



Report On Industry



Report on Industry is a bi-monthly e-newsletter for CAs in industry

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Dear Subscriber:

Welcome to the third issue of the *Report on Industry* (ROI). We hope you will find this issue to be a valuable tool for keeping up-to-date on news, research, events, best practices, standards and regulations, recent publications and other information relevant to CAs in industry.

We welcome your comments and suggestions for future issues. Please e-mail us at industry@cica.ca. To view our privacy policy, go to www.cica.ca.

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SMEs' Confidence Continues to Grow

Looking forward: The Canadian Federation of Independent Business' (CFIB) latest quarterly survey, which polls the expectations of small and mid-sized enterprises (SMEs), shows that business confidence continues to rise.

www.cfib.ca/research/reports/rr3002.pdf

For quick access to national statistics, federal government information and up-to-date news on economic concepts and events, visit the federal government website, *Canadian Economy Online*:

www.canadianeconomy.gc.ca/english/economy/index.cfm

Profits at Record High but Growth Stalls

Looking back: Statistics Canada's financial statistics cover the activities of all corporations in Canada, excluding government controlled and not-for-profit corporations. Links to the latest economic indicators and comparisons can be found at:

www.statcan.ca/english/Pgdb/econoind.htm

Your Colleagues Assess their Accounting Software Systems

The results are in and some of the findings may surprise you. CAmagazine's first-ever ERP/accounting software reader survey asked readers for general feedback about the return on investment and future plans. See the commentary, results and charts in the CAmagazine article, *User Survey Roundup*:

www.camagazine.com/index.cfm/ci_id/24120/la_id/1.htm

First announced in the September 2004 print edition of CAmagazine, the accounting software survey can be viewed at:

www.camagazine.com/index.cfm?ci_id=22551&la_id=1.htm

What Makes a Great Annual Report?

And the winners are ... PotashCorp swept the awards winning the Overall Award of Excellence at the CICA Corporate Reporting Awards (CRA) for 2004 with top scores across the four judging categories: annual reporting, corporate governance disclosure, electronic disclosure and sustainable development reporting.

View the winners and honourable mentions in the *Corporate Reporting Awards for 2004 Book of Judges' Comments*, available by telephone at 416-204-3435 or online at:

www.cica.ca/index.cfm/ci_id/131/la_id/1.htm

How Do the Winners Do It?

See the online article *Worth Reporting* in CAmagazine:

www.camagazine.com/index.cfm/ci_id/24114/la_id/1.htm

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STANDARDS AND REGULATIONS



Financial Statement Preparation for 2004 Fiscal Years

The 2004 Special Edition of *FYI* summarizes pronouncements of the AcSB and EIC that should be considered for financial statement preparation for 2004 fiscal years. The newsletter may be viewed on the AcSB website at:

www.acsbcanada.org/index.cfm/ci_id/4340/la_id/1.htm

Employee Future Benefits: Accounting Implications of the Monsanto Decision

Ontario's *Pension Benefits Act* requires that plan participants affected by a partial wind-up of a defined benefit pension plan be granted the same entitlements as if the plan were completely wound up on the date of the partial wind-up. In the Monsanto case (July 2004), the Supreme Court of Canada decided that the plan must pay out the actuarial surplus related to the portion of the plan being wound up.

While this decision directly affects Ontario plans, it may also affect plans in other jurisdictions whose rules for partial wind-ups are similar to Ontario's rules. For commentary on the accounting implications of the Monsanto decision, see Q&A 98.2 of the *Supplement to the Employee Future Benefits Implementation Guide* at:

www.acsbcanada.org/index.cfm/ci_id/109/la_id/1.htm

Financial Instruments: Proposals Approved

The AcSB approved Section 3855, *Financial Instruments – Recognition and Measurement*, and related amendments to other Handbook Sections resulting from the introduction of Section 3855, as well as Section 1530, *Comprehensive Income*, and Section 3865, *Hedges*.

