



Firms prosper amid economic challenges

By GUNDI JEFFREY

Despite a challenging economy — courtesy of a plummeting Canadian dollar, low oil prices and a resulting downturn in the western provinces — the country's accounting profession continued to prosper. Firm leaders agree that the positive results are largely due to major investments they have made in strategic priority areas in recent years to advise clients dealing with the challenges of the future.

"Overall, 2015 was a good year for the accounting profession," says KPMG CEO Bill Thomas, "as it continued to adjust to an increasingly complex environment shaped by changes to regulations, globalization and technology advances — all of which can be considered both challenges and opportunities for the industry."

"The challenging economic environment and changing social agenda have provided us with great opportunities to advise clients," agrees Bill McFarland, PwC's CEO. "Our success is built on the significant investments we've made in transforming our business in recent years, particularly in technology and through acquisitions and catalyst hires, which provide new skills and services to meet changing market demands."

Trent Henry, CEO of Ernst &

Young, notes that "2015 was a transformative year for our profession. Despite a challenging economy, our team posted fantastic results and saw encouraging growth in some key areas. A big part of our success had to do with understanding and helping our clients adapt to new market disruptors. For example, we're seeing technology start-ups competing directly with major banks and retailers, something that we weren't seeing a few years ago. Our ability to stay ahead of the curve helps us to meet our clients' evolving needs and continue to grow despite market challenges."

Those market challenges include increased global and national regulation for firms and their clients, a changing audit report, the impact of new audit regulation in Europe on Canadian clients, increasing regulatory concerns over the upsurge in consulting areas for firms — the major contributor to revenue in recent years — and increasing competitive pressures.

BDO's CEO Pat Kramer notes that, "while advisory services have been the growth engine in our profession, fee pressures for core audit, accounting and tax compliance services continue."

Phil Noble, the outgoing CEO of Grant Thornton, thinks that "the



competitive dynamic in the audit market today continues to put immense pressure on people in particular and also profitability, which we believe really challenges the long-term sustainability from an industry perspective." Not only that, he adds, the firms are also facing increased competition for talent "as university graduates have new and significantly expanded

career options available to them to obtain designations and relevant training."

On the plus side, says Henry, transactions are doing well. "Canada is bullish in its pursuit of acquisitions, especially as companies in Alberta's distressed oil patch address balance sheet pressure. Our latest *Capital Confidence Barometer* confirms this — in the

fall, nearly three quarters of Canadian executives reported they had M&A plans for the next year. That was up from only 24 per cent a year earlier."

According to Deloitte CEO Frank Vettese, growth was also brisk in areas such as technology consulting, business risk, data ana-

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Editor's note: BDO Canada saw the largest revenue increase among the Top Seven firms in Canada.

New BDO CEO Pat Kramer explains that 2015 was another year of steady growth. "Our growth was largely a result of expanding our advisory services, merger and acquisition activity, along with modest growth in our core assurance and taxation services." BDO achieved a 9.3 per cent increase over the prior year, giving it — by a small margin — the biggest growth among the Top Seven firms in Canada.

BDO leads Top Seven growth

"Our focus for the year was bolstering our existing footprint for our core business and looking to advisory firms as opportunities to expand our service offering," said Kramer. "This was accomplished by completing mergers in Montreal, Kitchener-Waterloo, London, the Greater Toronto Area, and strengthening our IT advisory and forensic accounting services. Overall, we added more than 250 partners and staff that have deepened our industry experience and expanded our service offerings."

One important initiative from the Canadian Securities Administrators also helped drive growth, National Instrument

51-103, *Continuous Disclosure and Governance Obligations for Venture Issuers*, which came into effect June 30, 2015. "With our help, our venture issuer clients are considering whether to reduce their disclosure burden and implement those amendments or to continue to provide their current level of disclosures."

BDO won the 2015 Network of the Year award at the London-based International Accounting Bulletin awards. This award, notes Kramer, "is a great accomplishment, recognizing our active and aggressive growth strategy in key markets, while maintaining a high focus on quality."

Rank by Revenue		Association/Year End/ Head Office	Revenue 2015	Revenue change (%)	Partners/ Principals (+/-)	Professional Staff (+/-)	Revenue per professional staff	Number of offices	Revenue splitting A&A/MAS/ tax/other
2015	2014		('000)	(%)	(+/-)	(+/-)			
1	1	Deloitte LLP / May 30, 2015 / Toronto	2,088,000	8.8	886 (+18)	5,626 (+189)	371,134	56 (+1)	N/A
2	2	KPMG LLP / Sept. 30, 2015 / Toronto	1,324,162	4.0	669 (-5)	3,902 (+109)	339,355	37	N/A
3	3	PricewaterhouseCoopers LLP / June 30, 2015 / Toronto	1,290,000	5.0	533 (+13)	4,381 (+182)	294,453	27	N/A
4	4	Ernst & Young LLP / July 3, 2015 / Toronto	1,111,000	9.0	356 (+2)	3,283 (+216)	338,410	16 (-1)	N/A
5	5	Grant Thornton Canada ¹ / December 31, 2015 / Toronto	597,000	3.3	378 (-17)	2,702 (-258)	220,947	143 (+8)	N/A
5	6	MNP LLP / December 31, 2015 / Calgary	597,000	9.1	412 (+34)	1,256 (+162)	475,318	60 (+1)	N/A
7	7	BDO Canada LLP / December 31, 2015 / Toronto	534,000	9.2	442 (+29)	2,382 (+174)	224,181	118 (+6)	N/A
8	8	Collins Barrow / Dec. 31, 2015 / Toronto	213,500	6.2	238 (+11)	858 (+34)	248,834	50 (+3)	N/A
9	9	Richter / December 31, 2015 / Montreal	101,900	4.6	61 (-2)	417 (+11)	244,365	3	N/A
10	10	Mallette / August 31, 2015 / Québec	71,781	6.9	75 (+3)	650 (+233)	110,432	28 (+3)	60/15/20/5

¹Includes Grant Thornton LLP and Raymond Chabot Grant Thornton (Montreal)

Canada's Accounting Top 30



Deloitte

Deloitte continues to hold top spot in the Top 30 rankings with 2015 top line growth of close to nine per cent, along with solid profitability, says CEO Frank Vettese. "We believe we've captured market share, particularly in our advisory services, where we saw double-digit growth" in technology, business risk, data analytics, cybersecurity and human capital consulting.

Over 2015, says Vettese, "we've focused on adding services that enrich our ability to address more complex client problems and, at the same time, started to expand the reach of our Canadian expertise into other geographic markets, particularly serving our clients in the Americas."

One example is Deloitte's acquisition of Asset Performance Group, which "brings outstanding expertise in the area of asset efficiency in capital-intensive industries."

Also popular, Deloitte's Cyber Intelligence Centre offered a 24/7 managed security services solutions that can quickly monitor, detect and respond to cyber threats rapidly and decisively so clients can manage risks and stay ahead of attackers. The firm is also leveraging the power of analytics with its Threat Intelligence & Analytics team, bringing together top global cyber risk talent with predictive intelligence powered by best-in-class automated intelligence sources.

A big coup, says Vettese, "was moving our Montreal people into an amazing new facility and preparing for a similar Toronto move in 2016. This puts 4,600 of our people into one of the most advanced and collaborative workspaces in the country. My belief, supported by feedback from our clients and our people, is that we are creating destinations in the market that are strengthening connections and inspiring innovative ways of working."



