

*Smart decisions.  
Lasting value.*

*Public Accountancy Board  
Financial Statement  
for the year ended  
31<sup>st</sup> March 2018*

**PUBLIC ACCOUNTANCY BOARD  
FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2018**

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**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE MEMBERS OF**  
**PUBLIC ACCOUNTANCY BOARD**

**Opinion**

We have audited the financial statements of Public Accountancy Board, which comprise the statement of financial position as at 31st March 2018, the statement of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31st March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Public Accountancy Act.

**Basis of 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 (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.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Public Accountancy Act, 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.

	<b>KINGSTON</b>	<b>MANDEVILLE</b>	<b>RUNAWAY BAY</b>	<b>MONTEGO BAY</b>
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**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF  
PUBLIC ACCOUNTANCY BOARD**

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**Auditors' 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 judgement and maintain professional skepticism 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.
- 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 achieves fair presentation.

We communicate with those charged with governance 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.

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.

The engagement partner on the audit resulting in this independent auditors' report is Mr Dawkins Brown.

**Crowe Horwath Jamaica**



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**Crowe Horwath Jamaica**

July 30, 2018

## PUBLIC ACCOUNTANCY BOARD

## STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2018

(Expressed in Jamaica Dollars unless otherwise indicated)

ASSETS	Note	2018 \$	2017 \$
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	22,406	27,645
Investment	6	-	1,028,000
		<u>22,406</u>	<u>1,055,645</u>
<b>Current Assets</b>			
Membership Fees and Other Receivables	7	7,126,220	5,020,331
Cash and Cash Equivalents	8	6,204,583	8,131,109
		<u>13,330,803</u>	<u>13,151,440</u>
<b>TOTAL ASSETS</b>		<u>13,353,209</u>	<u>14,207,085</u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated Fund		10,743,709	12,032,085
<b>Current Liabilities</b>			
Payables and Accruals	9	2,609,500	2,175,000
<b>TOTAL RESERVES AND LIABILITIES</b>		<u>13,353,209</u>	<u>14,207,085</u>

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

APPROVED FOR ISSUE ON BEHALF OF THE BOARD ON 30<sup>th</sup> July 2018 AND SIGNED ON ITS BEHALF BY:

  
 Garth Kiddoe  
 Vice President

  
 Compton Rodney  
 Registrar

**PUBLIC ACCOUNTANCY BOARD**  
**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

	<u>Note</u>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Revenue:</b>			
Practising Certificate Fees	3(i)	12,007,603	12,285,000
Registration and Application Fees		175,000	124,000
ICAJ Contribution to Monitoring Programme	10	602,910	676,418
Interest and Other Income	11	<u>107,212</u>	<u>116,374</u>
		12,892,725	13,201,792
<b>Expenses:</b>			
Auditors' Remuneration - Current Year		(300,000)	(300,000)
Auditors' Remuneration - Previous Year		-	30,000
Administrative and Other Expenses	12	<u>(13,839,464)</u>	<u>(13,727,428)</u>
Finance Costs		<u>(41,637)</u>	<u>(37,471)</u>
<b>Total Comprehensive Loss for the Year</b>		<u>(1,288,376)</u>	<u>(833,107)</u>

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

**PUBLIC ACCOUNTANCY BOARD**  
**STATEMENT OF CHANGES IN ACCUMULATED FUND**  
**YEAR ENDED 31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

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	<b>Accumulated Fund \$</b>
Balance at 31st March 2016	12,865,192
Total Comprehensive Loss for the Year 2017	<u>(833,107)</u>
Balance at 31st March 2017	12,032,085
Total Comprehensive Loss for the Year 2018	<u>(1,288,376)</u>
Balance at 31st March 2018	<u><u>10,743,709</u></u>

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



**PUBLIC ACCOUNTANCY BOARD  
STATEMENT OF CASH FLOWS  
YEAR ENDED 31ST MARCH 2018**

(Expressed in Jamaica Dollars unless otherwise indicated)

