,782)	(302,523)
Carrying amount at March 31, 2021	6,649	2	6,651
Carrying amount at March 31, 2020	11,892	2	11,894

5. Practising Certificate fees and other receivables

	2021 \$	2020 \$
Practising certificate fees	7,068,463	6,012,000
Receivables for disciplinary enquiry (Note 12)	6,749,097	4,549,097
Less: Provision for expected credit loss	(263,000)	-
Other receivables	1,306,000	824,475
Total	14,860,560	11,385,572

6. Cash and cash equivalents

	2021 \$	2020 \$
Bank account:		
Current account	6,846,019	3,747,658
Total	6,846,019	3,747,658

7. Payables and accruals

	2021 \$	2020 \$
Accruals - audit fee	409,664	435,518
Monitoring fees	2,025,000	2,025,003
Other payables	-	643,898
Ministry of Finance Inspectors	7,000,000	-
Total	9,434,664	3,104,419

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

8. ICAJ Contribution to Monitoring Programme

ICAJ makes a contribution to the Board of 15% (2020- 7 ½ %) of the amount paid to cover the costs of the Monitoring Programme. The contribution for the year was \$1,306,000 (2020 - \$610,034).

9. Miscellaneous income

	2021	2020
	\$	\$
Miscellaneous income	-	3,418
Total	-	3,418

10. Administrative and other expenses

	2021	2020
	\$	\$
Board members' fees	460,250	62,500
Key management personnel - Salaries and related expenses	1,777,298	1,777,899
Key management personnel - Travelling expenses	894,924	895,097
Depreciation	5,244	5,245
Monitoring programme expenses	8,950,124	8,133,750
Other expenses	3,740,651	1,847,737
Total	15,828,491	12,722,228

11. Staff cost

Staff costs for the year amounted to \$1,777,298 (2020 - \$1,777,899).

12. Significant events

In January to March disciplinary hearing was held against a registrant. As prescribed by section 13(7) of the Public Accountancy Act, the costs and expenses are recoverable as a debt to the Board. The decision of the Board was handed down on March 30, 2021. The costs of the hearing are included in receivables (Note 5) in these financial statements.

The WHO declared the novel Corona Virus (Covid 19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the Island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions of economic activity and business operations and assets prices. The Board does not expect this to significantly affect our operations.

13. Taxation

The Board is exempt from income tax under Section (12(b)) of the Income Tax Act.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

14. Risk management policies

The Board's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign currency risk

The Board is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

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

The Board is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar.

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Board's cash and cash equivalents are subject to interest rate risk. However, the Board manages 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 Board invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions. Short-term deposits are invested for one-month periods at fixed interest rates and are not affected by fluctuations in market interest rates up to the date of maturity. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

Interest rate sensitivity

Due to the fact that interest rate on the Board's fixed deposit is fixed up to maturity and interest earned from the Board's interest-earning bank accounts is immaterial, there would be no material impact on the results of the Board's operations as a result of fluctuations in interest rates.

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Board's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

14. Risk management policies (cont'd)

b Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Board faces credit risk in respect of its receivables and cash and cash equivalents held with financial institutions. It is the Board's policy to deal only with credit worthy financial institutions and other counterparties, to control credit risk.

Cash and cash equivalents

Credit risk for cash and cash equivalents is managed by maintaining these balances with licensed financial institutions considered to be stable and creditworthy. Savings and current accounts held with commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS) up to a maximum of \$1,200,000.

Receivables

Credit risk for receivables is controlled by activities under the provision of the Rule and Regulations of the Board, where necessary.

The Board applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for receivables. To measure expected credit losses on a collective basis, receivables are grouped based on similar credit risk and aging .

The expected loss rates are based on the Board's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers and members to settle the receivables. The Board has identified the unemployment rate of the country in which it operates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

There were no changes to the Board's approach to operational risk management during the year.

c Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its commitments associated with financial liabilities.

The Board manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs.

The Board's financial liabilities comprise payables and accruals which are due within one year.

There were no changes to the Board's approach to operational risk management during the year.

Public Accountancy Board

Notes to the Financial Statements

March 31, 2021

14. Risk management policies (cont'd)

d Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Board's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The primary responsibility for the development and implementation of controls address operational risk is assigned to the Registrar and Board Members. This responsibility is supported by the development of overall Board standards for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Training and professional development;
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with the Board's standards is supported by a programme of periodic review.

There were no changes to the Board's approach to operational risk management during the year.

15. Capital management, policies and procedures

The Board's capital management objectives are to ensure the Board's ability to continue as a going concern and to sustain future development of the business. The Board of Directors review the financial position of the Board at regular meetings.

The Board is not subject to any externally imposed capital requirements.

Additional information – Auditors’ report

To the Directors of
Public Accountancy Board
On Additional Information

The additional information presented on page 19 has been taken from the accounting records of the board and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the Board for the year ended March 31, 2021.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of the Board’s affairs as at March 31, 2021 or of the results of its operations, or its cash flows for the year then ended.


HLB Mair Russell
Chartered Accountants

Kingston, Jamaica

July 30, 2021

Public Accountancy Board

Additional information – Supporting Schedule of Expenses

Year ended March 31, 2021

	2021 \$	2020 \$
Administrative and general expenses		
Salaries and related expenses	1,777,298	1,777,899
Secretarial services	20,920	28,000
Printing and stationery	95,374	125,238
Website management	572,480	326,436
Advertising	264,805	147,864
Office expenses	9,000	53,924
Meeting expenses	-	61,133
Board members' fee	460,250	62,500
General Consumption Tax (GCT) on audit fees	60,000	49,793
Practising certificates	348,900	393,668
Professional fees	841,896	-
Registrars' travelling expenses	894,924	895,097
Monitoring programme expenses	8,950,124	8,133,750
Public Relations	1,250,180	446,901
Depreciation	5,244	5,245
Audit fees	423,636	336,236
International Federation of Accountants – Usage of Ethics rules	219,378	214,780
Other expense	57,718	-
	16,252,127	13,058,464
Finance cost		
Bank charges	34,512	37,052
Provision for expected credit loss	263,000	-
	297,512	37,052