



Definitions

Audit, review, other assurance services, compilation and bookkeeping services

A. Audit of financial statements

➤ Audit engagement

- A financial statement audit engagement is carried out in order to express an opinion on whether the financial statements present fairly, in every important respect, the financial position of an entity and the results of its operations and the changes in its financial position in accordance with generally accepted accounting principles or, in specific situations, according to other appropriate accounting rules communicated to the reader. In some cases, an audit engagement may include the preparation of tax returns for the client.

B. Review of financial statements

➤ Review engagement

- A review engagement includes the preparation and review of annual financial statements and other accounting information, and in some cases it may include the preparation of tax returns for the client.

C. Other assurance services

➤ Assurance engagement

- Engagement that culminates in the delivery of a report expressing a conclusion as to the reliability of information for which another party is responsible. In an assurance engagement, the accounting professional explicitly states the level of assurance that the professional has been able to obtain from his/her work. Such engagements include attest engagements and direct reporting engagements.

- This class of services includes audit and review engagements dealing with assertions other than financial statements as well as the issuance of an opinion on subjects such as :

- WEB Sites
- Computer systems
- Environmental conformity
- Other aspects requiring the issuance of an opinion

D. Compilation of financial statements

➤ Compilation engagement

- The compilation engagement includes the preparation of financial statements on the basis of information communicated by the client, and in some cases it may include the preparation of tax returns for the client. It should be noted that no opinion is given as to the reliability of the financial statements.

E. Bookkeeping and payroll preparation services

- Bookkeeping services include the classification and entry of commercial transactions in financial records (in either paper or electronic format). They do not include bookkeeping services in connection with the preparation of tax returns.
- Payroll preparation services include the collection of information needed to establish the payroll service as well as payroll preparation. They also include collection, processing and re-routing services for all deductions relating to a paycheck, such as the different insurance premiums, withholding tax, pension premiums, etc.

Tax services

F. Corporate tax planning and consultation

- This class of service includes consulting services provided to business on how to best manage their operations in order to minimize tax obligations.

G. Individual tax preparation and planning

- This class of service includes tax preparation and planning services for unincorporated businesses and physical persons.

Insolvency and Receivership Services

Insolvency and receivership services

- This class of service includes provision of advice and assistance to the management and creditors of a financially troubled client. The firm offering this service may also act as receiver, liquidator or trustee in bankruptcy cases.

Consulting Services

Consulting Services include :

- Strategic management and planning as well as review of the organizational structure
- Financial management consulting services
- Human resources management and planning services
- Executive search services
- Marketing consulting services
- Production management consulting services
- Computer consultancy services
- Other management consulting services

Other Services

Other Services includes:

- All types of services other than those mentioned above.

Example of Distribution of Engagements

Firm BCD → One engagement for each 6.67% share of total operating revenue

The operating revenue of this firm is distributed as follows:

Fiscal Year 1998

	%	Calculation (% times 0.15)	Number of engagements to report in Section E (round down to the nearest integer)
Audit, Review, Other Assurance Services, Compilation and Bookkeeping Services			
A. Audit of financial statements	45	x 0.15 =	6
B. Review of financial statements	12	x 0.15 =	1
C. Other assurance services	7	x 0.15 =	1
D. Compilation of financial statements	0	x 0.15 =	0
E. Bookkeeping and payroll preparation	0	x 0.15 =	0
Tax Services			
F. Corporate tax planning and consultation	12	x 0.15 =	1
G. Individual tax preparation and planning	17	x 0.15 =	2
Insolvency and Receivership Services	3		
Consulting Services	3		
Other Services	1		
Total	100%		11

Assistance for Completing Section E: Typical Engagements

What is a typical engagement?

This is a professional engagement that is recurrent and similar from year to year and is representative of a **substantial part of your operating revenue** and the types of services provided by your firm.

Why do we want recurrent and similar engagements?

It is important for you to choose engagements with clients that you have had in 1998 and 1999 and which you expect to keep for another few years.