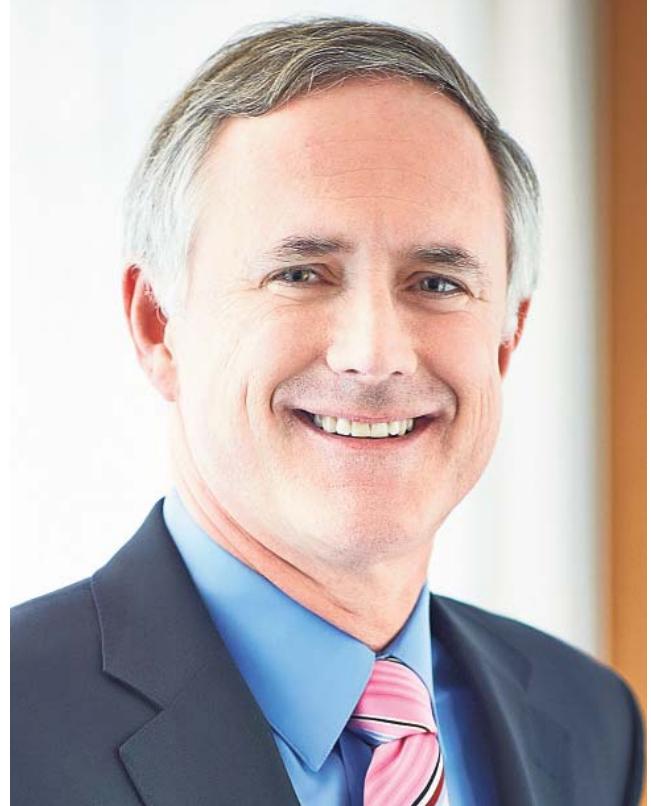
KPMG

KPMG produced very strong bottom line numbers last year, holding its spot at second place in the Top 30 rankings. "Contributing to our success," says CEO Bill Thomas, "was a particularly strong performance from our tax practice, as well as growth in a number of our strategic growth priority areas, reflecting investments we made over the past few years."

KPMG's audit practice faced continuing fee pressure and slower capital market activity, which "had an impact on our public company audit business, but that was offset by continuing strength and increasing market share in the private company enterprise practice."

In response to evolving client needs, notes Thomas, KPMG also continued to build service offerings, including further investments in cybersecurity and forensic technology, and substantial investments in financial services advisory and data analytics, which "have put us in a position to deliver on a number of very large transformation projects." The firm continues to invest in enhancing the quality of audits. "I'm pleased to see how our teams across the country have embraced initiatives such as Lean in Audit as ways of continuously improving and delivering a high-quality, value-adding audit," Thomas said.

The firm saw continued strong growth in its Atlantic Canada practice, "reflecting growth from the investments in our practice in Newfoundland and Labrador." It re-established its Quebec City practice in 2013, initially with an advisory practice, and continued to expand that office by adding some outstanding audit and tax partners and staff in 2015. "We also invested in our restructuring practice in Calgary, and have an excellent team in place to serve client needs in Western Canada and beyond."



PwC Canada

PwC has seen tremendous progress on all of its priorities in fiscal 2015. CEO Bill McFarland says revenues grew by more than five per cent, "with growth across all parts of our business. The challenging economic environment and changing social agenda has provided us with great opportunities to advise clients."

PwC's success is built on the significant investments made in transforming its business in recent years, he adds, "particularly in technology and through acquisitions and catalyst hires, which provide new skills and services to meet changing market demands. We also had a number of brand-defining wins in assurance — including the audits of RBC and Sobeys — which will favourably impact our revenues next year."

A cornerstone of PwC's global strategy is to become the leading technology-enabled professional services firm, he points out. "These tools allow us to work more collaboratively, which is creating a better experience for our clients and people."

"We are also reimagining how we deliver our services, including through strategic alliances with a number of best-in-class organizations, such as Google, Workday and Salesforce. com," McFarland said.

With 23 per cent revenue growth in fiscal 2015, consulting continues to be a great success story. "Our clients tell us they face unprecedented changes and disruptive threats to their business, and we see great opportunities to add value for our clients in digital, cloud, cyber security, and big data and analytics offerings," he adds.

Tax is also experiencing strong growth in the firm's Immigration, U.S. and M&A practices. "The debate about companies paying their fair share of tax has resulted in many businesses reviewing their tax structures."

Rank by Revenue		Association/Year End/ Head Office	Revenue 2014 ('000)	Revenue change (%)	Partners/ Principals (+/-)	Professional Staff (+/-)	Revenue per professional staff	Number of offices	Revenue splitting A&A/MAS/ tax/other
2015	2014								
11	13	Crowe Soberman LLP / December 31, 2015 / Toronto	40,360	7.6	26	108 (+38)	373,704	1	59/8/27/6
11	11	Crowe MacKay LLP / December 31, 2015 / Vancouver	38,400	-0.3	34 (-1)	165 (+9)	232,727	8	67/7/18/8
13	11	HLB/Schwartz Levitsky Feldman / Dec. 31, 2015 / Montreal	38,000	-1.3	49 (+1)	182 (+11)	208,791	6	70/4/16/10
14	14	Welch LLP / December 31, 2015 / Ottawa	30,543	8.6	40 (+2)	142 (+22)	215,092	12	65/2/26/7
15	15	Ginsberg Gluzman Fage & Levitz, LLP / Dec. 31, 2015 / Ottawa	25,600	11.5	12 (+1)	82 (+2)	312,195	9	29/2/20/49
16	17	PSB Boisjoli LLP / December 31, 2015 / Montreal	24,983	13.7	21 (+1)	93 (+21)	268,634	1	50/32/18/0
17	19	Manning Elliot LLP / December 31, 2015 / Vancouver	21,860	9.3	25 (-1)	102 (-25)	214,314	2	76/0/20/4
18	21	Zeifmans LLP / January 31, 2015 / Toronto	20,900	9.4	14 (+2)	76 (+1)	275,000	1(-1)	53/15/32/0
19	20	Millard Rouse & Rosebrugh LLP / July 31, 2015 / Brantford, Ont.	20,081	5.1	23 (+2)	73 (+1)	275,082	7	55/15/28/2
20	22	DMCL LLP / December 31, 2015 / Vancouver	19,700	6.1	19	87 (+4)	226,437	3	68/1/31/0



Canada's Accounting Top 30



EY

We had another successful fiscal year, especially given the challenging growth environment triggered by increased competition, depressed energy prices and a decline in the Canadian economy," says CEO Trent Henry, whose firm grew nine per cent. "We also eclipsed the \$1 billion mark in total revenue for the second straight year, a new feat in our 151-year history."

Key drivers of EY success were what Henry calls "big bet investments," which paid off handsomely. "An increased focus on delivering sector-specific knowledge helped us realize strong increases in private equity, telecommunications and retail." Transactions did well, he adds. "Canada is bullish in its pursuit of acquisitions, especially as companies in Alberta's distressed oil patch address balance sheet pressure. Entrepreneurs, too, are looking for opportunities amid the otherwise challenging market."

In pursuit of talent, Henry notes, "our culture and commitment to building a better working world helped us attract, engage and retain the best the market has to offer. Our programs, such as an industry-leading focus on diversity and inclusiveness, culminating in gender parity in partner promotions this year, and top rankings in external benchmark surveys, including Great Place to Work and Universum, make us a desirable place to have a career."