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Total Comprehensive Loss	(1,288,376)	(833,107)
<b>Adjustments to Reconcile Total Comprehensive Loss for Year to Net Cash (Used in)/Provided by Operating Activities:</b>		
Depreciation	5,239	5,239
Interest Income earned	<u>(31,896)</u>	<u>(116,374)</u>
	(1,315,033)	(944,242)
<b>(Increase)/Decrease in Current Assets</b>		
Membership Fees and Other Receivables	(2,105,889)	(1,989,790)
<b>(Decrease)/Increase in Current Liabilities</b>		
Payables and Accruals	<u>434,500</u>	<u>(2,229,700)</u>
Interest Received	(2,986,422)	(5,163,732)
	<u>31,896</u>	<u>116,374</u>
<b>Net Cash Used in Operating Activities</b>	<u>(2,954,526)</u>	<u>(5,047,358)</u>
<b>Cash Flows from Investing Capital</b>		
Investments	<u>1,028,000</u>	<u>-</u>
<b>Net Cash Flows Provided by Investing Capital</b>	<u>1,028,000</u>	<u>-</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,926,526)	(5,047,358)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>8,131,109</u>	<u>13,178,467</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>6,204,583</u>	<u>8,131,109</u>

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

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST MARCH 2018**

(Expressed in Jamaica Dollars unless otherwise indicated)

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**1. Identification:**

The Public Accountancy Board was established by Act of Parliament 34 of 1968 for the main purpose of promoting, in the public interest, 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 registered office is located at 30 National Heroes Circle, Kingston, Jamaica, West Indies.

These financial statements are expressed in Jamaica Dollars, which is the functional and presentation currency of the Board.

**2. Adoption of Standards, Interpretations and Amendments:**

**(a) Standards, Amendments and Interpretations in respect of published standards that are in effect:**

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, the standard which is considered relevant to its operations.

**Amendments to IAS 7 - Statement of Cash Flows (Effective January 2017)**

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

This affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of this standard and amendment had no material impact on the Board's financial statements.

**(b) Standards and interpretations in respect of published standards which are not in effect:**

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Board has not early-adopted. The Board has assessed the relevance of all the new standards, amendments and interpretations with respect to the Board's operations and has determined that the following are likely to have an effect on the Board's financial statements:

**IFRS 9: Financial Instruments (2014) (Effective January 1, 2018)**

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

*Classification and measurement:* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Hence, financial assets are to be classified into three measurement categories: those measured at amortised cost, those to be measured subsequently at fair value through other profit and loss (FVPL) and those to be measured subsequently at fair value through other comprehensive income (FVOCI). Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

*Impairment:* The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

*Hedge accounting:* Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

*Derecognition:* The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

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**2. Adoption of Standards, Interpretations and Amendments - (Cont'd);**

**(b) Standards and interpretations in respect of published standards which are not in effect (cont'd):**

**IFRS 15: Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 1, 2018)**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

**Clarifications to IFRS 15 : Revenue from Contracts with Customers (Effective January 2018)**

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

**Amendments to IFRS 9: Prepayment Features with Negative Compensation (Effective January 2019)**

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

**IFRS 16 - Leases (Effective January 2019)**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

**IFRIC 22: Foreign Currency Transactions and Advance Consideration (Effective January 2018)**

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**31ST MARCH 2018**  
 (Expressed in Jamaica Dollars unless otherwise indicated)

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**2. Adoption of Standards, Interpretations and Amendments - (Cont'd);**

**(b) Standards and interpretations in respect of published standards which are not in effect (cont'd):**

**IFRIC 22: Foreign Currency Transactions and Advance Consideration (Cont'd)**

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Board is assessing the impact these amendments will have on its financial statements.

**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:**

**(a) Statement of Compliance and Basis of Preparation -**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB).

**(b) Use of Estimates and Judgements -**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates and any adjustments that may be necessary would be reflected in the results of the year in which actual amounts are known.

There were no estimates and judgements that have been made by management in the application of IFRS that would cause any significant risk of material adjustment in the next financial year.

**(c) Property, Plant and Equipment -**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses (Note 3(h)).

Depreciation is calculated on the straight line basis by reference to cost at annual rates estimated to write off the relevant assets over their expected useful lives. The rates of depreciation in use are as follows;

Furniture & Fixtures	10%
Computer Equipment	20% and 25%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

**(d) Investments -**

Investments are classified as held-to-maturity instruments. Held-to-maturity instruments are recorded on initial recognition at fair value and subsequently measured at amortised cost. The Board determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a periodic basis.

