

The Canadian Institute of Chartered Accountants

Annual
Report
1967-68



President's Message:

This year, because of the need to keep down costs as well as my concern over the demands on your time and the volume of reading material which crosses your desk, this annual report has been condensed to its present size. The June issue of *The Institute Reports* covers a fuller summary of the work carried out by all Institute committees and I hope you will read the enclosed copy.

The 1967-8 fiscal year has been successful in terms of both finances and accomplishments. Total membership stands at 16,302 of whom 46% are in public practice, 38% in industry and 10% in government service. The number of registered students totals 6027 compared to 5815 at the same time last year. Income amounted to \$46,500 increasing the surplus to \$116,300. Budgets and expenditures were reviewed constantly throughout the year and a high standard of service and efficiency was maintained by the staff under the able direction of the Executive Director. At present over 250 members serve on Institute committees and study groups and I acknowledge with gratitude the time and service that they have devoted to looking after the interests of the general body of members and maintaining the prestige and reputation which the Institute enjoys.

The impact of automation on the work of the profession requires a practical knowledge of new techniques. During the coming years, also, it is unlikely that our tax laws will become less complex and it is in the broad public interest for the Institute to develop post-qualification training and experience in both these fields. Much time and effort have been spent this year by

committees and staff in planning and developing a computer course and, following last year's very stimulating beginning, the *CICA Tax Course*, attended by 98 members and non-members, is preparing for its continuation this summer with a new group starting the course. On the general subject of taxation, the views of our members are bound to differ but we are as one in our desire to do what we can in this important area and last October the Special Taxation Committee submitted a brief to the Minister of Finance on the main proposals of the Royal Commission on Taxation.

Growing out of our obligations we have a special responsibility to maintain close relations with Ministers and senior officials in various government departments, and the Federal Legislation Committee has been reviewing a number of proposals connected with corporations and other areas of mutual interest where it is felt that the Institute can be of assistance. The Committee intends to continue this programme so that the Institute may become more widely known and respected in Ottawa and the qualifications and functions of the chartered accountants better understood.

Accounting can be a great force in international solidarity and goodwill and during the past year the Institute was well represented at international accounting meetings in France, Mexico, New Zealand and Venezuela. As a member of the Accountants International Study Group, it played a role in the publication of the first joint study on *Accounting and Auditing Approaches to Inventories in Three Nations*.

Ever mindful of one of the major purposes of the Institute — research — the Accounting and Auditing Research Committee produced four Research Studies and three Bulletins and is currently converting all Bulletins to a loose-leaf Handbook. This is a major undertaking and should greatly increase the usefulness of the Committee's recommendations to members and other businessmen. Publication of the Handbook is scheduled for November.

In these times of intense competition for the best brains, the profession is faced with the problem of attracting enough qualified young men and women to meet its growing needs. The Institute's recruitment film *Men of Account* was released last September. To date it has been shown more than 450 times and seen by an audience of at least 15,000 people and was recently awarded a certificate of merit for being one of the best public relations films entered in an international industrial film festival in the United States.

Closely allied to the film is the important function of public relations. Each CA is a public relations ambassador — whether he wants to be or not—but the Institute can help and the Public Relations Committee is preparing a position paper on how a more meaningful and effective national programme can be developed.

Another important development has been the work of the Executive Sub-committee on Planning. Planning is a long and uninterrupted process. The committee is therefore a continuing one and its current report examines the shape and structure of the profession in the broadest sense and reviews ways of strengthening the Institute's organization. Subjects discussed included education and recruitment, the practice of management consulting, ethics, and the structure of Council and committees, all of which are bound to have an effect on future policy.

And so I come to the end of my report with many problems being worked on but with certainty about the relevance of the profession to those problems and with certainty also about the many debts of gratitude which I owe to those who have been so kind to me during my term of office. The experience has been an exhilarating one which I am grateful passed my way.

