

McGILL UNIVERSITY

1978-79 ANNUAL REPORT £ FINANCIAL STATEMENTS

THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS



L'INSTITUT CANADIEN DES COMPTABLES AGRÉÉS

PRESIDENT'S MESSAGE



To my friends in the profession:

As many of you know, I am the fourth president in the history of the CICA to come from industry and many people have asked me how I could possibly spare the time for the heavy responsibilities of the office. I would like to state for the record that I have never regretted for a moment accepting the position, as I feel I have been the major beneficiary of the appointment. Whatever value my work has been to the Canadian profession has been returned to me tenfold in terms of enriching my life.

This past ten months have been exciting and rewarding involving travel on your behalf to provincial institutes in Canada and Bermuda, and to the USA and the United Kingdom.

Late in May, I had the honour to attend the ceremonies in Yellowknife on the inauguration of the new Institute of Chartered Accountants of the Northwest Territories. It was a memorable occasion. Our profession is now truly national as every part of Canada is served by a local Institute.

The President of the CICA has the privilege of being invited to attend provincial convocations. The kindness shown by our members to my wife, Kaye, and me during these visits will be long remembered by both of us.

The convocations gave us the opportunity to meet and talk to many of the new graduates and their relatives. The quality of young men and women entering our profession is impressive and I am confident these new graduates will carry on the fine traditions of all of those who have worked to make the chartered accountancy profession in Canada truly great.

As your representative, I also spoke to organizations such as Canadian Clubs, Rotary Clubs, Boards of Trade, Chambers of Commerce and business schools of two major universities. During the period from September to June, I addressed, in addition to provincial convocations, twenty-five different groups, attempting to better acquaint them with the role of the Canadian profession, as well as speaking on a number of subjects I considered timely. I particularly enjoyed my visits to the universities and the discussion periods following my presentations; I recommend this practice to my successors and to Presidents of provincial institutes. I believe that we should be doing more on the university campus to inform young men and women of the opportunities in our profession.

As we travelled from one coast to another we were struck by the pride that our members have in their CA designation. Chartered accountants are aware of the CA's role as a member of the leading accounting body in Canada and, of course, they are understandably proud of the contributions of many of our colleagues to the betterment of community life in Canada.

I met members of our profession from many communities and I can assure you that your profession is engaged in a continuous "pursuit of excellence".

The Canadian profession is recognized by governments and the business community as a force dedicated to the betterment of society and we are continually looked to for our views on many matters of national importance. A major initiative during the year resulted from discussions with federal government officials and trustees in bankruptcy on the formation of a national association of trustees in bankruptcy and receivers. At the request of the Superintendent of Bankruptcy, CICA is providing affiliation status to the newly formed national body. This organization will serve as a means of liaison between insolvency practitioners and with the federal government.

During the year I was provided with an outstanding Board of Governors. As you would expect, agendas were lengthy and our workload was heavy. As Chairman of these meetings, I must state that the Governors without exception displayed an admirable sense of duty in addressing issues in a most harmonious manner. During the year our Board of Governors made a number of important decisions:

- The Board embarked on a program designed to make *CAmagazine* fully bilingual. It is a credit to all of the Board members that this matter was discussed in a spirit that recognized immediately our two cultures and the resolution was adopted unanimously. I believe that the CA profession is the first major professional body to make such a decision.
- In recent years it has become the practice of the Board to call for a study of major departments of the Canadian Institute. During the current year, in accordance with this practice, a task force was created under the chairmanship of Norman Currie, FCA, to study and report on the public relations function.

- In addition, it has been customary for the Accounting Research and Auditing Standards Committees to review periodically their roles to ensure that the research function is being conducted in the most effective manner. The Board approved the appointment of Morley Carscallen, FCA, as Chairman of an important special committee on standard-setting. He has been successful in attracting outstanding Canadians to join him in his work. His report will likely be submitted in late 1980.

- A major study, to be chaired by Martin Calpin, CA, on the role of audit committees was approved. It will focus on the responsibilities of audit committees, the possibility of extending their functions and the responsibilities of auditors concerning illegal and questionable acts by clients.

Great progress is being made in putting into effect the Report of the Special Committee on the Role of the Auditor, as these two studies — on standard-setting and audit committees — will address about fifty percent of the Report's recommendations.

- For a number of years the CICA has been paying rent of approximately \$200,000 per year on its office premises. The Board of Governors requested a study on the merits of the CICA owning its own premises and appointed P.G.R. Carr-Harris, CA, to head a study group to report on the proposal.

A major project under the direction of the Co-ordination Committee was undertaken by the Regulatory Legislation Task Force. We believe it is in the public interest that public accountants meet a single recognized high standard of qualification, proficiency and ethics. Through the Task Force, discussions between the provincial institutes and CICA centred on a unified approach by the profession towards legislative recognition of the public accounting responsibilities of CAs.

One of my responsibilities was to act as Chairman of the Presidential Nominating Committee. I am confident your committee fulfilled its important obligation in obtaining the services of Ray Harris, FCA, of Winspear Higgins Stevenson & Co., who will become President of the CICA in 1980. He will serve your Institute well and provide strong support for Marcel Caron, CA. It has been my privilege to work closely with Marcel over these past months, and I know that, as CICA President, he will be a distinguished representative for all of us.

Our profession continues to play a major role in international affairs. Your immediate Past President, Gordon Cowperthwaite, FCA, is Vice-President of the International Federation of Accountants and John Marshall, FCA, is President of the Interamerican Accounting Association. Doug Thomas, FCA, and Morley Carscallen, FCA, have represented Canada well in the deliberations of the International Accounting Standards Committee. Graeme Rutledge, CA, and Don Snell, FCA, have been working on the initial projects of the International Auditing Practices Committee. Each of these bodies has been active during the past year and these gentlemen have brought credit to the Canadian profession in their leadership efforts to harmonize international accounting standards and auditing practices.

Your Institute is served by hundreds of our most capable members who act on numerous standing and special committees, many travelling long distances at considerable personal sacrifice. These are the men and women who, by their efforts, are helping our profession make a considerable contribution to international and national business affairs and who have been instrumental in creating the high prestige in which the CA profession is held by all members of society. We owe each of them our gratitude for their high standards of performance.

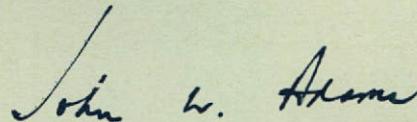
The CICA committees accomplished a great deal during the past year. The financial results of the CICA were also very satisfactory; I take no credit for being President during a year in which record results are reported — this is a tribute to the performance of previous Boards, committees and administrations. The Institute has created a successful professional magazine of international reputation and professional development programs that are well supported by our members.

The President of the CICA cannot perform his duties unless he is adequately supported by a good staff. The activity directors and Institute staff under the leadership of Ken Fincham, FCA, the Executive Director and Doug Thomas, FCA, the General Director of Research constantly were at my call and their performance was outstanding. Each of them has my gratitude for helping me through a busy year.

Kaye joins me in expressing profound gratitude to members, and their wives, from Newfoundland to British Columbia and from Bermuda to the Yukon and the Northwest Territories, for all the acts of kindness that were extended to us during the past year.

