

Index

ACCOUNTING STANDARDS BOARD (ACSB)

Generally, **5:8, 5:10**

ACCOUNTING STANDARDS FOR PRIVATE ENTERPRISES (ASPE)

Generally, **5:3, 5:6, 5:8**

ANNS V. MERTON LONDON BOROUGH COUNCIL

Generally, **3:3, 3:5, 3:6, 3:8, 3:12 to 3:14,
3:17, 3:18, 4:10**

AUDIT ENGAGEMENTS

See also **ENGAGEMENTS**

Audit, purpose and objective of, **6:6**

Auditor, qualifications of, **6:6**

Audit standards, Canadian, **6:5**

Courts' approach to, **6:4**

Examinations

generally, **6:7**

investigating and testing, **6:10**

planning audit, **6:8**

supervising examination, **6:9**

Reporting standards

generally, **6:11**

audit reports, **6:12**

duty to warn, **6:13**

BANKRUPTCY

Trustee, duties of, **4:9**

BLOOR ITALIAN GIFTS LTD. V. DIXON

Negligent performance of services, **2:20**

Reliance, and, **8:3**

Review engagements

See **ENGAGEMENTS**

CANADIAN AUDITING STANDARDS (CAS)

Generally, **5:4, 5:8, 5:13, 6:6 to 6:13**

Examination standards

investigation and testing, **6:10**

planning the audit, **6:8**

supervising the examination, **6:9**

General standards, **6:7**

CANADIAN AUDITING STANDARDS (CAS)—Cont'd

Reporting standards

audit report, **6:12**

obligation to report findings, **6:12 to
6:13**

CAPARO INDUSTRIES PLC V. DICKMAN

Defining scope of duty of care, **3:3**

CAUSATION

See **Reliance**

CHARTERED PROFESSIONAL ACCOUNTANTS

Generally, **1:3 to 1:5**

Designation, **1:3**

Legislative structure, **1:5**

Unification Process, **1:4**

CHARTERED PROFESSIONAL ACCOUNTANTS ACT

Generally, **1:5, 11:6, 11:8**

CLIENT

Confidential information, **9:9**

Interests of client, acting adverse to, **9:9**

Who is?, **2:15, 2:16**

COMPETITION ACT

Duties owed to third-party classes, **4:7**

COMPILATION ENGAGEMENTS

See **ENGAGEMENTS**

COMPLAINTS AGAINST ACCOUNTANTS

Generally, **11:2**

CONFIDENTIALITY

Duty of, **9:14**

CONFLICT OF INTEREST

Avoiding, **9:11**

Confidential client information, **9:9**

CONTRACT DUTIES OWED TO CLIENTS

Generally, **2:1, 2:2**

CONTRACT DUTIES OWED TO CLIENTS—Cont'd

- Case digests, **App 2A**
- Client, who is the, **2:15, 2:16**
- Duties owed, **2:16**
- Engagement letter, **2:3 to 2:11**
 - Contractual interpretation, principles of, **2:9 to 2:11**
 - Extrinsic evidence, **2:10**
 - Good faith obligations, **2:11**
 - Holistic and contextual examination, **2:9**
- Implied terms, **2:4**
 - Business efficacy, **2:78**
 - Conduct of parties, **2:5**
 - Good faith obligations, **2:11**
 - Reasonable care and skill, **2:8**
 - Statutory/legal requirements, **2:6**
- Sources outside engagement letter, impact of, **2:12 to 2:14**
- Written documents, other, **2:13**
- Extra-contractual representations, **2:14**
- Implied contractual duties, **9:16**

CONTRIBUTORY NEGLIGENCE

- Generally, **8:2**

CPA CANADA HANDBOOK

- Generally, **5:4 to 5:7, 5:9 to 5:12, 5:15 to 5:16, 5:20, 6:6 to 6:13**

CPA ONTARIO CODE OF PROFESSIONAL CONDUCT

- Fiduciary duties, **9:1**
- Standards of the profession, source, **5:6 to 5:10**

CPA ONTARIO RULES OF PROFESSIONAL CONDUCT

- Generally, **9:11, 9:14**

CREDITORS, DUTIES OWED TO

- Generally, **4:8**

DAMAGES

- Generally, **10:1**
- Cause of action
 - Contract, breach of, **10:2**
 - Fiduciary duty, breach of, **10:4**
 - Tort, **10:3**
- Certainty, **10:7**
- Contract, breach of, **10:2**
- Fiduciary duty, breach of, **10:4**