Randolph W. Manning, FCA
President

Statement of income and unallocated surplus (with comparative figures for the year ended)

Revenues

Members' fees
Publications (per statement)
Interest on investments
Personnel selection programme (net)

Expenses

Executive and Council
Standing Committees
Accounting and Auditing Research
Annual Conference (net)
Continuing Education (per statement)
Co-operation Among Provincial Institutes
Federal Legislation
Presidential Nominating
Public Relations
Relations with Others
Taxation
Special Committees
Bankruptcy Legislation
Computers
Government Members
Management Services
Method of Election of the President
Royal Commission on Taxation
Shareholders Audits
Uniform Code of Ethics
Administration (net)
Direct services to individual members
Direct services to provincial Institutes
International relations
Medals and prizes
Research and Fellowship awards

Income for the year
Unallocated surplus from the previous year
Allocated to reserve for deferred expenses

Unallocated surplus at year end

Statement of source and application of funds (with comparative figures for the year ended)

Funds provided by:

Operations (including non-cash items added back: 1968 \$11,500; 1967 \$10,100)

Funds used for:

Purchase of furniture and equipment
Deferred costs of *CICA Tax Courses*

Increase in working capital

EXECUTIVE COMMITTEE

R. W. Manning, *President*
M. G. Graves, *First vice-president*
W. E. Clarke, *Vice-president*
J. E. Maheu, *Vice-president*
G. A. Oulton, *Vice-president*
L. J. Smith, *Vice-president*
D. A. Tomlin, *Vice-president*
F. E. Walden, *Vice-president*
W. I. Hetherington, *Treasurer*
C. W. Leach, *Secretary*
R. D. Thomas, *Executive Director*

COUNCIL

D. McL. Anderson	British Columbia
G. C. Baird	Newfoundland
L. P. Béclair	Quebec
J. O. Borlase	New Brunswick
D. W. Cherry	Nova Scotia
D. E. Cuddington	Saskatchewan
C. Davis	Saskatchewan
H. L. Doane	Nova Scotia
J. T. Ellis	Manitoba
J. H. Fayet	Quebec
D. Gardner	British Columbia
C. F. Gaviller	Ontario
H. R. Hennessey	Prince Edward Island
D. Korn	Manitoba
F. MacKinnon	Prince Edward Island
N. M. Porter	Newfoundland
J. I. Rawlinson	Alberta
J. M. Rooney	Alberta
W. A. Simonton	Ontario
C. G. Warner	New Brunswick

Sub-committee on Planning

C. W. Leach, *Chairman*
J. E. Maheu
G. A. Oulton
L. J. Smith
D. A. Tomlin

Auditor's Report

To the Members, The Canadian Institute of Chartered Accountants

I have examined the balance sheet of The Canadian Institute of Chartered Accountants as at 30 April 1968 and the statements of income and surplus and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institute as at 30 April 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto
16 May 1968

Ronald R. Smith,
Chartered Accountant.

STANDING COMMITTEES

Accounting and Auditing Research

G. K. Carr, *Chairman*
P. H. Lyons, *Section chairman*
R. M. Rennie, *Section chairman*
S. E. V. Smith, *Section chairman*
B. M. Adair, J. W. Adams,
O. Antel, A. I. Cole, Y.-A. Côté,
S. Elliott, R. F. Gardiner,
G. W. Goold, J. S. Grant,
C. W. Hayward, P.-E. Mallette,
S. A. Martin, R. F. Phillips,
R. B. Richards, R. D. Stewart,
F. G. Townsend

Study Groups

Accounting for Finance Companies

W. G. Smith, *Chairman*
R. Caron, G. F. Francolini,
C. A. McCrae, M. H. McCuaig,
D. W. G. Smallbone, S. E. V.
Smith

Auditing Standards

H. R. Macdonald, *Chairman*
D. H. Hall, R. W. Meanwell

Audit Techniques

H. S. Hecker, *Chairman*
J.-P. Berti, E. G. Burnside, D. C.
Higginbotham, C. B. Matheson,
G. R. Meikle, H. Rosenzveig,
J.-Y. Vaillancourt

Canadian University Accounting

R. M. Skinner

Changing Money Values

L. S. Rosen, *Chairman*
(members still to be appointed)

Computers

R. J. Rosen, *Chairman*
R. J. Anderson, L. H. Chant,
J. B. Dunlop, J. C. Gambles,
J. H. Yates, D. W. Rogers

Consolidation Practices

G. S. Henderson

Depreciation Accounting

N. P. LeBlanc, *Chairman*
D. J. Finley, N. B. MacIntosh,
G. E. Leach

Financial Reporting Practices of Financial Institutions

J. C. Taylor, *Chairman*
J. S. Grant, G. I. McHale,
B. E. Minns, L. M. Nelson,
G. G. Richardson, R. E. Saunders,
W. W. Smith