It is also preferable for the services provided within the engagement to be similar from year to year. This is necessary in order for us to be able to track price changes for a service that is similar from year to year. In the event that there are minor changes, please refer to item 5 below. Otherwise, if the changes are such that an engagement should be re-classified to another type of service, please select and report another engagement in Section E.

How should I enter the information requested?

Eng.	Years	Identification number for the engagement, and descriptions	1998	1999	Is the year-over-year change in the value of the engagement due to a change in price only ? Please check (0)	If No , please indicate the shares in the change in value which are due to a change in service and in price
			\$	\$		
1-	1 2	Identification #: 3	\$ 4	\$ 4	Yes : 0 No : 0	
			Hrs : 4	Hrs : 4		

- 1 Please enter the letter (see the table in Section D of the questionnaire) that corresponds to the type of service provided under a given engagement. Please report for as many engagements as indicated in the last column of Section D for each type of service.
- 2 Please indicate the category that includes the year you started doing business with the client associated with the engagement selected.
 - 1 - Since 1998
 - 2 - 1993 to 1997
 - 3 - Before 1993
- 3 Indicate your reference number for the engagement. In a few words, explain the nature of the engagement selected and the reason for any changes in the engagement between 1998 and 1999.
- 4 Please enter the total value of the engagement (without taxes) and the hours **billed**. The period of time in which the engagement is being fulfilled should be comparable from year to year. If the period differs substantially, and if this has an impact on the price of the engagement, please select and report another engagement.
- 5 Ensure that the change in the value of the engagement between 1998 and 1999 is solely due to a price change. If Yes, please do not complete the last column. If No, please identify, in the last column, to the best of your knowledge, the amount of the year-over-year price change in the value of the engagement which is due to a change in the service provided and to a change in its price (given the case).

(See next page for examples)

Examples of changes in service which have an impact on the value of the clients engagement :

- Addition or elimination of work.
- Change in client's sales figure which require more in-depth research.
- Change in quality: More in-depth verification requiring additional elements to carry out the analysis.

N.B. Changes may be positive or negative

Examples :

Eng.	Years	Identification number for the engagement, and descriptions	Calendar year		Is the year-over-year change in the value of the engagement due to a change in price only ? Please check (Ö)	If No , please indicate the shares in the change in value which are due to a change in service and in price	
			1998	1999		Service	Price
1-	A	2 Identification # 9816710898 From 1998 to 1999 : Verification of financial statements which require a greater selection of elements in order to register with the stock exchange.	\$ 25 000	\$ 35 000	Yes <input type="radio"/> No <input checked="" type="radio"/> →	\$ 8 000	\$ 2 000
			Hrs : 250	Hrs : 330			
2-	F	3 Identification # 9715473108 Tax Consultation on Investments From 1998 to 1999 : \$100 discount	\$ 4 500	\$ 4 400	Yes <input checked="" type="radio"/> No <input type="radio"/> →	\$	\$
			Hrs : 40	Hrs : 40			



Pilot survey conducted in Quebec

The first trial of the pilot survey was conducted in Quebec. The pilot survey was conducted to test the clarity of the questionnaire, to ensure the information requested from the respondents is available and accessible and that the methodology used in this survey can be justified by the actual data collected.

Once the results of the pilot survey have been examined, the survey will be expanded to include all of the provinces and territories in Canada. The data in this questionnaire will be held in strict confidence, used for statistical purposes, and published in aggregate form only. The following sections will explain the index and its possible uses.

What is the IPSC?

The IPSC is an annual index that measures changes in the prices for accounting services such as auditing, taxation services and bookkeeping. Movements in the total price index reflect changes in costs for labour as well as changes in the mark-ups charged on labour and on other inputs to contracts for services. Price indexes will also be established for the different accounting services for each of the five regions of Canada¹.

The IPSC price index will be produced from an annual survey of Canadian firms specialising in accounting services, auditing, taxation and bookkeeping.

The survey will collect data from year to year on a variety of services or professional engagements offered by firms in this economic sector.

