

Report On Industry

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Welcome to the February 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 http://www.cica.ca/index.cfm/ci_id/8081/la_id/1.htm.

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TRENDS AND VIEWS

Mitigating the Risk of Civil Liability

Disclosure Controls and Procedures

Recent changes to Canadian securities laws have increased the importance of reviewing and maintaining an effective system of disclosure controls and procedures (DCP). As of December 31, 2005, secondary market investors will have a statutory right in Ontario to sue public issuers for materially inaccurate, incomplete or misleading disclosure or failure to make timely disclosure.

The CICA's Risk Management and Governance Board (RMGB) has developed a briefing for CEOs, CFOs, and Directors of Canadian public companies about DCP and its role in improving disclosure. The briefing will also help CEOs, CFOs and Directors respond to the emerging risk of disclosure-related civil litigation. To download the briefing, go to:

www.rmgbc.ca

Leading Innovations 2005

As competition gets tougher and markets more challenging, innovation in management practice has become an imperative. The third annual *strategy + business*/Booz Allen Hamilton Leading Innovations Competition showcases the best new business concepts for confronting the shifting demands. All four winning entries □ Virtual Scale, Design to Value, Getting the Most from Outsourcing, and The Four Sources of Intelligent Innovation □ offer strategies for wringing value from an operating environment squeezed by price and margin pressure.

Read the article *In Search of a Great Business Notion: Leading Innovations 2005* at:

www.strategy-business.com/press/enewsarticle/enews103105?pg=all

To read the four winning entries as well as those of the other finalists, visit:

www.leading-innovations.com

Just the Numbers

Annual Reports – Trends and Practices

A glossy annual report has been the key marketing document for many companies; however experts say a far simpler annual report is the trend of the future. Case in point □ Manulife Financial Corp.'s most recent annual report is printed almost entirely in black and white on inexpensive paper. See the *2005 Annual Report Survey* prepared by CIRI, Genoa Management and CCNMatthews for a comprehensive look at how Canadian public companies are developing, designing, producing and distributing this centrepiece of financial reporting. Read the full report at:

www.ciri.org/media/uploads/attachment1136818437.pdf

Personal Finances

As You Approach Retirement

As you move into your late 50s or early 60s, you face a fresh set of financial challenges. Your kids have likely left the nest and are making a living on their own. With luck, your mortgage is a faded memory, and you've been able to squirrel away a chunk of change in your registered retirement savings plan. What's your next step? Read Scotiabank's article *Financial Considerations as You Approach Retirement* at:

www.cica.ca/html/roi/E_02_2006_001.pdf

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FINANCING



Growth Capital Attracting Investors

The self-study guide *Fast Track to Growth Capital* – one of the many business resources available at Industry Canada's website Strategis – shows you how to prepare a strategic business plan that projects your financial needs and performance into the future and answers investors' key questions. If your company is ready to pursue growth capital, this step-by-step guide and checklists can help you assess what needs to be done:

http://strategis.ic.gc.ca/sc_mangb/stepstogrowth/engdoc/ft-home.php

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STANDARDS AND REGULATIONS



Now Available IFRS Canadian GAAP Comparison

AcSB staff has prepared a useful comparison of International Financial Reporting Standards (IFRS) and Canadian GAAP (as at April 1, 2005). In light of the AcSB's recently ratified strategic plan (which includes a decision to converge Canadian GAAP with IFRS for public companies), this would be a valuable tool for understanding the extent of similarities or differences between Canadian GAAP and IFRS. The comparison is available to subscribers to the electronic version of the *CICA Handbook* □ *Accounting*. See:

www.acsbcanada.org/multimedia/Download_Library/Standards/Accounting/English/e_IFRS.pdf

Find Out More

International Financial Reporting Standards are of increasing significance to Canadian accountants. Why is this so? See:

www.acsbcanada.org/index.cfm/ci_id/29493/la_id/1.htm

AcSB's Ratified Strategic Plan

For more information on AcSB's ratified strategic plan, see the press release at:

www.cica.ca/index.cfm/ci_id/29532/la_id/1.htm

A Vexing Issue GAAP for Private Businesses

The Accounting Standards Board (AcSB) has commenced its consideration of whether a distinct set of GAAP is appropriate for private businesses. It has approved a project proposal to identify the significant classes of external users and determine the financial information needs of such users. Read the proposal at:

www.acsbcanada.org/index.cfm/ci_id/29269/la_id/1.htm

Fair Value, Historical Cost, Replacement Cost Measuring Assets and Liabilities on Initial Recognition

AcSB staff have been considering these issues in a paper recently issued by the IASB, titled *Measurement Bases for Financial Reporting: Measurement on Initial Recognition?* These recommendations will help to shape future accounting standard setting. What are your thoughts on the issues identified? Read the article at:

www.acsbcanada.org/index.cfm/ci_id/29494/la_id/1.htm

EI Premium Reduction for 2006

The Employment Insurance (EI) Commission has set the EI premium rate at \$1.87 for 2006, a reduction from its current level of \$1.95 per \$100 of insurable earnings. This is the first time the rate has been set by the EI Commission according to the new rate-setting process introduced in Budget 2005. For details and background, go to:

www.fin.gc.ca/news05/05-075e.html

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TECHNOLOGY MATTERS



Evaluating Internal Control Technology

Technology is a natural facilitator for handling the onslaught of work required to document, report on and audit internal controls. However, with the "Sarbanes-Oxley Software" bumper sticker being slapped on almost every technology product these days, the buyer of internal audit control solutions can become confused quickly. This article presents three key factors to consider when reviewing the internal control technology solutions.

