PUBLIC ACCOUNTANCY BOARD
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

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FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

I N D E X

UHY Dawgen
Chartered Accountants

Incorporating Paul Goldson & Co.

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

Report on the Financial Statements

We have audited the accompanying financial statements of Public Accountancy Board which comprise the statement of financial position as at 31st March 2014 and the statement of profit or loss and other comprehensive income, changes in accumulated fund and cash flows for the year then ended, together with a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Public Accountancy Act, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

LOCATIONS:

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

Auditors' Responsibility - Cont'd

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Board as at 31st March 2014, and of its financial performance, and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Public Accountancy Act.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records.

UHY Dawgen

UHY Dawgen

UHY DAWGEN CHARTERED ACCOUNTANTS
(INCORPORATING PAUL GOLDSON & CO.)

25th July 2014

PUBLIC ACCOUNTANCY BOARD

STATEMENT OF FINANCIAL POSITION - 31ST MARCH 2014

	Note	2014 $	2013 $
ASSETS			
Non-current Assets			
Property, Plant and Equipment	5	123,225	119,798
Investment	6	1,028,000	1,028,000
		1,151,225	1,147,798
Current Assets			
Membership Fees and Other Receivables	7	4,658,958	3,097,421
Cash and Cash Equivalents	8	7,098,996	8,276,923
		11,757,954	11,374,344
TOTAL ASSETS		12,909,179	12,522,142
RESERVES AND LIABILITIES			
Reserves			
Accumulated Fund		9,635,907	8,488,245
Current Liabilities			
Payables and Accruals	9	3,273,272	4,033,897
TOTAL RESERVES AND LIABILITIES		12,909,179	12,522,142

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

APPROVED FOR ISSUE ON BEHALF OF THE BOARD ON July 25, 2014 AND SIGNED ON ITS BEHALF BY:

Eric Crawford, President

Compton Rodney, Registrar

PUBLIC ACCOUNTANCY BOARD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31ST MARCH 2014

	Note	2014 $	2013 $
Revenue:			
Practising Certificate Fees		4,151,000	3,280,000
Registration and Application Fees		70,000	56,000
Interest and Other Income	10	1,350,453	435,807
		5,571,453	3,771,807
Auditor's Remuneration		(300,000)	(300,000)
Administrative and Other Expenses	11	(4,105,154)	(2,564,760)
		1,166,299	907,047
Finance Costs		(18,637)	(8,455)
Total Comprehensive Income for the Year		1,147,662	898,592

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

PUBLIC ACCOUNTANCY BOARD
STATEMENT OF CHANGES IN ACCUMULATED FUND
YEAR ENDED 31ST MARCH 2014

	Accumulated Fund $
Balance at 31st March 2012	7,589,653
Total Comprehensive Income for the Year 2013	898,592
Balance at 31st March 2013	8,488,245
Total Comprehensive Income for the Year 2014	1,147,662
Balance at 31st March 2014	9,635,907

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

PUBLIC ACCOUNTANCY BOARD

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST MARCH 2014

	2014	2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Total Comprehensive Income for the Year	1,147,662	898,592
Adjustments to Reconcile Total Comprehensive Income for Year to Net Cash (Used in)/ Provided by Operating Activities:		
Depreciation	45,171	39,931
Interest Income	(136,050)	(432,348)
	1,056,783	506,175
(Increase)/Decrease in Current Assets		
Membership Fees and Other Receivables	(1,551,842)	(1,081,719)
(Decrease)/Increase in Current Liabilities		
Payables and Accruals	(760,625)	556,444
	(1,255,684)	(19,100)
Interest Received	126,355	422,653
Net Cash (Used in)/Provided by Operating Activities	(1,129,329)	403,553
Cash Flows from Investing Capital		
Property, Plant and Equipment	(48,598)	(159,726)
Net Cash Flows Used in Investing Capital	(48,598)	(159,726)
Net (Decrease)/ Increase in Cash and Cash Equivalents	(1,177,927)	243,827
Cash and Cash Equivalents at Beginning of Year	8,276,923	8,033,096
Cash and Cash Equivalents at End of Year	7,098,996	8,276,923

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

PUBLIC ACCOUNTANCY BOARD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

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 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. The Board has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operation. The standards which became effective during the year are as follows:

IAS 1 - Presentation of Items of Other Comprehensive Income (Effective July 2012)

The amendments to IAS 1 changed the name from statement of Comprehensive Income to statement of Profit or Loss and other Comprehensive Income. They retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section, such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The name of the Statement of Comprehensive Income was changed to Statement of Profit or Loss and other Comprehensive income. These amendments have no effect on the Financial Statement.

IFRS 7: Financial Instruments: Disclosures (Effective January 2013)

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. These amendments had no effect on the financial statements.

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 31ST MARCH 2014

2. **Adoption of Standards, Interpretations and Amendments (cont'd):**

a) Standards and Interpretations in respect of published standards that are in effect (cont'd):

IFRS 13: Fair Value Measurement (Effective January 2013 with earlier application permitted)

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope. This standard had no effect on the Financial Statements.