In my inaugural address in Edmonton, I concluded my remarks by stating "I will give our profession every ounce of my energies and abilities in a spirit of gratefulness for all it has done for me". You will be the judge of whether I have lived up to that commitment. In the meantime, I stand ready to help in any way I can to make my contribution to a great profession I have represented with pride during the past year.

Yours sincerely,



**THE CANADIAN INSTITUTE OF ← → THE PROVINCIAL INSTITUTES
CHARTERED ACCOUNTANTS**

The Board of Governors

(23 members including the President,
Vice-President, Secretary, Treasurer
and 19 members appointed by the
provincial institutes)

Committees
Policy Planning
Finance
Nominating
Audit
Presidential Nominating
Canadian Delegates to: International Federation of Accountants Interamerican Accounting Association

↓
The Executive

(President, Vice-President, Secretary,
Treasurer, and 2 Board members.)

General Director of Research
(R. D. Thomas, FCA) ←

↓
Research Activity Directors

→ (K. C. Fincham, FCA)
Executive Director

↓
Departmental Activity Directors

↓

Accounting (G. Mulcahy, FCA)	Auditing (D. M. Snell, FCA)	Research Studies (J. H. Denman, CA)	Professional Development (W.J. Swirsky, CA)	Publications (N. Luscombe, CA)	Public Relations (D. J. Coughlin)	Administration & Technical Committees (R. K. Haddad, CA)	Inter-Provincial Services (E. J. Reynolds, FCA)
Committees Accounting Research • Steering Committee • Task Forces on current projects	Committees Auditing Standards • Steering Committee • Task Forces on current projects	Study Groups on current projects	Committees Professional Development PD Staff Advisory Group Atlantic Provinces Sub-committee Training Directors Advisory Committee Course Committees: • Audit • Computer • Tax • Members in Industry, Education & Government		Committees Public Relations C. L. King Annual Conference • Local Arrangements	Committees Taxation Federal Legislation • Study Groups on current legislation	Committees Co-ordination Inter-provincial Education — • Board of Examiners • Syllabus • Study Group to Examine Entrance Requirements
Accounting Research Advisory Board	Canadian member of International Auditing Practices Committee					Management Consultants	Regulatory Legislation Task Force
Canadian members of International Accounting Standards Committee							International Qualifications Appraisal Board
Joint Committees Terminology Translation Task Forces on joint current projects							Inter-provincial Committee on Uniform Rules of Ethics Professional Liability Insurance

HIGHLIGHTS OF THE INSTITUTE YEAR

1978-79 was a year in which the CICA consolidated and advanced earlier major initiatives. Some significant developments:

- The Board of Governors announced a broad-reaching plan to implement most of the 61 recommendations of the "Adams Report"—the report of the CICA Special Committee to Examine the Role of the Auditor, published in April 1978. The report itself has been given wide circulation both in its entirety and in "highlight" form.

CICA research, professional development and federal legislation committees and departments embarked on programs to implement recommendations in their respective areas. The main thrust is in research, where topics being covered include the auditor's knowledge of a client's business, qualifications in an auditor's report, reliance on experts, detection of fraud, audit committees and the CICA's own procedures for standard-setting and response to new issues.

- The Accounting Research Committee made substantial progress in the difficult area of current value accounting. A proposal suggesting that companies supplement historical cost financial statements with current value information was taken under consideration by the Committee, and a paper is expected to be published for comment in late 1979.
- The Professional Development Department had its best year ever in terms of both financial results and overall participation in PD programs. As part of an on-going analysis of members' PD needs, a Professional Development Advisory Committee for Members in Industry, Education and Government was formed to examine the job functions and PD requirements of CICA members not in public practice.
- To re-assess the effectiveness of the profession's program of qualifying education, the Inter-provincial Education Committee established a Study Group to Examine Entrance Requirements (SGEER). SGEER is studying all aspects of the issue, including student education, training and the Uniform Final Examination. Their report is expected in 1981.
- A Liaison Committee was established with the Canadian Academic Accounting Association (CAAA). The Institute is providing financial support for the CAAA research project, "An Inventory of Accounting Courses and Programs in Canadian Universities". A number of meetings were also held with the Canadian Federation of Deans of Management and Administrative Studies.

- A Public Relations Task Force was established to review and assess all aspects of CICA's public relations programs, including the objectives, the role and structure of committee and staff, and communications with the Institute's various publics. A report including recommendations to improve and expand PR activities was presented to the Board of Governors in June 1979.

- The Institute of Chartered Accountants of the Northwest Territories became the thirteenth member institute of the CICA, joining the ten provincial institutes and those of the Yukon and Bermuda. On May 30, 1979 the Ordinance was proclaimed incorporating the institute as a self-regulating body. The amending by-law admitting the new provincial institute to CICA will be placed before the membership at the Annual General Meeting in September.

INTERNATIONAL HIGHLIGHTS

- The most significant development on the international scene was the progress of the International Auditing Practices Committee (IAPC). Formed in October 1977 as a committee of the International Federation of Accountants (IFAC), with 11 of IFAC's 55 member countries participating, IAPC is developing suggested world-wide Auditing Guidelines. These will include *Basic Principles Governing an Audit*, which will represent the international equivalent of generally accepted auditing standards.

FINANCIAL HIGHLIGHTS

Increased revenue from members' fees resulted in a \$121,000 surplus in general activities. This surplus, added to the substantial contributions from revenue-producing activities, resulted in a sound year-end financial position, with net income of \$713,000.

Significant developments during the year were:

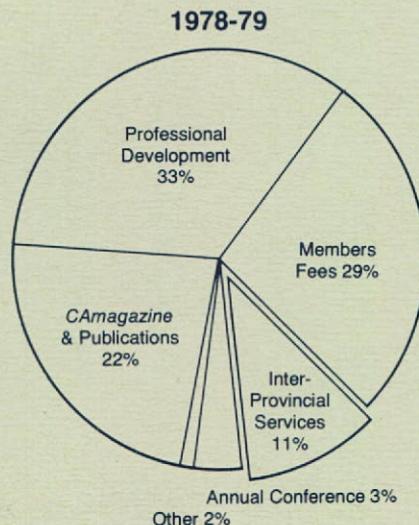
- Improved interest rates and increases in funds invested yielded an additional \$100,000 in investment income.
- Professional Development generated a contribution significantly increased over the previous year.
- Increased advertising sales in *CAmagazine* provided a substantial improvement in the income earned in the Publications Department. Income from the sale of other publications, however, declined, reflecting slightly lower volumes in a period of escalating costs.
- Expenditures for Research and Federal Legislation were lower than expected, primarily because of project postponements.

- An increase in members' fees from \$85 to \$100 became effective in the 1978-79 fiscal year. This and increased membership provided additional revenue of \$461,000. The increase compensated for anticipated cost increases in fee-supported activities.

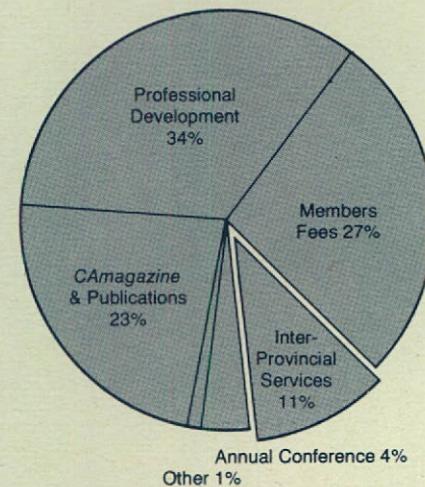
Professional Development, Publications and the Annual Conference comprise the revenue-producing departments but are neither mandated nor relied upon to contribute significantly to the costs incurred in other areas. However, as noted, these departments continued to contribute to total revenues.