www.cpa2biz.com/Store/ACT/Risk+Management/Articles/Best+Practices/Evaluating+Internal+Control+Technology.htm

Information Security and Business Strategy

The gap continues to widen between the growing risks brought on by rapid changes in the global business environment and what information security is doing to address those risks. Read Ernst & Young's *Global Information Security 2005* □ *Report on the Widening Gap* (particularly the section □ "Closing the Gap" which details the actions leading organizations are taking) at:

[www.ey.com/global/download.nsf/International/Global_Information_Security_Survey_2005/\\$file/EY_Global_Information_Security_survey_2005.pdf](http://www.ey.com/global/download.nsf/International/Global_Information_Security_Survey_2005/$file/EY_Global_Information_Security_survey_2005.pdf)

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HUMAN RESOURCES



Rewarding the Best

Few companies actively decide to ignore their middle performers. Yet because of time and budget constraints, many focus solely on the top-performing and high-potential employees. The consequences can include excessive turnover, reputation damage and even poor performance. So how can you reward the star quarterback without depressing the competent linemen who make the plays possible? Here's a hint: it's not necessarily more money.

Read the article *Motivating the Middle* at:

www.cpa2biz.com/Career/Motivating+the+Middle.htm

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LEGAL MATTERS



Executor's Fees and GST

In determining whether the fees charged by an executor are subject to GST, it is more important to look at who they are, rather than what services were actually performed. The GST legislation is structured such that fees charged by "professional" executors are treated differently for GST purposes than fees charged by others, although the actual services provided may be nearly identical. This article outlines the relevant legislation, examines a number of the most common examples and outlines the form of analysis required to properly determine whether an executor's fees will be subject to GST. See:

www.fasken.com/ExecutorsFees

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US MONITOR



Tax Reform Panel Issues Report

After months of work, The President's Advisory Panel on Federal Tax Reform submitted two proposals to the Treasury Department. The first plan pushes for major simplification of the current US income tax system, referred to in the report as the Simplified Income Tax Plan. The second proposal □ the Growth and Investment Tax Plan □ includes many of the simplification recommendations but also includes more significant changes in business taxes that lean more towards an indirect tax on consumption.

Read the article *Tax Reform Panel Issues Report* at:

www.webcpa.com/article.cfm?articleid=16185&pg=news

Read the full report at:

www.taxreformpanel.gov/

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PROFESSIONAL RESOURCES



30th Edition

Financial Reporting in Canada

By Clarence Byrd, Ida Chen & Joshua Smith

Publisher: CICA

This essential reference guide is the go-to publication for every corporate financial officer who needs to know the essential features of good financial reporting, the latest techniques, terminology and overall trends in Canadian financial reporting practices. Find out about the many enhancements to the latest edition at:

www.knotia.ca/store/fricroi

The 3 Financial Styles of Very Successful Leaders

Strategic Approaches to Identifying the Growth Drivers of Every Company

By E. Ted Prince

Publisher: McGraw-Hill

How important is your leadership financial style to your company's success? What are the personal financial traits that make for a world-class business leader? To what extent does your personal financial style influence your company's financial performance? **The 3 Financial Styles of Very Successful Leaders** gives the answers to these and other questions of critical interest to senior managers and executives and delivers the real-world insights and practical tools that can help you lead your company to record profits and growth.

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

Fifth Edition

Hacking Exposed

By George Kurtz, Stuart McClure and Joel Scambray

Publisher: McGraw-Hill

The fifth edition of this world-renowned security reference offers up-to-date coverage of today's most devastating hacks and how to prevent them. **Hacking Exposed** shows you how to protect computers and networks against the most recent security vulnerabilities. Includes detailed examples of the latest devious break-ins and shows you how to think like a hacker in order to thwart attacks.

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

The Leadership Gap

Building Leadership Capacity for Competitive Advantage

By David S. Weiss and Vince Molinaro

Publisher: John Wiley & Sons Canada

While studies consistently show that quality leadership development programs pay off in the form of shareholder returns, market share growth and sales, many companies have inadequate leadership development programs. **The Leadership Gap** offers practical, effective strategies for unleashing leadership potential and achieving better business results and a sustainable competitive advantage.

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

Online Resources

Web-based Presentations on Financial Instruments

The AcSB has issued web-based presentations to assist in understanding the recently issued Sections 3855, *Financial Instruments, Recognition and Measurement* and 1530, *Comprehensive Income*. The presentations include suggestions that entities should take into account in 2006 as they plan to implement the new Sections. View the presentations at:

<http://cica.knotia.ca/ASBF/mainMenuFormat.cfm?courseId=17>

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Commodity Tax Update 2006

February 27-28, 2006, Sheraton Eau Claire Hotel, Calgary, AB

Annual mid-year update on critical issues in commodity tax – including comments on the November 17, 2005 announcement and the impact of retroactive changes. Two productivity packed days providing critical updates on emerging issues relating to GST, Customs Duty, International Trade and PST.

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

Canadian Conference on IT Audit, Governance and Security

March 27-28, 2006 (Post-conference workshops available March 29)
Toronto Hilton Hotel, Toronto, ON

Co-sponsored by the IIA and ISACA (Toronto Chapter)

A two-day conference featuring keynote addresses and concurrent sessions on state-of-the-art practices and management strategies presented by leading IT audit, governance and security experts, this event will deliver the interactive and practical training IT professionals need to maintain their competitive edge.

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

Report on Industry Online Archives

Visit the *Report on Industry* archive now to catch up on any prior issues you may have missed.

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

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