

# CANADA'S ACCOUNTING TOP 30

## Strength in numbers, diversity in roles

By GRANT CAMERON

An accounting association is very much like a hockey team in that it requires effort from all players – or firms and consultants in this case – to achieve success.

That's the philosophy, anyway, which has enabled the BHD Association – a group of 13 independently owned firms – to grow into a well-oiled machine that has consistently been ranked as one of the top 12 accounting entities in Canada by *The Bottom Line*.

Over the years, the association has built a formidable roster

of medium-sized accounting firms and independent consultants across Canada.

"We are an association of separate, independent firms, but we pool our resources with respect to practice management issues, technical issues, recruiting and also in terms of servicing clients and helping each other," explains Michael Nakanishi, president of the association, who works with the Vancouver office of D&H Group LLP Chartered Accountants.

Simply put, being a member of the association helps the independent accounting firms and consultants compete with the

Goliaths of the industry.

"I don't want to sound a bit over-important, but we are very popular now," says Nakanishi. "We are across Canada and we have some very good firms in the association. We are all very active."

In fact, he says, the association is more relevant due to ever-changing tax laws, insurance rules and new standards.

In 15 years, the association has grown from a handful of firms to more than a dozen with the likes of Buchanan Barry LLP in Calgary, Alta., and Hyatt Lassaline LLP in Windsor, Ont., to Marcil Lavallee in Ottawa, Ont., and Demers Beaulne in Montreal, Que.

Companies in the association typically have 50 to 60 employees on board. They provide services in auditing and accounting, corporate mergers, acquisitions, reorganizations and taxation matters.

Members of the association help each other out by pooling knowledge and resources. They refer clients to one another but remain independent.

A firm that is not registered to handle public companies, for example, might have a client that is going public so they'd refer that client to another firm.

The BHD Association is also a member of the International

data management program in terms of storing our files and we've been able to get substantial discounts by buying software with a service provider," says Nakanishi.

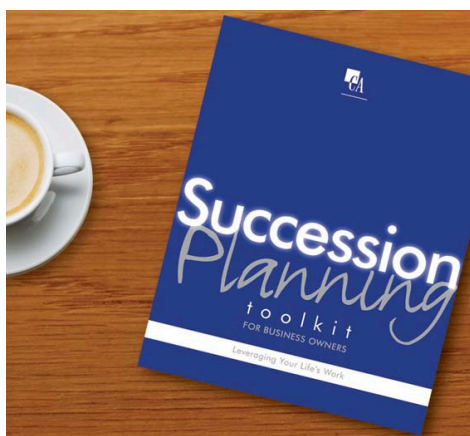
"But it's not only just a break in the price that we're getting – it is the fact that we are working with this software together."

This year, the association is embarking on a new initiative by organizing a training conference in the fall for new chartered accountants at a resort in Alberta.

Bruce Picton, co-founder and managing partner at Veres Picton and Co. LLP, an Edmonton-based partnership of chartered accountants, says the teleconferences and annual meeting are important because they allow professionals in the association to learn from each other.



NAKANISHI



### Make Succession Planning Your Business

Help your clients protect the value of their hard-earned business investment with the CICA's *Succession Planning Toolkit for Business Owners*.

The toolkit's step-by-step process will help your clients create a customized exit strategy that's right for them.

Order this valuable marketing tool today! Special volume discount available. Also available in French.



Just visit the CICA online store at [www.knotia.ca/store/businessowners](http://www.knotia.ca/store/businessowners) or call the order department toll-free at 1-800-268-3793.

**"We exchange ideas with firms that are similar in size. It's like we're one firm but we remain independent."**

*Michel Coulombe, partner with Marcil Lavallee*

Association of Practising Accountants (IAPA), a global association of accounting firms, which is important to the Canadian companies because the BHD firms often have clients that do business south of the border.

Nakanishi says there are a number of advantages to being part of BHD.

A general meeting is held every year, along with regular teleconferences on tax and assurance matters and data management.

"We use the same software programs so we can be very helpful to each other," says Nakanishi.

"The teleconferences give the stronger firms an opportunity to share their resources with the other firms.

"The majority of our firms have now gone into an electronic

"For us, the primary advantage to being in the association is the pro-active management information exchange that we do on an annual basis at the meeting. We get together and pretty well open the books to each other. As a result, we're able to pick things up from each other."