The activities of the Board of Governors and Executive, Standing Committees, Special Committees and Administration are supported by members' fees. The work of the Research Department is financed by fees plus contributions from the Canadian Certified General Accountants' Association and the Financial Executives Institute Canada.

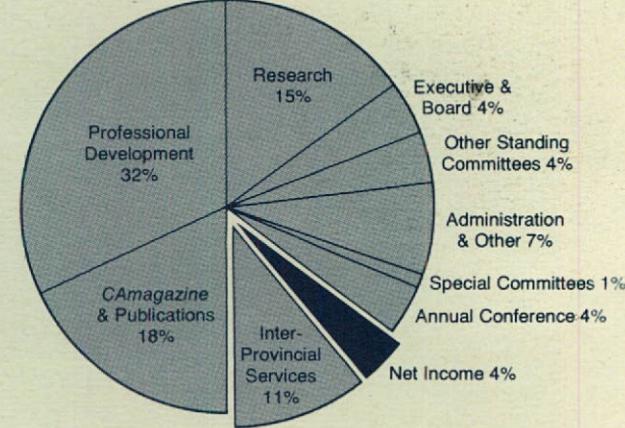
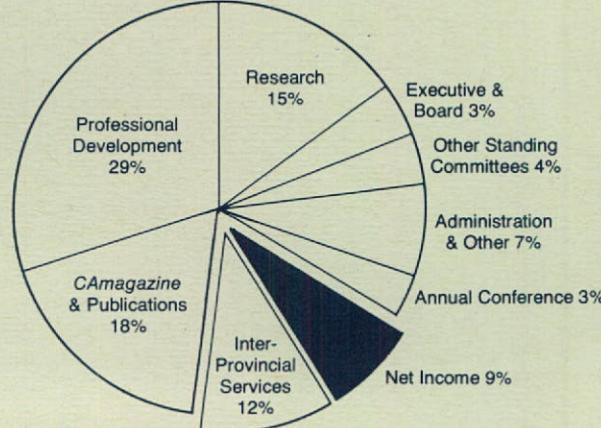
GROSS REVENUES
\$8,066,000
\$7,059,000



1977-78



GROSS EXPENSES
\$7,353,000
\$6,792,000



Developments in financial disclosure are becoming increasingly complex and controversial. New business developments, such as the advent of floating exchange rates and new methods of raising capital, call for more precision in the definition of generally accepted accounting principles (GAAP). The expansion of international trade and transfers has underlined the necessity for international accounting and auditing standards. And enterprises not previously covered by GAAP—for example, credit unions, insurance companies and government entities—are moving towards more uniform accounting practices. During 1978-79 the profession's unique responsibility for developing accounting and auditing standards involved a number of sophisticated and difficult initiatives in standard-setting and research.

THE ACCOUNTING RESEARCH COMMITTEE

The Accounting Research Committee (ARC) issued six *Handbook Recommendations*:

- *Research and Development Costs* (Section 3450)
- *Contingencies* (Section 3290)
- *Subsequent Events* (Section 3820)
- *Long-Term Investments* (Section 3050)
- *Leases* (Section 3065)
- *Translation of Foreign Currency Transactions and Foreign Currency Financial Statements* (Section 1650)

During the initial implementation period of the Recommendations on foreign currency translation, certain companies and industry groups put forward their concerns about actual and potential difficulties in applying the standards. To enable the ARC to study further the impact of these Recommendations and to consider current international developments on the subject, the application of the effective date was suspended.

The ARC approved two further *Handbook Sections* for release in April 1979:

- *Segmented Information* (Section 1700) and
- *Related Party Transactions—Disclosure Considerations* (Section 3840)

In a major step towards the use of current value accounting, the ARC continued to work to develop a proposal on current value disclosure. If approved, the proposal would require public companies to include with their historical cost annual financial statements current value information on the current cost of sales and depreciation, as well as financing adjustments. This project of the ARC is complemented by the Research Study *Estimating Current Values: Some Techniques, Problems and Experiences*, to be published August 1979.

Two Accounting Guidelines were published: *Frontier Exploration Allowance*, to provide assistance in dealing with a 1977 federal budget provision, and *Financial Reporting by Property and Casualty Insurance Companies*, in response to a move by such companies towards generally accepted accounting principles.

THE AUDITING STANDARDS COMMITTEE

The Auditing Standards Committee (ASC) continued its major revision of reporting standards. The *Handbook Recommendations*, *The Auditor's Involvement with Unaudited Interim Financial Information* (Section 8200), were issued and approval was given to three *Handbook Recommendations*:

- *Planning and Supervision* (Section 5150)
- *Knowledge of the Client's Business* (Section 5140)
- *Documentation* (Section 5145)

These Recommendations are part of the major expansion of the definitions of generally accepted auditing standards.

An Exposure Draft on *Special Reports* set out proposals to promote reporting consistency in unusual situations.

The ASC also worked on revising the *Handbook* in the light of several years' experience with auditing standards, issuing Exposure Drafts on *Reservations in the Auditor's Report* and *Reliance on other Auditors*.

An Auditing Guideline, *Dating the Auditor's Report*, was issued in response to requests for audit guidance as a result of the accounting standards on subsequent events. A June 1978 Guideline, *Audit of a Candidate under the Canada Elections Act*, proved useful to those auditing by-election candidates under the revised Elections Act.

Studies

A Study, *Capital Budgeting Practices Including the Impact of Inflation*, was published during the year.

A 'bestseller', *Understanding Audits and Audit Reports*, was revised for July 1979 publication. Study groups were set up to revise most of the existing Audit Technique Studies, and to develop some new ones. Important Studies on data base systems, on-line systems and mini-computers are under way to supplement the popular publications *Computer Control Guidelines* and *Computer Audit Guidelines*, which together have sold over 90,000 copies worldwide.

Because of proposals from governments, regulators and the public, more organizations may, in future, be required to report financial results in accordance with GAAP. The Research Studies program in 1978-79 included projects on financial reporting by governments and non-profit organizations. There was a heavy response to a Discussion Paper, *Accounting for Non-Profit Organizations*, issued during the year. To discuss accounting needs in another area outside GAAP, meetings with representatives of credit unions and *caisses populaires* were held in each province. A Study Group working with the Canadian Bar Association is working on a solution to the problem of dealing with legal agreements that refer to generally accepted accounting principles when GAAP is constantly changing through amendments to the *Handbook*.

A Research Study on related party transactions is under way to bring together the work on the definition and measurement of and accounting for related party transactions. It will serve as a focus for resolving disclosure, measurement and audit issues.

Another Study, *Accounting for Pension Costs and Liabilities*, is under way with the co-operation of the Canadian Institute of Actuaries. One objective of the Study is to provide accountants with insight into actuarial methods as a necessary step towards development of appropriate accounting and disclosure for pension costs in the financial statements of employers.

International

The development of international accounting and auditing standards continued to be a major goal of the Research Department. CICA representatives met with the Organization for Economic Cooperation and Development, which is exploring avenues to further harmonization of international practices. In addition, CICA continued its work in established organizations—the International Accounting Standards Committee (IASC), now comprising 56 accounting bodies in 43 countries, and the International Auditing Practices Committee of the International Federation of Accountants.