Henry is particularly proud of having three partners — Fiona Macfarlane, Elise Rees and Colleen McMorrow — included in the Women's Executive Network 2015 Canada's Most Powerful Women. "Fiona, Elise and Colleen's accomplishments are varied and impressive — they are great role models, and examples of why we need more women in leadership roles."



Grant Thornton Canada

According to outgoing CEO Phil Noble, "2015 continued the trends we have seen over the past few years, reflecting the successful implementation of the firm's market strategy. While strong growth in our traditional audit practice continues to be a challenge, we have seen double-digit growth in tax, continued growth in our core privately held business market share and growth in the advisory component of our services."

Overall firm growth was modest, primarily due to the challenging economic environment, "but with an increase of 11.7 per cent in tax services — particularly tax specialty areas — and 5.3 per cent in privately held business services, our firm is well positioned to continue to build in the most profitable and strategic areas of our business."

The firm continued to pursue strategic acquisitions in 2015, completing transactions in British Columbia, New Brunswick and Newfoundland and Labrador. "We remain focused on combining with successful firms with strong like-minded partner groups who will contribute to our overall success in the future. This strategy has resulted in exceptional growth in acquired fees, resulting in shared financial rewards for both the vending owners and our broader partner group."

Noble is proud that Grant Thornton was named one of Canada's Best Workplaces for the eighth consecutive year. "We take great pride in our ability to provide our people with a tremendous culture in which to work and thrive. We believe, foundationally, that when the emotional quotient (EQ) and IQ are in relative balance, magic happens from a cultural perspective. That magic, or our people experience, then translates directly into delivering an exceptional client experience."



MNP

We achieved our targets for 2015 and are satisfied," explains CEO Jason Tuffs. "Some areas grew more than others — some services, some geographic regions and some client groups. We believe we continued to move our brand forward."

Given the economic struggles many companies are dealing with, "we are happy to say that all of our geographic regions grew. Mergers in B.C. certainly contributed to our growth there, and our organic growth in Ontario was great. We were able to attract a lot of great talent, and great talent keeps us moving forward," to the point that MNP is now neck and neck with Grant Thornton in the rankings.

MNP's geographic coverage expanded to include Prince George, the largest city in northern B.C. MNP also transacted its largest merger to date with KNV, the eighth largest accounting firm in B.C.

"As we go forward," says Tuffs, "we will continue to look at adding strategic pieces — an IT consulting practice here, a forensic practice there, etc. Ottawa will continue to be a focus for us, and we would like to add a few more missing pieces in Southwest Ontario and then start on Atlantic Canada."

One highlight of the year was Toronto Blue Jay Kevin Pillar's spectacular catch over the MNP advertising sign in left field at the Rogers Centre in Toronto on April 15 against the Tampa Bay Rays. The catch was awarded the "play of the year" by Blue Jays fans and has been seen and replayed by millions of people across North America.

"That certainly got us lots of attention last year."

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2015	2014		('000)	(+/-)	(+/-)	(+/-)			
21	18	Demers Beaulne / December 31, 2015 / Montreal	19,687	-1.6	15	87 (+1)	226,287	1	46/20/34
22	24	Davidson & Company LLP / Dec. 31, 2015 / Vancouver	19,000	11.8	15 (-3)	58 (-6)	327,586	1	80/0/20/0
23	23	Smythe LLP / Dec. 31, 2015 / Vancouver	18,993	10.4	15	125 (+21)	151,944	5 (+1)	64/6/15/15
24	27	Kingston Ross Pasnak LLP / Dec. 31, 2015 / Edmonton	18,300	11.6	20	77 (+2)	237,662	1	65/5/20/10
25	26	Blanchette Vachon / Dec. 31, 2015 / Sainte-Marie, Que.	17,463	4.9	8 (-1)	78 (+3)	223,885	4	65/22/13
26	28	Virtus Group LLP / Dec. 31, 2015 / Saskatoon	17,184	10.5	13 (+2)	89 (+1)	193,079	2	64/10/26/0
27	25	Durward Jones Barkwell & Co. LLP / Dec. 31, 2015 / St. Catharines, Ont.	16,951	0.5	27 (+3)	87 (+1)	194,839	5 (-1)	48/14/29/9
28	29	Fuller Landau LLP / December 31, 2015 / Toronto	16,328	6.3	17 (+1)	55 (+5)	326,560	1	60/3/14/23
29	--	Crowe BGK / December 31, 2015 / Montreal	15,826	8.2	20 (+1)	67 (+4)	236,209	2	48/22/29/1
30	30	RLB LLP / December 31, 2015 / Guelph, Ont.	15,404	4.6	10 (+1)	68 (+21)	226,529	3	62/15/23/0



Canada's Accounting Top 30

By DONALEE MOULTON

Canada's three Maritime provinces are looking to a brighter economic horizon in 2016, but even with sunnier days ahead, Nova Scotia, New Brunswick and Prince Edward Island are still expected to lag behind Canada as a whole in terms of growth.

The remaining East Coast province, Newfoundland and Labrador, is struggling to stay afloat financially after oil transformed it from a have-not province to a have province to one on the verge of bankruptcy.

"The economy is causing a lot of stress, not only on individuals but also on business," said Gerard Fitzpatrick, co-owner of Fitzpatrick & Company Chartered Accountants in Charlottetown. "The strain on business is pushing everyone. Banks are being cautious."

The Conference Board of Canada forecast a relatively low growth of 1.3 per cent for Nova Scotia in 2015 and a much stronger recovery this year at 2.5 per cent. The predicted economic upturn is due in large part to what should be a full year of steel cutting at the Irving shipyard, which won the 30-year, \$25-billion federal contract to build the next fleet of combat ships for the Canadian navy.

The Halifax Partnership, the city's economic development



organization, is not as optimistic about the year ahead. "While Halifax is showing strong growth, the rest of the province is not, and this will put a damper on [these] predictions," said Paul Jacob, the partnership's economist and policy analyst. "Real GDP will continue to grow, the economy will get better, but the question is how much. My outlook is that the numbers will not be particularly impressive."

Key drivers for Nova Scotia's economy over the next two years are expected to be non-energy exports and manufacturing, especially shipbuilding. However, said Gerard Walsh, an economist with RBC Economic Research in Toronto, "the government will be a drag as it grapples with a budget deficit and looks to contain public sector wage growth, which will impede consumer spending."

Nova Scotia's debt load is more

than \$15.1 billion, an all-time high. In December, Finance Minister Randy Delorey unveiled new deficit numbers. The province is now predicting a deficit of \$241 million, more than double the \$97.5 million forecast in the spring budget.

In addition, the economy will be further constrained by the construction industry. While Nova Scotia will add to growth in 2016, RBC predicts it will likely decline

after that as big developments wrap up. "Our growth forecast for 2017 is 1.3 per cent, which is well below our 2.7 per cent call for Canada," said Walsh.

Accountants on Canada's East Coast will be used to economic ups and downs, and business will respond to the fiscal reality of the province. However, a new wrinkle has been added to the equation: the war for talent. Nova Scotia's job market can be a tough one for skilled professionals, and salaries often lag behind elsewhere in the country. As a result, youth often leave for greener pastures.

"Nova Scotia's job market is not great for youth or newcomers; it is a difficult job market to break into," said Jacob. "Life is great for those who can find work and Nova Scotia offers a lot, but meaningful work is the missing piece of the puzzle. While there may be other challenges, the demographic issues stand head and shoulders above the rest."