Annual Improvements to IFRS 2009-2011 cycle **-** contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1st January 2013. The main amendments applicable to the Board are as follows:

IAS 1, Presentation of Financial Statements, is amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

IAS 16, Property, Plant and Equipment , has been amended to clarify that the definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether spare parts, stand-by equipment and servicing equipment should be accounted for under the standard. If these items do not meet the definition, then they are accounted for using IAS 2, Inventories.

IAS 32, Financial Instruments : Presentation, has been amended to clarify that IAS 12, Income Taxes, applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. This standard had no effect on the Financial Statement.

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 31ST MARCH 2014

2. **Adoption of Standards, Interpretations and Amendments (cont'd):**

b) Standards and Interpretations in respect of published standards that are not in effect:

Amendments to IAS 32: Financial Instruments: Presentation (Effective 1st January 2014) - clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Board is assessing the impact that the amendments may have on its 2015 financial Statements.

IFRS 9: Financial Instruments - Part 1: Classification and Measurement of Financial Instruments (Effective January 2015)

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value through profit or loss. For all other equity investments, an irrecoverable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss as long as they represent a return on investment.

These will affect the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these standards and amendments are not expected to have a material impact on these financial statements.

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 31ST MARCH 2014

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 -

All 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)

YEAR ENDED 31ST MARCH 2014

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 30th June 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 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.

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 31ST MARCH 2014

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

(i) Revenue recognition -

Revenue from Practising certificate fees is recognised on the accrual basis taking into account fees actually received up to 18th June 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.

(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).

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

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

	2014	2013
	$	$
Membership fees and other receivables	4,658,958	3,097,421
Cash and cash equivalents	7,098,996	8,276,923
	11,757,954	11,374,344

i) Membership fees and other receivables

The Board faces no credit risk in respect of its receivables from members as amounts accrued are those actually received up to the 18th June following the year-end. There is no concentration of credit risk.

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST MARCH 2014

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

a) Credit Risk (cont'd)

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 $ 8,484,682 (2013 - $7,340,447).

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)

YEAR ENDED 31ST MARCH 2014

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

b) Liquidity Risk

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:

	0 - 6 months $	6 - 12 months $	1 - 5 years $	No specific maturities $	Total $
ASSETS					
Non-current Assets					
Property, Plant and Equipment	-	-	-	123,225	123,225
Investments	-	-	1,028,000	-	1,028,000
	-	-	1,028,000	123,225	1,151,225
Current Assets					
Membership fees and other receivables	4,658,958	-	-	-	4,658,958
Cash and cash equivalents	7,098,996	-	-	-	7,098,996
	11,757,954	-	-	-	11,757,954
TOTAL ASSETS	11,757,954	-	1,028,000	123,225	12,909,179
RESERVES AND LIABILITIES					
Reserves					
Accumulated fund	-	-	-	9,635,907	9,635,907
Current Liabilities					
Payables and accruals	3,273,272	-	-	-	3,273,272
TOTAL RESERVES AND LIABILITIES	3,273,272	-	-	9,635,907	12,909,179
Net liquidity gap	8,484,682	-	1,028,000	(9,512,682)	-
Cumulative liquidity gap	8,484,682	8,484,682	9,512,682	-	-
	<-- 2013				-->
Net liquidity gap	7,340,447	-	1,028,000	(8,368,447)	-
Cumulative liquidity gap	7,340,447	7,340,447	8,368,447	-	-

PUBLIC ACCOUNTANCY BOARD
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST MARCH 2014

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 saving GBP pound 3,182 (2013 - 33,410) and has financial liabilities in foreign currencies of GBP pound 17,528 (2013 - 16,977). 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:

	2014	2013
	£	£
Financial Asset- Saving Account	3,182	33,410
Financial Liabilities- Accounts Payable	(17,528)	(16,977)
	(14,346)	16,433

Foreign Currency Sensitivity analysis

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

	£
12th June 2014	186.75
31st March 2014	181.82
31st March 2013	148.81

Over the twelve months ended 31st March 2014, the exchange rate movement for the Pound Sterling has shown an overall increase of 22.18%.

Since 31st March 2014 to the 12th June 2014, the Pound Sterling increased by 2.7%. Should there be a strengthening / weakening of the Jamaican dollar against the Pound Sterling by say, 15%/1% this would decrease surplus and accumulated fund as under:

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST MARCH 2014

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

c) Market Risk (cont'd)

i) Foreign currency risk (cont'd)

		Movement	2014	Movement	2013
		%	$	%	$
Jamaican dollar	devaluation	15	391,261	1	(24,454)
Jamaican dollar	revaluation	1	(26,084)	1	24,454

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

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:

	2014		2013	
	Interest Rate %	$	Interest Rate %	$
Financial Assets				
Investment	7.50	1,028,000	7.50	1,028,000
Cash and Cash Equivalents				
Savings Account(s)	0.15	590,591	0.25	4,983,694
Cash on Deposit	1.55 - 4.00	2,515,551	1.55-5.10	171,379
		4,134,142		6,183,073