During 1978-79 IASC published:

Standards

- IAS9 *Accounting for Research and Development Activities*.
- IAS10 *Contingencies and Events Occurring after the Balance Sheet Date*.
- IAS11 *Accounting for Construction Contracts*.

Exposure Drafts

- E13 *Accounting for Taxes on Income*.
- E14 *Current Assets and Current Liabilities*.

The International Auditing Practices Committee, a committee of the International Federation of Accountants, started a number of projects in 1978 to develop general International Auditing Guidelines on auditing practices, procedures and reports. An exposure Draft on the *Objective and Scope of Audits of Financial Statements* was published and study commenced on five other topics of concern to companies involved in international audits.

WORK IN PROCESS

The projects of the research committees and study groups in process but not completed during 1978-79 are listed below. A more detailed review of work in process is published in the January and July Research Columns of *CAmagazine*.

Accounting Research Committee

- Current value accounting
- Presentation and disclosure of earnings forecasts
- Accounting changes
- Generally accepted accounting principles

Task Forces

- Deferred taxes and regulated utilities
- Changes in GAAP and the effect on agreements and indentures (with the Canadian Bar Association)

Auditing Standards Committee

- Other Reporting Matters
- Using the Work of a Specialist (Reliance on Experts)
- Detection of Fraud and Error

Joint Accounting/Auditing Task Forces

- Insurance
- Regulations under the Bank Act

Research and Audit Technique Studies

- Accounting for non-profit organizations
- Government financial reporting
- Corporate reporting
- Negative assurance
- Related party transactions
- Extent of audit testing
- Audit and control implications of data base systems (with the American Institute of Certified Public Accountants and the Institute of Internal Auditors)
- Accounting for pension costs and liabilities
- Financial Reporting in Canada, 13th edition
- Good Audit Working Papers
- Audit committees

International Accounting Standards Committee

- Accounting for diversified operations.
- Accounting for foreign transactions and translation of foreign financial statements
- Accounting for the costs of retirement benefits
- Accounting for leases
- Disclosures in financial statements of banks
- Accounting for business combinations
- Supplementary disclosures of the effects of changing prices
- Accounting for property plant and equipment
- Revenue recognition

International Auditing Practices Committee

- Preface to International Auditing Guidelines
- Audit engagement letters
- Inter-bank confirmation forms
- Basic principles governing an audit
- Reliance on other auditors
- Audit planning

The Technical Advisory Bureau (TAB)

During seven years of operation as a 'hotline' for accounting and auditing information, the Technical Advisory Bureau has seen increasing use by members and others. During the 1978-79 fiscal year, TAB received 2,150 queries, compared to 1,722 during the previous year. The largest proportion, 65%, came from members in small public practices; 15% came from members in medium-sized practices; 7% from members in industry; 5% from members in national firms; and 8% from government, students, and the financial community and other sources.

PROFESSIONAL DEVELOPMENT

The Professional Development Department (PD) continued its success through the 1978-79 year, due in part to new programs offered on timely topics and in formats offering greater accessibility to members. Although a national mail strike during September and October 1978 reduced participation in seminar programs developed by CICA and offered by the provincial institutes, participation in homestudy courses increased throughout the year and several in-residence courses were oversubscribed. Costs in 1978-79 were reduced because exceptionally high participation rates in 1977-78 accelerated the amortization of course development costs in that year.

The structure of the Committees which oversee the operations of the Department, shown on the chart on page 4, remains essentially unchanged from the previous year. The PD Committee is currently considering a long range plan to re-assess the objectives of the Department. Other committee responsibilities include overseeing the general direction of the PD program and the allocation of financial and human resources.

A number of new activities were undertaken by the Department this past year, including a display suite at the national conference in Edmonton to publicize the various courses and programs developed by the Department for 1978-79.

A new type of course presentation, the Executive Briefing, was designed for senior management. These sessions will feature a panel of experts discussing significant financial developments.

Over 300 senior executives from across Canada and Bermuda enrolled in the first Executive Briefing on foreign currency translation. However, the *Handbook* recommendations on that topic were suspended, and the seminar cancelled.

It is expected that several Executive Briefings will be offered during the coming year.

In order to identify the needs of members who work in industry, education and government, a Members in Industry, Education and Government Advisory Committee (MIEGS) was formed. An analysis of broad MIEGS job functions revealed that, while job titles may vary from organization to organization, the following are functional core areas: internal audit, financial and managerial accounting and financial planning. Courses tailored to those core areas will be developed using the findings of the study as a base.

New courses being offered this fall for MIEGS are:

- *Operational Budgeting*
- *Capital Budgeting*
- *Managing for Motivation*

Leases, a new homestudy course that covers the recent CICA *Handbook* section, has been developed for publication in August 1979. The course will provide the necessary background required to make judgments in leasing for both the lessor and the lessee under the new Recommendations which distinguish capital and operating leases.

A second international Symposium, on *Computers and Auditing*, was sponsored by the CICA during 1978. One hundred invited participants from Canada, the United States and Europe took part in the three-day study of the impact of computers on auditing. Participants included internal auditors, academics, computer scientists, manufacturers and users. Seven papers were presented for debate and criticism; two were discussed in afternoon-long workshops.

The Institute continues to be a leader in the computer audit field.

A third symposium, *Education and the Professional Accountant*, will be convened by CICA during the fall of 1979.

Audit Courses

The Audit Courses Committee established a long range plan for the development of audit courses to be available through the provincial institutes. One of the first programs will be a new course on auditing efficiency: *Audit: On Time, In Control*. Other courses will be built on that foundation; the Committee expects to develop two new courses to be offered this fall.

Computer Courses

The presentation of computer courses in countries around the world continues to accelerate. Offerings of *Computer Controls* and *Computer Auditing* are increasing in the United States, the Netherlands and France.

A new two-day seminar, *Successful Selection of Mini Computers*, was very well received. It is the first venture into small business applications and provided first time or potential users with guidelines on selecting both the hardware and the software to meet their needs.

Tax Courses

All tax seminars were updated to reflect amendments made to legislation. The four-week in-residence *Tax In Depth* continued to draw members who spend most of their professional time in tax practice assignments. *Income Tax Practice*, a 12-day in residence course, was provided for members who deal with tax matters as part of a broader range of services. In addition, four in-residence courses in specialized tax subjects were offered:

- *Corporate Reorganizations*
- *Personal Tax and Estate Planning*
- *Taxation of International Income*
- *U.S. Taxation for Canadians*

New taxation seminars offered during 1978-79 were:

- *Tax Update '78*
- *Deceased Taxpayers and Their Estates*
- *Federal Income Tax and the Quebec Tax Act: How They Differ*
- *Individual Tax Return Workshop: '78 Refresher*

Further expansion of courses in the tax area is planned, as necessary, to meet members' needs.