DAMAGES—Cont'd

- Mitigate, duty to, **10:8**
- Principles limiting damages
 - Generally, **10:10**
 - Certainty, **10:7**
 - Mitigate, duty to, **10:8**
 - Remoteness, **10:6**
- Punitive damages, **10:5**
- Remoteness, **10:6**
- Third Party Claims, **10:9**
- Tort, **10:3**

DERIVATIVE ACTIONS

- Generally, **4:2**

DISCIPLINE OF ACCOUNTANTS

- Generally, **11:1**
- Appeals
 - Court appeals, when available, **11:8**
 - Standard of review, **11:9**
- Chartered Professional Accountants (CPA) Code of Conduct, **11:1, 11:2**
- Chartered Professional Accountants (CPA) Student Code, **11:2**
- CPA Ontario
 - Appeal Committee
 - Generally, **11:4**
 - Standard of review on appeals from discipline committee, **11:4**
 - Bylaws and regulations, **11:1, 11:3, 11:4**
 - Complaints
 - Generally, **11:2**
 - Discipline Committee
 - Generally, **11:2 to 11:3**
 - Jurisdiction of
 - Generally, **11:5**
 - Capacity in which accountant is acting in the conduct complained of, **11:5**
 - Failure to follow mandated procedures, **11:5**
 - Investigation of matters not raised in complaint, **11:5**
 - Non-members and former members, **11:5**
 - Regulation beyond provincial boundaries, **11:5**
 - Standard of review, **11:4**
 - Rules of Practice and Procedure, **11:3**

INDEX

DISCIPLINE OF ACCOUNTANTS

—Cont'd

Disciplinary tribunals

Jurisdiction of

Generally, **11:5**

Capacity in which accountant is acting in the conduct complained of, **11:5**

Failure to follow mandated procedures, **11:5**

Investigation of matters not raised in complaint, **11:5**

Non-members and former members, **11:5**

Regulation beyond provincial boundaries, **11:5**

Institute of Chartered Accountants of Alberta, **11:5**

Judicial review

Generally, **11:10**

Procedural fairness, review for, **11:15 to 11:19**

Generally, **11:15**

Bias, reasonable apprehension of, **11:19**

Bias, right to freedom from, **11:15**

Evidence, duty to consider all of, **11:15**

Notice and disclosure, **11:15**

Notice and right to be heard, **11:15, 11:17**

Reasonable apprehension of bias, **11:15, 11:19**

Reasons, **11:15, 11:18**

Right to be heard and notice, **11:15, 11:17**

Standard of review, **11:16**

Substantive error, review for, **11:11 to 11:14**

Standard of review, **11:11 to 11:14**

Pre-Vavilov, **11:12**

Vavilov, **11:13**

Vavilov, application of, **11:14**

Standard of review

Internal standard of review for administrative tribunals, **11:6**

Judicial appeals, **11:9**

DISCLAIMERS

Generally, **2:3, 3:14**

DUTIES OWED TO SPECIFIC THIRD-PARTY CLASSES

Generally, **4:1, 4:11**

Case digests, **App 4A**

Creditors/lenders, **4:8**

Government regulator, **4:10**

Investors/purchasers

generally, **4:5**

Competition Act, impact of, **4:7**

securities legislation, impact of, **4:6**

Others, **4:10**

Residual beneficiaries, **4:11**

Shareholders, **4:3, 4:4**

generally, **4:3, 4:4**

derivative actions, **4:2**

oppression remedy, **4:3**

Trust company depositors, **4:11**

DUTY OF CARE

See also reliance

Generally, **2:1, 2:17, 2:18**

Hercules Managements Ltd. v. Ernst & Young, **3:4, 3:8, 3:9**

Scope, difficulties in determining

commercial context, **3:2, 3:3**

indeterminate liability, **3:2, 3:3**

Scope, early judicial attempts at defining

Anns v. Merton London Borough/

Caparo Industries plc v. Dickman,

3:3, 3:5, 3:6, 3:8, 3:12 to 3:14,

3:17, 3:18

Haig v. Bamford, **3:2**

DUTY OF FAIRNESS

Generally, **11:15, 11:17**

ENGAGEMENTS

Audits

auditor, qualifications of, **6:6**

courts' approach to, **6:4**

examinations

generally, **6:7**

investigating and testing, **6:10**

planning audit, **6:8**

supervising examination, **6:9**

purpose and objective of, **6:6**

reporting standards

generally, **6:11**

audit reports, **6:12**

duty to warn, **6:13**

standards, Canadian, **6:5**

ENGAGEMENTS—Cont'd

- Compilation engagements
generally, **6:15**
- Engagement letter, **2:3 to 2:11, 5:3 to 5:4, 5:8, 5:12, 5:20**
- Exculpatory clauses, **8:3**
- Non-traditional engagements
generally, **6:16**
financial structure, advice on, **6:18**
information other than financial statements, review of, **6:22**
investment advice, **6:17, 9:8**
management consulting, **6:21**
tax, advice on, **6:19**
valuation, advice on, **6:20**
- Review engagements
generally, **6:14**