PUBLIC ACCOUNTANCY BOARD
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST MARCH 2014

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

c) Market Risk - cont'd.

ii) Interest rate risk - cont'd

Interest rate sensitivity analysis

During the period April 2013 to March 2014, BOJ 3-6 months Deposit rates have moved by approximately 210 basis points from 5.00% to 7.10%. 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 2.5% (2013 - 1%) movement in interest rate at the reporting date would have impacted the reported surplus and accumulated fund by the amounts shown below:

	2014 $	2013 $
2.5% (2013 - 1%) increase in interest rate		
Financial Assets		
Investment	25,700	10,280
Cash and Cash Equivalents		
Savings Account	14,765	49,837
Cash on Deposit	62,889	1,714
Increase in Surplus	103,354	61,831
2.5% (2013 - 1%) decrease in interest rate		
Decrease in Surplus	(103,354)	(61,831)

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.

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.

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST MARCH 2014

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

d) Operational Risk (cont'd):

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:

	2014 $	2013 $
Accumulated fund	9,635,907	8,488,245

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 2014

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

	Computer Equipment	Furniture & Fixtures	Total
	$	$	$
At Cost:			
1st April 2012	97,058	3,792	100,850
Additions	159,726	-	159,726
31st March 2013	256,784	3,792	260,576
Additions	-	48,598	48,598
31st March 2014	256,784	52,390	309,174
Accumulated Depreciation:			
1st April 2012	97,056	3,791	100,847
Charge for the Year	39,931	-	39,931
31st March 2013	136,987	3,791	140,778
Charge for the Year	39,932	5,239	45,171
31st March 2014	176,919	9,030	185,949
Net Book Value:			
31st March 2014	79,865	43,360	123,225
31st March 2013	119,797	1	119,798
31st March 2012	2	1	3

6. **Investment:**

	2014	2013
	$	$
Held-to-maturity		
Government of Jamaica Security - FR BN2017	1,028,000	1,028,000

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

	2014	2013
	$	$
Membership Fees	1,741,000	704,000
Other Receivables	2,917,958	2,393,421
	4,658,958	3,097,421

PUBLIC ACCOUNTANCY BOARD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 31ST MARCH 2014

8. **Cash and Cash Equivalents:**

		2014	2013
		$	$
Bank Accounts:	**Int. Rates**		
Savings Account	0.15% (2013 - .25%)	590,591	4,983,694
Current Account	-	3,992,854	3,121,850
		4,583,445	8,105,544
Cash on Deposit	1.55% - 4.00% (2013-1.55% - 5.10%)	2,515,551	171,379
		7,098,996	8,276,923

9. **Payables and Accruals:**

	2014	2013
	$	$
Accruals - Audit fee	300,000	300,000
Monitoring Fees Payable	2,949,959	2,526,397
Other	23,313	1,207,500
	3,273,272	4,033,897

10. **Interest and Other Income:**

	2014	2013
	$	$
Interest Income	136,050	432,348
Exchange Gain	1,214,403	3,459
	1,350,453	435,807

11. **Administrative and Other Expenses :**

	2014	2013
	$	$
Administrative and Other Expenses include:		
Board Members' Fees	272,000	166,250
Key Management Personnel - Travelling Expenses	666,388	616,628

12. **Staff Cost:**

Staff Costs for the year amounted to $ 158,397 (2013 - $158,400)

PUBLIC ACCOUNTANCY BOARD

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2014

I N D E X

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Statement 1

REPORT OF THE AUDITORS

TO THE MEMBERS OF

PUBLIC ACCOUNTANCY BOARD

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 2014.

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 2014 and of the results of its operations, its changes in the accumulated fund and cash flows for the year then ended.

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UHY Dawgen

UHY DAWGEN CHARTERED ACCOUNTANTS
(INCORPORATING PAUL GOLDSON & CO.)

Oxford House
6 Oxford Road
Kingston 5, Jamaica

25th July 2014

PUBLIC ACCOUNTANCY BOARD
SCHEDULE OF EXPENSES
YEAR ENDED 31ST MARCH 2014

	2014	2013
	$	$
ADMINISTRATIVE AND OTHER EXPENSES		
Salaries and related expenses	158,397	158,400
Secretarial services	41,650	21,350
Accounting fee	49,500	45,375
Printing & stationery	53,880	65,693
Website management	188,143	70,134
Advertising	234,312	-
Office expenses	109,415	89,150
Meeting expenses	157,775	88,091
Board members' fees	272,000	166,250
Bad debt written off	125,000	-
Practising certificates	94,338	78,125
Rules and recommendation	529,816	-
Annual reports	101,811	26,446
Professional fees	117,500	-
Training	440,490	447,057
Travelling expenses	666,388	616,628
Monitoring programme expenses	719,568	623,900
Foreign exchange loss	-	28,230
Depreciation charge	45,171	39,931
	4,105,154	2,564,760
FINANCE COSTS		
Bank charges	18,637	8,455