Other new courses offered were:

- *Accountant's Fees*
- *Partnership Agreements*
- *The Art of Being in Public Practice*
- *Valuation of Business Interests*
- *Accounting and Auditing Update*
- *Accounting and Disclosure for Specific Industries*
- *Management Consulting for the Expanding Practice*

New homestudy courses offered through the Management Education Portfolio were:

- *Zero-based Planning and Budgeting*
- *How to Build Memory Skills*
- *Developing Computer-based General Ledger Systems*
- *Successful Delegation (cassette)*
- *Writing for Management Success*

FIVE YEAR COMPARATIVE SUMMARY OF PD PROGRAM

	1978-79	1977-78	1976-77	1975-76	1974-75
Seminar					
Course days available	118 ^{1/2}	107	93	78	63
Participant days	13,475	15,317	10,826	11,439	7,770
Homestudy					
Courses Available — tax	2	5	5	5	4
other subject areas	37	35	33	25	22
Units of homestudy sales—tax	14,557	14,004	15,582	9,729	6,940
other subject areas	4,583	3,482	4,250	1,913	2,514
In-residence					
Tax course days available	59	61	46	34	41
Participant days in tax courses	7,931	6,878	7,430	6,218	6,163
Financial (thousands of dollars)					
Revenue	\$ 2,613	\$ 2,435	\$ 1,655	\$ 1,402	\$ 889
Direct costs of course presentation	1,473	1,263	928	688	530
Development costs of courses	255	231	319	357	155
Amortization of course					
development costs	215	395	323	252	109
Administration and marketing	622	609	581	450	316
Excess of revenue over expense					
(expense over revenue)	303	168	(177)	12	(66)

PUBLICATIONS

Although book publishing revenues and net income were down from a year ago, the Publications Department still made a significant financial contribution to the Institute's 1978-79 operations.

Financial highlights:
(in thousands of dollars)

	1979	1978
Revenue— <i>CAmagazine</i>		
Subscriptions	\$ 444	\$ 412
Advertising and other	457	293
Net Sales—Other Publications	846	920
	\$1,747	\$1,625
Costs and expenses	1,488	1,268
Net Income	\$ 259	\$ 357

Note: Subscriptions include an \$11 per member allocation from members' fees for *CAmagazine*.

CAmagazine

The increase in advertising revenue underlines the growing recognition among the general business community of *CAmagazine's* position as Canada's leading monthly publication for the professional accountant and financial manager. A major survey in January 1979 by a professional research organization confirmed to advertisers that readers of *CAmagazine* represent an important business market.

By year end, the monthly press run had reached 47,000 copies, distributed as follows: members 28,000, students 10,000, general subscribers 6,000, advertising and promotion 3,000.

Leading the highlights of the year's editorial content was the special April 1978 issue featuring The Report of the Special Committee to Examine the role of the Auditor (The Adams Report). Distributed through *CAmagazine* in both English and French editions, this important report will have a significant and long standing impact on the future of the Canadian auditing profession. Other significant issues were those of June 1978, which gave accounting education in Canada a grim report card and stimulated study and remedial action; and the December 1978 issue commemorating the 100th anniversary of the Office of the Auditor General.

The Walter J. Macdonald Memorial Award for the year's best article was won by Robert H. Anderson, CA, for his "Social Responsibility Accounting: Measuring and Reporting Performance" in the May 1978 issue. The article was one of a series reprinted and released as a separate booklet during the year.

Book Publishing

Books published during the year included:

- *Capital Budgeting Practices Including the Impact of Inflation*, A Research Study by John Boersema, PhD.
- *1978 Directory of Canadian Chartered Accountants*
- Reprints of two *CAmagazine* series:
Seven Significant Tax Shelters
The Why, When and How of Social Responsibility Accounting
- *1977 Uniform Final Examination and Approaches to Answering the UFE* booklets (published in both English and French).

Three Standards issued by the International Accounting Standards Committee, the final two Accountants International Study Group Studies and five Revisions to the *CICA Handbook* were also released.

Two books were added to a growing list of books from outside publishers:

- *Estate and Tax Planning—A Practitioner's Guide*, by Stanley Taube, published by The Carswell Company Limited.
- *An Audit Approach to Computers*, by Brian Jenkins and Anthony Pinkney, published by the Institute of Chartered Accountants in England and Wales.

CICA Handbook distribution (members, students and subscribers) totalled 52,000 at the end of the year, up by more than 3,000 over 1977-78.

Sales of CICA publications by foreign distributors added \$113,000 to net revenue.

The Canadian Institute of Chartered Accountants
 (Incorporated by a Special Act of the Canadian Parliament)

Balance Sheet as at March 31, 1979

	1979	1978
Assets		
Current		
Cash and term deposits	\$1,730,000	\$1,322,000
Accounts receivable	716,000	561,000
Inventories		
Professional development	113,000	84,000
Publications	231,000	273,000
Prepayments and other assets	65,000	56,000
	<u>2,855,000</u>	<u>2,296,000</u>
Fixed		
Furniture and equipment, at cost	409,000	320,000
Less accumulated depreciation	<u>223,000</u>	<u>197,000</u>
	<u>186,000</u>	<u>123,000</u>
Leasehold improvements, at cost	86,000	173,000
Less accumulated amortization	<u>16,000</u>	<u>173,000</u>
	<u>70,000</u>	<u>—</u>
	<u>256,000</u>	<u>123,000</u>
Deferred charges		
Development costs of professional development courses, at amortized cost	82,000	42,000
	<u>\$3,193,000</u>	<u>\$2,461,000</u>
Liabilities and members' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 572,000	\$ 615,000
Unearned revenue and deposits		
Professional development	300,000	236,000
Publications	258,000	125,000
Members' fees	—	135,000
	<u>1,130,000</u>	<u>1,111,000</u>
Members' equity	<u>2,063,000</u>	<u>1,350,000</u>
	<u>\$3,193,000</u>	<u>\$2,461,000</u>

See accompanying notes

On behalf of the Board

John W. Adams Governor

D. Freedman Governor

Auditor's Report

To the members of
 The Canadian Institute of Chartered Accountants

I have examined the balance sheet of The Canadian Institute of Chartered Accountants as at March 31, 1979 and the statements of income and members' equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Canadian Institute of Chartered Accountants as at March 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
 May 25, 1979

R.H. Corlett Chartered Accountant

Statement of Income and Members' Equity
Year Ended March 31, 1979

	1979	1978
General activities		
Revenue		
Members' fees	\$2,353,000	\$1,892,000
Provincial institutes (Note 2)	927,000	753,000
Investment income	184,000	85,000
	<u>3,464,000</u>	<u>2,730,000</u>
Expense		
Committees (Schedule 1)	2,513,000	2,206,000
Board of Governors and Executive	246,000	270,000
Administration	584,000	516,000
	<u>3,343,000</u>	<u>2,992,000</u>
	<u>121,000</u>	<u>(262,000)</u>
Revenue producing activities		
(Schedule 2)		
Professional Development	303,000	168,000
Publications	259,000	357,000
Annual Conference	30,000	4,000
	<u>592,000</u>	<u>529,000</u>
Net income for the year	713,000	267,000
Members' equity		
Balance, beginning of year	1,350,000	1,083,000
Balance, end of year	<u>\$2,063,000</u>	<u>\$1,350,000</u>

Statement of Changes in Financial Position
Year Ended March 31, 1979

	1979	1978
Source of funds		
Operations		
Net income for the year	\$ 713,000	\$ 267,000
Items not requiring an outlay of funds		
Depreciation and amortization of fixed assets	42,000	111,000
Amortization of development costs of professional development courses	<u>215,000</u>	<u>395,000</u>
	<u>970,000</u>	<u>773,000</u>
Application of funds		
Purchase of fixed assets	175,000	19,000
Development costs of professional development courses	<u>255,000</u>	<u>231,000</u>
	<u>430,000</u>	<u>250,000</u>
Increase in working capital	540,000	523,000
Working capital, beginning of year	1,185,000	662,000
Working capital, end of year	<u>\$1,725,000</u>	<u>\$1,185,000</u>

See accompanying notes

Notes to Financial Statements
March 31, 1979

1. Accounting policies

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with generally accepted accounting principles.