Held-to-maturity securities are those with fixed or determinable payments and fixed maturity. A positive intent and ability to hold to maturity must be demonstrated. All purchases and sales of investment securities are recognised at settlement date.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - (Cont'd):**

**(e) Membership Fees and other Receivables -**

Membership fees and other receivables are carried at original invoice amounts less impairment losses (note 3(h)). These fees are accounted for on the accrual basis taking into account fees actually received up to 27th July 2018 of the subsequent accounting year. Licences not renewed by that date are not taken into account.

**(f) Cash and Cash Equivalents -**

Cash and cash equivalents are carried in the Statement of Financial Position at cost which approximates fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

**(g) Payables and Accruals -**

Payables and accruals, including provisions, are stated at their cost.

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

**(h) Impairment of Assets -**

The carrying amounts of the Board's assets are reviewed at each of the dates of the Statement of Financial Position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each of the dates of the Statement of Financial Position. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**(i) Calculation of recoverable amount**

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**(ii) Reversals of impairment**

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

The reversal is limited to the carrying amount.

**(i) Revenue Recognition -**

Revenue from Practising certificate fees is recognised on the accruals basis taking into account fees actually received up to 27th July of the subsequent accounting year. Licences not renewed by that date are not taken into account. Registration and application fees are recognised on the cash basis. Interest income is recognised on the effective yield basis.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies - (Cont'd):**

**(j) Related Party Balances and Transactions -**

A related party is a person or entity that is related to the Board (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity").

- (a) A person or a close member of that person's family is related to the Board if that person:
- (i) has control or joint control over the Board;
  - (ii) has significant influence over the Board; or
  - (iii) is a member of the key management personnel of the Board or of a parent of the Board.
- (b) An entity is related to the Board if any of the following conditions applies:
- (i) The entity and the Board are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Board or an entity related to the Board. If the Board is itself such a plan, the sponsoring employers are also related to the Board.
  - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**31ST MARCH 2018**  
 (Expressed in Jamaica Dollars unless otherwise indicated)

**4. Financial Instruments and Financial Instruments Risk Management:**

The Board's activities expose it to certain financial risks which require evaluation, acceptance and management of some degree of risks or combination of risks. Operational risks are an inevitable consequence of being in operation.

The Board's management policies are designed to identify and analyse these risks, to set up appropriate controls and to monitor the risks by means of up-to-date information.

The members of the Board are ultimately responsible for the establishment and oversight of the Board's management framework. The Board provides policies for overall risk management, as well as principles and procedures covering the specific areas of risk. The Board manages and monitors those risks. The most important components of risks are credit risk, liquidity risk, market risk and other operational risks.

Market risk includes currency risk, interest rate risk and other price risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Board primarily faces due to the nature of its assets and liabilities are credit risk, liquidity risk and interest rate risk. The Board's overall risk management programme focuses on the collectability of membership fees.

**(a) Credit Risk**

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

Maximum Exposure to Credit Risk

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Membership Fees and Other Receivables	7,126,220	5,020,331
Cash and Cash Equivalents	<u>6,204,583</u>	<u>8,131,109</u>
	<u>13,330,803</u>	<u>13,151,440</u>

(i) Membership Fees and Other Receivables

The Board faces no credit risk in respect of its receivables from members as amounts accrued up to the 11th July (2017 - up to 11th July) following the year-end. There is no concentration of credit risk.

(ii) Cash and Cash Equivalents

Cash and cash equivalents on which the Board faces credit risks comprise its current and saving accounts and deposits held with financial institutions. The Board limits its exposure to credit risk by placing its cash and cash equivalents with counter-parties that have high credit quality. Accordingly, the Board do not expect any counter-party to fail to meet its obligation.

There has been no change in the Board's exposure to credit risks or the manner in which it measures and manages the risk.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Board is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The Board manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At the date of the Statement of the Financial Position the Board faced no liquidity risk as its current assets exceeded its current liabilities by \$10,721,303 (2017 - \$10,976,440).

