



CA Practice Advantage



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

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Dear Subscriber:

Welcome to the March 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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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. On average over a year, how many hours above 35 hours per week do you normally work?*

25 or more

10 to 24

5 to 9

1 to 4

I work full-time but I don't put in more than 35 hours per week

I work part-time

2. Which of the following statements best represents your career goals?*

I would prefer to earn a higher income even if it meant working a lot of overtime.

I would prefer to work less overtime even if it meant earning a lower income.

I am satisfied with both my income and my work hours.

3. What is your age?*

Under 35

55 to 64

35-44

65 or older

45 to 54

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 hiring and retaining professional staff.

CRA Reinstates Date Stamping

The Canada Revenue Agency (CRA) has reinstated its date stamping service for hand-delivered correspondence to its local offices. This is good news for taxpayers and chartered accountants who deal with the CRA since the stamp assures taxpayers that a record of the transaction has been created. For more information, visit the CRA website at:

www.cra-arc.gc.ca/contact/tso-e.html

Lax Internal Controls a Ticking Time Bomb?

Canadian firms that have recently prepared internal control reports under the U.S. Sarbanes-Oxley Act (SOX) have worrisome accounting weaknesses, according to recent research from Queen's School of Business. Although the sample size was small, the research team, led by Professor Steven Salterio, feels these initial reports could be indicative of widespread poor internal controls in Canada.

Read the first-ever study of Canadian SOX compliance at:

www.cica.ca/index.cfm/ci_id/36478/la_id/1.htm

See Queen's press release *Ticking Time Bomb? Initial Sarbanes-Oxley results show lax Canadian internal control practices* at:

business.queensu.ca/news/2006/12-18-2006-sox.php

CEOs and Union Leaders Ranked as Least Trustworthy

A recent survey indicates that Canadians do not find union leaders or CEOs to be particularly trustworthy. Out of 30 professionals and institutions, CEOs rated 26th and trade unions ranked 27th. Notably, accountants ranked 10th. The most trusted professions were firefighters, nurses and pharmacists. The least trusted were local and national politicians and car salespeople. See the report of the Ipsos Reid survey: *When it Comes to Professions, Whom Do We Trust?* at:

www.cica.ca/index.cfm/ci_id/36479/la_id/1.htm

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Canada's Move to International Financial Reporting Standards

The AcSB staff has prepared a bulletin for public companies regarding frequently asked questions about Canada's move to International Financial Reporting Standards. Bulletin #4 will be of interest to Boards of Canadian public companies, their management, accountants and auditors. To read this bulletin, go to:

www.cica.ca/index.cfm/ci_id/35840/la_id/1/document/1/re_id/0

For more information

Background material, research and public responses are available at:

www.acsbcanada.org

Defining Publicly Accountable Enterprises

At its second public meeting, the IFRS Advisory Committee (IAC) discussed the definition of "publicly accountable enterprises" and the extent to which modifications might be made to IFRSs on adoption.

www.cica.ca/index.cfm/ci_id/35556/la_id/1/document/1/re_id/0

Exposure Drafts to Adopt ISAs

The AASB has issued the following two Exposure Drafts of proposed Canadian Auditing Standards (CASs): CAS 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*, and CAS 580, *Written Representations*. The comment period ends March 23, 2007. The Exposure Drafts are available at:

www.aasb.ca

Fair Value Measurements

The International Accounting Standards Board (IASB) has published a discussion paper, *Fair Value Measurements*, setting out its preliminary views on providing consistency in the measurement of fair value. The Canadian Accounting Standards Board (AcSB) encourages Canadian constituents to comment on the proposals. Following its strategic objective to converge with International Financial Reporting Standards (IFRS), the AcSB will propose to adopt the IFRS on fair value measurements into Canadian GAAP once finalized. The comment period ends April 2, 2007.