ENRON CORPORATION

- Generally, **1:1**

EXCLUSION CLAUSE

- Generally, **8:3**

EXCULPATORY CLAUSES

- Generally, **8:3**

FIDUCIARY DUTIES

- Generally, **1:12, 9:1**
- Confidentiality, duty of, **9:14**
- Conflicts of interest, avoiding, **9:11**
- CPA Ontario Code of Professional Conduct, **9:1**
- Definition, **9:1**
- Hodgkinson v. Simms
Generally, **9:1**
Background and lower court decisions, **9:3**
Case digest, **APP 9A**
Dissenting reasons, **9:5**
Interpretation by other courts, **9:6**
Majority decision, **9:4**
Pre-Hodgkinson v. Simms caselaw, **9:2**
- Implied contractual duties, **9:16**
- Limiting scope of fiduciary duties, **9:15**
- Loyalty, undivided, **9:13**
- Personal gain, prohibition against, **9:12**
- Scope of duty
Generally, **9:10**
Avoiding conflicts of interest, **9:11**
Confidentiality, duty of, **9:14**
Loyalty, undivided, **9:13**

FIDUCIARY DUTIES—Cont'd

- Scope of duty—Cont'd
Personal gain, prohibition against, **9:12**
- When duty arises
Generally, **9:7**
Client information, **9:9**
Confidential client information, **9:9**
Interests of client, acting adverse to, **9:9**
Investment advice, **9:8**

FINANCIAL STATEMENTS, STANDARD OF CARE

- Generally, **6:1**
- Case digests, **App 6A**
- Common law elements
generally, **6:1**
audit of financial statements in general, **6:2**
- Origins, **6:2**
- Other types of financial statement engagements
compilation engagements
See **ENGAGEMENTS**
review engagements
See **ENGAGEMENTS**
- Profession-specific elements
Canadian Auditing Standards (CAS)
examination standards, **6:7 to 6:10**
reporting standards, **6:11 to 6:13**
IFRS/ASPE, **6:5 to 6:6**

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

- Generally, **2:4, 5:4, 5:6 to 5:8, 5:12, 5:16, 6:5**

GENERALLY ACCEPTED AUDITING STANDARDS (GAAS)

- Generally, **2:4, 5:4, 5:6, 5:8, 5:12, 5:16, 6:5**

HAIG V. BAMFORD

- Generally, **4:5, 4:8**
- Case digest, **App 8A**
- Defining scope of duty of care, **3:2**

HEDLEY BYRNE & CO. V. HELLER & PARTNERS LTD.

- Generally, **8:2**
- Pure economic loss, and, **2:18**
- Reliance, **8:2**

INDEX

HERCULES MANagements LTD. V. ERNST & YOUNG

Case digest, **App 4A, App 8A**
Determining purpose of document, **3:17**
Investors/purchasers, duties owed to, **4:5 to 4:7**
Reliance, **2:11, 3:3, 8:2**
Shareholders, duties owed to, **4:2 to 4:4**
Shareholders as “clients,” **2:8**

HODGKINSON V. SIMMS

Generally, **1:6, 9:1, 10:4, 10:6**
Background and lower court decisions, **9:3**
Case digest, **App 9A**
Damages, and, **10:4, 10:6**
Dissenting reasons, **9:5**
Interpretation by other courts, **9:6**
Majority decision, **9:4**
Origins of accountants’ fiduciary liability, **2:12**
Pre-Hodgkinson v. Simms caselaw, **9:2**
Remoteness, **10:6**

IMPLIED DUTIES

Contractual duties, **9:16**

IMPLIED TERMS

Generally, **2:4**
Business efficacy, **2:78**
Conduct of parties, **2:5**
Good faith obligations, **2:11**
Reasonable care and skill, **2:8**
Statutory/legal requirements, **2:6**

