

# Report On Industry



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

Volume 3, Issue 4  
September 2006

[Subscribe/Unsubscribe](#)  
[Forward to a Colleague](#)

Sponsored by:

Dear Subscriber:

Welcome to the September 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](mailto:industry@cica.ca). To view our privacy policy, go to [www.cica.ca](http://www.cica.ca).



---

---

## In this Issue

If you are experiencing difficulty with the links, please [click here](#) to access the online version of *Report on Industry*.

## Trends and Views

- [Acting on Business Insight](#)
- [Compliance Taking its Toll](#)
- [Migrating to IFRS - Keeping Pace with Global Change](#)

## Financing

- [Capitalizing on Canada's Commodity Bonanza](#)

## Standards and Regulations

- [New AcSB Proposals Issued on Inventories](#)
- [Accounting Update](#)
- [Private Company Strategies: New Directions](#)

## Technology Matters

- [The CSA Wants Your Feedback on XBRL](#)
- [Switching to Electronic Payment Systems](#)

## Fraud

- [Fraud Risk in Emerging Markets](#)
- [Business in a World of Litigation, Fraud and Deceit](#)

## Human Resources

- [Canadian Employers Struggle to Attract and Retain Employees](#)
- [Wrongful Dismissal](#)
- [Smoking Restrictions](#)

## Legal Matters

- [Investment Fund Governance in Canada](#)

## U.S. Monitor

- [New SOX Guidance for Smaller Public Companies](#)

## Professional Resources

- [The Manager's Book of Questions](#)
- [EDC Exporting Guides](#)
- [Business Planning Guide Available from IFAC](#)
- [Business Identity Theft Kit](#)

## Continuing Education

- [National Conference on Income Taxes](#)
- [Commodity Tax Symposium](#)

# TRENDS AND VIEWS



## Acting on Business Insight

As the demands placed on finance continue to expand, CFOs are challenged with the paradox of delivering a stable, highly effective finance environment while also providing the agility to respond and react to rapidly changing business climates.

The IBM 2005 Global CFO Study entitled *The Agile CFO* surveyed nearly 900 CFOs and senior finance professionals around the world to provide a comprehensive assessment of the agenda of CFOs today in every major industry sector. From nurturing profitable growth while cutting costs to dealing with the new regulatory environment and tackling its complexity, the study shows how the finance function can and does drive business goals.

Read the complete report at:

[www-1.ibm.com/services/us/imc/pdf/ge510-6236-agile-cfo-execsum.pdf](http://www-1.ibm.com/services/us/imc/pdf/ge510-6236-agile-cfo-execsum.pdf)

---

## Compliance Taking its Toll

Canadian business leaders say regulatory compliance is on track. Now they want the finance department to focus more on growth, efficiency, profitability.

KPMG's recent survey, *Striking the Balance*, reveals that Canadian business leaders are concerned that the regulatory requirements have caused their finance functions to focus on compliance at the expense of other areas of their mandate. The 170 respondents to the survey say that they believe their finance functions are successfully coming to grips with the financial reporting processes required by the new regulatory environment. However, nearly three quarters (73 per cent) say that they believe the heavy focus on compliance has affected both the growth and profitability of their companies over the past 18 months.

Read the complete report at:

[www.kpmg.ca/en/services/advisory/strikebalance.html](http://www.kpmg.ca/en/services/advisory/strikebalance.html)

---

## Migrating to IFRS - Keeping Pace with Global Change

Over the next five years, Canadian accounting and financial reporting standards will be replaced by International Financial Reporting Standards (IFRS). This is a global change – more than 70 countries worldwide have already adopted IFRS. The CICA's Research Studies *Migrating to IFRS BLOG* helps organizations keep pace by providing current research and guidance materials. Visit:

<http://migratingtoifrs.blogspot.com/>

---

[Return to top](#)

### FINANCING



## Capitalizing on Canada's Commodity Bonanza

Canada's economic performance map is being fundamentally reshaped by concurrent booms in the resource and construction sectors. Much of this strength reflects the persistently strong demand, and sky-high prices, for commodities that has been triggered by the rapid economic advances in many of the developing nations whose low costs have turned them into manufacturing powerhouses. Across the country, an investment surge is underway to find, produce and deliver the energy and metals required to fuel an expanding global economy. See the Scotiabank's article at:

