

Report On Industry



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

Volume 3, Issue 5
December 2006

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Dear Subscriber:

Welcome to the December 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



Private Companies Steam Ahead

Most private companies are forecasting growth and expansion – but is this genuine growth or are they drifting on a tide of economic prosperity? The second annual PricewaterhouseCoopers *Business Insights: The 2006 Survey of Canadian Private Companies* answers this and other key questions including:

- What strategies are businesses using to grow their market share?
- How important are key measurement tools to develop an accurate picture of performance?
- How can succession planning help companies continue to succeed?

To read the full report, go to:

www.cica.ca/index.cfm/ci_id/34910/la_id/1.htm

SMEs Face Succession Crisis

Canada's aging owners of small and medium-sized enterprises face a crisis in succession – to the point that the future of Canadian independent business hangs in the balance. It also has major implications for the future of Canada's overall economy and job creation potential.

According to the Canadian Federation of Independent Business (CFIB), slightly more than one-third of independent business owners plan to exit their business within the next five years. Within the next ten years, two-thirds of owners plan to exit their business. Over 50% do not have a succession plan to manage their exit.

Read the CFIB's research reports on succession:

October 2006, *SME Succession: Update:*

www.cfib.ca/success/pdf/succession-2006-10.pdf

June 2005, *Succession Can Breed Success:*

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

Succession Planning Toolkit for Business Owners

In response to research among public practices, among members and also the CFIB research, the CICA has just released the *Succession Planning Toolkit for Business Owners*. The 10-chapter Toolkit and accompanying checklists give owners the guidance and tools they need to:

- Protect the value of their hard-earned business investment;
- Choose the right exit strategy that makes sense for them, their business and their family; and
- Work with their professional advisors to put their succession plans into action.

The *Succession Planning Toolkit for Business Owners* was developed by the CICA in collaboration with experts from PricewaterhouseCoopers, Fasken Martineau DuMoulin and Scotiabank. For more information and to order copies, visit CICA's online bookstore at:

www.knotia.ca/store/businessowners

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UK Businesses Embrace Globalization

The Institute of Chartered Accountants in England and Wales (ICAEW) recently released its 2006 enterprise survey report – *Enterprise in a Global Marketplace*. The report reveals the extent to which businesses of all sizes – from small to large – are affected by globalization, as are all sectors of the UK economy. One key finding suggests that outsourcing to low cost economies is increasingly being used as a cost reduction tool.

The survey can be downloaded at:

www.icaew.co.uk/index.cfm?route=106019

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FINANCING



Sources of Financing for SMEs

Industry Canada's *Sources of Financing* website provides small and medium enterprises (SMEs) with an extensive directory of Canadian financial providers, information on different types of financing and financial providers, and tips to help you secure financing. Other features include practical online tools, such as a *Lease or Buy Calculator* for comparing the cost of leasing and the cost of buying equipment. Visit:

strategis.ic.gc.ca/epic/internet/insof-sdf.nsf/en/Home

Financing Fixed Assets

The CSBF Program, under the *Canada Small Business Financing Act* (CSBFA), assists businesses in obtaining term loans and capital leases of up to \$250,000 to help finance fixed asset needs. Under the CSBFA, the federal government partially offsets any losses on CSBF loans. The result is that financing is more accessible and owners do not have to provide personal assets as security to support their business financing requirements. The loans are made directly by a qualified lender and the leases are issued by participating lessors. Find out more at:

www.cbsc.org/servlet/ContentServer?pagename=CBSC_FE/display&c=Finance&cid=1081944191217&lang=en

STANDARDS AND REGULATIONS



Public Companies and the Move to International Accounting

Over the next five years, public companies in Canada will move to financial reporting using International Financial Reporting Standards (IFRS). *Bulletin #3* of this series outlined the strategy and the reasoning for this change. The AcSB staff has prepared this bulletin for public companies about implementing the strategy for convergence with International Financial Reporting Standards under the new Strategic Plan. Go to:

www.acsbcanada.org/index.cfm/ci_id/33627/la_id/1.htm

For More Information

Background material, research and public responses are available at:

www.acsbcanada.org

FYI - Financial Statement Preparation

The 2006 Special Edition of FYI summarizes activities and pronouncements of the Accounting Standards Board (AcSB) and the Emerging Issues Committee (EIC) that should be considered in financial statement preparation for 2006 and 2007 fiscal years. This issue also summarizes significant international activities.