The region is turning to immigrants to help resolve some of the personnel issues. Fitzpatrick's most recent hires in P.E.I., two full-time employees and one student, have all been immigrants. "Diversity is part of our process," he noted, "but good people are always a problem to get."

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Rank by Revenue		Association / Year End / Head Office	Revenue	Revenue	Partners/	Professional	Revenue per	Number	Revenue splitting
2015	2014		2014 (‘000s)	change (%)	Principals (+/-)	Staff (+/-)	professional staff	of offices	A&A/MAS/ tax/other
1	1	DFK Canada Inc. ² / December 31, 2015 / Toronto	130,927	-3.5	129 (+5)	555 (-71)	235,905	30	50/8/20/22
2	2	Allinial Global ³ / December 31, 2015 / Atlanta	114,563	-11.5	119 (-7)	602.5 (-23.5)	190,146	28 (-2)	63/10/22/5
3	3	Crowe Horwath International ⁴ / Dec. 31, 2015 / New York City	95,437	2.2	84	344 (+56)	277,433	13	60/11/23/6
4	4	BHD Association ⁵ / December 31, 2015 / Vancouver	74,331	-16.1	79 (-12)	284 (-81)	203,647	17 (-1)	65/6/25/3
5	6	Nexia Canada ⁶ / December 31, 2015 / Toronto	63,500	15.3	64 (+5)	250 (+33)	254,000	8 (+1)	64/11/23/2
6	10	Moore Stephens International ⁷ / December 31, 2015	62,900	131.5	58 (+32)	259 (+135)	242,857	6 (+2)	61/10/28/1
7	7	PrimeGlobal ⁸ / May 31, 2015 / Atlanta	50,685	-2.2	39 (-9)	270 (+7)	187,722	5	71/4/22/3
8	5	BKR International ⁹ / June 30, 2015 / New York City	46,000	-23.3	46 (-5)	433 (+4)	106,236	21	56/0/31/13
9	8	EPR Canada Group Inc. / Dec 31, 2015 / Maple Ridge, B.C.	36,796	-18.8	54 (-10)	238 (-11)	154,605	34 (-7)	60/10/23/7
10	9	Porter Hetu International / December 31, 2015 / Toronto	33,000	-5.1	64 (+3)	214 (+39)	116,197	38	59/6/27/8
11	11	The AC Group / October 31, 2015 / Amherst, N.S.	25,893	8.6	36 (-8)	246 (+15)	105,256	24 (+4)	61/21/17/1

² DFK Canada Inc. includes the firms of KNV Chartered Accountants (Surrey, B.C.), Kingston Ross Pasnak LLP (Edmonton), Kenway Mack Slusarchuk Stewart LLP (Calgary), Pope & Brookes LLP (Winnipeg), Davis Martindale LLP (London, Ont.), Taylor Leibow LLP (Hamilton, Ont.), Ginsberg Gluzman Fage & Levitz LLP (Ottawa), Levy Pilote LLP (Montréal), Dallaire Forest Kirovac CA, s.e.n.c.r.l. (Québec City), Teed Saunders Doyle & Co. (Saint John, NB), WBLI Chartered Accountants (Halifax), MRSB Chartered Accountants (Charlottetown), Noseworthy Chapman Chartered Accountants (St. John's) and Williams & Partners (Markham).

³ Allinial Global's Canadian firms include Pivotal LLP (Red Deer, Alta.), KBH Chartered Accountants (Edmonton), Young Parkyn McNab LLP (Lethbridge, Alta.), Smythe LLP (Vancouver), Scarrow & Donald LLP (Winnipeg), Durward Jones Barkwell & Company LLP (St. Catharines, Ont.), Kraft Berger LLP (Markham, Ont.), RLB LLP (Guelph, Ont.), Virtus Group LLP (Saskatoon), Howie & Partners (Windsor, Ont.)

⁴ Crowe Horwath International's Canadian firms include Crowe Soberman LLP (Toronto), Horwath HTL (Montreal), Bessner Gallay Kreisman (Montreal) and Crowe MacKay (Vancouver)

⁵ BHD Association figures include firms D & H Group LLP (Vancouver); Buchanan Barry LLP (Calgary); Vine & Partners LLP (Hamilton); Benoit, McGraw & Paulin (Tracadie-Sheila, NB); Thomson Jaspar & Associates (Saskatoon); PKBW Group (Winnipeg); Millard, Deslauriers & Shoemaker LLP (Toronto); Hyatt Lassaline, LLP (Windsor); Marcil Lavallée (Ottawa); Choquette Corriveau (Quebec City); Nadeau Picard & Associés (Grand Falls, NB); Hilborn LLP (Toronto); Yaremchuk & Annicchiarico (Edmonton)

⁶ Nexia Canada figures include firms Davidson & Company LLP (Vancouver), Zeifmans LLP (Toronto), Nexia Friedman LLP (Montreal), Perreault, Wolman, Grzywacz & Co. (Montreal), Lyle Tilley Davidson (Halifax), John Geib, CA (Calgary) and Andrews & Company (Ottawa)

⁷ Moore Stephens North America's Canadian firms include DMCL LLP (Vancouver), Mowbrey Gil LLP (Edmonton), Demers Beaulne s.e.n.c.r.l. (Montreal) and Segal LLP (Toronto)

⁸ PrimeGlobal figures include the firms of Manning Elliott LLP (Vancouver), Clarke Henning Group (Toronto) PSB Boisjoli LLP (Montreal) and Shimmerman Penn LLP (Toronto)

⁹ BKR International's Canadian firms include Blanchette Vachon CPA (Sainte-Marie), Lohn Caulder LLP (Vancouver), Villeneuve Venne CA, S.E.N.C.R.L. (Montreal), Welch LLP (Ottawa), SF Partnership LLP (Toronto)



Canada's Accounting Top 30

Deficits 'not sustainable' in Newfoundland

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In New Brunswick, the economic landscape looks remarkably similar to neighbouring Nova Scotia. RBC anticipates the province's economy will grow by 1.2 per cent this year and 1.5 per cent in 2017. "This puts it well down the provincial growth rankings in both years, eighth and seventh, respectively," Walsh said.

One bright light for New Brunswick over the next year is exports, and forestry is expected to rebound in response to a lower Canadian dollar and demand from the U.S. housing market. New mines are also being commissioned, which will spell good news for the sector.

Meanwhile, the provincial government is paving the way for belt tightening. Over the past year the New Brunswick government has been engaged in what it calls a strategic program review to help identify savings and revenue initiatives in order to eliminate the current \$453 million deficit. The

review has now come to an end and \$589 million in savings and new revenue have been identified in a diverse array of areas ranging from reducing visitor information centres to increasing public school class sizes.

Canada's smallest province may be its most buoyant. The Halifax Chamber of Commerce, which contends in a new report that the current state of Nova Scotia's economy needs to be approached with "alarm," points to Prince Edward Island as an example of what can be done to bolster a provincial economy. According to the chamber's pre-budget report, over the past few years P.E.I. has not succumbed to the economic stagnation and decline that have plagued Nova Scotia and New Brunswick. Since 2010, its economy has grown by 6.8 per cent overall and 3.5 per cent on a per capita basis.

"Those numbers are certainly not in the same league as Canada's fastest growing provinces, but P.E.I. grew faster than Quebec and



FITZPATRICK

was not that far behind Ontario," the report states.

