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CA Practice Advantage



Focus on *The Global Financial Crisis*

May 2009

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Welcome to the first edition of *CA Practice Advantage : Focus*, designed to provide valuable news and information on a specific topic of interest and published as issues arise. Regular issues of *CA Practice Advantage* will continue to be published on a quarterly basis.

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# Trends and Views



## **Economic Growth Predicted by Mid-2010**

Two-thirds (67 per cent) of senior level chartered accountants interviewed for the most recent CICA/RBC Business Monitor (Q1 2009) expect Canada to experience economic growth by the end of the second quarter of 2010. In the interim, respondents predicted an average decline of 4.3 per cent in profit in the year ahead.

For more details, read the Q1 2009 report at

[www.cicarbcbusinessmonitor.com](http://www.cicarbcbusinessmonitor.com)

In a related webinar, RBC Assistant Chief Economist Dawn Desjardins provides insight into how these four areas will impact the Canadian economy: the cost of capital for Canadian business; commodity prices; the Canadian housing market; and the Canadian financial markets and the U.S. economy.

[www.snwebcastcenter.com/event/?event\\_id=377](http://www.snwebcastcenter.com/event/?event_id=377)

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## **Myth vs. Reality on the Credit Crunch**

This CICA/RBC Business Monitor webinar deals with insights on the credit crunch from a bank's perspective and how more attention on business fundamentals can help companies through difficult times.

[www.snwebcastcenter.com/event/?event\\_id=286](http://www.snwebcastcenter.com/event/?event_id=286)

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## **Professional Resources**

### **Decision Regarding Fair Value Standards and Impairment of Debt Securities**

The Accounting Standards Board (AcSB) confirmed that the recent U.S. guidance on determining the fair value of financial instruments is consistent with Canadian standards. The guidance deals with determining whether a market is inactive and whether a transaction is a distressed sale.

[www.acsbcanada.org/download.cfm?ci\\_id=51216&la\\_id=1&re\\_id=0](http://www.acsbcanada.org/download.cfm?ci_id=51216&la_id=1&re_id=0)

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## Risk Alert – Matters To Consider in Light of Current Economic Crisis

The Auditing and Assurance Standards Board (AASB) has issued a Risk Alert that highlights matters for auditors to consider in light of the current economic crisis such as:

- client continuance
- staffing and the extent of supervision
- the nature, timing and extent of specific audit procedures appropriate in the circumstance.

Most advice is applicable across all engagements, not just audit and review.

[www.aasb.ca/index.cfm/ci\\_id/48909/la\\_id/1.htm](http://www.aasb.ca/index.cfm/ci_id/48909/la_id/1.htm)

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## Economic Crisis Resource Centre

Increasingly, accountants and auditors are being called upon by clients for guidance and reliable information to help weather these challenging times. This special one-stop website from the CICA provides guidance, helpful articles and webinars on a range of related issues. This website continues to evolve so check often for new updates and resources.

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

Also, the American Institute of Certified Public Accountants has a website dedicated to the economic crisis that has a number of useful resources including a podcast series.

[www.aicpa.org/economy](http://www.aicpa.org/economy)

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## For Your Clients



### Regaining Control When Financial Distress Occurs

When a company falls into financial distress, what can be done to move things in a more positive direction? According to experts at KPMG, it's best to take stock to really understand the situation and define an action plan to restore profitability. Don't ignore early warning signs or take a passive approach to the situation. Valuable tools include detailed cash flow forecasts, a plan to reduce discretionary costs and cash flow, and the development of a comprehensive communication strategy for all stakeholders.

[www.kpmg.ca/en/services/advisory/documents/CB\\_Podcast\\_Part3\\_v1.pdf](http://www.kpmg.ca/en/services/advisory/documents/CB_Podcast_Part3_v1.pdf)

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## Fraud



## Checks and Balances Can Mitigate Fraud

An economic downturn creates a ripe environment for increased fraud so organizations should take extra precautions, especially in key areas such as human resources, IT security, purchasing, payable and receivables. A special newsletter published by Grant Thornton provides tips on:

- Reviewing and monitoring internal control systems
- Establishing investigation protocol/fraud policies, and
- Implementing or improving confidential reporting processes for ‘whistle blowers’

[www.grantthornton.ca/resources/insights/catalyst/Spring-2009\\_Catalyst.pdf](http://www.grantthornton.ca/resources/insights/catalyst/Spring-2009_Catalyst.pdf)

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