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

IFRS Advisory Committee (IAC) Update

At its first two meetings (August 16 and November 3, 2006), the IAC discussed various issues regarding the AcSB's Implementation Plan for Incorporating IFRSs into Canadian GAAP, the IASB's structure and due process, and the IAC's responsibilities and Terms of Reference. The IAC's next meeting will be held on Monday, December 18, 2006 in Toronto. IAC meetings are open to the public. For more information, see:

www.cica.ca/index.cfm/ci_id/34383/la_id/1/document/1/re_id/0

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TECHNOLOGY MATTERS



Managing the Growing Addiction to the Net

Canadians love the Internet and are making it an integral part of their lives, according to a Statistics Canada survey. However, some people are constant users and even addicts who can wreak havoc at your business if you do not recognize the signs and take steps to intervene. To gain an understanding of the problem and strategies for coping with it, see the article *Regain Profits and Productivity* at:

www.bizactions.com/index.cfm/ba/e120/fa/49974826G723J349230POP630T2/

Podcasts for Finance and Management

Podcasting â€” the web-based distribution of audio and video files, such as discussions, interviews and opinion pieces â€” now offers an expanding range of finance and management information. Podcasts are usually MP3 audio files that can be downloaded and played on your computer. You can also transfer the files to an iPod or any portable digital media device that can play MP3 files so you can listen at the time and place of your choosing.

Here are three key podcast websites to get you started:

Harvard Business Review

HBR IdeaCast™ is a free podcast featuring breakthrough ideas and commentary from leading thinkers in business and management. Recent podcasts include: "Innovation Traps", "3-D Negotiation: Using DICE for Project Success" and "Your Leadership Legacy: How Softer Skills Make Great Managers".

harvardbusinessonline.hbsp.harvard.edu/b02/en/hbr/hbr_ideacast.jhtml

Wharton

Knowledge@Wharton is the online research and business analysis journal of the Wharton School of the University of Pennsylvania. Download interviews and discussions by CEOs, Wharton faculty and other commentators about the latest business trends, breaking news and market research.

knowledge.wharton.upenn.edu/podcast_archive.cfm?CFID=679&CFTOKEN=46898762

Business Week

Regularly scheduled podcasts enhance some of the US weekly business magazine's most popular features with additional analysis and insight on topics such as "Savvy Selling", "Making Innovation Work" and "Tech 101".

www.businessweek.com/search/podcasting.htm

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FRAUD



Dealing with Deceptive Business Practices

Deceptive mail and telemarketing operations prey on unsuspecting businesses and bilk them out of millions of dollars every year. What should you do if you receive an invoice for office products you did not order? Receive a suspicious invoice for listing your company in a business directory? How can you protect your customers from identity theft?

The Fraud Awareness Fact Sheet provides answers to these questions as well as contact information for reporting deceptive business practices.

www.competitionbureau.gc.ca/internet/index.cfm?itemID=2051&lg=e

Competition Bureau Canada

The Business section of the Competition Bureau's website helps businesses understand their obligations under Canadian competition law and provides helpful information on compliance.

www.competitionbureau.gc.ca/internet/index.cfm?itemID=16&lg=e

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HUMAN RESOURCES



Finding a Work/Life Balance in Accounting

Many CAs are part of the sandwich generation – caught between raising young children, caring for aging parents and managing a demanding career. How well CAs can cope with these challenges depends in part on how supportive the workplace is. It just makes good business sense to develop a formal work/life balance program.

To help members deal with these issues, the CICA's Work/Life Flexibility Advisory Committee recently launched a work/life website that offers quick access to resources and forums discussing the issues surrounding the work/life paradigm. Eventually, the site will contain tools to assist employers and employees in addressing work/life flexibility issues.

Visit www.cica.ca/worklife

Survey Findings

Recent member surveys conducted by the CICA and the Provincial Institutes/Ordre identified work/life balance as a top priority for members. See the summary of the findings at:

www.cica.ca/3/3/5/4/4/index1.shtml

Improving Employee Health and Wellness

Workplace active living policies and programs have been proven to reduce absenteeism, injuries, accidents, disability and compensation costs, health-care costs and life insurance costs.

For resources, tips and information for improving employee health and wellness through active living in the workplace, visit the website of The Canadian Council for Health and Active Living at Work (CCHALW):

www.cchalw-ccsvat.ca/english/

Active Living at Work

Active living at work makes good business sense. It makes for healthier employees and helps reduce crucial costs of doing business. *Making It Work* is a free, comprehensive 80-page "how-to" manual that offers practical ideas and creative approaches to active living in the workplace – just pick and choose the ones that best fit the needs of your organization.

www.cchalw-ccsvat.ca/english/info/Making_It_Work_Eng%20_2.pdf

The Successor Employer

What are successor rights? "Succession" means continuation of the employment relationship. Legislative provisions allowing for succession are aimed at preserving the rights of employees after a business is sold, leased, transferred or merged, or if it continues to operate under a receiver or receiver-manager. For example, the purchaser of a business would become the "successor employer".