INVESTMENT ADVICE

When fiduciary duty arises, **2:12, 9:8**

INVESTORS, DUTIES OWED TO

Generally, **4:5**
Competition Act, impact of, **4:7**
Securities legislation, impact of, **4:6**

JURISDICTION, DISCIPLINE OF ACCOUNTANTS

Appeals
Court appeals, when available, **11:8**
Standard of review, **11:9**
CPA Ontario
Discipline Committee
Generally, **11:2 to 11:3**
Jurisdiction of
Generally, **11:5**

JURISDICTION, DISCIPLINE OF ACCOUNTANTS—Cont’d

CPA Ontario—Cont’d
Discipline Committee—Cont’d
Jurisdiction of—Cont’d
Capacity in which accountant is acting in the conduct complained of, **11:5**
Failure to follow mandated procedures, **11:5**
Investigation of matters not raised in complaint, **11:5**
Non-members and former members, **11:5**
Regulation beyond provincial boundaries, **11:5**
Standard of review, **11:4**
Disciplinary tribunals
Jurisdiction of
Generally, **11:5**
Capacity in which accountant is acting in the conduct complained of, **11:5**
Failure to follow mandated procedures, **11:5**
Investigation of matters not raised in complaint, **11:5**
Non-members and former members, **11:5**
Regulation beyond provincial boundaries, **11:5**

LENDERS, DUTIES OWED TO

Generally, **4:8**

LIABILITY

Generally, **1:9 to 1:13**
Concurrent liability in tort and contract, **2:21, 2:22**

LIMITATION PERIOD

Generally, **8:4, 10:8**

LIVENT INC. (RECEIVER OF) V. DELOITTE & TOUCHE

Generally, **3:10 to 3:14**
Certainty, **10:7**
Concurrent liability in tort and contract, **2:21, 2:22**
Developments since, **3:15**
Reliance, reasonable, **2:11**
Reliance, reasonable foreseeability, and, **8:2**

LIVENT INC. (RECEIVER OF) V.

DELOITTE & TOUCHE—Cont'd

Remoteness, and, **10:6**

Shareholders, duties owed to, **4:2**

Shareholders as “clients,” **2:8**

Standard of care, **5:2, 5:5, 5:6, 5:12, 5:15, 6:9 to 6:10**

Statutory audits, **4:6**

LOST EXPECTATIONS, DAMAGES, AND

Generally, **10:7, 10:10**

MCALISTER (DONOGHUE) V.

STEVENSON

Generally, **2:11**

MITIGATION

Generally, **10:8**

NEGLIGENCE

See also negligent misrepresentation, negligent performance of service, reliance

Contributory negligence, **8:2**

Damages, **10:2 to 10:5**

NEGLIGENCE ACT

Generally, **10:6, 10:9**

NEGLIGENT MISREPRESENTATION

Generally, **2:20**

Reliance, **2:20, 8:2**

NEGLIGENT PERFORMANCE OF SERVICE

Generally, **2:20**

OPPRESSION REMEDY

Generally, **4:3**

PENALTY TABLES, DISCIPLINE OF ACCOUNTANTS

Generally, **App 11A**

PROFESSION, ORGANIZATION OF

Legislation governing, **1:5**

Unification of profession, **1:4**

PROFESSIONAL REGULATION AND DISCIPLINE OF ACCOUNTANTS

See DISCIPLINE OF ACCOUNTANTS

PURE ECONOMIC LOSS

Generally, **2:18**

QUEEN V. COGNOS INC.

Reliance and negligent misrepresentation, **8:2**

REASONABLE PROFESSIONAL STANDARD

Generally, **5:2**

REASONABLE RELIANCE

Generally, **8:2, 8:7**

REGULATION OF PROFESSIONAL

See professional regulation and discipline of accountants

RELIANCE

Generally, **1:11, 2:11, 8:1**

Actual reliance, **8:1**

Bloor Italian Gifts Ltd. v. Dixon, **8:3**

Claims against accountants, reliance as element

Damages, and, **10:2**

Foreseeability, **8:2**

Negligent misrepresentation, and, **8:2**

Reasonable reliance, **2:11, 8:2**

REMEDIES

See damages

REMOTENESS

Generally, **10:6**

RESIDUAL BENEFICIARIES, DUTIES OWED TO

Generally, **4:11**

RESTITUTION

Generally, **10:5**

RETAINER

Generally, **5:4**

RETRIBUTIVE AWARDS

Generally, **10:4**

REVIEW ENGAGEMENTS

See ENGAGEMENTS

RULES OF NATURAL JUSTICE AND DUTY OF FAIRNESS

See also DISCIPLINE OF ACCOUNTANTS

Generally, **11:10, 11:15 to 11:17**

SCOPE OF BOOK

Generally, **1:2**

INDEX

SECURITIES

- See also shareholders, duties owed to
- Legislation, impact of, **4:6**
- Securities Act, **4:6**
- Securities cases
 - see also duties owed to specific third-party classes