[www.iasb.org/.../fair value measurements.htm](http://www.iasb.org/.../fair%20value%20measurements.htm)

For more information

Background material and status of the Canadian project are available at:

www.cica.ca/index.cfm/ci_id/23019/la_id/1.htm

Income Trusts - Financial Statement Commentary

Many observers have expressed concerns about the financial reporting by income trusts, which are a significant part of Canada's financial markets. This commentary expresses the author's views on how certain aspects of generally accepted accounting principles (GAAP) should be applied to the financial statements of income trusts.

www.cica.ca/index.cfm/ci_id/35497/la_id/1/document/1/re_id/0

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MARKETING YOUR SERVICES



Boosting the Return on Your Marketing Dollars

A well-constructed, accurate database can provide the foundation for enhancing the results of your marketing activities and achieving a better return on your marketing investment. Bob Stewart's article *Successful Marketing Using Databases* provides ideas for developing and maintaining a marketing database that is filled with the right information and ready to be used.

www.cica.ca/index.cfm/ci_id/36482/la_id/1.htm

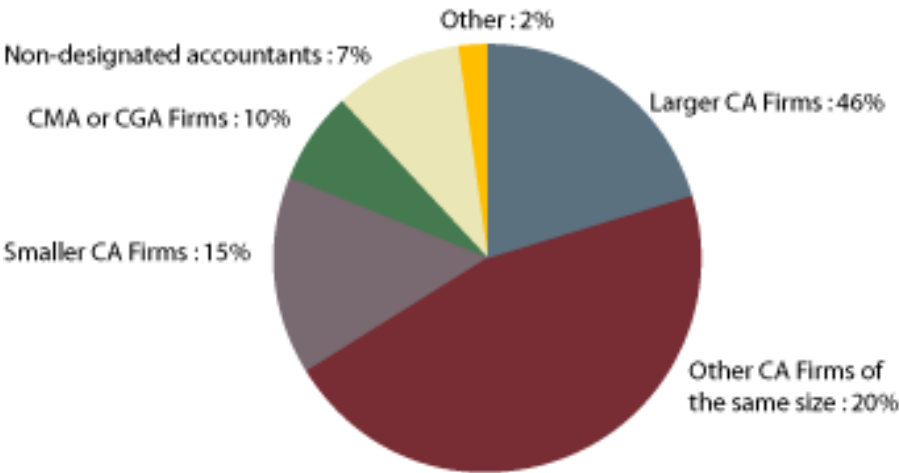
Turning Shoe Box Clients into Regular Clients

Shoe box clients are the bread and butter of many small accounting practices. But if you want to turn them into regular clients, you are going to have to set firm boundaries. See the article *Shoe Box Clients* at:

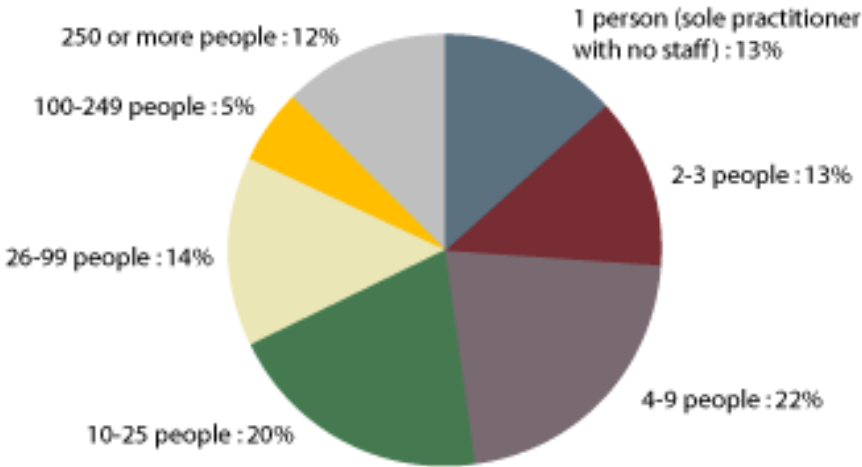
www.accountant.intuit.ca/cica/shoe_box_clients.shtm

Response to Previous Readers' Poll

1. Who do you consider to be your firm's major source of competition?



2. How many people (staff and owners) work for your firm?



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HUMAN RESOURCES



Today's Hottest Issues in Employment Law

Employers are constantly confronted with new challenges as issues in employment law continuously arise and evolve. In some areas — like whistleblower protection and criminal liability in occupational health and safety incidents — the evolution is a result of new legislation. In others — employment contracts, restrictive covenants, termination and duty to accommodate — it's recent jurisprudence, precedent-setting court decisions that change the way the law is interpreted.