See the article *Successor Rights of Employers Across Canada* for an overview of successor rights in each jurisdiction and some of the important issues that the successor employer needs to consider.

www.cica.ca/index.cfm/ci_id/34909/la_id/1.htm

Avoiding the Perils of Hosting a Company Party

Hosting a holiday business party is a great way to thank employees for their hard work over the course of the past year. However, in light of recent Canadian cases dealing with employer liability, if alcohol is being served or consumed at the holiday business party, employers need to be aware of their potential liability as a social host. The courts have broadened the scope of employer responsibility for monitoring employee behaviour in the workplace or at company-sponsored events where alcohol consumption is involved.

For information about the potential liability and some practical tips for being a safe host, see the article *Responsibilities of Employers during a Company-Hosted Party* at:

www.cica.ca/index.cfm/ci_id/34908/la_id/1.htm

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LEGAL MATTERS



Canadian Share Structures in Cross-Border Transactions

Fasken Martineau's latest *Securities and Mergers & Acquisitions Bulletin* examines the special issues that may arise in the course of cross-border transactions involving U.S., U.K., EU or other non-Canadian acquirers of shares of Canadian corporations. Concluding there is no single structure that is going to be optimal for every Canadian cross-border exchangeable share transaction, the bulletin underscores the reality that every deal is fact specific and requires that the interests of the buyer, Canadian sellers and other sellers, if any, be balanced and addressed. Read the bulletin at:

www.fasken.com/securities_mergers_and_acquisitions_bulletin_october_2006

An End to Mandatory Retirement

New federal government legislation (Bill 211) ending mandatory retirement takes effect in December 2006 after a year of transition. For a discussion of the effects of the new legislation on corporate collective agreements, recruitment and retention policies as well as human resource planning, see the *Legislative Watch* column in the Management Ethics newsletter:

www.ethicscentre.ca/EN/resources/ManageEthics_Fall%2006_final.pdf

U.S. MONITOR



Combatting Employee Fraud in U.S.

Based on 1,134 cases investigated between January 2004 and January 2006, the Association of Certified Fraud Examiners (ACFE) has released its *2006 Report to the Nation on Occupational Fraud and Abuse*. The Report examines the characteristics of the organizations that are victimized by occupational fraud, the characteristics of the employees who commit these crimes and on how it can be prevented, detected and its impact reduced.

Highlights include:

- Participants estimated that US organizations lose 5% of their annual revenues to fraud. This estimate is down from 6% in the 2004 study.
- The median loss of the cases included in the study was \$159,000. Nearly one-quarter caused losses in excess of \$1 million; nine cases caused losses of \$1 billion or more.
- Of the cases included in the study, organizations with an anonymous fraud hotline suffered a median loss of \$100,000; those without confidential hotlines suffered a median loss of \$200,000.

Read the report at:

www.acfe.com/documents/2006-rttn.pdf

PROFESSIONAL RESOURCES



Financial Reporting in Canada, 2006 – 31st Edition

The authoritative reference guide for every corporate financial officer and public accountant who needs to know: the essential features of good financial reporting, the latest techniques, terminology, and overall trends in Canadian financial reporting practices. The 2006 edition provides a comprehensive survey and analysis of the financial reporting practices of 200 Canadian corporations. Visit the CICA's online bookstore at:

www.knotia.ca/store/fric-capa-roi

Registered Charities Guide

The *Registered Charities Guide* provides an introduction to registered charities in Canada and the rules that govern them. Practically organized into four main sections, Part 1 describes the role and operations of registered charities; Part 2 presents issues for consideration by individuals who donate to charities; Part 3 examines the steps to take to create a new charity; and Part 4 is designed for individuals who are either directors or trustees of a registered charity. Visit the CICA's online bookstore at:

www.knotia.ca/store/rcg-cap-a-roi

Online Resources

New Product Development

If you are inventing a new product or considering developing a new product to add to your existing product lines, there are a number of critical factors to consider in assessing how practical this is. The Canada Business – Services for Entrepreneurs website provides a useful checklist to help your analysis:

www.cbesc.org/servlet/ContentServer?pagename=CBSC_FE/display&c=GuideFactSheet&cid=1081945275861&lang=en

Online Resources

E-business Strategies

Industry Canada's website ebiz.enable is an e-business portal designed specifically to guide commercial organizations through the issues and options encountered in implementing e-business strategies. Find out how e-business can help you reduce costs, increase revenues and improve your relationships with employees, customers, partners and suppliers at:

strategis.ic.gc.ca/epic/internet/inee-ef.nsf/en/Home

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CONTINUING EDUCATION



Commodity Tax Mid-year Update '07

Current Issues in Commodity Tax Two presentations:

February 1 & 2, 2007
Toronto, ON

February 15 & 16, 2007
Calgary, AB

Two productivity packed days led by commodity tax experts who will provide critical updates on emerging issues relating to GST, Customs Duty, International Trade and PST.

For more information:

www.cica.ca/1/0/1/7/9/index1.shtml

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

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

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