



Report On Industry



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

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Welcome to the November issue of *Report on Industry* (ROI) with highlights of the latest trends and views, research, standards and regulations, information technology, human resources, legal matters, 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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TRENDS AND VIEWS

Succession Planning

Thousands of SMEs Poised to Transfer Ownership

A recent survey conducted by the CFIB indicates that 41 percent of business owners intend to exit their business within the next 5 years yet only one third of businesses have a succession plan. Notably, the majority of these plans are informal. The extensive survey report *Succession Can Breed Success* focuses on both family-owned and non-family businesses, covers all the major industry sectors and provides insight into those who recently acquired their business through succession.

See the report at:

www.cfib.ca/research/reports/rr3007.pdf

SME Confidence Tumbles as Fuel Prices Rise

Results of the latest quarterly survey of small- and medium-sized enterprises, by the Canadian Federation of Independent Business (CFIB), show that business confidence took another tumble in September – largely as a result of rising fuel prices. Read the *Quarterly Business Barometer* at:

www.cfib.ca/research/reports/rr3009.pdf

See also *Alberta, BC Remain Strong, Optimism in Atlantic Canada Remains Low* at:

www.cfib.ca/mcentre/mwire/releases/nat092805_e.asp

For links to *The Economy in Brief* and other national and regional analyses, visit the federal Canadian Economy website at:

www.canadianeconomy.gc.ca/english/economy/current.html

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FINANCING

Expanding a Small Business

Knowing when to expand a small business is a decision faced by many successful small business owners. Grow too quickly and you risk incurring higher costs your business may not be able to support - or grow too slowly and miss out on lucrative opportunities. Before making a decision about expansion, a small business needs to examine five key factors. See the Scotiabank's article *Is It Time to Expand Your Small Business?* at:

www.cica.ca/html/roi/E_11_2005_001.pdf

Financing through Accounts Receivable

Your business is growing, the bottom line is promising and new orders are coming in. But somehow, you just cannot meet the demands. Fortunately, there is an efficient and effective cash flow solution that doesn't involve borrowing or diluting your equity position - accounts receivable financing (known as "factoring"). Read the article at:

www.cica.ca/html/roi/E_11_2005_005.pdf

SME Financing Stats

Industry Canada's report *Key Small Business Financing Statistics – August 2005* reports on the state of small and medium-sized enterprise financing in Canada for all three types of financing (commercial debt, leasing and equity) by region, sector, size of business and stage of business development. The report is presented in four parts – SME Marketplace, Financing Activity of SMEs, Access to Financing, and Financial and Ownership Structures. Read the highlights at:

<http://strategis.ic.gc.ca/epic/internet/insbrp-rppe.nsf/en/rd01257e.html>

Read the full report at:

<http://strategis.ic.gc.ca/epic/internet/insbrp-rppe.nsf/en/rd01249e.html>

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STANDARDS AND REGULATIONS



Financial Statement Preparation for 2005 & 2006 Fiscal Years

The *FYI Special Edition 2005* summarizing pronouncements of the Accounting Standards Board (AcSB) and Emerging Issues Committee (EIC) that should be considered in financial statement preparation for 2005 and 2006 fiscal years is now available at:

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

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TECHNOLOGY MATTERS



Monitoring Personal Internet Use

On average, employees are spending 56 minutes each day on non-business-related e-mail, instant messaging and Internet use at work according to a poll of 150 senior executives with 1,000 of the largest companies in the U.S. Nearly two-thirds of those surveyed said that their organizations monitor employee Internet activity at least somewhat closely. See the article *Is That Work-Related?* at:

www.accountemps.com/PressRoom?LOBName=AT&releaseid=1522

Making E-Business Work

An e-business portal, ebiz.enable is designed specifically to guide organizations through the issues and options encountered in implementing e-business strategies. The website offers e-business diagnostic tools, research and statistics, case studies and success stories, and information on topics such as marketing and technology. The case studies, categorized by sector, describe the problems SMEs faced when implementing e-business processes and the lessons they learned.

<http://strategis.gc.ca/ebizenable>

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HUMAN RESOURCES



Hire to Empower

You've done your business process re-engineering; you've down-sized/right-sized/restructured; you are customer-driven and all your employees are empowered team-workers – and all your employees are now doing a whole lot more work with fewer resources. Anybody you hire now must have the capability to meet your revised expectations. So what can be done to provide the hiring manager with the tools to select the right candidates? Read the article *Hire to Empower: Have Your Selection Techniques Kept Pace with the Changing Corporate Climate?* at:

www.cica.ca/html/roi/E_11_2005_002.pdf

Maximize the Value of Meetings

Do you quietly suffer from meetings that are too long, too frequent, or lacking a clear purpose? Are the wrong people in attendance or do participants fail to complete the tasks they have committed to? Poorly run meetings are costing you and your company far more than you think.