The Atlantic province hardest hit economically is undoubtedly Newfoundland and Labrador. In his most recent report Auditor General Terry Paddon raised serious doubts about the province's ability to sustain the level of

unprecedented deficits forecast in the December 2015 economic and fiscal update.

"The province recorded a deficit of \$986 million in 2014-15, the highest in our history," Paddon said. "Additional deficits, totalling \$12.2 billion, are forecast from 2015-16 to 2020-21, an amount greater than the province's entire net debt at March 31, 2015. Deficits of this magnitude are not sustainable."

Indeed, when compared to the actual size of the provincial economy, the roughly \$2 billion deficit forecast for 2015-16 will be more than 3.5 times greater than the next highest province.

"Dealing with the anticipated deficits will require hard choices that will affect all residents of Newfoundland and Labrador," said Paddon. Accountants can anticipate being among those affected.

All four East Coast provinces are facing a common and dire situation: an aging demographic. Over the next two and a half decades, for example, Nova Scotia's population

is projected to drop by 22,000 people. Of those remaining, roughly 29 per cent will be over the age of 65, compared with 18.3 per cent currently. Having fewer young people and more seniors significantly stresses the economy and that pressure will only continue to escalate.

For accountants, the Atlantic region's current economic realities translate into business as usual. "The demand on our profession is very high," said Fitzpatrick, a chartered professional accountant. However, he pointed out, the risk of bills not being paid may be equally strong.

Confidence is also an issue. The oil crisis created what Fitzpatrick calls a "Chicken Little" reaction with businesses concerned the economic sky was falling. Although oil prices have stabilized, he noted, the attitude of uncertainty remains and makes companies unwilling to take risks and invest in opportunities. "People are less pessimistic, but it will take a lot for them to get their hands out of their pockets."

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Independent Firms
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Canada's Accounting Top 30

By GEOFF KIRBYSON

You know times are tough when Albertans look back to a year ago and reminisce about the good old days.

You know, when the price of a barrel of oil was a healthy — cough, cough — \$50?

Having seen the south side of \$30, Bryce Eidsness, managing partner of Calgary-based Kenway Mack Slusarchuk Stewart LLP, admits he's more concerned about the future than he was 12 months ago.

The firm's clients in the oil and gas industry, either directly or indirectly, have been taking it on the chin, both in terms of profitability and staffing levels. Eidsness says he's thankful for the firm's bustling office in Canmore, which has more of a hospitality focus, and has benefited from the low dollar and a good ski season in and around Banff.

But you can't run an accounting firm on fresh powder and good ski conditions alone so in an attempt to keep its costs in line, KMSS has altered its human resources strategies. As a mid-tier firm, it typically hires eight to 10 new employees a year but they've cut that in half now. And as people leave the firm for whatever reason, they're often not replaced.

"We're letting natural attrition take its toll," he says.

Many accountants are being asked to do the kind of nitty-gritty work that clients considered a hassle during the boom times. Justin Friesen, Calgary-based national leader of the oil and gas group for BDO Canada LLP, says many clients are now interested in claiming the tax credits that they're eligible for when investing in innovation.

"In the past, they haven't bothered doing it because they were too busy with day-to-day stuff," he says.

Nobody in business likes volatility and the topsy-turvy ride of oil prices is partly to blame for the relative dearth of mergers and acquisitions work. It's not that there aren't a significant number of potential buyers in the market but by the time negotiations have drawn to a close, too many economic variables have changed drastically from where they were at the beginning and everything has to start over from scratch.

There's no question that many clients are feeling a lot of financial pressure, particularly with cash flows being so tight.

"They're trying to budget out how long they can maintain their cash position, how many more months or years that they can survive. They're running a few models (on) where they'll be if



"They're trying to budget out how long they can maintain their cash position, how many more months or years that they can survive. They're running a few models (on) where they'll be if things go up or down from now."

Justin Friesen, BDO Canada

things go up or down from now," Friesen says.

Even though Edmonton isn't nearly as impacted by the oil and gas business as Calgary, revenues at accounting firms in the province's capital are still being squeezed.

Shabir Ladha, a partner at KBH Chartered Accountants, says profits at his 38-person firm have declined by 7 to 10 per cent

watching their expenses more closely than they ever have which means the bills going out this year are, at best, at the same rate as last year. About the only things that are going up are the salaries of its articling students.

"As they progress and become more valuable to us, they expect pay raises," he says.

Clients that are directly tied to oil and gas have pulled back from

Rachel Notley's strategy of raising income taxes to fill the gaping hole in government coffers. The simplest way, he believes, is to implement a consumption tax. Yes, a PST.

Before any lynch mobs have time to get organized, Ladha says he thinks it could be structured so that Albertans pay the same amount of overall tax as they used to but with lower income tax.



FRIESEN



LADHA



EIDSNESS

over the past year as he has held the line on fees and provided some modest wage increases to staff.

All of his firm's clients are

tax planning and other services unless they can result in a clear and immediate savings or benefit, he says.

Ladha disagrees with Premier

"What you'll pick up is those that travel to Alberta and don't pay taxes. They shop here, use our roads and our infrastructure but don't contribute to the cost of

repair and upkeep," he says.

The other piece that a sales tax would catch is the underground economy.

People who don't report their ill-gotten gains on a personal tax return often spend most of their money on nice clothes, fancy cars and other luxury items and while Ottawa gets its cut through the GST, Alberta receives nothing.

Eidsness, however, doesn't believe a PST will become a reality in Alberta any time soon. Or ever.

"The new government has already pushed through some tax changes, which tended to be focused on higher income earners. To bring in a PST would be political suicide when a lot of people don't have jobs," he says.

"If you view taxes as a knife, they've stuck one into high income earners. If they do a PST, they'll stick a knife into every single person in the province."

Eidsness says the advice that its professionals are able to pass on to clients is taking on a whole new level of importance because capital is far more difficult to come by than it was a year or two ago.

The big banks and credit unions are "very reluctant" to lend money to anybody remotely close to the oil and gas business.

"One of our partners told me recently, 'I feel like I have scars on my back from the banks.' The banks want to reduce their portfolios in the oil and gas business," he says.

Another area where his firm can provide value is with clients' lease arrangements.

KMSS has one client that reduced its workforce from 45 people down to five and from 10,000 square feet to 1,500 square feet.

"They got into some serious negotiations with their landlord to figure out a way to deal with it. It's not only the loss of revenue streams but (the size of) some of their fixed costs. We felt people who had solid balance sheets were in good shape but if they're bleeding their assets by having to cover their fixed costs, they're not (in good shape)," he says.

Just how bad is the job market in Alberta? Eidsness says an employee of his lives on a street where a member of six consecutive households lost their job a year ago and none of them have been able to find employment since.

The spouse of another employee works at Home Depot and when the home renovation giant had a trade show and was looking to fill two positions, 700 people showed up.



Canada's Accounting Top 30

By GRANT CAMERON

While plunging oil prices have cast a pall over Alberta's economy, the other western provinces are expected to be on solid footing in 2016.

British Columbia, Manitoba and Saskatchewan are not without their challenges, but growth is anticipated for all three this year, according to the Conference Board of Canada.

B.C. is going full guns and is banking on a strong construction industry to propel it to growth of better than three per cent in 2016 and 2017, making it the fastest growing province.

Manitoba is chugging along nicely with growth of 2.5 per cent expected in 2016, led by healthy performances from the construction, manufacturing and service industries.