Generally Accepted Accounting Principles

R. M. Skinner

Mining Accountants

J. M. Mulholland, *Chairman*
D. A. Ampleford, A. C. Johnston,
W. L. MacDonald, D. R. McEwan,
G. T. N. Woodroffe

Mutual Funds

and Investment Contracts

H. C. Dell, *Chairman*
H. F. Cumming, W. K. Detlefsen,
J. S. Swinden

Research Committee Organization

P. H. Lyons, *Chairman*
R. M. Rennie, R. B. Richards

Standards of Accounting and Financial Reporting for Voluntary Organizations

D. A. Ross, *Chairman*
D. J. Deeks

Translation of Foreign Currency

R. A. Denham

Annual Conference

M. O. McCluggage, *Chairman*
W. F. Anderson, H. W. Bliss,
W. S. Devlin, K. R. Lavery,
K. A. Mader, R. D. Manning,
R. D. Morison

Continuing Education

R. A. Wildgoose, *Chairman*
D. R. Baird, P. Barry,
G. A. Bergh, O. P. Cormier,
W. P. Davis, V. D. Hamilton,
J. H. Harper, K. H. C. Laundy,
D. P. Lines, D. B. McNeil,
D. H. Tilley

Study Groups

CICA Management Course

D. H. Tilley, *Chairman*
P. C. Briant, C. R. Cook,
J. H. Harper, A. H. Howson,
J. G. Lanctôt, A. G. Trickey

CICA Tax Course

D. Y. Timbrell, *Chairman*
D. B. Fields, J. E. Ford,
C. McLaughlin, C. Pelletier

Co-operation Among Provincial Institutes

H. R. Hennessey, *Chairman*
D. McL. Anderson, G. C. Baird,
L. P. Béclair, J. O. Borlase,
D. W. Cherry, D. E. Cuddington,
C. Davis, H. L. Doane,
J. T. Ellis, J. H. Fayet,
D. Gardner, C. F. Gaviller,
D. Korn, F. MacKinnon,
N. M. Porter, J. I. Rawlinson,
J. M. Rooney, W. A. Simonton,
C. G. Warner

Federal Legislation

E. L. Hamilton, *Chairman*
F. J. Bastien, E. A. Christenson,
R. L. Goodenough, A. M. Murray,
G. W. Woods

Study Groups

Corporations and Securities Legislation

M. P. Carscallen, *Chairman*
N. E. Brown, A. Garneau,
T. G. Halford, A. D. Hall,
G. R. McLellan

Collective Bargaining

G. R. McLellan, *Chairman*
J. F. Lewis, B. Sangster,
W. A. Simonton

Memorial Lectures Fund

W. I. Hetherington, *Chairman*
R. L. Bamford, R. D. Thomas,
J. R. M. Wilson

Supporting statements of income for the year ended 30 April 1968
 (with comparative figures for the year ended 30 April 1967)

1968	1967
\$102,600	\$ 27,000
44,200	78,600
40,200	40,200
\$ 39,300	38,100
11,300	4,600
<hr/>	<hr/>
20,200	12,000
\$257,800	\$200,500
39,100	35,800
<hr/>	<hr/>
\$ 79,100	64,400
35,500	(28,300)
<hr/>	<hr/>
\$ 42,600	42,600
16,400	(12,100)
<hr/>	<hr/>
\$366,700	\$302,900
1,600	2,500
33,200	33,200
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\$401,500	\$338,600
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\$ 54,600	\$ 43,900
<hr/>	<hr/>
\$ 40,100	—
31,200	18,800
45,000	—
3,500	119,800
<hr/>	<hr/>
\$ 8,100	9,100
28,800	67,700
<hr/>	<hr/>
36,900	48,800
<hr/>	<hr/>
\$211,300	\$194,000
<hr/>	<hr/>
\$ 39,100	35,800
116,300	73,100
<hr/>	<hr/>
\$366,700	\$302,900
<hr/>	<hr/>
11,000	10,900
5,200	5,100
3,200	3,200
15,400	16,500
<hr/>	<hr/>
\$401,500	\$338,600
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Publications	1968	1967
Revenues		
Canadian Chartered Accountant Publications	\$238,300	\$217,500
Administration	103,200	85,100
	<hr/>	<hr/>
	\$341,500	\$302,600
Expenses		
Canadian Chartered Accountant Publications	\$130,800	\$128,300
Administration	64,200	59,000
	<hr/>	<hr/>
Income transferred to Statement of Income and Surplus	\$312,200	\$267,300
	<hr/>	<hr/>
Continuing Education		
Revenues		
Course sales	\$ 87,900	\$ 87,400
CICA Tax Course	50,300	—
Lecturing and administration	800	6,700
	<hr/>	<hr/>
	\$139,000	\$ 94,100
Expenses		
Cost of courses sold	\$ 44,800	\$ 55,100
CICA Tax Course direct costs	15,200	—
Management Development Course preliminary studies	8,800	8,600
Administration	86,700	39,900
	<hr/>	<hr/>
Loss transferred to Statement of Income and Surplus	\$ 16,500	\$ 9,500
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Notes to the Financial Statements