[http://www.cica.ca/index.cfm/ci\\_id/33691/la\\_id/1/document/1/re\\_id/0](http://www.cica.ca/index.cfm/ci_id/33691/la_id/1/document/1/re_id/0)

---

[Return to top](#)

### STANDARDS AND REGULATIONS



## New AcSB Proposals Issued on Inventories

The Accounting Standards Board (AcSB) has issued an Exposure Draft on Inventories, Section 3031, which would replace Inventories, Section 3030. The proposals provide:

- Specific guidance for not-for-profit organizations for contributions of materials and services, and for inventories to be distributed at no charge or for a nominal charge.
- More guidance on the measurement and disclosure requirements for inventories than Section 3030. Specifically they require inventories to be measured at the lower of cost and net realizable value, and provide guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value.
- Guidance on the cost formulas used to assign costs to inventories.

For the invitation to comment, visit:

[http://www.acsbcanada.org/index.cfm/ci\\_id/11252/la\\_id/1.htm](http://www.acsbcanada.org/index.cfm/ci_id/11252/la_id/1.htm)

For the web-based presentation highlighting the requirements in the proposals as well as the changes to current Canadian generally accepted accounting principles, visit:

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

---

## Accounting Update

See the June issue of the newsletter FYI, Activities of the Canadian Accounting Standards Board (AcSB) and staff, for up-to-date information on financial instruments, including the deferral of the mandatory effective date for non-publicly accountable enterprises, online implementation guidance materials for applying the *CICA Handbook – Accounting standards* on financial instruments, and the release of the Exposure Draft, *Financial Instruments – Disclosure and Presentation, Section 3861* at:

[www.acsbcanada.org/index.cfm/ci\\_id/4340/la\\_id/1.htm](http://www.acsbcanada.org/index.cfm/ci_id/4340/la_id/1.htm)

---

## Private Company Strategies: New Directions

Over the next five years, accounting standards in Canada will move in new directions. Standards for public companies will converge with International Financial Reporting Standards (IFRS) now used in the European Union and by many other countries. What about private companies, those that are not publicly accountable to a wide constituency?

The AcSB staff has prepared a bulletin outlining research into financial reporting needs in the private business sector under the new Strategic Plan. To read this bulletin, go to:

[www.cica.ca/index.cfm/ci\\_id/33121/la\\_id/1/document/1/re\\_id/0](http://www.cica.ca/index.cfm/ci_id/33121/la_id/1/document/1/re_id/0)

### For More Information

Background material, research and public responses are available at:

[www.acsbcanada.org](http://www.acsbcanada.org)

---

[Return to top](#)

## TECHNOLOGY MATTERS



### The CSA Wants Your Feedback on XBRL

The Canadian Securities Administrators (CSA) is conducting an on-line survey to gather comments from the market about their level of awareness of Extensible Business Reporting Language (XBRL) and what the CSA's role should be with respect to XBRL.

XBRL is a relatively new business reporting language that is emerging as an international standard for communicating business and financial data. The basic concept of XBRL is that it attaches standardized electronic "tags" to elements of information and these tags provide information about what the item represents. The notice provides a brief overview of XBRL, the benefits and costs associated with it, and current trends and developments around the world.

For more information and to participate in the survey, go to:

[http://www.cica.ca/index.cfm/ci\\_id/31854/la\\_id/1.htm](http://www.cica.ca/index.cfm/ci_id/31854/la_id/1.htm)

## Switching to Electronic Payment Systems

Many of us have made the switch to paying our personal bills online as opposed to writing cheques, yet many businesses haven't done so for their business payments. Now that there are electronic payment systems designed to meet the needs of a business in the same way they do for consumers, there may be a major shift towards electronic payments in the months and years ahead.

See the article Switching From Paper Cheques to Electronic Payments for Your Payables at:

[www.cica.ca/index.cfm/ci\\_id/33688/la\\_id/1/document/1/re\\_id/0](http://www.cica.ca/index.cfm/ci_id/33688/la_id/1/document/1/re_id/0)

---

[Return to top](#)

### **FRAUD**



## Fraud Risk in Emerging Markets

Companies are still not operating effective anti-fraud policies in emerging markets, according to the 9th Global Fraud Survey from Ernst & Young. Even though almost half of the 500 corporate leaders surveyed were anxious about bribery and corruption in emerging markets, 40% still do not have a formal anti-fraud policy in place.