The article *Today's Hottest Issues in Employment Law* briefly reviews the latest developments in employment law and provides some suggestions for ways that employers can foster healthy employment relationships and minimize the possibility of legal action.

www.cica.ca/index.cfm/ci_id/36481/la_id/1.htm

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LEGAL MATTERS



Bid-Rigging under the Competition Act

Recently, two of Quebec's main suppliers of light-emitting diodes and two of their directors were charged with bid-rigging following an investigation by the Competition Bureau. The charges stem from a call for tenders by Quebec City, in which the Competition Bureau alleges that the parties entered into an illegal agreement to share the contract.

See Fasken Martineau's *Antitrust/Competition & Marketing Bulletin* at:

www.fasken.com/AntitrustCompetitionMarketingBulletin/Nov06

Corporate Compliance Programs

In June 2006, the Competition Bureau (the "Bureau") requested comments with respect to updating its Bulletin on Corporate Compliance Program. The Bulletin was published in 1997. This article discusses stakeholder comments submitted. The Bureau is currently in the process of reviewing the Bulletin and the input received from stakeholders.

See Fasken Martineau's *Antitrust/Competition & Marketing Bulletin* at:

www.fasken.com/AntitrustCompetitionMarketingBulletin/Nov06

Domestic Contracts and Disclosure

LeVan v. LeVan, a recent decision of the Ontario Superior Court of Justice, provides practitioners with new insight into the proper manner in which domestic contracts should be advised upon and drafted. In *LeVan*, the central issue in dispute was whether the parties' marriage contract should be set aside and statutory equalization of their property ordered in its place. Justice Backhouse, in a decision that should serve as a cautionary tale for practitioners and clients alike, found that the parties' marriage contract should be set aside due to, among other factors, Mr. LeVan's failure to make full and complete disclosure of his assets and liabilities as required by the provisions of the *Family Law Act* (Ontario).

See Fasken Martineau's *Trusts, Wills, Estates and Charities Bulletin* at:

www.fasken.com/CharityLaw/February2007

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TECHNOLOGY MATTERS



Passwords Pose Significant Security Risks

RSA security's 2nd annual password management survey polled 1,300 business professionals worldwide on issues pertaining to password management. Notably, 26% of the respondents knew of a security breach that had occurred because an employee's password was compromised. The survey confirmed that the burden of multiple passwords continues to pose significant security risks and encourages end-user behavior that endangers compliance initiatives.

Read the report at:

www.rsa.com/products/SOM/whitepapers/PASSW_WP_0906.pdf

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FRAUD



Internet Marketing Click Fraud

Click fraud is a billion-dollar problem — and it seems to be getting worse. This type of Internet crime occurs in pay-per-click online advertising when a person, automated script, or computer program imitates a legitimate user of a web browser clicking on an ad, for the purpose of generating a charge per click.

Read the article *The Constant Sound of One Hand Clicking* at:

www.cica.ca/index.cfm/ci_id/36480/la_id/1.htm

Sound Too Good to be True?