Liquidity Risk Management Process

The Board's liquidity risk management process includes:

- (i) Maintaining an acceptable level of cash and cash equivalents.
- (ii) Optimising returns on savings.
- (iii) Monitoring the Statement of Financial Position liquidity ratios against internal requirements. The most important of these is to maintain limits on the ratio of net liquid assets to liabilities.

There has been no change in the Board's liquidity risk or the manner in which it measures and manages the risk.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

**(b) Liquidity Risk (Cont'd)**

The following table summarises the net liquidity gap and the cumulative liquidity gap of the Board by analysing its assets and liabilities into periodical maturity categories:

	<----- 2018 ----->				Total
	0 - 6 Months \$	6 - 12 Months \$	1 - 5 Years \$	No Specific Maturities \$	
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	-	-	-	22,406	22,406
	-	-	-	22,406	22,406
<b>Current Assets</b>					
Membership Fees and Other Receivables	7,126,220	-	-	-	7,126,220
Cash and Cash Equivalents	6,204,583	-	-	-	6,204,583
	13,330,803	-	-	-	13,330,803
<b>TOTAL ASSETS</b>	<b>13,330,803</b>	<b>-</b>	<b>-</b>	<b>22,406</b>	<b>13,353,209</b>
<b>RESERVES AND LIABILITIES</b>					
<b>Reserves</b>					
Accumulated Fund	-	-	-	10,743,709	10,743,709
<b>Current Liabilities</b>					
Payables and Accruals	559,500	2,050,000	-	-	2,609,500
<b>TOTAL RESERVES AND LIABILITIES</b>	<b>559,500</b>	<b>2,050,000</b>	<b>-</b>	<b>10,743,709</b>	<b>13,353,209</b>
<b>Net Liquidity Gap</b>	12,771,303	(2,050,000)	-	(10,721,303)	-
<b>Cumulative Liquidity Gap</b>	12,771,303	10,721,303	10,721,303	-	-
	<----- 2017 ----->				
<b>Net Liquidity Gap</b>	13,879,440	(1,875,000)	-	(12,004,440)	-
<b>Cumulative Liquidity Gap</b>	13,879,440	12,004,440	12,004,440	-	-



**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**31ST MARCH 2018**  
 (Expressed in Jamaica Dollars unless otherwise indicated)

**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

**(c) Market Risk**

The Board is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in currency exchange rates and interest rates. Market risk is monitored by the Board.

There has been no change to the Board's exposure to market risk and the manner in which it manages and measures market risk.

**(i) Currency Risk**

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

The Board maintains financial asset in foreign currency in the form of a GBP savings account in the amount of £4,467 (2017 - £4,478), and has no financial liabilities in foreign currencies at year end. The Board has minimised its currency risk in that it holds financial asset in the same currency as its financial liabilities.

The Board's exposure to foreign currency risk at the date of the statement of financial position was as follows:

	<b>2018</b>	<b>2017</b>
	<u>£</u>	<u>£</u>
Financial Asset - Saving Account	<u>4,467</u>	<u>4,478</u>

**Foreign Currency Sensitivity Analysis**

Exchange rates in terms of Jamaican Dollars which is the Board's principal intervening currency, were as follows:

	<u>£</u>
11th July 2018	174.39
31st March 2018	175.48
31st March 2017	158.92

Over the twelve months ended 31st March 2018, the exchange rate between the Jamaican dollar and the Pound Sterling has increased.

Since 31st March 2018 to the 11th July 2018, the exchange rate of the Jamaican dollar to the Pound Sterling decreased by 0.62%. Should there be a strengthening/weakening of the Jamaican dollar against the Pound Sterling by 6% this would (decrease)/increase surplus and accumulated fund as under:

		<u>2018</u>		<u>2017</u>	
		Movement	Increase/ Decrease	Movement	Increase/ Decrease
		%	\$	%	\$
Jamaica dollar	revaluation	4	31,355	6	42,699
Jamaica dollar	devaluation	2	<u>(15,677)</u>	1	<u>(7,116)</u>

The analysis assumes that all other variables, in particular, interest rates, remain constant.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

**(c) Market Risk (Cont'd)**

(ii) Interest Rate Risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments due to a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. The Registrar has overall responsibility for the daily management and monitoring of interest rate risk and reports monthly to the Board on its strategies and position.