Further details are available at:

www.acsbcanada.org/index.cfm/ci_id/1580/la_id/1.htm

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BEST PRACTICES



What Boards and Executives Don't Know About the Health of their Businesses

A cross-industry survey of 249 executives shows they share one lesson in common: financial statements do not provide a complete picture of the soundness of a company. Titled *In the Dark: What Boards and Executives Don't Know About the Health of their Businesses*, the survey is part of a larger Deloitte study that is currently underway focusing on best practices of companies around the world that are superior at providing their boards and senior executives with valuable information on firm performance, both financial and non-financial.

www.deloitte.com/dtt/cda/doc/content/dtt_audit_InthedarkFINAL2_101304.pdf

The Secrets to Small Business Success

Should an above-average increase in revenues be the definition of success? According to a recent CIBC study, not always. The report *Secrets to Small Business Success* examines small businesses that are outperforming their peers in revenue growth over the past three years and identifies the characteristics of these successful businesses.

<http://www.cibc.com/ca/pdf/sb-secrets-for-success-en.pdf>

A Business Plan that Gets Results

The federal website, Canada Business Centres (www.cbsc.org/), provides several practical resources to assist small businesses, including information, services, interactive business tools and more. For information and guidance on developing a business plan, go to:

www.cbsc.org/ibp/doc/intro_bp.cfm

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Online Services Improve Audit Committee's Compliance and Productivity

Developed by the CICA, the *Audit Committee Performance Support System* (ACPSS) is an easy-to-use, secure Internet-based application offering regulatory compliance, diagnostic, benchmarking and management tools that can significantly reduce the audit committee's workload and improve productivity.

As Canadian and US legislation governing audit committees continues to evolve and the role of the audit committee continues to expand, it is increasingly difficult for committee members and corporate officers to keep up-to-date with the latest regulatory requirements and best practices and accomplish all of the work required in the time available. ACPSS can make the difference.

For more information, go to:

ac.performsupport.ca

Finance, IT and Business Alignment

While CFOs agree on the value and potential of IT, they disagree on how to measure and manage it, according to CFO IT's third annual IT directions survey. Nearly 40 percent of the 241 senior finance executives included in the survey responded that they continue to debate the return on investment as it relates to IT and look for better approaches.

See the survey results at:

www.cfo.com/chart.cfm/3373788/0?option=1

For commentary on the survey, read the CFO.com article *One Way, or Another?* at:

www.cfo.com/article.cfm/3373544

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A CFO's Guide to Creating a High Performance Organization

The white paper, *A CFO's Guide to Creating a High Performance Organization: Workforce Management Best Practices*, focuses on how deploying HR technology can assist companies in becoming high performers. Technology such as workflow and employee self-service can enhance communication between management and employees in establishing work schedules, time-off requests, benefits information, and training opportunities.

http://itresearch.forbes.com/detail/RES/1102959188_52.html

People Management

Looking back and evaluating the good and the bad can improve future plans and performances. This collection of Carolyn Cohen's columns in CAMagazine can help you brush up on some of the most important tips – on everything from training and interviewing to giving criticism and terminating staff.

www.camagazine.com/index.cfm/ci_id/24133/la_id/1.htm

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US MONITOR

The American Jobs Creation Act: Why Canadian Employers Should Feel Concerned

The recently enacted *American Jobs Creation Act of 2004* contains provisions which impose numerous requirements on nonqualified deferred compensation (NQDC) plans. Under the Act, Canadian companies may need to amend, if not completely redesign, these compensation plans if they have participants who are US employees or Canadian employees who are US taxpayers.

See the Ernst & Young Tax Alert *The American Jobs Creation Act of 2004: Why Canadian Employers Should Feel Concerned* at:

[www.ey.com/global/download.nsf/Canada/Tax_Alert_TA04-13/\\$file/TaxAlert_13-04.pdf](http://www.ey.com/global/download.nsf/Canada/Tax_Alert_TA04-13/$file/TaxAlert_13-04.pdf)

PCAOB Proposes New Rules on Auditor Independence, Tax Services and Contingent Fees

The US Public Company Accounting Oversight Board (PCAOB) voted unanimously to propose for public comment certain ethics and independence rules concerning independence, tax services and contingent fees. The proposed rule covers three primary areas: fundamental auditor independence requirements, prohibited tax services which impair auditor independence, and auditor involvement with the audit committee.