(a) Revenue recognition

Members' fees

Members' fees are collected through the provincial institutes (the ten provincial institutes, the Institute of Chartered Accountants of the Yukon Territory and the Institute of Chartered Accountants of Bermuda) and are recognized as revenue in the fiscal year billed.

Programs financed by provincial institutes

Revenue is recognized in the period in which the related costs are incurred.

Professional development courses

Revenue is recognized when courses are presented.

Publications

CAmagazine revenue includes non-member subscriptions and an \$11 per member allocation from members' fees which are credited to revenue over the period of the subscriptions. Other publications revenue is recognized in the period of shipment.

(b) Inventories

Inventories are valued at the lower of cost (first-in, first-out) and net realizable value.

(c) Depreciation and amortization of fixed assets

Depreciation of furniture and equipment is calculated on a straight-line basis at the rate of 10% per annum. Leasehold improvements are amortized on a straight-line basis over the remaining terms of the relevant leases.

(d) Development costs

Development costs of professional development courses (exclusive of committee expenses, salaries, benefits and space which are charged to income when incurred) are amortized over the lesser of the estimated useful life of the related course, or three years.

2. Revenue from provincial institutes

This revenue represents contributions by provincial institutes to certain programs which are wholly or in part their responsibility but which are administered for them by The Canadian Institute of Chartered Accountants. Costs of the programs consist of direct costs plus an allocation of salaries, benefits and space.

Schedule 1
Summary of Committee Expense
Year Ended March 31, 1979

	1979	1978
Research		
Accounting Research	\$ 336,000	\$ 301,000
Auditing Standards	293,000	341,000
Joint Research and Studies	352,000	273,000
Accounting Research Advisory Board	8,000	9,000
Technical Advisory Bureau	110,000	98,000
Accountants International Study Group	—	16,000
International Accounting Standards Committee	57,000	53,000
International Auditing Practices Committee	35,000	1,000
CICA Handbook costs	102,000	75,000
	1,293,000	1,167,000
Less contributions	104,000	96,000
	1,189,000	1,071,000
Inter-Provincial		
Inter-Provincial Education Committee (including the Board of Examiners)	801,000	667,000
Co-ordination Committee	108,000	73,000
Other inter-provincial services committees	69,000	32,000
	978,000	772,000
Other standing committees		
Public Relations	167,000	146,000
Federal Legislation	68,000	53,000
Taxation	16,000	20,000
Management Consultants	10,000	10,000
International relations	55,000	53,000
	316,000	282,000
Special committees		
Role of the Auditor	12,000	51,000
Audit Symposium	—	19,000
Professional Development Task Force	—	11,000
Contribution to Canadian Academic Accounting Association	18,000	—
	30,000	81,000
Total committee expense	\$2,513,000	\$2,206,000

	1979	1978
Inter-Provincial Education Committee (including the Board of Examiners)	\$ 801,000	\$ 667,000
Co-ordination Committee	46,000	36,000
Other inter-provincial services committees	50,000	32,000
CICA Handbook costs	30,000	18,000
	\$ 927,000	\$ 753,000

3. Salaries, benefits and space

Expense includes allocations of the following:

	1979	1978
Salaries and benefits	\$1,996,000	\$1,811,000
Rental of premises	226,000	164,000
Depreciation and amortization of fixed assets	42,000	111,000
	\$2,264,000	\$2,086,000

4. Lease obligations

(a) Office and warehouse

The Institute leases office and warehouse space under agreements expiring in 1983. Minimum annual rentals are \$210,000 and \$18,000 respectively plus a proportionate share of the increase in realty taxes and operating expenses.

(b) Equipment

The Institute has entered into agreements expiring in 1984 to lease computer equipment at an annual cost of \$71,000.

5. Comparative figures

The comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

Schedule 2
Summaries of Revenue Producing Activities
Year Ended March 31, 1979

	1979	1978
Professional development		
Revenue	\$2,613,000	\$2,435,000
Expense		
Direct costs of course presentation	1,473,000	1,263,000
Amortization of course development costs	215,000	395,000
Administration and marketing	622,000	609,000
	2,310,000	2,267,000
	\$ 303,000	\$ 168,000
Publications		
CAmagazine		
Revenue	\$ 901,000	\$ 705,000
Expense	834,000	690,000
	67,000	15,000
Other publications		
Revenue	846,000	920,000
Expense	654,000	578,000
	192,000	342,000
	\$ 259,000	\$ 357,000
Annual Conference		
Revenue	\$ 242,000	\$ 269,000
Expense		
Program	177,000	206,000
Administration	35,000	59,000
	212,000	265,000
	\$ 30,000	\$ 4,000

Total committee expense

\$2,513,000

\$2,206,000

Trust Funds
Balance Sheet as at March 31, 1979

	1979	1978
Assets		
Cash	\$ 7,700	\$38,700
Investments, at cost (quoted market value 1979—\$22,600; 1978—\$22,500)	23,200	23,200
	<u>\$30,900</u>	<u>\$61,900</u>
Liabilities and capital		
Liabilities		
Accounts payable		
The Canadian Institute of Chartered Accountants	\$ 2,900	\$24,000
Interamerican Accounting Association	3,900	12,700
	<u>6,800</u>	<u>36,700</u>
Capital		
Examination prizes		
The Founders' Memorial	12,000	11,900
Edmond Gunn Memorial	4,800	5,000
Harry G. Hoben Memorial	3,700	3,600
	<u>20,500</u>	<u>20,500</u>
C. L. King Memorial Lectures	3,600	4,700
	<u>24,100</u>	<u>25,200</u>
	<u>\$30,900</u>	<u>\$61,900</u>

On behalf of the Board

John W. Adams Governor
D. Freedman Governor

Statement of Changes in Trust Fund Capital
Year Ended March 31, 1979

	1979	1978
Additions		
Contributions to The Accounting Foundation of Canada	\$ 1,000	\$14,200
Investment income	3,500	3,300
	<u>4,500</u>	<u>17,500</u>
Deductions		
Examination prizes	1,200	1,200
C. L. King Memorial Lectures	1,500	1,200
The Accounting Foundation of Canada contribution to the Interamerican Accounting Association	2,900	48,300
	<u>5,600</u>	<u>50,700</u>
Decrease in fund capital	<u>1,100</u>	<u>33,200</u>
Fund capital, beginning of year	<u>25,200</u>	<u>58,400</u>
Fund capital, end of year	<u>\$24,100</u>	<u>\$25,200</u>

Auditor's Report

To the members of
The Canadian Institute of Chartered Accountants

I have examined the balance sheet of the Trust Funds of The Canadian Institute of Chartered Accountants as at March 31, 1979 and the statement of changes in trust fund capital for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Funds of The Canadian Institute of Chartered Accountants as at March 31, 1979 and the changes in trust fund capital for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
May 25, 1979

R.H. Garner Chartered Accountant

PUBLIC RELATIONS

The Public Relations Committee, a forum for the exchange of information and the review of national and provincial public relations programs, decided to re-examine its role to identify the most effective means of member involvement in CICA PR. The Board of Governors agreed to the establishment of a Public Relations Task Force on long range planning. The Task Force analysed the communications needs of those publics the CICA serves in order to plan a long term program to meet those needs. It reported to the Board of Governors in mid-1979.