To read the highlights of the survey and the Executive Summary of the report, go to:

[http://www.ey.com/global/content.nsf/International/FIDS\\_-\\_9th\\_Global\\_Fraud\\_Survey](http://www.ey.com/global/content.nsf/International/FIDS_-_9th_Global_Fraud_Survey)

## Business in a World of Litigation, Fraud and Deceit

The subtitle of the *At Risk* magazine published by KPMG Forensic in Canada aptly describes its focus: "Business in a world of litigation, fraud and deceit". The articles in the first edition cover issues ranging from knowing who you are doing business with to fraud prevention in the framework of the *Sarbanes-Oxley* regime. To download the online magazine, go to:

[www.policypro.ca/bulletin/articles/1\\_1/At\\_Risk.pdf](http://www.policypro.ca/bulletin/articles/1_1/At_Risk.pdf)

---

[Return to top](#)

## HUMAN RESOURCES



### Canadian Employers Struggle to Attract and Retain Employees

Canadian organizations of all sizes, in all parts of the country, and in all industries are finding it challenging to attract and retain employees, according to an extensive survey conducted by Hewitt Associates, a global human resources services company. The survey shows that three-quarters of organizations are having problems attracting or retaining new employees. Forty-four per cent are struggling with both attraction and retention.

More than half (52 per cent) of the companies said arrangements such as flexible hours and benefits will have the most positive impact in helping them find and keep strong employees. A majority of the 232 survey respondents are implementing new programs focused on flexibility to address the problem.

Read the article at:

[www.hewittassociates.com/Intl/NA/en-US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=2865](http://www.hewittassociates.com/Intl/NA/en-US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=2865)

---

### Wrongful Dismissal

Canadian employment law has, in the last several years, seen some unprecedented awards handed out to wrongfully dismissed employees. Is this a signal that Canadian courts are heading in the same direction as those in the United States? Read the article *Is Canadian Employment Law Becoming Americanized?* at:

[www.cica.ca/index.cfm/ci\\_id/33693/la\\_id/1/document/1/re\\_id/0](http://www.cica.ca/index.cfm/ci_id/33693/la_id/1/document/1/re_id/0)

---

### Smoking Restrictions

In addition to the federal *Tobacco Act*, each province has its own set of laws that address, among other issues, smoking in public places. For an overview on compliance in every jurisdiction in Canada, see the chart *Smoking Law Across Canada* at:

[http://www.cica.ca/index.cfm/ci\\_id/33687/la\\_id/1/document/1/re\\_id/0](http://www.cica.ca/index.cfm/ci_id/33687/la_id/1/document/1/re_id/0)

---

[Return to top](#)

## LEGAL MATTERS



### Investment Fund Governance in Canada

On July 28, 2006 the Canadian Securities Administrators (CSA) published National Instrument 81-107 *Independent Review Committee for Investment Funds* (the Rule) in final form. The CSA states that the Rule imposes "a minimum, consistent standard of independent oversight for all publicly offered investment funds in each of the jurisdictions represented by the CSA."

Thus, the Rule is the CSA's first legislated step in creating an investment fund governance regime for Canada – a regime that will apply not only to conventional public open-end mutual funds, but also to many other publicly offered investment funds in Canada including closed-end funds that trade on the Toronto Stock Exchange, labour-sponsored funds, flow-through share limited partnerships and commodity pools.

For a description of the development of the National Rule and an outline of the major provisions, see Fasken Martineau's *Investment Funds Bulletin* at:

[www.fasken.com/investment\\_funds\\_bulletin\\_august\\_2006](http://www.fasken.com/investment_funds_bulletin_august_2006)

---

[Return to top](#)

## U.S. MONITOR



### New SOX Guidance for Smaller Public Companies

New internal control guidance for smaller public companies has been issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

COSO's guidance, *Internal Control over Financial Reporting – Guidance for Smaller Public Companies*, released at a July 11 Web cast, is intended to assist smaller public companies to implement more effective internal control systems and ultimately to result in more proficient compliance with the Section 404 internal control reporting requirements of the *Sarbanes-Oxley Act*. The Executive Summary of the guidance and FAQs are available free of charge at:

[www.coso.org/publications.htm](http://www.coso.org/publications.htm)

---

[Return to top](#)

## PROFESSIONAL RESOURCES

### The Manager's Book of Questions

*1001 Great Interview Questions for Hiring the Best Person*

By John Kador

Publisher: McGraw-Hill Canada

Hiring the right talent is the most vital contribution a manager can make to a company – it's crucial to learn if a candidate will be a team player, a good leader or a dud. To get the answers you need, you have to ask the right questions. The expanded second edition of *The Manager's Book of Questions* supplies sample interview questions and scripts in an easy-to-follow format that can help you break the ice and reveal the real person behind the résumé.