Read the article *Bad Meetings: More than Just a Waste of Time* at:

www.uniquedevelopment.com/pdf/badmeetings.pdf

Combating Return-Fraud Scams

Retailers are losing billions a year from increasingly sophisticated return-fraud scams. Combating return fraud requires retailers to better train their employees as to how the various refund scams work. Read the article *Many Unhappy Returns* at:

www.cica.ca/html/roi/E_11_2005_003.pdf

Training Program Checklist

The *Checklist for Developing a Training Program* takes you step-by-step through the tasks of organizing and conducting a training program for your employees. While the checklist is designed to help owner-managers of small manufacturing firms, it is a helpful starting point for any company that is examining its training needs.

www.cbcs.org/servlet/ContentServer?pagename=CBSC_AB/display&c=GuideFactSheet&cid=1081945276519&lang=en

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LEGAL MATTERS



Get the FAQs on Trade-marks

Trade-marks can be the most valuable asset of a company. However, many businesses are often unaware of what might constitute a trade-mark or how to use one properly in the course of their business. Read Fasken Martineau's ten common trade-mark related questions and answers at:

www.fasken.com/TopTenTrade-mark_FAQ

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Stock Options Take a Hit

The new reporting standard FAS123(R) issued by the Financial Accounting Standards Board (FASB) has created an upheaval in corporate America by requiring unprecedented changes to equity compensation. The new standard will require all companies to treat stock option grants including employee stock purchase plans (ESPPs) as an expense on the grant date.

The 2005 Deloitte Stock Compensation Survey asked senior executives at 343 public and private companies from all major industries what effect the new standard would have on their equity compensation practices. The survey found that in an effort to reduce the impact of expensing options, companies are reducing the overall number of stock options available and are also narrowing the pool of employees that are eligible to participate. Read the complete report at:

www.deloitte.com/dtt/cda/doc/content/US_TMT_StockCompSurvey_071205v2%281%29.pdf

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PROFESSIONAL RESOURCES



Annotated Federal Income Tax Act

The 2005 (3rd) edition of the Annotated Federal Income Tax Act (FITA) is a practical, streamlined consolidation of Canada's Income Tax Act, Income Tax Regulations, and supporting legislative and reference materials. Consolidated to July 20, 2005, FITA is thoroughly indexed and cross-referenced by Ernst & Young tax professionals – a must-have addition to your reference library. For information about the two-volume set, go to:

www.knotia.ca/store/fitaroi

Online Resources

DB Pension Plans

The defined benefit (DB) pension plan system is a hot topic for individuals and organizations across the country – particularly those CFOs who are reviewing plan designs. The Benefits Canada website provides DB plan sponsors with background information, recent articles, columns and links. Complimentary access to the resources is available upon completing a brief registration form. See The Resource Centre – Pensions at:

www.benefitscanada.com/index.jsp

Legislative and Regulatory Framework

The Federal Department of Finance's consultation paper, released May 2005, sought the views of Canadians on how to strengthen the legislative and regulatory framework for defined benefit pension plans registered under the Pension Benefits Standards Act, 1985. To read the consultation paper, go to:

www.fin.gc.ca/activty/consult/PPBnfts_1e.html

Online Resources

IT Alliance

If you work extensively with IT – or wish you had an IT resource at your fingertips – consider joining the CICA's Alliance for Excellence in Information Technology (the IT Alliance). For more information, read *Do You Know about the IT Alliance?* at:

www.cica.ca/html/roi/E_11_2005_004.pdf

Interested in Joining?

If you are not a CA•IT specialist but are interested in joining the IT Alliance, the subscription fees are \$99 plus tax. To subscribe online or download an application, go to:

www.cax.org/ca-it/index.html

The Growth Gamble

By Andrew Campbell and Robert Park
Publisher: Nicholas Brealey Publishing

Conventional business wisdom dictates that companies should focus their sites on growth. But growth is no certain thing. The publication *The Growth Gamble: When Leaders Should Bet Big on New Business and How They Can Avoid Expensive Failures* is based on four years of research and examines the issues and challenges faced by management in exploiting new business opportunities, while continuing to manage and build the core business.

[Click here for more information or to purchase this book](#)

Irwin Guide to Using the Wall Street Journal

By Michael B. Lehmann
Publisher: McGraw-Hill Ryerson

The seventh edition of this popular publication features more than 60% new materials and six new chapters. Author Michael Lehmann shows readers how they use the WSJ to their advantage, how to track the economy, how to identify market-moving events and how business cycles affect investments.

[Click here for more information or to purchase this book](#)

Online Resources

Sourcing Government E-Business Programs

The E-Business Info-Guide offers quick access to online resources to help businesses navigate through the various federal and provincial government programs, services and regulations which deal with e-business.

www.cbcs.org/servlet/ContentServer?pagename=CBSC_AB%2Fdisplay&lang=eng&cid=1099919425264&c=GuideInfoGuide

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Canadian Conference on IT Audit, Governance and Security

March 27-29, 2006 - Toronto, ON

In-depth workshops and two-day conference featuring keynote addresses and concurrent sessions. Learn some of the most advanced techniques for dealing with the latest, critical IT-related issues. Co-sponsored by CICA, IIA-Toronto Chapter and ISACA-Toronto Chapter.

For more information go to:

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

Report on Industry Online Archives

To view previous issues of *Report on Industry*, visit the ROI archive site at:

www.cica.ca/index.cfm/ci_id/25048/la_id/1.htm

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The Canadian Institute of Chartered Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2, Canada
Tel. 416-977-3222
Fax: 416-204-3414

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Vice-President, Member Services
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