

Dear Subscriber:

Welcome to the January issue of *CA Practice Advantage* (CAPA) 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 public practice.

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

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In this Issue

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Trends and Views

- [Disclosure Controls and Procedures](#)
- [Thousands of SMEs Poised to Transfer Ownership](#)
- [SME Confidence Tumbles as Fuel Prices Rise](#)
- [SME Financing Stats](#)

Standards and Regulations

- [Financial Statement Preparation for 2005 & 2006 Fiscal Years](#)
- [Financial Instruments Web-based Presentations](#)
- [EI Premium Reduction for 2006](#)
- [Audit and Review Engagements](#)

Client Development

- [Expanding a Small Business](#)
- [Financing through Accounts Receivable](#)
- [Training Program Checklist](#)

Fraud

- [Combating Retail Return Scams](#)
- [Employee Fraud Draining Restaurant Profits](#)

Technology Matters

- [The Cost of Personal Internet Use](#)
- [Making E-Business Work](#)

Marketing Your Services

- [Boosting Your Firm's Revenues](#)

Human Resources

- [Hire to Empower](#)
- [Maximize the Value of Meetings](#)

Legal Matters

- [Get the FAQs on Trade-marks](#)

Professional Resources

- [Annotated Federal Income Tax Act](#)
- [The Complete Canadian Eldercare Guide](#)
- [IT Alliance](#)
- [PrimePlus Practice Management Alert 2006](#)
- [The Succession Planning Toolkit](#)
- [Sourcing Government E-Business Programs](#)

Continuing Education

- [Canadian Conference on IT Audit, Governance and Security](#)

The Readers' Poll

We would like to hear from you. Please take a second to click on your response and we'll publish the results in the next issue.

1. How many days of vacation were you entitled to take last year? (5 days = 1 week)*

10 days 11 to 15 days 16 to 20 21 to 25 more than 25

2. How many days of vacation did you take last year?*

10 days 11 to 15 days 16 to 20 21 to 25 more than 25

3. What is your age group?*

under 35 35-44 45 to 54 55 to 64 65 or greater

If you are experiencing difficulty using this poll, please [click here](#) to access the online version.

Please [click here](#) to view the response to last issue's Readers' Poll on Internet usage.

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). There is an increasing demand for better disclosure. 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 to raise the awareness of CEOs, CFOs, and Directors of Canadian public companies with respect to the regulatory requirements for DCP and the role of DCP in improving disclosure. The briefing is also intended to help issuers respond to the emerging risk of disclosure-related civil litigation. To download this valuable resource, go to:

www.rmgb.ca

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

Orchestrating Your Own Succession Plan

You can't start planning your own succession too early. If you do not already have a plan in place, start now. See the article *Succession Planning Toolkit for CAs Launched* at:

www.ica.bc.ca/kb.php3?catid=682&artid=2246&pageid=3307

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

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>

[Return to top](#)



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

Financial Instruments Web-based Presentations

The mandatory effective date for new accounting standards for recognition and measurement of financial instruments and for the introduction of comprehensive income to Canadian accounting is coming ever closer. To assist you in preparing for the implementation of these standards, Accounting Standards Board staff have prepared two web-based presentations that can be viewed online at Knotia. Each presentation provides an overview of the new requirements, including identifying aspects that you should be taking into account in your planning now.

You can view these presentations at:

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

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

Keeping Current Audit and Review Engagements

The *Risk Alert* provides an overview of current issues of interest to public accountants who perform audit and review engagements. Topics in the December 2005 issue include:

- Civil Liability in Ontario and British Columbia
- Fraud – The Auditor's Documentation
- Audit Risk – A Renewed Focus
- Financial Instruments – Identification and Measurement
- Income Trusts – Financial Reporting Issues.

www.cica.ca/index.cfm/ci_id/222/la_id/1.htm

[Return to top](#)



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/capa/E_12_2005_001.pdf

Financing through Accounts Receivable

The business is growing, the bottom line is promising and new orders are coming in. But somehow, the owner/manager 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/capa/E_12_2005_002.pdf

Training Program Checklist

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

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

[Return to top](#)



Combating Retail Return Scams

Retailers are losing billions a year from increasingly sophisticated return-fraud scams. What steps can the owner take to identify and combat these losses? Read the article *Many Unhappy Returns* at:

www.cica.ca/html/capa/E_12_2005_003.pdf

Employee Fraud Draining Restaurant Profits

Dishonest bartenders, waiters and kitchen staff have an extensive menu of scams to defraud their employers ... and their customers. While computer ordering and tracking systems certainly make it hard to get away with fraud, the best prevention is vigilant oversight by the owners. Read the article *Eat, Drink and Be Wary* at:

www.cica.ca/html/capa/E_12_2005_004.pdf

[Return to top](#)