Picton, who is BHD's representative on the IAPA board, says the networking also enables him to keep in touch with other areas of the country.

"It's really insightful for me to hear from the other companies how the Ontario and Quebec economies are running," he said. "It gives us a lot broader reach than we would otherwise have on our own."

Picton says that it is important to be part of IAPA because it gives the association an "interna-

tional" feel.

"We have a lot of clients doing business in the United States and it's critical for us to be a part of that."

Michel Coulombe, a partner with Marcil Lavallee chartered accountants in Ottawa and past-president of BHD, says his firm landed a large national account because it has ties to IAPA through the Canadian association. But, he says, the rewards have been more than monetary as the association enables professionals in the firms to exchange ideas and learn from each other.

"At first we joined because it was part of an international association and network and we weren't sure how it would pan out, but it went beyond our expectations. We're sharing everything from information on management practices to operations to human resources.

"We can exchange ideas with firms that are similar in size to ours. It's like we're one firm but we remain independent."

The association has come a long way since its inception. Fifteen years ago, most companies just wanted to be in a national firm that had international connections through IAPA.

Now, the association seeks firms that can bring specific skill sets to the table.

Says BHD's Nakanishi: "We are a much more dynamic association now. We share resources yet remain independent. I think we get the best of both worlds in an association like this."

# CANADA'S ACCOUNTING TOP 30



## Deloitte & Touche LLP

Last year, Deloitte once again saw broad-based growth across all lines of business, with its financial advisory business related to M&A, forensics and valuations performing particularly well. Risk management services remained strong, as did audit, tax and consulting services.

"We experienced particular success in our consulting and financial advisory practices, and also saw strong growth across western Canada, especially in Alberta," explains managing partner and CEO Alan MacGibbon.

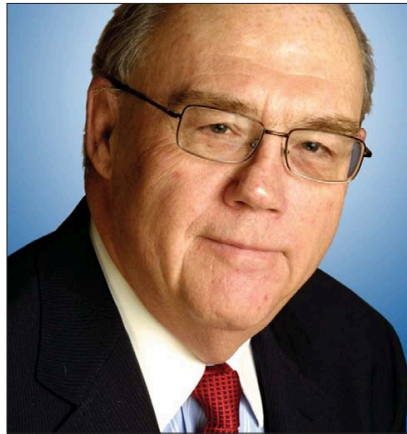
The Canadian Securities Administrators announcement that they would not proceed with Multilateral Instrument 52-111 caused a momentary pause in the growth of Deloitte's enterprise risk services practice.

"That practice has now recovered and is again showing outstanding growth," says MacGibbon. "Work has now resumed as companies strive to improve their governance and reporting."

Corporate governance continues to be a top priority for boards. "Combining strong corporate governance with the taking of smart business risks is a balancing act. We live in a zero tolerance world and yet companies need to be competitive globally."

Deloitte, says MacGibbon, is providing thought leadership in corporate governance through its popular "Directors Series," focused on educating public company directors.

Deloitte is also developing its environmental and sustainability services and making key investments in its human capital services across Canada, its M&A services, including financial due diligence, tax structuring and merger integrations – a practice that is growing in excess of 20 per cent – and specialized services for private companies.



## KPMG LLP

KPMG experienced good increases in all areas of business – audit, tax and advisory. In audit, new clients triggered some of the growth, as did internal control certification assignments driven by regulatory requirements.

"The capital markets were quite active in 2006, and this generated many requests for special audit work to support financing and acquisition transactions," says CEO Bill MacKinnon.

Tax saw increasing demand for international corporate tax, transfer pricing and tax advice on mergers and acquisitions.

"Operations improvement assignments in our advisory business, particularly those related to the finance function, have also been an important source of growth," he says.

The new CICA standards affecting financial instruments are extremely complex, he says, "and we have worked with many of our clients to assist them in responding, as well as training our people."

KPMG has launched several new services in its advisory lines, including an integrated suite of services designed to assist CFOs in improving the effectiveness and efficiency of the finance function. It is also offering electronic discovery services to assist lawyers in managing large volumes of evidence.

KPMG has changed the way it serves Canada's private company market, through an initiative called KPMG Enterprise. "We have established dedicated KPMG Enterprise practices in most of our offices," says MacKinnon.