Types of Services

1. Auditing of financial statements
2. Review of financial statements
3. Other assurance services
4. Compilation of financial statements
5. Bookkeeping and payroll processing
6. Corporate tax planning and consulting
7. Individual tax preparation and planning

Canadian Regions

1. Québec
2. Ontario
3. The Maritimes
4. The Prairies
5. British Columbia and Territories

• For Engagement Escalation

An Accounting firm wins a bid for a project that will take many years to complete. Over this period, the firm expects to increase the salaries paid to its employees to compensate them for inflation and to reward performance. The firm and its client agree that the value of the completed engagement will reflect these future increases. They agree that the maximum allowable increase in the engagement value will be tied to the historical trend of the IPSC.

• To Evaluate Business Performance

Using the IPSC, an accounting or tax firm can compare the changes in its costs or mark-ups with those of all other firms offering the same services. In this way, the firm can evaluate its competitiveness.

• To Track Purchase Costs

Private companies, public organisations and Crown Corporations purchase accounting services on a large scale. For budgetary reasons, they must control their expenses. With the indexes developed from the data received, they will be able to better measure their costs and therefore better follow accounting services market trends. Knowing how the prices have changed over time for these services, the organisation will be able to predict the price movements in the future.

• To Measure Economic Performance

Total revenue for the sale of accounting, auditing, taxation and bookkeeping services estimate the industry's gross domestic product; an important measure of Canada's economic performance. In any given year, the value of this industry's revenue reflects both the volume of services sold and their selling prices. To measure the year-to-year changes in the volume of accounting services sold, price change must be factored out. Current dollar estimates of gross domestic product for this industry are deflated using the IPSC.

For more information...

Accounting Services Price Index will be published in Services Price Indexes (62F0040XIB) and can be obtained using CANSIM. For more information please contact us at (613) 951-3813 or by fax at (613) 951-2848.

¹ It is possible that certain indices produced by Business Activity or geographical region will not be published for reasons of confidentiality and accuracy.

E. Provision of Services: Typical Engagements

The purpose of this section is to collect information about prices and price changes for engagements that you select to represent your firm activities given the distribution of engagements by type of services from previous section.

Please include the most typical engagements for the services offered by your firm.

For assistance in completing this section, please refer to page 3 of the Respondent's Guide

Reminder :

Type of Service Engagement (Eng.) :

- | | | |
|---|--|--|
| A → Audit of financial statements | D → Compilation of financial statements | G → Individual tax preparation and planning |
| B → Review of financial statements | E → Bookkeeping | |
| C → Other certification services | F → Corporate tax planning | |

Years : 1 → Since 1998 2 → 1993 to 1997 3 → Before 1993

Please start here :

Eng.	Years	Identification number for the engagement, and descriptions	Calendar year		Is the year-over-year change in the value of the engagement due to a change in price only? Please check (0)	If No , please indicate the shares in the change in value which are due to a change in service and in price	
			1998	1999			
1-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :		Service \$	Price \$
2-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :		Service \$	Price \$
3-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :		Service \$	Price \$
4-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :		Service \$	Price \$
5-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :		Service \$	Price \$
6-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :		Service \$	Price \$
7-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :		Service \$	Price \$

Reminder :

Type of Service Engagement (Eng.) :

- A** → Audit of financial statements
- B** → Review of financial statements
- C** → Other certification services

- D** → Compilation of financial statements
- E** → Bookkeeping
- F** → Corporate tax planning

- G** → Individual tax preparation and planning

Years : 1 → Since 1998

2 → 1993 to 1997

3 → Before 1993

Please continue here :

Eng.	Years	Identification number for the engagement, and descriptions	Calendar year		Is the year-over-year change in the value of the engagement due to a change in price only ? Please check (Ö)	If No , please indicate the shares in the change in value which are due to a change in service and in price	
			1998	1999		Service \$	Price \$
8-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			
9-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			
10-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			
11-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			
12-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			
13-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			
14-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			
15-		Identification #	\$	\$	Yes 0 No 0 →		
			Hrs :	Hrs :			

F. Client Dynamics

The purpose of this section is to enable us to learn more about the stability of engagements.

Please indicate the approximate percentage of your operating revenue derived from **new engagements with new clients** for each of the years 1998 and 1999:

1998 %
 1999 %