The Cost of 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

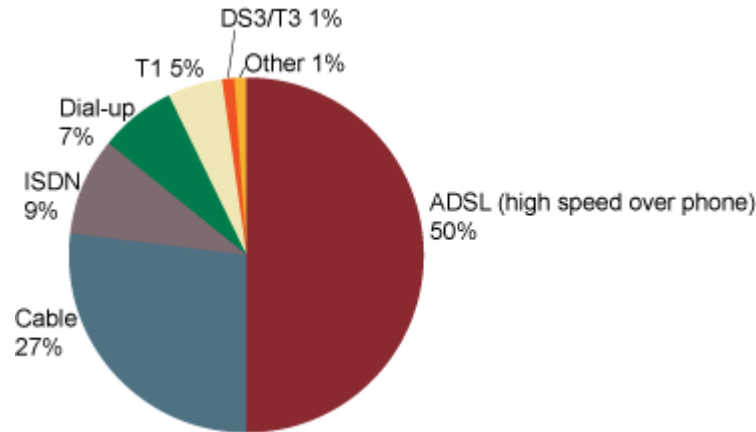
An e-business portal, ebiz.enable is designed specifically to guide organizations through the issues and options encountered in implementing e-business strategies. The website offers e-business diagnostic tools, research and statistics, case studies and success stories, and information on topics such 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>

Response to Readers' Poll in Last Issue

1. What type of Internet connection does your firm primarily use?

Readers responded as follows:



2. How many individuals in your firm have access to the Internet and how many have a work-email address?

Regarding access to the Internet, 97% of Partners, 93% of professional staff, and 92% of other staff have complete access. Similarly, 96% of Partners, 89% of professional staff, and 84% of other staff have a work e-mail address.

[Return to top](#)

MARKETING YOUR SERVICES



Boosting Your Firm's Revenues

Cross-selling is an important revenue source for most accounting firms. The concept is simple: convince your existing clients to use the additional services that your firm can offer. For strategies that can help you increase your firm's revenues, read Bob Stewart's article *The Cross-selling Marketing Plan* at:

www.cica.ca/html/capa/E_12_2005_005.pdf

[Return to top](#)



Hire to Empower

You've done your business process re-engineering, all your employees are empowered team-workers – and they 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.casource.com/employerGlobal/initViewArticleAction.do?id=100482&lang=en_CA

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 firm far more than you think. Read the article *Bad Meetings: More than Just a Waste of Time* at:

www.uniquedevelopment.com/pdf/badmeetings.pdf

[Return to top](#)



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

[Return to top](#)

Annotated Federal Income Tax Act

Publisher: CICA

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/fitacapa

The Complete Canadian Eldercare Guide

Expert Solutions to Help You Make the Best Decisions for Your Loved Ones

By: Caroline Tapp-McDougall

Publisher: John Wiley & Sons (Canada)

For many adult children, the new facts of life mean caring for aging parents. Research has shown that many families are unprepared for the eldercare challenges and the scramble to tackle the myriad of issues facing them. A comprehensive resource for spouses, children, loved ones and caregivers, the Guide contains useful information about making financial, legal, housing and mobility decisions and outlines the range of resources available to meet varying levels of care.

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

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/capa/E_12_2005_007.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

PrimePlus Practice Management Alert 2006

Publisher: CICA

Whether you are providing PrimePlus/ElderCare Services or now considering this growing area of practice, the latest edition of the six-chapter **PrimePlus Practice Management Alert** gives you up-to-date information and innovative ideas that can help you enhance your professional development and increase your profits. Includes a CD with quick-access links to the many online practice aids referenced throughout the Alert as well as Word files of selected articles that can be used in your client communications. The complete package is just \$20.

www.knotia.ca/store/pppma

CA Tools for Success
The Succession Planning Toolkit
Leveraging a Life's Work

Publisher: CICA

Whether you are thinking of selling or merging an accounting practice, this unique resource can help you successfully plan your exit strategy ... at a time and price that works for you. Three modules of step-by-step guidance along with real-world case studies can help you find concrete ways to maximize the profitability of your practice *now* so you can increase its value for future succession. Includes a CD with Word templates of the self-assessment checklists and planning forms so you can customize these for your particular circumstances.

www.knotia.ca/store/succession

Online Resources

Sourcing Government E-Business Programs

The E-Business Info-Guide helps businesses navigate through the various federal and provincial government programs, services and regulations that deal with e-business. Topics include common questions, regulations, privacy and security, taxation, export rules, consumer protection, financial assistance, training, and related sites, including a link to the *Guide to Doing Internet Business*.

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

[Return to top](#)

CONTINUING EDUCATION

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

CA Practice Advantage Online Archives

Need to refer to a source cited in a previous issue of *CA Practice Advantage* (CAPA) that could help you today? Bookmark this link to the CAPA archive site to access PDFs of our past issues.

www.cica.ca/index.cfm/ci_id/25538/la_id/1.htm

[Return to top](#)

We value your feedback. Please send your comments or suggestions for future issues to capa@cica.ca



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