At each of the dates of the Statement of Financial Position the Interest Profile of the Board's interest bearing financial instruments was:

	<b>2018</b>		<b>2017</b>	
	<b>Interest Rate</b>	<b>\$</b>	<b>Interest Rate</b>	<b>\$</b>
<b>Financial Assets</b>				
Investment	-	-	7.50	1,028,000
Cash and Cash Equivalents				
Savings Account J\$	-	-	0.05	11,991
Savings Account £	0.05	776,132	-	703,856
Cash on Deposit	2.20 - 3.25	1,040,185	3.00 - 3.25	1,050,706
		<u>1,816,317</u>		<u>2,794,553</u>

**Interest Rate Sensitivity Analysis**

During the period April 2017 to March 2018, BOJ 3-6 months Deposit rates have moved by approximately 24 basis points from 3.94% to 4.18%. This rate of movement is not expected to continue in the foreseeable future as the Government continues to require that interest rates are contained at low single digit levels. Increases are expected to be marginal and sustainable only over the short term.

A 1% (2017 - 1%) movement in interest rate at the reporting date would have impacted the reported surplus and accumulated fund by the amounts shown below:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>1% (2018 - 1%) Increase in Interest Rate</b>		
<b>Financial Assets</b>		
Investment	-	10,280
Cash and Cash Equivalents		
Savings Account J\$	-	120
Savings Account £	7,761	-
Cash on Deposit	10,402	10,507
Increase in Surplus	<u>18,163</u>	<u>20,907</u>
<b>1% (2018 - 1%) decrease in interest rate</b>		
Decrease in Surplus	<u>(18,163)</u>	<u>(20,907)</u>

This analysis assumes that all other variables, in particular exchange rates, remain constant.

*Financial Assets*

The Board invests excess cash in savings and deposit accounts that are held with licensed and secure financial institutions. The interest rates paid are affected by fluctuations in market interest rates.

*Financial Liability*

The Board has no interest-bearing financial liability.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**31ST MARCH 2018**  
 (Expressed in Jamaica Dollars unless otherwise indicated)

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**4. Financial Instruments and Financial Instruments Risk Management (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 to 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.
- § Requirement 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.

**(e) Capital Management**

The Board's objective when managing capital is to safeguard the Board's ability to continue as a going concern in order that it can maintain an adequate capital base to support the carrying out of its objectives as provided for in the Public Accountancy Act 1968.

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

The Board's capital comprises:

	<b>2018</b>	<b>2017</b>
	<b>₹</b>	<b>₹</b>
Accumulated Fund	<u>10,743,709</u>	<u>12,032,085</u>

**(f) Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date of the principal or, in its absence, the most advantageous market to which the Board has access at that date. The fair value of a liability reflects its non- performance risk.

The carrying value of each class of financial instrument approximates to its fair value.

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

**5. Property, Plant and Equipment:**

	<b>Computer Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
At Cost:			
31st March 2016	256,784	52,390	309,174
31st March 2017	256,784	52,390	309,174
31st March 2018	256,784	52,390	309,174
Accumulated Depreciation:			
31st March 2016	256,782	19,508	276,290
Charge for the Year	-	5,239	5,239
31st March 2017	256,782	24,747	281,529
Charge for the Year	-	5,239	5,239
31st March 2018	256,782	29,986	286,768
Net Book Value:			
31st March 2018	2	22,404	22,406
31st March 2017	2	27,643	27,645
31st March 2016	2	32,882	32,884

**6. Investment:**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<u>Held-to-Maturity</u>		
Government of Jamaica Security - FR BN2018	-	1,028,000

**7. Membership Fees and Other Receivables:**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Membership Fees	4,047,603	4,122,000
Receivables for Disciplinary Enquiry	1,509,616	-
Other Receivables	1,569,001	898,331
	<u>7,126,220</u>	<u>5,020,331</u>