The proposed rule can be accessed at www.pcaobus.org under "Rulemaking" or directly at:

www.pcaobus.org/Rules_of_the_Board/Documents/Docket_017/Release2004-015.pdf

Fewer CEOs Remain Positive about the US Economy's Prospects

Fewer CEOs of America's fastest growing companies are optimistic about the US economy's prospects over the next 12 months, and concern is increasing about weak demand, according to the most recent PricewaterhouseCoopers Trendsetter Barometer. But, "Trendsetter" CEOs continue to predict a healthy increase in their own company's revenue growth over the next 12 months, and remain resolute about planned new capital investments.

Information about Barometer Surveys as well as PDF versions of the US and European findings are available at:

www.barometersurveys.com

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Financial Reporting in Canada 2004 – 29th edition

By Clarence Byrd and Ida Chen

Publisher: CICA

Financial Reporting in Canada (FRIC) is an essential guide for up-to-date information on the key features of good financial reporting and the latest techniques, terminology, and overall trends in Canadian financial reporting practices. FRIC includes statistics on the accounting treatments adopted, the use of international and U.S. GAAP, the form and content of the auditor's report, as well as extensive examples from annual reports.

Available online, on CD-ROM and in print. For more information, go to:

www.knotia.ca/store/FRIC

A Guide for Women and their Firms

By Nancy R. Baldiga, CPA

Publisher: AICPA

Author Nancy Baldiga, CPA interviewed over 50 women – including human resource directors and managing partners – to see what their firms were doing to ensure staff retention and advancement of women CPAs. Issued by the AICPA's Work/Life and Women's Initiatives Executive Committee, the book provides observations, reflections and recommendations on how women accountants can promote their talents and how their organizations can promote their talented staff – practical guidance that is equally applicable to Canadian CAs and the organizations that employ them.

www.knotia.ca/store/promoting

Don't Oil the Wheel

By Wolfe J. Rinke

Publisher: McGraw-Hill

Don't Oil the Wheel: And 19 Other Contrarian Ways to Improve Your Leadership Effectiveness offers 20 easy-to-digest lessons for becoming a more effective manager. Mixing humour and wisdom, Rinke provides practical guidance for improving efficiency, productivity, workplace morale ... and the bottom line.

What It Takes

By Amy Henry (with Foreword by Donald Trump)

Publisher: St. Martin's Press

With examples from the author's and other businesswomen's real-life experiences as well as advice from experts, **What It Takes: Speak Up, Step Up, Move Up: A Modern Woman's Guide to Success in Business** offers tips and practical advice for moving up and prospering in today's modern workplace. Amy Henry is most recently remembered as the last woman standing on NBC's hit reality show *The Apprentice*.

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CAREER PLANNING



CA Source Expands Services in February

Along with improvements in its navigation, CA Source is expanding its services to offer volunteer postings, access for CA students and job opportunities abroad. Another new feature, Directors Source, helps members find positions on the Boards of Directors of for-profit and not-for-profit organizations.

As Canada's national career website for chartered accountants, CA Source boasts nearly 5,000 registered CAs, over 2,000 CA résumés and 3,000 registered employers with access to a wide variety of positions in industry, public practice, government, and general management.

If you want to find a CA for your organization, this site is the largest one that is exclusively for chartered accountants.

www.casource.com

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CONFERENCES



Canadian Conference on IT Audit, Governance and Security

April 4-6, Sheraton Toronto Hotel & Towers, Toronto, ON

Co-sponsored by: CICA, IIA, ISACA - Toronto Chapter

Featuring in-depth workshops and a two-day conference featuring keynote addresses and concurrent sessions, this conference will deliver the interactive and practical training IT professionals need to expand their knowledge while maintaining their competitive edge. Highlights include sessions on state-of-the-art practices and management strategies presented by leading IT audit, governance and security experts.

www.cica.ca/index.cfm/ci_id/10763/la_id/1.htm

Commodity Tax Update 2005

West: February 7-8, Westin Calgary Hotel, Calgary, AB

East: February 21-22, Hotel InterContinental Toronto, Toronto, ON

A two-day briefing providing critical updates on emerging issues relating to GST, Customs Duty, International Trade and PST. Commodity tax experts will take you through technical rule changes, current interpretations, and significant issues relating to audits.

www.cica.ca/index.cfm/ci_id/10179/la_id/1.htm

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