



# CA Practice Advantage



**CA Practice Advantage is a quarterly e-newsletter for members in public practice**

Volume 2, Issue 2  
September 2006

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Dear Subscriber:

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



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## TRENDS AND VIEWS

### Tapping into the Emerging 50+ Market

By 2008, global consumer product and service companies will have to focus with even greater savvy on serving the needs of a very different type of consumer: one that is age 50+ or older with shifting biological, psychological, social and economic characteristics and changing needs and expectations. To capture value from this market, companies will need to master new skills and lead the transformation of products and strategy to adapt to a changing marketplace.

The Deloitte research study, *Wealth with Wisdom: Serving the Needs of Aging Consumers* examines the new demands on businesses and provides a framework for profitably tapping into the emerging age 50+ markets.

[www.deloitte.com/dtt/cda/doc/content/US\\_CB\\_wealthwithwisdom\\_0106.pdf](http://www.deloitte.com/dtt/cda/doc/content/US_CB_wealthwithwisdom_0106.pdf)

#### *CA PrimePlus Services*

### Growing Opportunities for CAs

Are you currently providing PrimePlus / ElderCare services or considering this area of practice? CA PrimePlus Services is a unique, customizable package of services that can help your firm tap into the full potential of the growing 50+ market. The breadth of services that can be delivered under the umbrella of PrimePlus Services is extensive, limited only by your ability and resources and the clients' needs.

Visit the PrimePlus section of the CICA website to keep up-to-date with PrimePlus events and access free practice development resources.

[www.cica.ca/primeplus](http://www.cica.ca/primeplus)

## 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 and 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)

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## 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 Executive Summary 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)

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**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:

[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)

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## STANDARDS AND REGULATIONS



### Survey of Reported Canadian/US GAAP Differences

AcSB staff have prepared a report analyzing the results of reported Canadian/US GAAP differences in a survey of 150 public Canadian companies for fiscal years ending in 2004. The survey outlines several reasons for the persistence of reported differences such as economic circumstances and transitional effects. To read the *Summary of Survey of Canadian Annual Reports for Years Ending in 2004*, go to:

[www.acsbcanada.org/multimedia/Download\\_Library/Standards/Accounting/English/e\\_CdnUSGAAPDif.pdf](http://www.acsbcanada.org/multimedia/Download_Library/Standards/Accounting/English/e_CdnUSGAAPDif.pdf)

### 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:

[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:

[cica.knotia.ca/ASBF/MainMenuFormat.cfm?courseId=17](http://cica.knotia.ca/ASBF/MainMenuFormat.cfm?courseId=17)

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## 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)

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## 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:

[migratingtoifrs.blogspot.com/](http://migratingtoifrs.blogspot.com/)

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## 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:

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## Academic Research Advisory Committee

The CICA has recently created an Academic Research Advisory Committee. The Committee will facilitate ongoing communications with the academic community with regards to research and guidance matters of importance to the accounting profession. For up-to-date information on academic research initiatives and activities, see:

[www.cica.ca/index.cfm/ci\\_id/30371/la\\_id/1.htm](http://www.cica.ca/index.cfm/ci_id/30371/la_id/1.htm)

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### FOR YOUR CLIENTS



## What is Your Business Worth?

While a figure may come to mind, generally your business is worth the amount you would obtain if you were to sell it on the open market. Of course, from a potential buyer's perspective, the value of the business lies in its ability to generate profits in the future. Most owner/managers require an independent valuation of the shares and/or assets of their businesses at some point. What is a valuation? What types of reports are prepared? Read *What is Your Business Worth?* at:

[www.cica.ca/index.cfm/ci\\_id/33830/la\\_id/1/document/1/re\\_id/0](http://www.cica.ca/index.cfm/ci_id/33830/la_id/1/document/1/re_id/0)

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## Switching to Electronic Payment Systems

Many people have made the switch to paying their 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)

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## 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:

[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)

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## TECHNOLOGY MATTERS



### Capitalizing on Your Website

Having an effective website is an important marketing tool in today's competitive environment. Industry Canada's Building and Maintaining a Website provides practical information on topics such as copyright considerations, best practice web design, content management, usability testing, web distractions, website optimization and much more that can help you ensure your firm's website gets the results you want.

[strategis.ic.gc.ca/epic/internet/inee-ef.nsf/en/ee00747e.html](http://strategis.ic.gc.ca/epic/internet/inee-ef.nsf/en/ee00747e.html)

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## 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.