A Public Relations sub-committee developed and packaged a seminar on personal financial reporting and analysis. The seminar is designed for presentation to community groups by local CAs.

An eight-page summary of the Adams Report on the role of the auditor was prepared and distributed to chief executive officers, Parliamentarians, and others. The availability of the summary was published in *dialogue*; as a result the PR Department had requests for 6,000 copies.

The Department produced a booklet outlining in general terms the activities of the CA profession.

Continuing communications activities to keep members and others informed on current issues and developments include the publication of *dialogue*, the *Annual Report*, and news releases. The media are informed of research pronouncements and studies, the topics covered at the Annual Conference, and addresses by CICA officers on topical issues.

C.L. KING MEMORIAL FUND

During 1978-79, 24 interviews were taped with CICA members who were directly involved with the historical development of the profession. These tapes and historical documents and pictures are being stored in the Public Archives for future use in tracing the history of the chartered accountancy profession in Canada.

The historical project is supported by the Fund, created in 1965 in memory of the late C.L. King, FCA, a past Executive Director of the CICA.

ANNUAL CONFERENCE

The 1978 Annual Conference was held in Edmonton, Alberta. Total attendance was 1,600. Of the 907 members attending, 34% came from national firms, 21% from local firms, 21% from industry, and 8% from government and 16% from financial institutions, universities and other professional associations.

The 1979 Conference will be held in Toronto, Ontario, September 12-15.

TAXATION COMMITTEE

The Sales Tax Task Force of the CICA Taxation Committee submitted a report on Commodity Tax Review to the federal government in September 1978.

The Joint Taxation Committee of the CICA and the Canadian Bar Association prepared comments and technical criticisms on the Income Tax Act. Submission of the Joint Tax Brief to the Ministers of Finance and National Revenue was delayed, however, because of the dissolution of Parliament.

FEDERAL LEGISLATION COMMITTEE

The Federal Legislation Committee is composed of the chairmen of study groups established to monitor and review federal legislation. The major developments during 1978-79 were:

- The Canada Elections Act Study Group made a number of recommendations for changes to the existing Canada Elections Act. Many of the same recommendations were also made on Bill C-9, an Act respecting Public Referendums in Canada on Questions relating to the constitution of Canada, which was introduced in Parliament in October 1978. Most of the recommendations were accepted and the Bill was amended accordingly. However, while the Bill was a Government priority item, it died on the Order Paper when Parliament was dissolved for the federal election.
- The Corporations and Securities Study Group met and considered Bill C-7, an Act to amend the Corporations and Labour Unions Return Act. The Group also studied Bill S-2, an Act to amend the Canada Business Corporations Act and Bill S-3, an Act respecting Canadian non-profit organizations. Consideration was also given to Bill C-32, an Act to provide for the reporting of information relating to foreign economic boycott requests.
- The Federal Legislation Committee reviewed and approved for submission a brief on Bill C-57, an Act to revise the Bank Act. The brief was prepared by a study group set up by the Accounting Research Committee.

The Bill was subsequently numbered C-15, after Parliament resumed sitting. Representatives of the CICA appeared before the Senate Committee on Banking, Trade and Commerce and before the House Committee on Finance, Trade and Economic Affairs to discuss the brief.

- The Bankruptcy Study Group reviewed Bill S-14, an Act respecting bankruptcy and insolvency, and noted that a substantial number of their recommendations on the previous Bill had been incorporated into the new Bill. The committee's review of the remaining areas of concern is continuing, although the Bill died on the Order Paper.
- The Federal Legislation Committee formed an Ad Hoc Study Group which submitted a brief on the accounting and auditing sections of Bill C-6, the Canada Ports Act.

MANAGEMENT CONSULTANTS COMMITTEE

The Management Consultants Committee is committed to increasing awareness of the management consultant's function. During the year the Committee:

- monitored CICA Professional Development courses for possible additional material on management consulting;
- pursued its study of a suitable definition for the term 'management consultant' and
- reviewed the possibility of organizing a national management consultants conference.

INTER-PROVINCIAL SERVICES

The Inter-Provincial Services Department is responsible for providing administrative support for those functions where the provincial institutes establish joint policies, primarily ethics and entrance standards for the profession.

THE CO-ORDINATION COMMITTEE

The Co-ordination Committee met twice to discuss the development of policy and receive the reports of its committees.

The Regulatory Legislation Task Force initiated discussions with the provincial institutes and the CICA regarding the profession's stance on the regulation of public accounting. A consensus was reached, and a speaker's resource kit was developed to assist spokesmen for the profession.

The Inter-provincial Committee on Uniform Rules of Ethics (IPCURE) co-ordinated the most notable change in the professional rules considered recently. After intensive discussion, the provincial institutes arrived at a common ground regarding changes in the rules restricting advertising by members of the profession. A great deal of effort was devoted to achieving uniformity.

The change in rules of professional conduct will allow informational advertising by public accountants, and permit members to respond to requests for tenders, subject to certain conditions. Direct solicitation of clients will not be allowed under the new code.

With three exceptions, the provincial institutes expect to take the new rules before their members at meetings during 1979. In Manitoba and Saskatchewan, the necessary changes will be made by the governing Councils and taken before the members in 1980. In Quebec, action must be taken by the provincial government before the changes take effect.

The International Qualifications Appraisal Board (IQAB) made recommendations on whether holders of specific foreign accounting designations should be admitted to provincial institutes without writing the Uniform Final Examination (UFE). A favourable recommendation was made regarding the French *expert comptable* designation.

Under the direction of the provincial institutes, IQAB reconsidered its recommendation, made during 1977-78, that 41 of the state jurisdictions in the United States be exempt from writing the UFE. The Board is drafting a recommendation that all U.S. jurisdictions be exempt from writing the UFE, providing that all conditions, as set out by IQAB, are met.

The Professional Liability Insurance Committee announced the continuation of the CICA sponsored insurance program, in operation since May 1, 1975. To date over 1,800 firms or about 80% of those eligible have joined the program. The premiums have been increased, but the broad coverage provided by the program has been retained. The program continues to offer the best combination of coverage and rates.

Education

While the education of CAs remains a provincial responsibility, co-ordinating inter-provincial education standards and supervising all the detailed work involved in setting and marking the Uniform Final Exam is the responsibility of the Inter-Provincial Education Committee (IPEC), and its sub-committee, the Board of Examiners.

In 1978 3,182 students wrote the UFE. Of those, 2,214 were attempting the UFE for the first time; the pass rate for this group was 60.9%. The overall pass rate was 53.4% (up from 52.7% the preceding year).

Several new activities in the area of CA student education were initiated.