1. Office Space

The Institute has leased space in the Chartered Accountants Building in Toronto from the Institute of Chartered Accountants of Ontario for a term of twenty-five years expiring 30 April 1979 (with a renewal option for a further twenty-five years) at a variable rental based on a proportionate share of the net costs of operating the building. Rental expense was \$29,200 and \$36,200 based on 39% of the shared space for the years ended 30 April 1968 and 1967 respectively. In addition, temporary space was rented during the current year at a rental of \$6,900.

Because of the need to consolidate the staff in one location, Council approved an agreement to end the lease in the Chartered Accountants Building as soon as new office premises could be found at which time the Ontario Institute agreed to pay \$54,500 to the Institute as full settlement under the past lease. (When received in 1968-9, this amount will largely be used to pay for new leasehold improvements and furniture and equipment needed in the new premises.)

The Institute has therefore entered into a lease to rent space at 250 Bloor Street East, Toronto for the ten years ending 30 April 1978 at an annual rental of \$64,100 with options for additional space at the end of five and ten years.

2. Amortization

Furniture and leasehold improvements are being amortized over ten years on the straight-line basis. Depreciation expense was \$7,200 and \$5,800 for the years ended 30 April 1968 and 1967 respectively and amortization of leasehold improvements was \$4,300 in each year.

for the year ended 30 April 1968
(30 April 1967)

1968	1967
\$421,600	\$323,600
29,300	35,300
9,800	6,100
300	(100)
—————	—————
\$461,000	\$364,900
\$ 36,000	\$ 33,500
117,800	76,500
11,700	23,100
16,500	9,500
1,300	9,800
5,900	1,700
1,000	—
67,000	61,900
2,100	1,000
1,300	2,300
—	100
24,900	11,400
300	—
—	200
—	600
8,100	400
3,500	1,200
2,400	—
79,300	70,400
600	700
1,500	300
22,300	9,100
800	600
10,200	8,700
—————	—————
\$414,500	\$323,000
\$ 46,500	\$ 41,900
73,100	67,000
(3,300)	(35,800)
—————	—————
\$116,300	\$ 73,100
—————	—————

for the year ended 30 April 1968
(30 April 1967)

1968	1967
\$ 58,000	\$ 52,000
\$ 14,700	\$ 9,600
3,300	31,200
\$ 40,000	\$ 40,800
	\$ 11,200

Balance sheet as at 30 April 1968
(with comparative figures as at 30 April 1967)

Assets

Current assets

Cash and savings deposits
Accounts receivable
Investments — at amortized cost
(market value 1968 — \$34,500; 1967 — \$37,200)
Inventories — at cost
Publications
Continuing education courses

Prepaid expenses

Deferred development cost —

Fixed assets

Furniture and equipment — at cost
Accumulated depreciation

Leasehold improvements — at cost
Amounts written off

Trust funds

Cash and pledges
Investments — at cost

Liabilities and Surplus

Current liabilities

Accounts payable and accrued liabilities
Unearned revenues

Membership fees
Publications
Continuing education — *CICA Tax Course*
— Other

Deposits

Special Publications Service
CICA Tax Course
IX International Congress

Surplus

Reserve for deferred expenses, development costs
CICA Tax Course
Unallocated surplus (per statement)

Trust funds

Examination prizes
The Founders' Memorial
Edmond Gunn Memorial
Harry G. Hoben Memorial
C. L. King Memorial Lectures

Approved by Council:

Approved by Council:

Presidential Nominating
R. W. Manning, *Chairman*
J. W. Abbott, E. A. Christenson,
J. G. Duncan, D. Gardner,
H. L. McMackin, J. Raymond,
M. L. Watt, J. R. M. Wilson