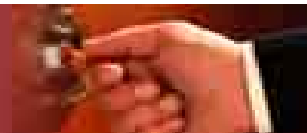
For more information and to participate in the survey, go to:

[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)

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## MARKETING YOUR SERVICES



### Generating New Business

Rainmakers are renowned for their ability to enter a telephone booth and emerge arm-in-arm with a new client. Why are these Super-marketers so successful at getting new business from the contacts they meet? If you are looking for ways to improve your marketing efforts, read Bob Stewart's article *What Can You Learn from Rainmakers?* at:

[www.cica.ca/index.cfm/ci\\_id/33829/la\\_id/1/document/1/re\\_id/0](http://www.cica.ca/index.cfm/ci_id/33829/la_id/1/document/1/re_id/0)

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## HUMAN RESOURCES



## Aligning the HR Function with the Organization's Goals

The growing interest in the contribution of Human Resources (HR) to business performance is evident in the prevalence of transformation efforts and companies' increased investment in them. Their foremost objective is to align the HR function with the organization's goals – making it a strategic contributor and more responsive to today's dynamic business climate. However, the HR function still faces key challenges in its quest to be aligned integrally with the organization's strategic planning and leadership.

Read the Mercer report *Unfinished Business: Mastering HR Business Design* at:

[www.workinfo.com/free/downloads/TransformationReport.pdf](http://www.workinfo.com/free/downloads/TransformationReport.pdf)

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## 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)

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## 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)

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## 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)

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## PROFESSIONAL RESOURCES



### The Manager's Step-by-Step Guide to Outsourcing

By Linda Dominguez

Publisher: McGraw-Hill Ryerson

*The Manager's Step-by-Step Guide to Outsourcing* presents a clear, detailed method for effectively planning and executing an outsourcing strategy in any organization, large or small. Top Fortune 500 consultant Linda Dominguez provides all the tools you need to achieve successful, real-world implementation, giving you the power to cut costs, increase efficiency and productivity, generate higher returns and stay ahead of your competition.

[Click here for more information.](#)

## Project Management

By William Pinkerton

Publisher: McGraw-Hill Ryerson

In business, every brilliant idea must first answer a simple question before approval or implementation: How will it impact the bottom line? If overseeing capital improvement projects from conception to completion is part of your work, *Project Management: Achieving Project Bottom-Line Success* offers the practical techniques, proven methods and case studies that can help you successfully devise, plan and implement sound, dollar-wise projects that will reap tangible bottom-line benefits.

[Click here for more information.](#)

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## Thinking for a Living

How to Get Better Performances and Results from Knowledge Workers

By Thomas H. Davenport

Publisher: Harvard Business School Press

Knowledge workers create the innovations and strategies that keep their firms competitive and the economy healthy. Based on extensive research, *Thinking for a Living* provides rich insights into how knowledge workers think, how they accomplish tasks and what motivates them to excel. Davenport identifies four major categories of knowledge workers and presents a unique framework for matching specific types of workers with the management strategies that yield the greatest performance.

[Click here for more information.](#)

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## 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 firm — 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.

[www.mcgrawhill.ca/tpm/search/bookinfo.php?isbn=0071470433&pNumber=993420](http://www.mcgrawhill.ca/tpm/search/bookinfo.php?isbn=0071470433&pNumber=993420)

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### *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 sized 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)

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### *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)

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### *Online Resources*

## **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)

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## Online Resources

### Organizational Preparedness for a Pandemic

In the event of a major global flu pandemic, preparedness and proactive planning will be critical to minimize disruption of business continuity and protect the health and well-being of employees. Mercer's dedicated avian flu website provides organizations with a range of resources to assist them in preparing for the possibility of a flu pandemic.

In addition, the white paper *The Emerging Global Pandemic: Human Resource Implications* can be downloaded for free to further your understanding of the scope of this threat and the steps your organization can take to develop and implement strategies essential to business continuity.

[www.mercerhr.com/knowledgecenter/reportsummary.jhtml/dynamic/idContent/1207955;jsessionid=TJ5HFFZX2RVGMCTGOUFCHPQKMZOQUI2C](http://www.mercerhr.com/knowledgecenter/reportsummary.jhtml/dynamic/idContent/1207955;jsessionid=TJ5HFFZX2RVGMCTGOUFCHPQKMZOQUI2C)

### Canada Health Updates

Keep up with the latest news on avian influenza at Canada Health's website.

[www.hc-sc.gc.ca/dc-ma/avia/index\\_e.html](http://www.hc-sc.gc.ca/dc-ma/avia/index_e.html)

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## CONTINUING EDUCATION



### 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)

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[www.cica.ca/index.cfm/cj\\_id/25538/la\\_id/1.htm](http://www.cica.ca/index.cfm/cj_id/25538/la_id/1.htm)

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Bryan Walker, CA and Karen Duggan, CA,  
Principals, Assurance Services

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Mark Hinkley

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