[Click here for more information.](#)

---

#### Online Resources

### EDC Exporting Guides

Download these two authoritative guides for free at the Export Development Canada (EDC) website:

#### Exporting to the United States

From determining your best opportunities in the U.S. to U.S. border security, this guide provides practical exporting information that can help you succeed in this vast, complex and highly competitive market. To download your free copy, go to:

[http://www.edc.ca/english/publications\\_9717.htm](http://www.edc.ca/english/publications_9717.htm)

#### Discover New Markets

If you're looking for new export opportunities, consider doing business in high-growth markets such as India, China, Mexico, Brazil and Russia. This simple, step-by-step guide will help you through the exporting process and provide a primer on the most promising new markets for Canadian goods and services. To download your free copy, go to:

[http://www.edc.ca/english/publications\\_8927.htm](http://www.edc.ca/english/publications_8927.htm)

## Online Resources

### Business Planning Guide Available from IFAC

The new information paper, *Business Planning Guide: Practical Application for SMEs*, from the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) provides guidance on developing a business plan for small and medium entities (SMEs) including how to develop a corporate values statement and manage business risks. The paper describes how the business plan may serve as a performance tool and support SMEs in obtaining external funding. It also includes a checklist and an example of the structure of a business plan.

To download your free copy, go to:

[www.ifac.org/store/Details.tmp?SID=1090598511670272&Cart=11498623238846647](http://www.ifac.org/store/Details.tmp?SID=1090598511670272&Cart=11498623238846647)

---

## Online Resources

### Business Identity Theft Kit

The multi-jurisdictional Consumer Measures Committee (CMC) of Industry Canada provides free online checklists, tools and tips on measures to guide businesses in safeguarding consumers' personal information. To download the *Business Identity Theft Kit* and other practical resources, go to:

[consumer.ic.gc.ca/epic/internet/inoca-bc.nsf/en/h\\_ca02132e.html](http://consumer.ic.gc.ca/epic/internet/inoca-bc.nsf/en/h_ca02132e.html)

[Return to top](#)

---

## CONTINUING EDUCATION



### National Conference on Income Taxes

September 20-22, 2006

Sheraton Centre Toronto Hotel, ON

This successful annual event provides practical approaches and solutions to wide-ranging client situations for small to medium-sized tax practitioners in public practice and industry such as financial services, wealth management, mutual funds and life insurance. Featuring a wide array of profession-leading speakers, this year's conference offers 17 concurrent sessions in three tracks and optional in-depth practical workshops.

[www.conferences.cica.ca/ncit/About.cfm](http://www.conferences.cica.ca/ncit/About.cfm)

# Commodity Tax Symposium

October 16-18, 2006  
Westin Ottawa Hotel, ON

Since 1981, this event has provided a forum for knowledge, critical analysis and debate that has shaped the evolution of commodity taxation in Canada. The Symposium offers the information, opinion and insight you demand as an advisor or senior executive in a commodity tax practice or internal group. It is widely acclaimed as the annual gathering place for professionals working or advising in commodity taxation.

[www.conferences.cica.ca/cts/About.cfm](http://www.conferences.cica.ca/cts/About.cfm)

## Visit the *Report on Industry* Online Archives

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

[www.cica.ca/index.cfm/ci\\_id/25048/la\\_id/1.htm](http://www.cica.ca/index.cfm/ci_id/25048/la_id/1.htm)

[Return to top](#)

We value your feedback. Please send your comments or suggestions for future issues to [industry@cica.ca](mailto:industry@cica.ca)

*Report on Industry* is a bi-monthly e-newsletter published by the Canadian Institute of Chartered Accountants (CICA) for CAs in industry. The information contained in this e-newsletter is for information purposes only and is not necessarily endorsed by the CICA.

If you no longer wish to receive this newsletter, or have received it in error, please [click here](#).



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

**Publisher** — Cairine Wilson,  
Vice-President, Member Services  
**Editor** — Kathleen Aldridge, B.A., Dip. Ed.  
**Designer** — Mark Hinkley

© 2006 CICA