The firm completed one merger in 2006, with Cunliffe Schreurs Tupper, a local accounting practice in Kamloops. "This merger has strengthened our presence in the B.C. interior."



## PwC LLP

Audit and tax services did very well, while PricewaterhouseCoopers is seeing good growth in its advisory practice. Risk and regulatory services (investigations and forensic services, financial risk management, regulatory compliance, corporate governance, internal audit sustainability and business process controls), says Canadian senior partner and CEO Chris Clark, have proved particularly strong, followed closely by performance improvement services (financial, operational and IT effectiveness).

As well, "Canada has a very large PCS (private company services) market segment, and a significant number of our clients in this space require assistance in an increasingly complex and international business community."

Clark says that many of PwC's clients have invested considerable time and money in meeting the requirements of Bill 198 and the *Sarbanes-Oxley Act* in the U.S.

"We are now seeing their interests turn toward translating the value in these regulatory requirements to their respective companies. For example, executives are moving to a more strategic mindset when it comes to the expansion of their business, focusing on issues such as improving risk management and control versus the more traditional preoccupation: enhancing the bottom line."

An important initiative of recent years is the PwC Canada Foundation, which aims to make a positive change in communities through staff's time, expertise and resources.

"Our recent staff surveys tell us that the establishment of the foundation was one of the most meaningful new firm initiatives in recent years, and the feedback from the many community organizations we've been able to assist has been equally encouraging."

Rank by Revenue	Rank by Revenue	Firm / Year End / Head Office	Revenue	Revenue	Partners/	Professional	Revenue per	Number	Revenue splitting
2006	2005		2006 ('000s)	change %	Principals (+/-)	Staff (+/-)	prof. staff	of offices	A&A/MAS/tax/other
11	11	BDH Association <sup>6</sup> / Dec. 31, 2006 / Toronto	64,500	+12.2	88 (+1)	353 (+38)	182,720	12	55/17/24/4
12	12	HBL/Schwartz Levitsky Feldman / Dec. 31, 2006 / Montreal	46,000	+23.7	53 (-1)	176 (+14)	261,363	9 (-1)	64/6/22/8
13	13	Zeifman & Company, LLP <sup>7</sup> / Dec. 31, 2006 / Toronto	35,200	+9.1	23 (-6)	151	233,113	4	63/7/22/7
14	/	Mallette / Aug. 31, 2006 / Quebec City	34,965	/	46	338	103,447	22	65/15/15/5
15	14	Porter Héту International / Sept. 30, 2006 / Vancouver	29,700	+1.7	59 (+2)	215 (+8)	138,140	39 (+2)	65/15/18/2
16	15	MacKay LLP / Dec. 31, 2006 / Vancouver	26,590	+16.2	31 (+2)	164 (+28)	147,722	8 (+2)	59/8/23/10
17	16	Soberman LLP / Dec. 31, 2006 / Toronto	23,600	+4.4	19 (-1)	91 (-2)	259,341	1	66/18/16/0
18	19	EPR Canada Group Inc. / Dec. 31, 2006 / Maple Ridge	22,204	+15	53 (+7)	143 (+15)	155,272	31 (+3)	58/15/23/4
19	17	Verrier Paquin Hébert, LLP / Dec. 31, 2006 / Drummondville, QC	22,000	+10	27 (+1)	160 (-26)	137,500	7	N/A
20	18	Welch & Company LLP / Jan. 27, 2007 / Ottawa	20,126	+3.3	36 (+4)	100 (-3)	201,260	11 (+2)	65/8/15/12

<sup>6</sup>BDH Association figures include firms D&H Group (Vancouver); Buchana Barry LLP (Calgary); Veres, Picton & Co. LLP (Edmonton); Thomson Jaspar & Associates (Saskatoon); PKBW Group (Winnipeg); Millard Deslauriers Shoemaker LLP (Toronto); Hyatt Lassaline, LLP (Windsor); Marcl Lavalée (Ottawa); Demers Beaulne (Montreal); Choquette Corriveau (Québec City); Leblanc Nadeau Bujold (New Brunswick); Hilborn Ellis Grant LLP (Toronto)

<sup>7</sup>Zeifman & Company LLP figures include firms Zeifman & Compnay (Toronto); Davidson & Company (Vancouver); Perrault, Wolman, Grzywacz & Co. (Montreal); and Lippman Leebosh April (Montreal)