The highlights of 1978-79:

- IPEC announced the formation of a Study Group to Examine Entrance Requirements (SGEER). The group has been given a broad mandate to study the questions of entrance requirements, including education, training and the Uniform Final Exam. SGEER will focus on policy matters, rather than the implementation of policy. It is considering the professional knowledge and skills which an entrant to the CA profession should possess in order to qualify to practice, how these attributes may be acquired, and by whom those attributes should be measured.
- A Liaison Committee, representing CICA and the Canadian Academic Accounting Association (CAAA) was formed during the year. The Committee is providing formal liaison at a national level between the CA profession and the Canadian academic accounting community on matters of mutual interest including: accounting education, accounting and auditing research, publications and professional development. The CICA authorized a grant of \$15,000 to the CAAA for its first research project, "An Inventory of Accounting Courses and Programs in Canadian Universities".
- Representatives of the CICA attended several meetings of the Canadian Federation of Deans of Management and Administrative Studies, at the Federation's invitation. The meetings resulted in improved communications at the national and provincial levels. Mutual areas of concern were identified and representatives of the CICA will continue to meet with the Federation on an informal basis.

REPORT OF THE CANADIAN TAX FOUNDATION

Since its inception in 1945, the Foundation has been jointly sponsored by the Canadian Institute of Chartered Accountants and the Canadian Bar Association. A résumé of the highlights of the Foundation's activities during the past year is presented here in order to bring its affairs to the attention of all CAs. More detailed information is contained in the 1978 *Annual Report* of the Canadian Tax Foundation which is available on request to the Foundation.

Research

The current research program is the most ambitious in the Foundation's history. The preparation of a series of studies on the financial aspects of the Canadian federation was launched last spring and is reaching fruition this year. The subjects to be dealt with include the following: a history of the evolution of federal-provincial fiscal arrangements; the tax rental agreements; the tax collection agreements; a quantitative study of federal finances; transfers of funds from higher to lower levels of government; and financing Canadian municipalities. The final item in this series is the convening of a small conference of experts under the auspices of the Foundation to consider possible alternative fiscal structures for the Canadian federation.

Five other studies are well under way: the meaning of 'cost' in Canadian income taxation; tax incentives for investment; tax expenditures—an examination of various incentives, concessions and preferences granted in the personal and corporate income taxes; property assessment practices and procedures in Canada; Canadian tax policy—a study of the policies underlying the major taxes imposed by the federal and provincial governments.

Conferences

The Annual Conference last November was the thirtieth in this series of major meetings of tax practitioners, government officials and representatives of the business community and universities. Despite the substantial difficulties which two strikes in the postal service caused to the Foundation and members, the attendance of nearly 1400 persons was eloquent testimony of the continuing high level of interest in tax matters.

Two subjects of topical interest were discussed at the Corporate Management Tax Conference—"Tax Planning for Corporate Distributions Before 1979" and "New Strategies For Corporate Acquisitions".

In the regional conference program, which is designed to encourage the discussion of local as well as national tax issues, the Foundation's inaugural conference in

Calgary—the 1978 Prairie Provinces Tax Conference—attracted a record attendance.

The 1979 Annual Conference will be held in Toronto on November 26-28.

Tax Legislation

In May 1978 a committee sponsored by the Foundation attended a meeting in Ottawa to review with officials of the Department of Finance the provisions of Bill C-56, containing amendments to the Income Tax Act. As in past years, this review took place following the first reading of the Bill in the House of Commons. The purpose of the annual review is to seek out any technical defects which might have escaped notice, so that the government may have the opportunity to correct them before the Bills become law.

This review is quite separate from the work of the Joint Taxation Committee of the Canadian Bar Association and the Canadian Institute of Chartered Accountants, which annually presents a brief to the Ministers of Finance and National Revenue on proposals for technical amendments to the Act. The Foundation continues to co-operate with the Joint Committee in its endeavours.

Board of Governors

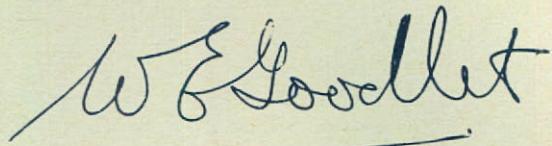
Elected to the Board of Governors in April were the following chartered accountants:

- H. J. Bolton, Edmonton;
- R. J. Dart, F.C.A., Toronto;
- Gilles Gagné, Montreal;
- Charles Pelletier, Quebec

Membership

Membership is a conventional index of growth, and it is gratifying to be able to report a continuing increase in both individual and corporate subscriptions. At December 31, 1978, our membership rolls showed 7,224 individual members and 400 corporate members. A further 200 companies contribute through associations.

The resulting addition to the Foundation's revenues will be most helpful in enabling the Foundation to expand its research activities to meet the challenge posed by the increasing range and complexity of issues in the field of taxation and public expenditure.



W. E. Goodlet, FCA
Chairman
Canadian Tax Foundation

MEMBERS' OCCUPATIONS

	<i>Sole Practitioner</i>	<i>Partner</i>	<i>Employee</i>	<i>Industry & Commerce</i>	<i>Government</i>	<i>Education</i>	<i>Other</i>	<i>Retired</i>	<i>Total</i>	<i>Students</i>
British Columbia	196	702	445	790	249	12	389	113	2,896	914
Alberta	137	590	427	786	228	15	359	62	2,604	1,105
Saskatchewan	42	186	112	151	124	9	86	57	767	289
Manitoba	83	292	206	441	217	8	233	105	1,585	410
Ontario	853	2,480	1,870	4,343	1,339	43	582	658	12,168	4,186
Quebec	551	1,642	792	1,752	898	96	1,071	279	7,081	2,220
New Brunswick	27	76	87	79	50	12	37	25	393	159
Nova Scotia	44	140	144	143	78	20	76	19	664	200
PEI	2	13	14	13	9		8	4	63	31
Newfoundland	14	71	45	56	39	5	11	5	246	139
Yukon	1	3			1				5	
Bermuda		8	30	52			29		119	28
TOTAL	1,950	6,203	4,172	8,606	3,232	220	2,881	1,327	28,591	9,681

Data refer to prime memberships. A provincial institute's prime members are those who pay to it their CICA fees.
 Statistics are as of May 2, 1979.

COMMITTEE MEMBERS

*Committee Chairman

POLICY PLANNING COMMITTEE

***H. M. Caron**, Clarkson, Gordon & Cie, Montréal
J. T. Cavanagh, Baird & Baird, St. John's
R. G. Harris, FCA, Winspear Higgins Stevenson & Co.,
Toronto
G. I. MacBeath, Marven, Black, Delaney & MacBeath,
Moncton
K. L. Matchett, United Grain Growers Ltd., Winnipeg
A. C. Ryley, FCA, Coopers & Lybrand, Toronto

FINANCE COMMITTEE

***L. D. Freedman, FCA**, Laventhal & Horwath, Toronto
H. I. Dale, Anfossi, Dale & Co., Hamilton, Bermuda
K. C. Fincham, FCA, The Canadian Institute of Chartered
Accountants, Toronto
W. G. Stephen, FCA, Winspear Higgins Stevenson & Co.,
Calgary

NOMINATING COMMITTEE

***J. W. Adams, FCA**, EMCO Limited, London
H. M. Caron, Clarkson, Gordon & Cie, Montréal
K. C. Fincham, FCA, The Canadian Institute of Chartered
Accountants, Toronto
D. C. Scott, FCA, Clarkson, Gordon & Co., Toronto

AUDIT COMMITTEE

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