Public Relations
N. T. Currie, *Chairman*
W. F. Anderson, S. W. Hudson,
K. W. Lemon, A. P. Smibert

Sub-committee
Recruitment Film
R. J. Cappon, L. J. Reesor,
R. C. White, D. H. Wishart

Publications
T. J. Williams, *Chairman*
J. W. Beech, P. F. Connell,
J.-N. Domey, H. Hartley,
G. R. McLellan, D. M. Wilson

Relations with Other Canadian Accounting Bodies
W. G. Skinner, *Chairman*
H. E. Crosby, O. Pouliot,
H. J. D. Turman

Taxation
E. J. Newman, *Chairman*
R. D. Brown, W. C. Calvin,
J. K. Gibson, A. Columbia,
W. E. Goodlet, R. A. Lachance

Inter-provincial Education
R. G. Harris, *Chairman*
D. J. West, *Vice-chairman*
J. N. Arsenault, P. P. Aspinall,
P. C. Barter, J. L. Baxter,
N. de Vos, D. M. Gordon,
G. L. Johnson, J. A. MacDonald,
C. A. Rice, J. K. Walker,
J.-J. St-Pierre (*Ex Officio*)

Sub-committees
Board of Examiners
D. J. West, *Chairman*
R. G. Disney, E. A. Geddes,
G. Kalef, R. Pigot,
L.-P. Rondeau, K. W. Simpson,
D. G. Usher

Long-range Educational Planning
J.-J. St-Pierre, *Chairman*
D. Cook, N. de Vos, B. C. Lemon,
D. R. Sinclair, W. P. Wallace

Uniform Final Examinations
W. H. Broadhurst, *Chairman*
R. G. Laybourn, L. S. Rosen,
J. E. Smyth

Syllabus
D. R. Sinclair, *Chairman*
(members still to be appointed)

SPECIAL COMMITTEES

Bankruptcy Legislation
C. H. Pettit, *Chairman*
J. L. Biddell, J. W. Adams,
L. N. Buzzell, H. M. Cootes,
M. DeCoster, K. H. Dunn,
D. F. McKechnie, D. K. Morrison,
H. A. H. Mullin, L. H. Paul,
D. S. Perigoe, G. J. Robinson,
D. S. Sykes, J. S. Whitehead

Computers
G. H. Cowperthwaite, *Chairman*
R. J. Anderson, W. R. Corner,
G. M. Welch

Government Members
J. F. Harmer, *Chairman*
R. J. C. Chatelain, J. B. Currier,
D. J. McClellan, L. Roberge,
D. G. Wilson

Management Services for Small Business
D. J. Macdonald, *Chairman*
W. Chippindale, A. D. Hall,
E. W. Webster

Shareholders Audits
A. G. Watson, *Chairman*
G. A. Adamson, P. P. Aspinall,
G. Charette, H. S. Hecker,
S. W. E. Henderson, M. Hubbell

Special Taxation
D. J. Kelsey, *Chairman*
A. G. Burton, J. E. Ford,
A. Garneau, J. S. Innes,
R. A. Lachance, E. D. Marchant,
H. L. McMackin, E. J. Newman,
B. B. Philip, F. G. Townsend

Uniform Code of Ethics
S. Elliott, *Chairman*
W. J. Ayers, H. E. Crosby,
M. De Coster, A. G. DesBrisay,
J. F. Lewis, J. I. Rawlinson,
W. E. Shields

PERSONNEL

R. D. Thomas, FCA *Executive Director and Director of Research*

L. W. Manuel, CA *Director of Administrative Services and Deputy Executive Director*

H. E. McCandless, CA *Controller*

F. V. Harnisch *Office Manager*

Miss G. Mulcahy, FCA *Associate Director of Research*
Miss G. Lew *Research Assistant*
G. D. Trites, CA *Research Assistant*

L. J. Reesor, CA *Director of Educational Services*
M. Gibbins, CA *Assistant Director of Educational Services and Examinations Administrator*

B. M. Grant, CA *Director of Continuing Education*
M. A. Ally, CA *Assistant Director of Continuing Education*
R. C. Macdonald, CA *Assistant Director of Continuing Education*

R. Englebert *Director of Information*
R. C. White, CA *Assistant Director of Information*
E. V. Cook *Managing Editor*
M. A. Byers *Assistant Editor*
G. A. Ackehurst *Advertising and Circulation Manager*