Saskatchewan, meanwhile, is expected to bounce back from a recession with a two per cent growth this year, due mostly to a rebound in non-residential construction.

Richard Rees, president and CEO of CPA British Columbia, says unemployment is declining and the sagging loonie is helping boost the province's tourism and film industry.

"If you're in Vancouver, things seem to be humming along quite well."

The province relies heavily on tourism and the film industry and both bring in a lot of money, says Rees.

"We've got a huge bonanza going with the film industry, which is a big thing in British Columbia," he says. "The studios are fully booked and there's a lot of productions going on."

The province's construction industry is expected to advance strongly and could get an added boost if regulatory approval is granted this spring for a \$36-billion liquefied natural gas terminal on Lelu Island. Vancouver's real estate market also continues to soar as local and foreign buyers fuel price hikes and transactions in the single-detached home segment.

As a result, says Rees, accounting firms in the province seem to be flourishing.

"They seem to have full books of business. We're certainly seeing solid recruitment into the student programs as well."

While the outlook is positive, there are some challenges on the horizon for B.C.

Rees says the sagging loonie means that manufacturers in the province, which often get their equipment from U.S. suppliers, end up paying more so it raises the cost of doing business.

"It's so much more expensive



"We've got a huge bonanza going with the film industry, which is a big thing in British Columbia."

Richard Rees, CPA British Columbia

with the decline in the Canadian dollar."

It's a double blow for junior mining companies, says Rees, because they're paying more for equipment at a time when resource prices are also low.

In Manitoba, the construction, manufacturing and service industries are set to post significant gains and boost employment by 1.3 per cent in 2016.

Mark Jones, partner at Olafson & Jones in Winnipeg, says that, for

economy but manufacturing is also big. Transportation is another one and agriculture is looking up as well.

"Overall, it's been a good couple of years for Manitoba. There's population growth, economic growth and we're chugging along. There's certainly challenges, of course, but it's been good."

According to the Conference Board, Manitoba's manufacturing sector is expected to grow by 3.4 per cent in 2016. Construction is

doesn't impact the overall economy."

Jones says the province's housing construction sector struggled in 2015 but now appears to be turning around.

There was a lot of condominium inventory, he says, so clients that were in industries that supplied new housing, like drywall and roofing, suffered last year but are now recovering.

Jones says his accounting firm, as he suspects others are around the

"I think construction is going to lead the economy but manufacturing is also big."

Mark Jones, Olafson & Jones



JONES

the most part, Manitoba has been unaffected by the slide in oil prices and adds that the low loonie is helping the manufacturing sector.

"The economy looks very strong for Manitoba," he says. "I think construction is going to lead the

expected to remain strong, with growth in the sector reaching 1.4 per cent in 2016, as work ramps up on hydro projects and the provincial government rolls out its infrastructure plan.

Jones says Manitoba, for the most part, is fairly insulated from the impact of low oil prices as it has a fairly diversified economy.

"We do have some oil in the western part of the province but not as much and we're not as reliant on that industry," he says. "There's obviously spillover, as we're not in a silo, and we have a number of sectors that do business in Alberta and Saskatchewan so they're feeling it but it's a small enough part that it

province, is relying on new business to grow.

He expects that due to uncertainty about the overall state of the Canadian economy business clients will also be looking to their accountants for a little more help and guidance.

"So, where there are areas that are affected by Alberta and Saskatchewan's situation, we can help them look at margins and opportunities that may exist," he says.

Accountants can help their clients during uncertain times, especially if they're a business owner, by offering insights and revising their plans and finances, he notes.

"In times like these, people rely

on their accountants more so there is certainly a lot more work for CPAs because of that," he says.

In Saskatchewan, which had a tough year in 2015 due to the slump in oil prices, the diversity of the economy is expected to help the province rebound.

Brian Turnquist, partner at Thomson Jaspar in Saskatoon, says the economy has cooled off from where it was two or three years ago, with reduced employment and investment, and in the long term the province is going to need higher oil prices to recover.

He notes the office leasing market has also weakened because many engineering firms moved out.

"I still believe, from the people that I've talked to, that there's a sense of optimism for the future because in Saskatchewan we have a far more diverse economy."

Saskatchewan has traditionally relied on agriculture but that is no longer the case, says Turnquist, as the oil, potash, uranium, gold, diamond and manufacturing sectors, along with the tourism and research-based industries, also create employment.

The Conference Board notes that solid growth in construction is expected to be the main driver of growth for Saskatchewan's economy over the next two years. Investment in power generation and the potash industry, as well as the public infrastructure program of the provincial government, are also expected to generate strong growth for the province.

Uranium production is also set to ramp up, thanks to the opening of the Cigar Lake uranium mine in the northern part of Saskatchewan in 2014.

The agriculture sector, which suffered from poor yields due to a drought that hit parts of Saskatchewan last year, is expected to recover this year, with anticipated growth of 10.4 per cent.

Accounting firms in the province seem to be very busy and are upbeat about their future business prospects, says Turnquist.

"There's a certain level of concern out there, obviously, any time things cool off like it has but I still think there's a fair bit of optimism."

Turnquist says the province's corporate income tax structure also make it attractive to business. Small businesses in the province pay a rate of two per cent on the first \$500,000 of income while tax credits are also offered to encourage corporations to make investments in manufacturing and processing assets and research activities.

"There's a sense that there's a strength in Saskatchewan that didn't exist back in the '80s and '90s and we have to overcome where we're at right now."



Canada's Accounting Top 30

Business community nervous about future

Continued from page 13

lytics, cyber and human capital consulting. "Our growth in new services to clients has been fuelled by emerging technology, particularly in our cyber, digital, analytics and cloud offerings. Clients are demanding end-to-end solutions. Our advantage has been our ability to integrate our full suite of services, including in these growth areas, in ways that actually work to meet our clients' needs. Digital is a great example of this, where advanced multi-platform technology and design need to integrate with legacy systems and processes."

Thomas explains "we actively listen to our clients and invest in strategic business areas based on their needs. We've recently built local and global expertise in cyber security, data and analytics, infrastructure and transformation and this focus and commitment to client service is generating excellent results."

Adds Noble, "the impact of technology is increasingly leading to innovation in service delivery and new services, which is great for clients. Our people view this ongoing technology innovation as very exciting and are ready to embrace the opportunities which flow from it."

Clients operate in an increasing complex business environment, he explains, "often facing disruption from technology in their respective industries, and they look to us as their advisers to help them achieve growth, improve financial and operational performance and pursue opportunities. Our client strategy is very focused on this shift to increasing advisory needs of our clients."

And this is what concerns at least some regulators. In the U.S., both the Securities and Exchange Commission and the Public Company Accounting Oversight Board have noted that advisory services are growing at a furious pace. They fear this could lead to conflict of interests when non-audit services are provided to audit clients.

Kramer thinks these concerns may exist in Canada, too. "The mandates and missions of the Canadian Public Accountability Board and U.S. regulators are very similar — protection of investors. While there may be differences in style, it seems likely CPAB is monitoring the growth of advisory services as well. More importantly, their reviews consider independence, as we do, to be critical in delivery of audit services."

Vetteze notes "it's certainly not the case that one regulator sees this as an issue and the other doesn't. The real difference is in the priority

"The challenging economic environment and changing social agenda have provided us with great opportunities to advise clients."