**8. Cash and Cash Equivalents:**

		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Bank Accounts:</b>	<b>Interest Rates</b>		
Savings Account J\$	(2017: 0.5%)	-	11,991
Savings Account (£4,467, 2017: £4,478)	0.05% (2017: Nil)	776,132	703,856
Current Account		4,388,266	6,364,556
		5,164,398	7,080,403
Cash on Deposit	2.20 - 3.25% (2017: 3.00 -3.25%)	1,040,185	1,050,706
		<u>6,204,583</u>	<u>8,131,109</u>

**PUBLIC ACCOUNTANCY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**31ST MARCH 2018**  
(Expressed in Jamaica Dollars unless otherwise indicated)

**9. Payables and Accruals:**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Accruals - Audit Fee	349,500	300,000
Monitoring Fees	2,050,000	1,875,000
Other Payable	210,000	-
	<u>2,609,500</u>	<u>2,175,000</u>

**10. ICAJ Contribution to Monitoring Programme:**

ICAJ makes a contribution to the Board of 7½% of the amount paid to cover the costs of the Monitoring Programme. The contribution for the year was \$602,910 (2017: \$676,418).

**11. Interest and Other Income:**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest Income	31,896	116,374
Miscellaneous Income	75,316	-
	<u>107,212</u>	<u>116,374</u>

**12. Administrative and Other Expenses :**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Administrative and Other Expenses include:</i>		
Board Members' Fees	212,500	421,201
Administrative Salary	1,600,000	1,597,999
Key Management Personnel - Travelling Expenses	707,458	707,088
Monitoring programme expenses	<u>8,431,113</u>	<u>9,018,912</u>

**13. Staff Cost:**

Staff Costs for the year amounted to \$1,769,614 (2017 - \$1,773,485).

**14. Event Subsequent to Reporting Date:**

In 2017, a disciplinary hearing was held against an accountant, Davin Nairne. As prescribed by Section 13(7) of the Public Accountancy Act, "all costs and expenses payable to the Board under this section shall be recoverable as a debt due to the Board". The ruling was handed down in May 2018. The costs of the hearing amounting to \$1,509,616 are to be recovered from the defendant and have been included in Accounts Receivables in these financial statements.

**PUBLIC ACCOUNTANCY BOARD**  
**SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS**  
**31ST MARCH 2018**

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**REPORT OF THE INDEPENDENT AUDITORS****TO THE MEMBERS OF****PUBLIC ACCOUNTANCY BOARD**

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The supplementary information presented on the following statement 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 31st March 2018.

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 affairs of the Board at 31st March 2018 and of the results of its operations, its changes in the accumulated fund and cash flows for the year then ended.

Crowe Horwath Jamaica



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Crowe Horwath Jamaica

## PUBLIC ACCOUNTANCY BOARD

## SCHEDULE OF EXPENSES

31ST MARCH 2018

(Expressed in Jamaica Dollars unless otherwise indicated)

		2018 \$	2017 \$
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>			
Salaries and Related Expenses	(i)	1,769,614	1,773,485
Secretarial Services		51,600	29,400
Printing & Stationery		55,723	182,950
Website Management		201,954	157,204
Advertising		159,212	250,292
Office Expenses		110,465	82,280
Meeting Expenses		220,844	136,421
Board Members' Fees		212,500	421,201
GCT on Audit Fees		49,500	49,500
Practising Certificates		251,400	185,696
Rules And Recommendations		-	84,007
Annual Reports		63,339	58,961
Professional Fees		186,400	297,075
Training		686,118	-
Registrars' Travelling Expenses		707,458	707,088
Monitoring Programme Expenses	(ii)	8,431,113	9,018,912
Collector of Taxes		-	23,598
Foreign Exchange Loss		-	67,609
International Federation of Accountants - Usage Of Ethics Rules		-	196,510
Fees Refund		15,000	-
Public Relations		640,949	-
Other		21,036	-
Depreciation		5,239	5,239
		<u>13,839,464</u>	<u>13,727,428</u>

(i) Included in this amount is \$1,600,000 (2017: \$1,597,999) representing the salary of the Registrar.

(ii) Monitoring Fees for January to December 2018 were paid in June 2018. Accordingly a provision has been included in the total of \$8,431,113 reflected on this page.

## FINANCE COSTS

	2018 \$	2017 \$
Bank Charges	41,637	37,471
Audit Confirmation	13,608	-
	<u>55,245</u>	<u>37,471</u>