Is that business opportunity legitimate or not? *The Business Link - Business Fraud and Scams* provides links to useful sites for finding information about questionable business practices, fraudulent activities and preventative practices.

www.cbbsc.org/servlet/ContentServer?cid=1104766631477&pagename=CBSC_AB%2FCBSC_WebPage%2FCBSC_WebPage_Temp&c=CBSC_WebPage

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CRA's Online My Account Services

The Government of Canada's epass services allow individuals to access a growing list of online services. Once registered for an epass, individuals can then register for the CRA's *My Account* to access details of the last three tax returns filed and other account information to manage their personal tax and benefit account. Individuals can also authorize their tax preparer to deal with the CRA on their behalf with the *Represent a Client* service. For more information, see the article *Epass* at:

www.cica.ca/index.cfm/ci_id/36483/la_id/1.htm

Secrets to Small Business Success

Small business owners are often looking for ways to increase their bottom line. This report examines the small firms that are outperforming their peers in revenue growth over the past three years and identifies the characteristics of these successful businesses.

www.cibc.com/ca/pdf/sb-secrets-for-success-en.pdf

Shareholder Benefits

Shareholder benefits can be extremely tricky and the rules are not straightforward. Read the article *Ode to a Benefit* for a cursory discussion of nine items you should be aware of:

www.accountant.intuit.ca/cica/odetobenefit.shtm

Succession Planning Toolkit for Business Owners

Publisher: Canadian Institute of Chartered Accountants

So many years of hard work go into building a successful business. And yet, many business owners lack a proper succession plan and vision for the future. The CICA's new publication *Succession Planning Toolkit for Business Owners* covers the key issues business owners face when exiting their business and provides a structured process for analyzing your options and preparing for a smooth transition.

The 10-chapter book and accompanying CD feature:

- Guidelines for creating and discussing your plans with your family members and other key stakeholders.
- Numerous tips and checklists to help you through your succession planning journey.

Just \$29.95! For more information, visit:

www.cica.ca/businessowners

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PROFESSIONAL RESOURCES

Canadian Guide to Wealth Preservation and Accumulation

The *Canadian Guide to Wealth Preservation and Accumulation* provides an overview of the fundamental principles and unique issues in the area of wealth preservation and accumulation. This practical guide helps you identify issues that affect your clients and provides direction on how to accomplish your clients' personal and business planning to preserve and accumulate wealth.

www.knotia.ca/store/wealth-advan

The Family Trust Guide

Third Edition - Updated to 2006

Help your clients consider the tax planning benefits of a family trust with this straightforward CICA client booklet. The Guide explains the tax and estate planning benefits of creating a family trust and helps clients prepare to discuss their plans with you.

www.knotia.ca/store/ftguide-advan

The Succession Planning Toolkit for CAs

As a Chartered Accountant you often advise your clients on succession planning issues. Now it's time to get some advice yourself on charting the best path for your accounting practice. The CICA *Succession Planning Toolkit* has the tools you need to plan, implement and execute your exit strategy.

www.knotia.ca/store/sptoolkit-advan

Optimizing Company Cash

A Guide for Financial Professionals

The AICPA's *Optimizing Company Cash* provides a comprehensive guide to all elements of cash management in a business. The guide explains how financial professionals and financial managers can manage a company's short-term resources to sustain ongoing activities, mobilize funds and optimize liquidity. It also provides diagrams of work flows, step-by-step checklists, templates, and treasury tips for making the most of working capital and short-term resources.

For more information, visit

www.cpa2biz.com

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CONTINUING EDUCATION



In-depth PST Course

May 23-25, 2007

Holiday Inn on King, Toronto, ON

A three-day course combining lectures and small facilitated workgroups. Sales tax experts will provide valuable insight and up-to-date knowledge of the mechanics of PST in the five PST provinces - applications, current interpretations and jurisprudence and proven approaches to reduce the risk and cost of PST for your clients.

www.cica.ca/2/0/3/3/1/index1.shtml

In-depth GST Course

June 3-8, 2007

Blue Mountain Resort, Collingwood, ON

Completely revamped for 2007, the in-depth GST course begins with web-based, self-study lessons, followed by six days of in-residence lectures and small facilitated workgroups. This comprehensive training course is for the new commodity tax professional. It is also an excellent refresher for experienced accountants and lawyers (and their teams).

www.cica.ca/1/1/2/4/index1.shtml

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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

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