Bill McFarland, PwC Canada

or focus they place on each issue." Overall, he continues, "we see the audit regulatory perspectives between Canada and the U.S. converging more than they are diverging. In particular, we are seeing a higher degree of alignment between CPAB and PCAOB on things like what professional skepticism looks like in practice, the importance of deep work on internal controls, specific issues like information prepared by the entity and the extent of evidence they are expecting to see in our engagement files."

KPMG continues to invest in building expertise in areas that its clients require, notes Thomas, "which in many cases also enables us to bring that expertise to evolving risk areas that are relevant to our audits, such as in information technology, valuations and taxation, which are increasingly critical for effective audits. Those investments and resulting success is completely aligned with our con-

"which are clear priorities for the new Liberal government and important global topics of conversation." In that arena, the *Extractive Sector Transparency Measures Act*, part of Canada's commitment to contribute to global efforts against corruption in the extractive sector, requires businesses involved in that sector to publicly report on payments made to all levels of government by May 2017.

Also, Ontario recently amended its greenhouse gas emissions reporting regulation, requiring emitters over a certain threshold to have their annual reports verified by an accredited third party. And regulations also continue to evolve in the financial services sector, with the aim of creating more transparency within and across borders.

Henry cites the Organization for Economic Co-operation and Development's base erosion and profit shifting initiative (BEPS), which aims to crack down on tax

audit engagement level, have demonstrated that AQI-based discussions between auditors and those charged with auditor oversight, such as audit committees, helped to focus dialogue on factors that impact audit quality and on how audit committees might be able to help positively impact audit quality."

The firms view as a plus recent FASB and IASB developments to cut down on the clutter in corporate disclosures and financial reports. Jason Tuffs, the new CEO of MNP, believes that "for private enterprise clients, simplifying the reporting standards should ultimately be of benefit to these clients. But with respect to reporting issuers and others with third party investors, the constant movement towards transparency moves clients away from simplified accounting. Many have not adopted the simplified rules that have already been approved."

McFarland believes that

"The impact of technology is increasingly leading to innovation in service delivery and new services, which is great for clients."

Phil Noble, Grant Thornton

tinuing commitment to quality audits, and our continuing investments in building our processes and methodologies to deliver effective and efficient audits. For example, our data and analytics and Lean in Audit approaches are transforming audit delivery. Integrated into our audits, they add value for our clients, as they allow our auditors to have a stronger understanding of clients' complex businesses and internal processes so they can spot issues earlier to help do more effective audits, improve compliance, potentially uncover fraud and, ultimately, strengthen our clients' business."

Other regulatory initiatives concern Canada's profession more — and also offer new opportunities for professional services.

According to McFarland, "the scope and cost of regulation continues to be an important business issue, with 76 per cent of Canadian CEOs concerned about the regulatory costs of doing business."

For example, he points to sustainability and climate change,

avoidance internationally, updated standards to change the auditor's report from the International Auditing and Assurance Standards Board, as well as the PCAOB and new requirements around the representation of women on boards. "We're always keen to identify what these and other developments mean for our clients and for our own operations. For example, clients need to think about how BEPS will change the global tax environment, and we're there to help them navigate those considerations. As a firm, we support initiatives that enhance the auditor's report, and we also strongly support measures that promote auditor independence for the good of investor confidence and the capital markets."

Vetteze cites the continuing discussion globally on audit quality indicators with the International Forum of Independent Audit Regulators and the U.S. Centre for Audit Quality both exploring their use and benefit. "Recent activities by various parties, including Deloitte, to develop and test AQIs at the

improving the transparency and readability of financial statements is a positive step. "It should help companies tell their stories in a more understandable manner and make the financial information more relevant for stakeholders."

According to Kramer, "the goal of these initiatives is not for financial reporting to provide less information, but to provide better information. It is quite common for financial statements to contain boilerplate information or information on matters that are not material to users. If preparers, auditors and regulators focus on providing useful information in financial statements, the result could be streamlined statements that satisfy the needs of users."

The idea that the U.S. may let domestic companies use IFRS information in some supplemental form in their financial statements also gets a positive nod. "There is a long-held desire to have companies' financial reporting provide the most meaningful information possible to investors," says Noble.

"Allowing companies the flexibility to provide investors more information, that actually helps investors, is generally a good step. Appropriate 'safeguards' are required to ensure that information is understandable and not used to manipulate otherwise generally accepted, and meaningful/comparable, information."

Adds Tuffs, "many companies in Canada have trans-border transactions and vice versa, so having information that allows comparison using consistent information can be valuable to certain users."

As part of CPA Canada's enhancing audit quality initiative, the protocol for having audit firms share certain CPAB inspection findings with their clients' audit committees went into effect last year. The idea was to give audit committees a better handle on the nature of inspection findings so they could have productive discussions with their auditors. That initiative, too, seems to have had good results.

According to Tuffs, it "has evolved the discussions we have with audit committees. Any opportunity to open a dialogue with our clients about what we do and how we do it is a good thing."

"The protocol has opened another venue for us to share important information with audit committees about financial reporting risks and the audit challenges that we mutually face," says Kramer. "We welcome the added structure that it has provided for such dialogue."

Despite the many new opportunities of doing business, offering new services and expanding their geographic and advisory footprints, Canada's accounting executives are cautious about the current year. According to EY's latest *Capital Confidence Barometer*, senior executives from around the world are bracing for uncertainty over the next year — from volatility in commodities and currencies, to political instability in the Eurozone, to the U.S. presidential election.

"As a result," says Henry, "they're taking a measured, prudent approach to corporate strategy and are increasingly focused on cost reduction and operational efficiency. We're helping our clients navigate these disruptive market forces."

McFarland says Canadian companies "will continue to be faced with a complex environment, including a fluctuating exchange rate, lower oil and gas prices, the need to innovate and improve productivity, high government and personal debt levels, and a lack of business confidence — all of which provides opportunities for us to help them."



Canada's Accounting Top 30

By GUNDI JEFFREY

As the unofficial merger king of 2015, scoring seven major mergers in the past year, BDO Canada LLP is also the leader — by a small margin — in overall growth among Canada's 10 biggest professional services firms.

Adding hundreds of staff and partners, BDO has expanded its service lines, industry expertise and geographic footprint in Canada's major centres.

"Growth is important to any business today, especially in professional services," says Pat Kramer, BDO's CEO since July 2015. "We are focused on strategic growth and adding the best people and services. It's about being the best professional services firm in our market."

It seems that, in the years since it was bumped from sixth place in the *Canada's Accounting Top 30* rankings, BDO has made a determined effort at implementing a strategy aimed at growth. Through carefully planned mergers, says Kramer, "BDO has focused on acquiring the right skill sets to provide clients the best and most comprehensive services possible and on developing new service areas that clients will need in the future." And that strategy, says Kramer, has paid off handsomely.