SHAREHOLDERS, DUTIES OWED TO

- Generally, **4:2**
- Derivative actions, **4:2**
- Oppression remedy, **4:3**

STANDARD OF CARE

- Generally, **5:1, 6:1**
- Accounting manuals, **5:11**
- Application of standard of care in practice, **5:12 to 5:19**
- Canadian Auditing Standards (CAS), **5:8**
- Code of Professional Conduct, **5:10**
- CPA Handbooks, **5:9**
- Engagement letters, **5:3 to 5:4, 5:8, 5:12, 5:20**
- Errors in judgement, **5:13**
- Expert evidence, **5:15 to 5:19**
 - Generally, **5:15**
 - Admissibility, **5:17**
 - Appellate Review, **5:19**
 - Necessity, **5:16**
 - Weight, **5:18**
- Generally Accepted Accounting Principles (GAAP), **5:7**
- Generally Accepted Auditing Standards (GAAS), **5:8**
- International Financial Reporting Standards (IFRS), **5:7**
- Professional standards, **5:6 to 5:10**
 - Canadian Auditing Standards (CAS), **5:8**
 - Code of Professional Conduct, **5:10**
 - CPA Handbooks, **5:9**
 - Generally Accepted Accounting Principles (GAAP), **5:7**
 - Generally Accepted Auditing Standards (GAAS), **5:8**
 - International Financial Reporting Standards (IFRS), **5:7**
- Proving breach of standard of care, **5:14 to 5:19**
 - Expert evidence, **5:15 to 5:19**
 - Generally, **5:15**
 - Admissibility, **5:17**

STANDARD OF CARE—Cont'd

- Proving breach of standard of care, **5:14 to 5:19—Cont'd**
 - Expert evidence, **5:15 to 5:19—Cont'd**
 - Appellate Review, **5:19**
 - Necessity, **5:16**
 - Weight, **5:18**
 - Procedural matters, **5:14**
- Retainer, **5:4**
- Source of guidance, **5:3 to 5:11**
 - Accounting manuals, **5:11**
 - Application of sources of guidance in practice, generally, **5:12**
 - Engagement letters, **5:3 to 5:4, 5:8, 5:12, 5:20**
 - Professional standards, **5:6 to 5:10**
 - Canadian Auditing Standards (CAS), **5:8**
 - Code of Professional Conduct, **5:10**
 - CPA Handbooks, **5:9**
 - Generally Accepted Accounting Principles (GAAP), **5:7**
 - Generally Accepted Auditing Standards (GAAS), **5:8**
 - International Financial Reporting Standards (IFRS), **5:7**
- Retainer, **5:4**
- Statutory provisions, **5:5**
- Statutory provisions, **5:5**

STANDARDS

- See Canadian Auditing Standards (CAS), standard of care

TORT DUTIES OWED TO CLIENTS

- Generally, **2:1, 2:17, 2:18**
- Case digests, **App 2A**
 - Concurrent liability, **2:21, 2:22**
- Duties owed, **2:22**
- Duty of care
 - Pure economic loss, **2:18**
 - When arises, **2:19**
- Negligent misrepresentation, **2:20**
- Negligent performance, **2:20**
- Pure economic loss, **2:18**

TORT DUTIES OWED TO NON-CLIENTS

- Anns v. Merton London Borough Council* decision, **3:3, 3:5, 3:6, 3:8, 3:12 to 3:14, 3:17, 3:18**
- Case digests, **App 3A**

**TORT DUTIES OWED TO
NON-CLIENTS—Cont'd**
Haig v. Bamford decision, **3:2**
Hercules decision, **3:4, 3:8, 3:9**
Law, current state of, **3:16**
Livent decision, **3:10 to 3:14**
developments since, **3:15**
Policy considerations, **3:18**

**TORT DUTIES OWED TO
NON-CLIENTS—Cont'd**
Prima facie duty, **3:17, 3:18**
Scope of duty, **3:2, 3:3**
**TRUST COMPANY DEPOSITORS,
DUTIES OWED TO**
Generally, **4:11**