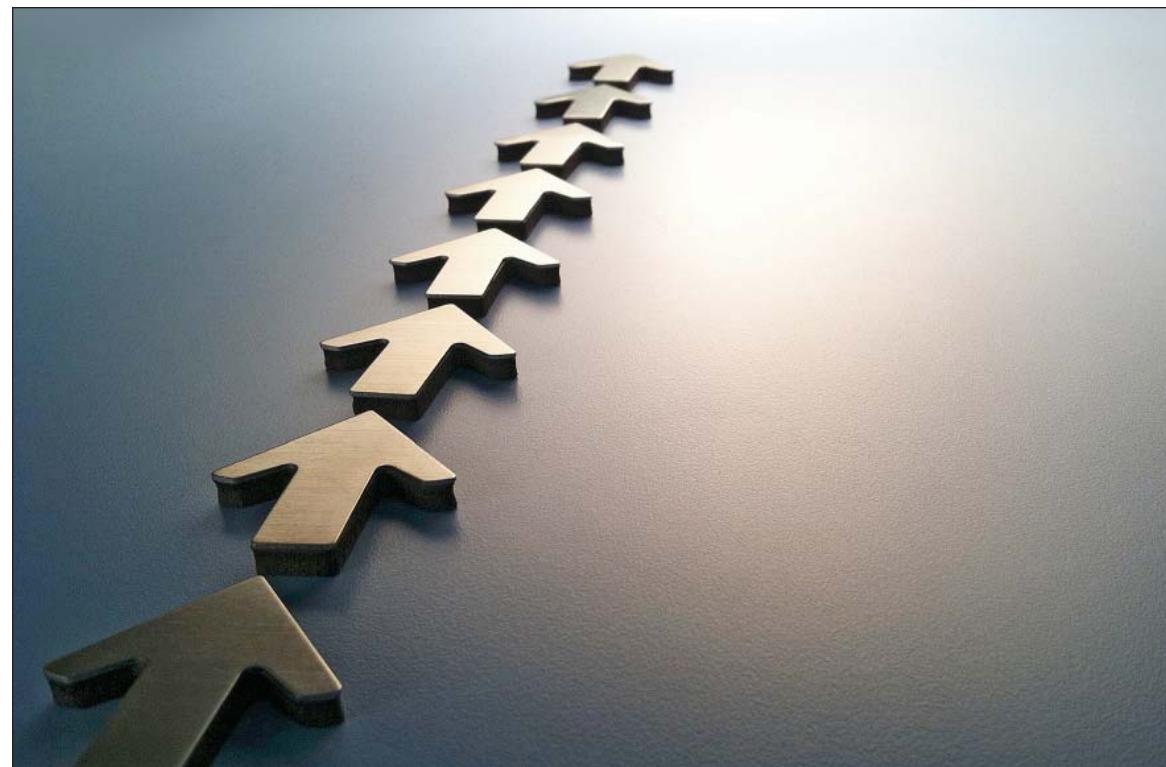
"We are merging with firms of larger sizes, with strong experience in new service areas and strengthening our footprint in major areas of Canada." Even better, he adds, "opportunities are coming to us. We operate in a different space. We are the mid-market leader with an entrepreneurial spirit and have more resources to offer clients, which is key."

He added, "But we are selective — we want to make sure that there is a good cultural fit."

For example, a June merger with Deveaux Brault Munger & Associates, a scientific research and experimental development tax consulting firm in Montreal, substantially expanded BDO's SR&ED expertise in Québec "and underscores a period of significant growth in the province."

This union followed the opening of a Quebec City office in December 2014 and another June merger with Montreal's Fauteux, Bruno, Bussière, Leewarden (FBBL), bringing BDO's Quebec presence to nearly 300 employees and 30 partners. "We are now the leading player in the mid-market in Montreal," Kramer said.

And, from FBBL's perspective, says partner Gilles Bussière, "we can take our local expertise and in-depth knowledge of our client's businesses and leverage BDO's international network to help them reach the next stage of their growth



"We are focused on strategic growth and adding the best people and services. It's about being the best professional services firm in our market."

Pat Kramer, BDO Canada

stories. Together, we can deliver a formidable offering to the Montreal marketplace and we're excited by the opportunity for our people to grow and prosper within the wider BDO environment."

Another 2015 merger, says Kramer, was with NPT LLP in London. "We are now the dominant mid-market player in the 401 West corridor, which is something we were keenly interested in doing."

BDO also acquired important talent, specifically in the wealth management area, "which will be a

ability to respond to new client needs in that area. We believe our IT services will continue to grow very quickly for our business."

In November, BDO acquired H&A Forensic Accounting, a Toronto-based professional forensic accounting and advisory firm. As a leading specialist in personal injury insurance claims quantification, H&A's proprietary technology platform, Virtual Office, offers insurance companies a suite of financial tools to assist them with income loss and interest calculations.

result in the development of a dedicated small business partner in the Greater Vancouver Area," Kramer says. BDO sees technology as being a substantial disruptor in the accounting field and has developed an outsourcing offering designed to alleviate the day-to-day burdens, by providing a cloud-based platform for book-keeping, payroll and CFO services. "Our outsourcing services are available from coast-to-coast, but we really see Vancouver becoming a centre of excellence for us," Kramer added.

"The whole industry is going through a massive consolidation — consolidating and joining of global firms. Firms that do not adapt, do not move forward and anticipate what is happening will not succeed."

Pat Kramer, BDO Canada

key service for our firm in the future. The acquisition of this talent gave us a good foothold there," Kramer said. The merger also added industry expertise, "specifically in health care."

BDO also expanded its advisory services with a merger last April with Mississauga-based System-group Consulting Inc. "This acquisition added a complete integrated service using our Microsoft application platform and expanded our

"H&A's team brings substantial forensic accounting expertise and a thorough understanding of both litigation and insurance processes. The merger creates a market-leading forensic accountancy practice," says Kramer.

Also in November, BDO merged with Majewski Shaler, a Vancouver-based firm serving the area's small and medium enterprises, which continues to be a focus for BDO. "This merger will

All these mergers and acquisitions have expanded BDO's reach in the industry areas it focuses on and strengthen its tax and advisory capabilities. "For us," notes Kramer, "it is very important to have areas of industry specialization because our clients are operating in industries. They are looking to us for business advice and understanding, and industry specialization is a vehicle for us to do that."

The mergers also give BDO the critical mass it needs to invest in infrastructure, training and services that will help clients with their own transition into a more challenging future. "Our client experience is changing rapidly and we are working on investments to keep up. Our clients' employees use apps and other technology to do their jobs or carry out their business. The expectation today, and in the future, is they want the same experience when they are working with their service providers. So, key for us is that our investments in technology are relevant for the future. This means having apps, client portals, providing clients with information and helping them analyze data on their phones and tablets in a timely and relevant way. This is a critical change happening today and will continue in the future."

As well, the mergers focus on acquiring talent. "When we do mergers, we look at the talent we are acquiring — these people will be the future leaders of our firm. Going forward, talent acquisition will be one of the key reasons to focus on when looking at a potential deal: what kind of people are involved and how can we develop and train them." The talent piece "is absolutely critical for us," Kramer adds.

From a geographic perspective, BDO has offices in more than 100 locations in Canada. "We have a strong geographic footprint, but there are areas we are always looking to strengthen, such as the GTA, Montreal, Vancouver and Calgary." Regardless of the current economic challenges in Alberta, Saskatchewan and B.C. because of the collapse of the resource sector, Kramer adds, "we continue to look at opportunities there because there are cycles in every business and industry — things will turn around and we need to be prepared."

BDO is in a good position for 2016 and the future, he concludes. "In a few years, BDO in Canada will be almost 100 years old. The strategies of the past are not the strategies we need to meet the challenges and opportunities of the future. Our strategies include embracing innovation, recruiting the best talent with a focus on millennials and growing our expanding service offerings to our clients in new ways that leverage technology. The coming years are critical for all professional services firms. The whole industry is going through a massive consolidation — consolidating and joining of global firms. Firms that do not adapt, do not move forward and anticipate what is happening will not succeed."